



Inside a Champion

An Analysis of the Brazilian Development Model

Héctor Alimonda **Debating Development in Latin America: From ECLAC to the Brazilian Workers' Party** Lauro Mattei **Brazilian Development at the Beginning of the 21st Century: Economic Growth, Income Distribution, and Environmental Destruction** Camila Moreno **Green Economy and Development(alism) in Brazil: Resources, Climate and Energy Politics** Carlos Tautz, João Roberto Lopes Pinto, and Máira Borges Fainguelernt **The Big Agent of Change: The National and Transnational Expansion of Brazilian Companies Through the National Development Bank BNDES** Thomas Fathauer **The Amazon Basin – A Paradigmatic Region Between Destruction, Valorization, and Resistance** Marilene de Paula **Obstacles for Development? – Human Rights, Infrastructure Policies, and “Mega-events” in Brazil** Magnólia

Azevedo Said **To Be a Woman in Brazil: Gender Inequalities and Development** Larissa Packer **From Nature to Natural Capital: How New Legal and Financial Mechanisms Create a Market for the Green Economy** Christian Russau Lula **“Superstar” – Why the Brazilian Development Model is a Huge Success Abroad** Gerhard Dilger **Extractivism and Nuclear Ambitions – The Brazilian Development Model and the Germans** Britta Rennkamp **“Development First” in the G-20 and the BRICS? – Reflections on Brazil's Foreign Politics and Civil Society** Silvio Caccia Bava **Short Circuits of Production and Consumption** Fábio Fontenelle Pacheco **A Brazil Unknown to Many Brazilians: Agroecology as a Solution to the Food, Ecological, and Social Crises** Alberto Acosta **The Buen Vivir – An Opportunity to Imagine Another World**



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HEINRICH BÖLL STIFTUNG
PUBLICATION SERIES ON DEMOCRACY

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Edited by the Heinrich Böll Foundation



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An Analysis of the Brazilian Development Model

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Dear reader, for a better understanding, the values in Real (R\$) were converted into U.S. Dollar (\$) using approximate exchange rates.

INTRODUCTION

In a two-page advertisement in May 2012, the Itaú Bank summed up things as they now stand: “We are no longer the land of the future, we are the land of the present. We are in the limelight now.”¹ Brazil’s foreign minister, Antonio Patriota, said much the same thing that same month when he stated: “For the first time in history, Brazil is an international power.” He continued by saying that Brazil is currently moving on the global political stage on an equal footing with stable nations like the United States, the United Kingdom, and China, and that it is justifiably being afforded a great deal of attention as a result.

This feeling of “and now it’s our turn” is something that can scarcely be overestimated in its significance for politics and the collective consciousness of the country. It guides and legitimizes Brazilian politics – both at the domestic and international levels – and drives forward the development model, which is celebrated abroad as much as it is criticized by those affected as well as by critical observers.

In the past 10 years, Brazil has undeniably gone through a remarkable process of transformation. According to government statistics, 28 million people have left absolute poverty – measured as an income of less than \$40 per month – behind them. Independent research offer figures of 18 or 20 million. However, no matter the estimate, Brazil has managed to halve the number of the very poor and thus has reached the first Millennium Development Goal. What is more, almost 40 million inhabitants have risen to a “new middle class,” and the government has set the lowest threshold for family income at around \$660 per month. The state has changed its role in the international finance system from that of debtor to creditor, the economy has been growing continuously for years, and unemployment figures are low. In addition, those who were formerly considered environmental sinners have also kept in line with the transformation trend: The process of rainforest deforestation – the largest individual factor responsible for Brazil’s CO₂ emissions – has slowed considerably since the beginning of the decade. At the UN Climate Change Conference in Copenhagen in 2009, Brazil even announced that it intended to voluntarily reduce its greenhouse gas emissions by 36–39 percent by the year 2020.

Within just a few years, it seems as though the highly indebted feeble giant – entrenched in a vicious cycle of poverty and violence – has become a vigorous leviathan fostering claims to global leadership. The international community

1 “Não somos mais o país do futuro, somos o país do presente, a bola da vez,” *O Globo*, May 15, 2012, pp. 2–3.

likes to see Brazil as a socially oriented, economically successful state that is sensitive to environmental and climate-friendly issues – one that has even managed to get the endemic destruction of the Amazon rainforests under control – and as a great power on its way to the top: a fact that can no longer be ignored by the global political community. Apparently, Brazil has top top marks in all disciplines – a champion.

A champion? It was this perception of Brazil abroad that led us to bring out a publication about the Brazilian development model. Because, in Brazilian civil society, another perception of its own state and the politics it pursues prevails. From the perspective of social and ecological justice, social movements and NGOs recognize a development paradigm that is all too similar to what came before and that, at the same time, has revived several large-scale projects from the times of the military dictatorship. They have also been criticizing a model that even conventional economic opinion considers to be founded on unsteady ground, as it relies on the exporting of raw materials and agrarian products – markets that are traditionally subject to considerable price fluctuations. Above all, however, critics say it is a development model that incurs considerable social and ecological damage as well as significant costs.

This publication takes a closer look at this discrepancy between how Brazil is perceived by those outside of and within its borders. In doing so, we must bear in mind that the debate surrounding the Brazilian model is taking place within an international context, the parameters of which were summarized at the Rio+20 Conference. What kind of development do we want on the planet, what kind do we need, and what can we still achieve in the future? These should have been the main questions posed by a UN conference dealing with sustainable development, a “Rio+20,” in the year 2012. After all, we find ourselves in times of global crises triggered by uncontrolled mechanisms of financial capitalism and are faced with climate policies that are running in place while global warming continues. We live in times in which, 20 years after the Earth Summit in Rio de Janeiro, the world is consuming fossil fuels like there was no tomorrow. And we are only three years away from the deadline for the UN Millennium Development Goals, which will certainly fail when we look at the world as a whole.

Instead, the question posed by the conference was: How can we make the economy green?

When talking about planetary limits, we naturally have to take production and consumption patterns into consideration. In fact, we must develop new models of mobility and local economy, and we must define what “green jobs” actually are. We must find ways to live more efficiently with respect to resources and, above all, we must finally break the dependence of our goods production and consumption on finite and fossil resources.

However, this alone will not suffice. Gains in efficiency are countered by

increasing levels of consumption and CO₂ emissions. Our economies worldwide are still based on the consumption of fossil fuels; land and clean water resources are also becoming scarcer. We have failed to counteract our dependency on finite resources. All in all, the “Green Economy” until now has merely been a brown economy painted green. Many people doubt whether the prevailing economic system and its logic can even allow for the existence of a truly “green” economy.

On the other hand, the demands, mindset, and interests of large economic and financial institutions increasingly shape and guide domestic and international politics. Politics is in the process of being privatized. Many maintain that it is precisely this logic of efficiency, growth, and the pursuit of maximum and short-term returns on investment that have put us into this situation in the first place, requiring us to organize climate, environmental, and sustainability conferences. The numerous strategy papers dealing with the Green Economy that were published following a study by the UN Environmental Programme have been unable to allay these misgivings.

In Latin America, and Brazil in particular, civil society organizations reject the Green Economy. “Unlike its name suggests, it is a new phase of capitalist accumulation. Nothing in this ‘Green Economy’ questions or provides alternatives to an economic system based on the exploitation of fossil fuels. Nor does it question the prevailing pattern of consumption and industrial production. It merely shifts an economic system that exploits human beings and the environment into new areas and, in doing so, reinforces the myth of a growth that knows no bounds,” stated one position paper issued by the organizers of the Rio+20, the People’s Summit.

So there is strong evidence that even a Green Economy would be unable to decisively reduce fossil fuel production and global warming as long as the idea of economic growth remains our guiding principle. World population growth also has to be discussed within the dual dimensions of growth and distribution. There is an upper limit to material growth. Distributing what we have along different lines as well as developing and implementing a different understanding of quality of life are imperatives for our survival in the medium term. In the old industrial countries, at least, discussions are taking place as to whether efficiency must not go hand in hand with sufficiency. What is needed is a real paradigm change: prosperity without growth, an economy of enough, the Good Life, and a different relationship to nature are some of the themes being raised in the debate. In other words: We must talk about development concepts, but also beyond them. This is the second reason for this publication. It is a debate about economics *and* politics, nature *and* human beings, ethics and how we perceive the world, and always about (human) rights and power. It is precisely these dimensions that have been ignored by the current debates on the Green Economy.

It is a debate that we at the Heinrich Böll Foundation are intensively involved in, because it is presumably *the* most decisive global debate of this decade. Not least due to our presence in 60 countries, we are aware that the debate is being carried

out very differently in different regions. In Brazil, the calls for “self-limitation” and an “economy of enough” sound bizarre to most people. After all, these calls are being voiced in a society in which people still go hungry, where 16 million people still have to survive on less than \$40 a month, a society with regions larger than most European countries where the rule of law is a fiction, but slave labor is still a reality. The social inequality in Brazil, also at the regional level, is still extreme. There are regions, above all in the rural north, where the indicators on the UN’s Human Development Index are at the same level as those found in central Africa. In a situation like this, fighting poverty is a must and criticism of growth is taboo, especially when it stems from the North. It is no coincidence that developing and emerging economies suspect that the Europeans want to introduce new non-tariff restrictions on trade by institutionally strengthening environmental governance – the second main topic of Rio+20 next to the Green Economy – thus slowing down growth in the states of the South.

However, this still does not answer the question of how social development should proceed. In the current Brazilian model of development, creating a new middle class has advanced to become a new high-priority political goal. This class defines itself very visibly via its consumption behavior: owning a car, a small apartment, a flat-screen television, and – as quality school education is a commodity in Brazil – perhaps finding a reasonably priced private school for the children. Politicians and manufacturers are both trying to woo this group. Yet the term “middle class” is misleading. Many of the members of this class live in insecure employment conditions or work in the informal economy. They buy their new lifestyles on credit, paying exorbitant rates of interest for the privilege. We are talking about workers who have climbed the social ladder and who do not possess what is needed to maintain this new standard when the next economic crisis hits.

This economization of social policy is in line with the growth focus of how the government thinks and acts. Most areas of policy nowadays concentrate on one main goal – increasing gross domestic product. Not necessarily more rights, but more real wages is what matters.

Social inclusion is the main focus of debates in Brazilian politics. One cannot deny that the government under the leadership of the Workers’ Party has achieved success with this orientation. Luiz Inácio Lula da Silva – “Lula Superstar” – did quite a job in this respect, and also did a good job in marketing his achievements internationally, as **Christian Russau** describes in his article. Lula, the man whose family had been forced to escape a life of poverty in the northeast and seek work in São Paulo, a metalworker whose formal education did not go beyond fifth grade, finally managed to become the president of Brazil in 2002 after his fourth attempt, triumphing against Brazil’s traditional elites. The charisma of this exceptional politician has played a significant role in the international political success Brazil has had in recent years. Yet, when a government invests billions in the extremely risky exploration of deep-sea oil deposits and justifies such projects by stating, among other things, that future education, housing, and healthcare policies can

be financed from the income gained from oil extraction, the following question arises: How do social and economic policies interact with one another? How are priorities set and the contradictions dealt with? Who are such policies aimed at, and who benefits in the end?

These are familiar questions within the “development” debate. Latin America has not only served as a laboratory for these “development” issues for decades, but it has also contributed important ideas and critiques to it, as **Héctor Alimonda** describes in the first article. What nowadays is practiced in Brazil as *Novo Desenvolvimentismo* (new developmentalism) has inherited a great deal from the national development strategies that were devised from the 1950s onwards by the Economic Commission for Latin America and the Caribbean (known as “CEPAL” in Spanish), but also from the strategies drawn up by the parties of the left, or the Instituto Superior de Estudos Brasileiros from 1955 and, following that, the “dependency theory.” These strategies have not only remained true to the term “development,” they also consider the same linear-progressive relationship between growth and progress to be a given. While the social question is integrated into this process, it nevertheless always remains subordinate to the economy, which is the main priority.

The current development model of many Latin American governments – also those that have elevated alternative concepts such as *Buen Vivir* (good life) to constitutional status – follow in the footsteps of this traditional way of thinking. After “neo-liberalism,” we now have “neo-development” as a combination between “neo-extractivism” and an increase in purchasing power for the poorer strata in society (whereby a real redistribution hardly takes place at all).

Lauro Mattei looks at the similarities and differences between old and new development strategies – for example, technological innovation, financialization of the economy instead of import substitution, the state as a macroeconomic regulator, but not in the role of entrepreneur. The aim of Brazil’s economic and financial policies is to achieve “accelerated growth,” which is the name of the two mega-funding programs set up by the governments of Lula and Dilma Rousseff. It is raw materials and agro-industrial products rather than industrial goods that are responsible for this growth – what many refer to as the “reprimarization” of the Brazilian economy. In order to serve the high levels of forecasted energy requirements, the government is promoting the construction of large dams in the Amazon region and neighboring countries.

A significant agent and guarantor of such policies is the Brazilian National Bank for Social and Economic Development (BNDES – Banco Nacional de Desenvolvimento Econômico e Social), which has a credit volume that exceeds that of the World Bank more than twofold. **Carlos Tautz, João Pinto, and Maíra Fainguelernt** provide us with a picture of a transnational player that finances infrastructure projects in the whole of South America with the aim of making Brazil’s energy and trade policies fit for the future. In Peru, Bolivia, and Argentina, there is already talk of a new hegemon, of the emergence of a Brazilian neo-imperialism. A road planned to pass through the TIPNIS indigenous reserve

in Bolivia was the subject of a symbolic conflict in 2011. Financed by BNDES, and completed by Brazilian construction giant OAS, the road was supposed to provide access to the Pacific – not least for agrarian products and raw materials from Brazil, for which China pays good money and which, until now, had to be shipped at great expense from Brazil's Atlantic ports.

In recent times, BNDES has come to be seen as the model for a potential joint development bank for the BRICS states. BRICS (Brazil, Russia, India, China, South Africa) is only one of the alliances among emerging economies in which Brazil has become a driving force. IBSA (India, Brazil, South Africa) or – in the area of climate policy – BASIC (Brazil, South Africa, India, China) can also be mentioned in this respect. Brazil's good reputation abroad is based to a considerable extent on how other governments perceive the country in the international arena. In her article, **Britta Rennkamp** shows us how Brazil is developing from a hegemonic regional power into a global player. Brazil has gained a good reputation as an intermediary between governments of the American continent and between industrialized nations and the G-77 in UN climate negotiations. The country is also now playing an increasingly important role in the G-20, which for many has replaced the G-8 as an informal, but powerful, global steering committee.

Europeans and European NGOs have realized to their great surprise that the social movements in Brazil and South America flatly reject the Green Economy. While the Green Economy and the Green New Deal in Europe were initially launched by the environmentalist movement as progressive concepts, movements and organizations in Latin America are increasingly coming to perceive the Green Economy as a concept of the capitalist world economy, whose capital – set free in times of crisis – is looking for new, “sustainable” strategies of exploitation. This rejection, however, is not only based on theories that are critical of the system, but is also based on real experiences – for example, “traditional peoples,” who were always among the weakest in the social fabric of Latin America, are also among the first to lose out in this model of development. We are talking about the indigenous peoples of the Amazon region, the riverside dwellers, the rubber tappers, the smallholders, and the descendents of slaves, who fought to obtain the rights to their land and who now risk losing it again to the mining giants and hydropower projects. On the other hand, these organizations have observed how legal and financial instruments are used under the term “natural capital” to lead the natural world in Latin America – above all, forests, water, and land – and its “environmental services” into a new process of exploitation. This process, as **Camila Moreno** and **Larissa Packer** describe in precise detail in their articles, goes hand in hand with compensatory measures in climate and biodiversity policies. REDD, TEEB, and PES² as well as a new forestry law – which allows those responsible for the illegal deforestation of the past to escape punishment, and

2 Reducing Emissions from Deforestation and Forest Degradation in Developing Countries; The Economics of Ecosystems and Biodiversity; Payments for Ecosystem Services.

which makes future deforestation easier – are all players on a future market that settles its accounts in CO₂ equivalents.

One thing we should be wary of in this respect, according to the authors, is the fact that large transnational companies use these instruments increasingly to secure their power to dispose of common goods in nature at their will. In this way, they can sell these, or their “service,” and at the same time buy the option of continuing to emit carbon dioxide. The losers in this deal will be the people who live on territories marketed in this way. They will become service providers whose way of life is determined by a new set of masters, while the state reneges on its obligation to guarantee adequate school education or healthcare.

The Amazon region acts both as a test laboratory and a future market for this process of “financializing nature.” This is not for the first time, as **Thomas Fatheuer** describes, providing us with a picture of the long history of destruction and commercialization that the region has been subject to. The Amazon region has always been a mythical place for the nation-state Brazil under the premises of a development trying to catch up, but also for the international ecological movement. Today, the Amazon region is Brazil’s last frontier, and it is once again the paradigmatic, internationally observed location for the development model and a coming Green Economy. After rubber and wood, it is the megawatt “deposits” that are being exploited – not least to satisfy the enormous energy appetite of the iron ore, bauxite, and oil companies in the region.

Especially absurd is the revival of nuclear policies. Of all things, **Gerhard Dilger** reports, it was Lula’s government that revived the German-Brazilian nuclear treaty from the times of the military dictatorship. It decided to build the second reactor, whose construction components lay shrink-wrapped in plastic for 20 years at the Angra dos Reis site, aging not only from a technological point of view. The same German government that decided to phase out nuclear power in 2011 intends to secure completion of this reactor by providing a financial guarantee for the amount of €1.3 billion. It would appear that nuclear technology is unsafe for the population of Germany, yet harmless for Brazilians. What is worse, there is considerable doubt concerning the safety of the site, as it is positioned on the coastline between the country’s two largest cities, and also because of the outdated reactor type.

According to the current 10-year energy policy plan, 28 hydropower stations are to be built in the Amazon region by 2017, 12 of which are already under construction. Environmentalist organizations place the total figures for planned dams of different sizes in the Amazon region at more than 60. Using funds provided by the BNDES development bank, the state-run electricity giant Eletrobrás is also planning to build bi-national hydropower plants in Peru and another 10 Latin American countries. About 70 to 80 percent of the electricity produced is to be exported to Brazil.

While this means that, thanks to hydropower, the percentage of renewable energies used to generate electricity will be very high, at almost 47 percent, this still does not make these energy policies “clean” or “fair” by any means. The largest

of these dam projects on Brazilian soil is Belo Monte on the Xingu River. No other project of the Brazilian government symbolizes so clearly, both nationally and internationally, the conflict between growth on the one hand and the protection of the environment and human rights on the other. The disputes surrounding the dam became exacerbated during Dilma Rousseff's first year in power, not least because the president herself simply ignored all misgivings as well as legally enforced stoppages in construction, thereby expressing her own opinion on the matter in no uncertain terms. **Marilene de Paula's** article highlights the legal dimensions of this and other large-scale projects. Again and again, indigenous peoples, fishing communities, and other river dwellers are given the impression that they are not the target group in development policies, but rather just a residual factor on its margins. Norte Energia, the consortium responsible for the construction of Belo Monte, has built a few wooden houses in indigenous villages on the Xingu. However, when the dam is completed, there will be no more fish for the indigenous population and they will have no use for such houses. The city of Altamira, located not far from the construction site, is subject to price increases, more crime, prostitution, and other social dislocations brought to the town by the inflow of construction workers from the entire country, while schools fall apart and healthcare facilities fail to materialize. Only a few of these migrant workers will keep their jobs after the project's completion, while many of them will then fill the city's *favelas*, which do not yet exist. What will no longer exist are the houses of 30,000 inhabitants of Altamira, as a third of the city is to be flooded. The people will be given hardly any information about this beforehand and just as little compensation afterwards.

The development process adds up here to a series of human rights violations. Similar processes are currently taking place in the large cities, for example in the locations where the football matches of the 2014 World Cup are to take place. Forced evictions of entire (poor) districts are the order of the day. These events signify a breach of both Brazilian and international laws: Those affected are not informed in due time nor adequately, are not involved in the process, and do not receive adequate, that is, like-for-like, compensation. The infrastructure projects for which they have to make room only seldom benefit the poorer sections of the cities. Yet it is the municipalities that have to foot the bills for the beautiful new stadiums that can hold 40,000 spectators – the calculations do not even take into account the follow-up costs. In several Brazilian World Cup host cities, arenas are being built that offer no use for the population and that will swallow up millions in maintenance costs after the World Cup is over. That money is needed elsewhere.

Urban policies of this kind are blatantly anti-social. The public sector promotes private-sector projects that are based on spectacular events and that reward the financial interests of private investors. To achieve these objectives, new legal standards are created and existing standards perverted while the state burdens itself with massive debts. In the name of the 2014 World Cup, the 2016 Summer Olympic Games in Rio de Janeiro, and progress in general, a

financial and normative regime of exceptions is being set up that violates social human rights.

What is more, a gender dimension to the model is also becoming apparent. These large-scale sporting events also bring about a boom in the forced prostitution of women and children. Poor women, above all those from rural areas, are *the* losers in the development model. From the feminist point of view of **Magnólia Said**, even the internationally copied Bolsa Família program has failed. The payment of sums between €10 and €100 per family per month, given if the children in the family attend school, does lead to a small reduction in extreme poverty. It does not, however, change the structural causes of such poverty in any way. It reinforces the unequal distribution of labor between the sexes by adding the additional responsibility of children to the unacknowledged housework carried out by women. This has nothing to do with *empowerment*, Said maintains.

The focus of our publication is analysis and critique, but we do not want to bring the discussion to a close without at least showing that alternatives to the development model are being discussed and practiced, and describing how this is being done.

President Lula always maintained that Brazil is large enough for both agribusiness and smallholdings. In its budget, however, the government tends to find more space for agribusiness – 70 percent of foodstuffs that are served on Brazil's tables come from small-scale agricultural production. However, as **Fábio Pacheco** points out in his article, the millions of smallholding families only receive 13 percent of the subsidies provided for agriculture and livestock production, while 87 percent goes to agro-industrial companies. Brazil is seen internationally as a model for ecology in agriculture. The national program that buys foodstuffs from smallholders, using such products for school meals, is a step in the right direction. However, there have been steps in the wrong direction as well, namely that no country uses more pesticides per capita than Brazil, and, almost exclusively, genetically manipulated soy beans and corn are cultivated.

Agroecology, organic farming, and short economic circuits must be closely linked to one another, **Silvio Caccia Bava** argues. A country of continental proportions in particular needs to have a local way of looking at things. In a national economy in which 65 percent of the labor force works in the informal sector, forms of solidarity within the economy are at least a realistic addition to government attempts to gain more formalization and perhaps even constitute a more creative future.

Finally, *El Buen Vivir*. Anyone proposing alternatives to “development” nowadays can no longer ignore *Buen Vivir*. The ways of life practiced by the indigenous peoples of the South American Andes are guided more by cosmology and vision than by strategy, and these ways are certainly not a construction manual for a better world. This is why *Buen Vivir* cannot simply be transferred from one culture to another. Nevertheless, as **Alberto Acosta** emphasizes, this notion is compatible with traditions of thought from other parts of the world

and is ideal as a source of inspiration. Acosta's text, therefore, also provides us with some very practical examples. He stresses that every country must find its own way. Brazil, he says, bears a great responsibility for the historic project of bringing about a different and autonomous transformation in the South American sub-continent.

At the present time, there may be only a few countries in the world with better prerequisites for pursuing socially and ecologically fair transformations of this kind. Brazil is no longer the land of the unfulfilled, but the land of the possible and, indeed, of a very tangible future. Today, the debate must go in this direction. Brazil has a vibrant, widely diverse, critical civil society, as well as productive, forward-thinking academics. This debate is of utmost importance and is in full swing. We hope that we can contribute a little to this dynamic process with our publication.

Rio de Janeiro, May 2012

Dawid Danilo Bartelt

Director of the Heinrich Böll Foundation in Brazil

STRUCTURES OF THE MODEL

Debating Development in Latin America

From ECLAC to the Brazilian Workers' Party

The “development” issue has a long tradition in Latin American political thought and it has followed its own path to distinguish itself from the predominant standards in conventional economic theories. Since the 1950s and 1960s – first with the ideas of the Economic Commission for Latin America and the Caribbean (ECLAC, known as “CEPAL” in Spanish), and then with the boom of “dependency theory” – several critical visions concerning the characteristics and possibilities of the development of Latin American countries have emerged. However, the different theories always had one point in common – discussion about a growth model based on export-enclaves of primary agricultural and mineral products. Paradoxically, from the point of view of the proposed growth models, the “alternative” Latin American governments seem to have retreated to the exporting economies that existed prior to 1930.

Escaping the terms of trade: The important role of ECLAC in postwar Latin America

In 1948, in a shared initiative with the Chilean government, the United Nations created ECLAC, the first (and the most renowned) of five regional commissions that would undertake studies and formulate proposals for developing policies for the postwar world. Years later, the United States tried to end ECLAC, but it was prevented by a joint diplomatic action of Latin American countries. For decades, ECLAC has been a center for social-political thought in the region. Inspired by the great Argentine economist Raúl Prebisch, executive-secretary between 1950 and 1963,¹ who gave rise to structuralism (no relationship to the French social theory of structuralism), a tradition of Latin American economic ideas was created, based on the criticism of classical economic theory, which does not take into account economic, social, and political structures.²

- 1 In the 1920s, Raul Prebisch joined the Argentine Socialist Party, which had strong ties to the German Social Democratic Party. Undoubtedly, the German lines of debate of that time about the need for an active state and formulating public policies to organize and regulate capitalism influenced his ideas.
- 2 For economists, structuralism has a natural dialog with neo-institutionalist economics. Since the appointment of Colombian José Antonio Ocampo as Executive Secretary (1998–2003), the ideas of ECLAC have been defined as “neo-structuralist economics.”

For Prebisch (and for what became known as “the philosophy of ECLAC”), the Latin American experience of integration into the international market as a supplier of raw materials resulted in frustration. This was because the economies depended on the dynamics of external cycles over which they had no control, income was concentrated regionally and socially, domestic markets were limited, and they did not exhibit technical progress. Moreover, the big problem was the “historical deterioration of the terms of trade,” caused by the international division of work. In the long run, outside of conjunctural episodes, the primary goods lost value in relation to the industrial goods in international trade. Consequently, Latin America was forced to increase the export of agricultural and mining products to be able to import the industrial goods that its internal consumption required, thereby forcing it to put up with deficits and shortage of capital.

Therefore, national states had to take the necessary steps to actively formulate policy guidelines for economic transformation. This meant starting a process of industrial import substitution in viable sectors that relied on raw materials (food, textile, and basic metal industries). This energized income distribution and the emergence of wage-empowered masses, in addition to creating internal markets for this industrial production. Land reform would also stimulate the expansion of these domestic markets, improving living conditions, consumption, and opportunities for the rural populations, while at the same time facilitating the supply of agricultural products. At the time, trade between Latin American countries was practically non-existent. Therefore, its expansion, by connecting the regional domestic markets, would allow for the creation of the necessary economies of scale.

Elaborated at the time of the start of European integration and the first formulations for the development of former-colonial peripheries, the ideas inspired by ECLAC had an enormous influence on Latin American intellectual traditions and politics. Among others things, they contributed to seeing the region as a unified element, as a set of countries that found common ground for their particular interests in association with – and not in competition with – the others.

Developing the underdevelopment: dependency theory³

In fact, between the 1940s and 1960s, several Latin American countries had political experiences in which new elite groups fueled national policies and transformation industries by incorporating sectors of organized workers in the expansion of domestic markets. In economic terms, this went well, even if it was difficult. Politicians were the problem, because the old oligarchic elites saw themselves as being shifted from power, and they considered the political participation of the working masses as dangerous. Contributing to this, in 1959, the Cuban Revolution unraveled the paranoia of the traditional Latin American

3 In fact, there has never been a “dependencia” theory formulated as such, and the term appeared more in the North American academic world than within Latin America. The term was mostly used in a practical sense, for its explanatory value.

elite groups and their supporter, the United States. Within a few years, all of these “populist” governments were overthrown by military coups. In 1973, the authoritarian tide reached Chile and Uruguay, which had the most traditional and established democratic and republican systems of the region.

From then on the debate on development took another direction in the form of criticism of the development concept itself and the political conditions linked to economic growth. It is important to remember that another target of the political debate was anachronistic Marxism, which formed the foundation of the policies of Latin American communist parties at the time, with its belief in the “development of the productive forces” that would bring progress and democracy, and in the “national bourgeoisies” that were perceived as democratic nationalists willing to fight on the side of the people, not on the side of American imperialism, etc. Toward the end of the 1960s and the beginning of the 1970s, the German economist Andre Gunder Frank voiced the most radical criticism of the proper notion of development. In a way, his description summarizes the principles of what became known as “dependency theory”:

1) Since the start of their histories within the international system, Latin American countries were placed in a position of subordination. Their difficulties with development and their permanent states of underdevelopment were not the result of traditional views, their isolation, or their disconnect from the markets. To the contrary, it was the persistence of this historical situation that formed the key in understanding why underdevelopment was being created.

2) The position of subordination within a “satellite-metropolis” structure of a colonialist nature (Gunder Frank did not use the concept of “dependency”) resulted in the reproduction of what he called the “development of underdevelopment.” Development in some areas or sectors created distortions and crises, aggravating the conditions for social and political exclusion, etc. The success of some export economies based on agricultural or mining, for example, merely favored capital accumulation outside of these regions, in national or global metropolitan areas, meanwhile disorganizing and weakening the local societies.

3) Some international and internal situations would have favored the launch of industrialization processes and economic diversification in some Latin American countries. Paradoxically, this did lead to some modernization, but it aggravated economic issues concerning balance of payments, external debt, etc., as well as the problems of underdevelopment in non-industrialized as well as industrialized regions (growth of cities without basic services, as data from the Brazilian Institute of Geography and Statistics show for today’s Brazil).

Even though the debate in those days did not include issues that nowadays are called “environmental,” these could very well be fitted into Gunder Frank’s critique of the “development of underdevelopment” without any great difficulty.

Undoubtedly, one of the best-known works – and, by the way, one of the best – of that time is the classic *Dependency and Development in Latin America* by Fernando Henrique Cardoso and Enzo Faletto. The fact that one of its authors ultimately became president of Brazil should not interfere with the reading of a

work that is especially rich in its analysis.⁴ Written in Santiago de Chile between 1966 and 1967, within the realm of ECLAC and other regional bodies that were headquartered in that city, the goal was to promote a discussion between sociologists and “economists and planners” (i.e., defending the ideas of ECLAC) “to highlight the political and social nature of the problems with development in Latin America” (i.e., what are the social and political limits to the economic proposals of ECLAC: Why, instead of expanding democracy, did modernization and industrialization in Argentina and Brazil result in military coups?).

The work starts with the observation that the history of the construction of Latin America is dependent on integration with the international system. This is not a metaphysical condition: The analysis shows how this dependency manifests itself in the structural configurations of societies, in the balance and conflicts between the social agents. Besides criticizing the strictly economic visions on social processes, the text also points out the “sociology of development” of that time. It was Anglo-Saxon inspired and addresses the transformation from a “traditional” society to a “modern” one: “It can be the case that society modernizes its guidelines of consumption, education, etc., without correlatively reaching an effective development, if by this is meant lesser dependency and displacement of the economic system from the periphery to the center (...) Development is considered a result of interaction between social classes and groups that have a proper way of relating and therefore different interests and values, whose opposition, conciliation or overcoming gives life to the socioeconomic system” (Cardoso and Faletto 1970).

Despite not being under Iberian colonialist rule any longer, Latin American countries remained dependent on the global system of free trade. In some cases – Central America, Chile, Peru, Ecuador, called “enclave economies” by Cardoso and Faletto – foreign capital was invested in the regions that produced primary, agricultural, or mining products as an economic agent of production, and also as an act of political domination.⁵ In these situations, the multiplier effects of these activities are minimal; profits are exported, not reinvested. Some sections feed the budgets of fragile states against the power of foreign capital.

In other countries (the ones with “national control of exports”) like Brazil, Argentina, Mexico, Colombia, and Uruguay, these profits and investment decisions were locally controlled; they had an effect on the chain of exports; they promoted diversification of the productive system, and in a next phase, they initiated the industrialization process through import substitution, defended by ECLAC. However, this included political conditions that the traditional elite groups and the United States did not like, which resulted in coups that installed military government.

4 Did President Fernando Henrique Cardoso betray the sociologist Fernando Henrique Cardoso? This is often said to be true, but I do not think so. This work seeks to offer a sociological analysis. It is not meant as a political manifesto – much less a document for political mobilization – when establishing the dependence of Latin American countries as an objective fact, not as a moral indignation.

5 Note that a similar situation is happening again with the current support from Latin American governments for new extractivism.

But this did not mean that history took a step backward, Cardoso and Faletto say. Industrialization and modernization continued, only under dictatorships, because the first one does not produce democracies. Now there was a growth model that united state and foreign capital with the national bourgeoisie. Industrialization also does not produce autonomy but rather a new phase of dependence and the internationalization of the domestic market. Foreign capital gets settled into the industrial sector – in services, in the financial sector – but just not in the extractive sector for export. This creates a dynamic that, as Gunder Frank would say, increases diversity, inequality, and underdevelopment of social and territorial structures, and at the same time creates even finer modernization processes in which the urban middle class very willingly supports dictatorships. This is the core of the analysis of the work of Cardoso and Faletto, which dispenses with illusions of former times. And this is why I say that Fernando Henrique Cardoso did not betray himself: He understood that it was necessary to accept the rules of the game and to try and win the vote of these middle classes, disillusioned by the dictatorships and their promises of economic miracles.⁶

Elements of *Buen Vivir avant la lettre*: Celso Furtado

One of the most expansive reflections on the development of the Latin American region and its problems was written by the Brazilian academic Celso Furtado. He also saw development and underdevelopment as being two answers to the same question. He claims that the historical trajectory of Latin America never followed – or will follow – the metropolitan countries, and he questioned the imposition of technology and consumption models of subordinate industrialization. It is Celso Furtado, a man of great humanistic culture and fine academic background, who introduced environmental issues in the development processes in the 1970 (much in tune with the topics at the Stockholm Conference⁷) – from the destruction caused by exporting monocultures to the externalization of environmental costs in macroeconomic calculations. It is remarkable how, today, Brazilian intellectuals and politicians who consider themselves his disciples pay him tribute while at the same time defending an economic model of extreme exploration of natural resources and ultra-productivity, which created social situations of underdevelopment – precisely what Furtado always criticized and fought against. In a way, the ideas of Furtado included elements of what today is discussed as *El Buen Vivir*.

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- 6 I met Fernando Henrique Cardoso for the first time in Buenos Aires in the early 1970s (the era when armed vanguards blossomed all over Latin America). He said more or less the following: “When I see the analyses of the Latin American left, I get mad because the entire analysis is wrong. Yes, dictatorships have social support; yes, their economic strategies are viable. And we wrote this book to show this!” After he became president, he said: “In today’s world, it is better to be integrated into the system of globalization in a dependent position than to be excluded, such as large parts of Africa.”
- 7 United Nations Conference on the Human Environment.

Furtado granted fundamental importance to the cultural dimensions of development. Underdevelopment is not a “phase” that comes before development. It is a situation characterized by disparity in the distribution of income and social heterogeneity. Technological innovation comes from outside, and it is demonstrated in our countries in the consumption habits of our elites, who create the guidelines of the industrialized countries. Furtado deems consumption patterns as important and recognizes the validity of cultural impositions that create underdevelopment. Development advocated by traditional economic thought elevates inequality, and therefore is nothing more than a myth. Genuine development is a definition of purposes rather than means (and what else does *Buen Vivir* propose?), the reconciliation of political elites with the broad lines of the national culture, which allows for the expression of the creativity of the collective life. He expresses these issues in his own words:

The literature on economic development of the last quarter of the century gives us a meridian example of the leading role of the myths in the social sciences: At least 90 percent of what we find there is clearly based on the idea according to which economic development – the one that is being practiced by the countries that led the industrial revolution – can be universalized (Furtado 1974: 16).

Economic development – the idea that poor people can someday enjoy the ways of life of the actual rich people – is simply unrealistic. We now irrefutably know that the periphery economies will never be developed in a similar way as economies that form the current center of the capitalist system. But how to deny this idea that has been very useful to mobilize the peoples of the periphery and get them to accept enormous sacrifice, to legitimize the destruction of forms of ‘archaic’ culture, to explain to them and make them understand the need to destroy the physical environment, to justify forms of dependence that reinforce the predatory nature of the productive system? It can, therefore, be confirmed that the idea of economic development is simply a myth. Thanks to this idea, it has been possible to deflect attention from the basic task of identifying the fundamental needs of the collective and the possibilities that give man the advancement of science, in order to concentrate on abstract objectives such as investments, exports, and growth (Furtado 1974: 75–76).

The argument of Furtado, somehow predicting the perspective of *El Buen Vivir*, is that development only is such when it integrates the entire population, satisfying basic needs as a starting point. This requires a strategy with goals that are entirely different from the action plan that the neoclassical-inspired economists obey. In the case of macroeconomic analysis:

Economists usually speak of investment or investments as something that does not imply much ambiguity. “In all political development, whatever

the system, a high level of investment will always be essential.” And that is a totally wrong assertion. Investment is the process in which one increases the productive capacity through a certain social cost. Suppose that the goal is to produce more social welfare and that in this definition of welfare it has been agreed upon to give the highest priority to the improvement of the children’s diet. This objective can be achieved much faster when reducing the superfluous consumption of privileged minorities (by altering the distribution of welfare) than by increasing investment.⁸

We move on to another sacred cow of economists: the Gross Domestic Product (GDP). This (is an) ambiguous concept, it combines more or less rather arbitrary definitions (...) Even more ambiguous is the concept of the GDP’s growth rate. Why ignore the cost of the collectivity for the destruction of non-renewable natural resources, soils, and forests in the measurement of GDP? Why ignore the pollution of the waters and the destruction of fish in the rivers where factories dump their waste? (Furtado 1974: 114–116).

Today, in the heart of the political left and popular movements in Latin America, disagreements are intensifying between the “pachamámicos” (those who advocate *Pacha Mama* – Mother Earth – and the values of nature and non-destructive human forms related to it) and the “modérnicos,” who seek economic growth at any cost. This situation seems urgent and we need a dialog; after all, political thinking in Latin America – for example with the work of Celso Furtado – has already established that development is merely quantitative growth.

The continuity of development of the left in Latin America today

It is commonplace in the media to classify several current South American governments by the way that they distance themselves from the recommendations of the extinct Washington Consensus and secular beliefs in the virtues of neoliberalism. But this analysis leads to nowhere if one does not recognize the specifics of national procedures, as well as the contradictions and paradoxes that are created and re-created by political scenarios, ideological horizons, and political cultures.

Without a doubt, Ecuador, Bolivia, and Venezuela represent the more radicalized examples of these processes and provide the space for political imagination. Brazil would be the most cautious and moderate, but Peru is showing that one can place itself on the more conservative side.

Most of these countries, including Argentina, have seen prolonged political crises that have led to the destruction of representation by the traditional systems and their rituals of power, and also to the paralysis of the state’s capacity to regulate markets and society. New political agents appeared who rebuilt the ability to convene and gather

8 This observation of Celso Furtado serves as a commentary on the risky claim of almost all Latin American governments to base their social policies on rentist economies, instead of de-rentist economies – reducing superfluous consumption, for example.

social forces in collective projects, and also tried to recompose the active decision-making capacities of the state and the political system. These agents appeared in Brazil but the traditional political system did not fall into a crisis.

A valuable recent work by Pablo Stefanoni (2011), dedicated to the analysis of the cases of Bolivia, Ecuador, and Venezuela, points out two key characteristics of these processes. On the one hand, there is an important democratization movement in society that promotes new agents and stronger social participation. On the other hand, the effective exercise of state power continues to be based on the traditional political culture of a presidential and centralist approach, which dictates the relations between state powers and the definition and implementation of public policies. This is why Stefanoni speaks of “paradoxical democratization.”

In addition, the basic economic orientation of these governments – implemented in territories that traditionally have abundant natural resources and good international demand, which is now also coming from China and Asia – reaffirms and deepens an ongoing extractivist orientation. They are producers of revenues, which makes up for state income. This is the fiscal source of social inclusion and income redistribution policies – without any decisive progress in modifying the unequal structures of social classes, of power, and of income resulting from the same.

“We have to expand oil extraction, establish large open-pit mining projects or agro-fuel projects in order to get input to build hospitals or pay bonuses for social inclusion.” Arguments like these are repeated in official speeches. This reflects a policy that tries to favor the social inclusion of popular urban sectors and put them closer to the networks of clients of the government and its allies. But it is implemented at the expense of promoting social exclusion and environmental destruction, penalizing the population of areas rich in natural resources. On the other hand, there still are dependency relationships in relation to the powers of the international order, creating a picture of dangerous insecurity.

At this moment, bitter conflicts are intensifying between governments that are defined as “alternative” but are pursuing major extractivist projects, and populations affected by the degradation or destruction of basic natural resources for their survival. I am referring to: the case of the road planned to divide the indigenous territory Tipnis in Bolivia;⁹ conflicts caused by mining and soy farming in Argentina; clashes in Brazil concerning the construction of large hydroelectric power plants in the Amazon region; the chronic agony of the Peruvian highlands because of problems between communities and mining megaprojects; the movement against large mining operations and the defense of water resources in Ecuador.

Recently, the Uruguayan politician and ecologist Eduardo Gudynas coined the expression “the brown left.” There is a Latin American left that is no longer “red” (proposing large structural changes in power relations), but that also is not willing to be “green” (establishing limits and controls on the activities of big business), and has adopted as its own speech the convictions of extractivism.

9 See article by Tautz, Pinto, and Fainguelernt.

The Workers' Party: From unionism to government, going over the rainbow

In 1964 during the policy of the Cold War, which defined the strategic interests of the United States, a military dictatorship was installed in Brazil. This government adopted a strategy of repressing dissents and controlling the movements of society. In economic terms, based on what was called a “tripod” – an association between the state, multinational capital, and major national capital – an attempt was made at industrial development and developing the necessary energy and communications infrastructure.

This was a successful model of accumulation and development, despite its social and environmental consequences. It resulted in a dynamic industrial sector – together with a financial and services sector – which had exceptional growth rates. But alongside this economic process, intense social transformations were seen. One of them was the large internal migration toward big cities, which offered job markets, and the Amazon region – where centerlines of penetration and colonization were defined.

As observed in other similar historical processes, the dynamics of industrialization created exponential growth within the working class. There was a contingent of workers that were organized and socialized under different conditions than those of their predecessors, and whose presence could not be framed by traditional unionism, which was restricted by numerous clientelistic ties to businesses and governments.

Strikes and union conflicts increased after the 1970s, which led to new experiences for the working class. Alongside this new unionism, democratic forces recovered their initiative. The unions, which were especially rooted in the large automotive complexes in the industrial suburbs of São Paulo (where Luiz Inácio Lula da Silva would soon become a leader), were committed to the role of powerful actor and renovator in the whirlwind of political and social forces that were confronting the dictatorship. However, it is also important to stress that forming these types of trade unions – naturally located to the left of the political spectrum – included reviewing the old traditions of the Brazilian left, as well as incorporating the positions and current ideas of the international left.

Trade unions had a remarkable impact and gained much visibility in the Brazilian and international arenas. In 1980, they branched out and created a political instrument, the Workers' Party (PT – Partido dos Trabalhadores). In the course of the next two decades, the PT managed to govern states and cities. It always kept an active bench of national and state legislators and made several attempts, unsuccessfully, to run Lula for the presidency. Only in 2002 was victory achieved.

It must be said that the background of the PT was especially interesting and without precedent in the history of left-wing parties worldwide. Its formation coincided with intensified criticism of the Soviet model of socialism, and its features were definitely post-Leninist. Even keeping a hard core nucleus of syndicate origin, it was conceived in the spirit of a “rainbow coalition” and as a broad expression of social and political agents who fought for democracy and

whose claims had been delayed by years of dictatorship.

On this long road to democracy, the PT grew while joining forces. At the same time, it remained open to extensive criticism from all existing political forces. Due to its history and structure, the PT appeared as an absolute novelty in the elitist Brazilian political arena. It implied a criticism of all that had been done up to that point – all political experiences in which workers and all of the popular sectors had only been summoned as “the mass of the workers” by their leaders. In this sense, it sought to rewrite Brazilian political history as the creator of a new political culture – ethical and democratic. Characteristically, the PT had no policy of alliances (outside the spectrum of the left), as their ethical-political criticism made commitments and alignments with traditional parties impossible, even with those opposing the dictatorship.

Different positions and claims converged and identities diffused. Different left-wing traditions came together in a post-Leninist environment, where building policy instruments and democracy within the party was considered a criticism of the history of socialism as a whole. Brazil started to echo the intense debate that these years were influenced by Eurocommunism. In the specific case of Brazilian unionism, the support and experience given by Western European trade union movements were decisive, even if political opinions differed. The central Canadian unions also played an important role.

The PT was founded upon four political and organizational pillars: syndicalism; left-wing traditions in a critical process of its fundamentals; basic religious movements; and social agricultural movements (these last two are fundamental for the presence of the PT in the national arena, where it began to crawl out of its industrial suburban São Paulo lair). They could only be harmonized through the building of a new political culture.

However, in addition to these four main currents, other social movements – with different claims that were surfacing at the time – joined the political culture that was being molded by the PT. One of these was the environmental movement, which was criticizing the environmental costs of the development model adopted by the military regime. It is worth noting that this was political environmentalism, which adopted primarily a social perspective in relation to the living conditions in large cities, citing the effects of the applied technologies on the agricultural model of the green revolution (in relation to the advancement processes as well as the occupation and destruction of the Amazon rainforest). Chico Mendes was leader of the rubber workers and organizer of an alliance of peoples of the rainforest to protect the ecosystem and its inhabitants, as well as founder of the PT in Amazon territory. He ended up being martyred in Acre. He was a symbolic reference of the PT's promise to defend these populations and their region.

Important as well in the assemblage of forming a new political culture were the claims of feminists and sexual minorities. Also important was the fight against racial discrimination. This contrasted with the stereotype of Brazil being a paradise for racial harmony and sexual choice.

In making a political – and not an ethical – interpretation, at the time Lula finally won the presidential elections (2002), the project of the PT had been divorced from the representation of the “rainbow” coalition that formed the historic foundation of its movement. From that moment on, the reference and strategic key of the political structure was now “governability,” that is, the ability to reconcile the largest level of social interest and obtain an unmistakable configuration that is balanced by the presidential figure; no significant social sector could be considered as “out of the game” nor conspire or act against the ruling order – even if they were acting in the opposition.

The PT shared the belief that it was an “establishment party” – perhaps the most authentic one, because it was a party with the greatest ability to embody the spirit of changes. Indeed, social and economic deprivation as well as deficits in well-being and in citizens’ rights were (and still are) so great in Brazil that it only seemed reasonable that they be attended to by using different strategies within the order. For government politics – and in terms of creating political support and using marketing tools as well – these strategies may have proven effective. However, as soon as development threatens to affect the real social power sectors, the government itself will deter its actions and, if necessary, back away.

The administrative machinery of the federal state made significant efforts to set up specific institutions for different social policies. In particular, the ones that were operated on the local level in the rural sector through the Ministry of Agrarian Development were the most successful. This was accompanied by significant budget reallocation, which was not free from corruption or fine-tuning in the old clientelistic way. According to official figures, it contributed to moving 11 million Brazilians out of poverty.

On the one hand, executing these policies, especially on a local scale, created a need for dialog and collaboration within all the government institutions, including the opposition parties. But on the other hand, this emphasis on participation of the old rainbow coalition created numerous councils and social forums to discuss the new public policy tools and normative elements. To a large extent, the federal Constitution of 1988 provided for these institutions. In this way, many claims from all of the different sectors in the PT coalition were resolved through administrative measures or legal norms. These were not always satisfactory, because the distance between obtaining rights and the actual implementation was significant. In political terms, the government supported itself by forming political alliances based on “dividing” the structure of the state with the coalition parties, which, in general, have no ideological affinity with the PT or its origins.

Among the allies, there are some illustrious figures from the military government, like the president of the Senate, José Sarney, who was the leader of the political party that supported the dictatorship, or former president Fernando Collor, against whom the PT had led a successful impeachment campaign in the recent past; and the champion of corruption, the former governor of São Paulo during military rule, Paulo Maluf. The distribution of ministries between the allies suggests a tolerance of corruption and misuse of public funds. Lula not only

tolerated and defended the accused, he also justified corruption. His successor, Dilma Rousseff, has taken some steps that could indicate a different attitude. The opposition parties are just political groups, they do not represent alternatives, in an economic or social sense, partly because the main structural interests of Brazilian society are already represented in the PT government.

The real bases of power in Brazilian society remain the same; these are the rules that define the main lines of economic policy and the continuity of the exploiting and excluding development model. A prominent place is occupied by financial capital, the providers of which benefit from the enormous debt of the public sector and the credit “bubble” that upholds the consumption spending of the “new middle class.” In its favor, Brazil does have the highest interest rates in the world. In addition, under Lula, it systematically obtained the largest profits in the history of Brazil.

Another support base for the government is the powerful agro-industry sector, a key export component. This sector has control over the Ministry of Agriculture, Livestock and Food Supply and the entire system of policy-making (including environmental) in order to ensure the expansion of agriculture, which destroys large areas of the country and pushes the farming frontier further into the Amazon region.

The last pillar of government support are the major public works contractors and engineering firms that benefit from the hydroelectric megaprojects and communications projects included in the Growth Acceleration Program, which is connected to the multinational project Infrastructure Integration Initiative of South America as well as the large-scale projects for the 2014 World Cup and the 2016 Summer Olympic Games. More importantly, these companies also have leading roles in far-reaching projects in the South American region, for example in Bolivia, Ecuador, and Peru.

Thus, the formation of alliances that constitutes the foundation of the Brazilian state policy create permanent instability between growth and finding legitimacy for the projects. This explains the difficulties that will be encountered when giving speeches and creating policies at the Rio+20 conference as well as the difficulties in the debate on Brazilian development.

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Brazilian Development at the Beginning of the 21st Century

Economic Growth, Income Distribution, and Environmental Destruction

Introduction

For more than two decades, the capitalist way of production has been in a state of crisis. This fact has presented itself in different ways and in different places and has even received improper characterizations.¹ This phenomenon has had its impact on the course of development in various regions of the planet, putting the need to discuss the current standard of global development back on the agenda.

As contradictory as it may seem, in this same period some countries have managed to change their dynamics of development and show extremely favorable macroeconomic results. To a great extent, this movement has been linked to positive economic scenarios that have occurred in the so-called emerging countries, especially China, India, Brazil, Russia, and South Africa, among others. This process generated a small cycle of expansion that ultimately ended in 2008, when the crisis hit the heart of the global capitalist economic system.²

The case of Brazil, more specifically, needs to be analyzed in this context. Just like during the great depression in the 1930s, when the country installed the model of urban-industrial development – also known as the import substitution model – in this current crisis, the country has returned to its past and reinstated a strategy that came to be known as *Novo Desenvolvimentismo* (New Development). It was called this because many elements of the previous “development strategy” were re-instated after two decades of an almost absolute reign of liberal ideas, especially in the areas of economics and politics.

- 1 In the 1990s it was the crises in Latin America and Asia; in the 2000s, it was the crisis in North America; and from 2008 onward, it has been the crisis in the developed countries. Nowadays one speaks of the crisis in the euro zone. In reality, all of these episodes confirm that one is living in a long-lasting, systemic crisis that affects economies and societies globally.
- 2 Here we see the different ways the media report on the current economic problems – as if they happen in an isolated manner. The capitalist world has been suffering from a crisis for more than two decades, and this time the central part of the system is affected, both productively as well as financially. So this is more of a systemic global financial crisis that can be linked to the others that happened in the past following the conformation to capitalism.

In general, one can say that postwar development was constructed from a particular link between segments of the smallest national business sector that existed at the time, state bureaucracy, and international business interests that have financed the industrialization of the country. This construct helped shape society's perceptions of a country with potential and whose ideals would endure right up until they evaporated during the general crisis of the early 1980s. Despite the fact that this model has left the country industrialized – albeit incomplete in some areas – the country has also inherited a set of structural deficiencies and problems marred by regional and social differences, drawing attention to the significant process of social exclusion, as seen in the poverty and hardship in broad sections of the population.

To a great extent, some of these issues have returned to the country's political agenda and complicated the current debate on Brazilian development. To discuss some of the issues related to this debate, this article first gives a brief summary of New Development and the political approach for its implementation. The second part presents a few results of the growth strategy to reduce inequality, emphasizing the growth of GDP, reduction in income inequality, and an increase in salary levels. The third part shows two crucial aspects of this model: the strong growth in the export of commodities based on the intensive use of natural resources, and the construction of large projects that have a direct impact on the population and the environment. Finally, the fourth part presents the final observations, highlighting some economic and social progress while drawing attention to a number of contradictions in the current Brazilian development model.

Brazilian development in the 21st century

All over the world, the debate on development has returned to the public agenda, particularly in Latin America. This has been caused by two basic factors: the failure of the economic and political reforms proposed by international organizations (IMF and World Bank) during the last two decades of the 20th century, and the serious problem of social exclusion, which has left millions of people without access to markets (work, money, etc.) and basic services such as healthcare, education, housing, and sanitation.

In the case of Brazil, some basic aspects necessary for the new national development project were included in the renewed debate, bearing in mind that the postwar model was aimed at industrializing the country in a protectionist way that reserved a particular role for the government. The government not only acted as the motor of development, but, overall, as the investor and producer of goods. Times have changed and so have today's challenges. Around these challenges, the “new developers”³ are designing an agenda for debates and a set

3 Actually, this debate almost restricted the economic policy options that should have been adopted during the first Lula government. Therefore, the term “new development” is part of the general discussions that took place in the country when Lula became president of the republic. The term cannot be considered a political movement, even though what it proposes contradicts the macroeconomic policies adopted by the Fernando Henrique Cardoso administration.

of proposals aimed at presenting an alternative strategy for the conventional doctrines as well as the old national development model.

During the postwar period, Brazil adopted a model called the Import Substitution Model, whose basic purpose was to industrialize the region and free it of its historic dependence on the core countries. The government was the major catalyst for this model through its offering of a basic infrastructure as well as the necessary funding for the industrialization process. In addition, it was the government itself that operated as an industrial producer in some industrial branches, especially the ones that involved high risks and that required huge amounts of financial resources.

This model became known as “national development” because it looked for ways to encourage economic development and strengthen the nation, with the government as the driving force of this process. One of the key features of this model was a general tariff protection aimed at the industrial sector when the Import Substitution Model was in force. Another key feature was the role of the government and the tasks it simultaneously performed: planning, financing, and producing basic input, as well as providing the necessary infrastructure, in particular in the areas of energy, transport, and communication. The role of industrial politics was another key element during “national development.” Despite the support provided by government, the important sectors showed imbalances, in particular in the area of capital goods, as well as technological gaps and low international competitiveness.

There are several explanations for the fall of the “old development” model. Two of them, however, are considered decisive. On one side, the failure of the import substitution strategy – representing the extreme of industrial protection – and the low degree of incorporation into international trade reduced economic growth. On the other side were the external debt crisis – which contributed decisively to the deteriorating financial situation of the public sector, limiting its financing conditions – as well as accelerating inflation, which troubled the economy for almost two decades.

New Development understands that the Brazilian industry has matured and, therefore – in this current stage – it makes no sense to maintain a wide form of protectionism that should have been eliminated already in the 1960s and 1970s – the period in which the combination of an export model and development of the domestic market should have been the strategy currently proposed.

Moreover, in the current productive period, it does not make sense anymore to have a “government entrepreneur.” This does not mean that it is not being defended by the ideology of the “minimal state.” Instead, this ideology proposes to strengthen the government in the political, regulatory, and administrative fields.

Finally, the importance of adopting an industrial policy is acknowledged; however, this must happen within the framework of the country’s macroeconomic policies with the goal of stimulating the competition between industries and improving the country’s incorporation into the international trade sector.

Hence, in the strategy of New Development, the government still plays a prominent role, but with different functions than those carried out in the previous

period. Its main tasks include: a) to have the capacity to regulate the economy and stimulate a strong market as well as a financial system that serves development, not speculative activities; b) to exercise public administration efficiently and responsibly toward society; c) to implement defensive macroeconomic policies that favor growth; d) to adopt policies that stimulate industrial competition and improve the country's incorporation in international trade; e) to adopt a progressive tax system aimed at reducing income inequality.

Additionally, the New Development strategy envisions strong government involvement in the social services area, with the objective to reduce poverty and inequality. In order to do so, universal social programs must be strengthened – especially in the areas of healthcare, education, nutrition, and social assistance – and combined with targeted actions, like the minimum income program.

Finally, New Development also means that the government is still allowed to invest in some strategic sectors, however not those based on debts of the recent past. Current developments indicate that the national private sector should also provide resources and administrative capacities to enhance investments. In this case, the government would be the defender and guarantor of capitalist competition.

These different development strategies become very clear when considering the instruments applied to economic policies. Assuming that there is a greater need for coordinating policies in order to achieve macroeconomic stability, New Development⁴ suggests a political agenda focused on measures to control inflation, the management of interest rates and exchange rates, and a fiscal balance through strict control of the national debt. In addition, it also proposes adopting other economic policies to break stagnation and increase the country's growth.

At the same time, the “new developers” are proposing a managed floating exchange rate whereby the Central Bank will help in avoiding short-term exchange rate volatility. To do so, they suggest creating a Foreign Exchange Stabilization Fund with resources from the National Treasury, as well as giving monetary authorities the permission to buy and sell currencies when necessary in order to keep the exchange rate stable.

This would allow the Brazilian economy to have a competitive exchange rate policy that would not only maintain a balanced account, but would also help the competitiveness of Brazilian products in foreign markets and stimulate investments and the country's savings. This competitive exchange rate policy, combined with industrial and technological policies, would allow Brazil to join the group of countries that export high-tech content.

A second way to support this exchange rate strategy was a suggestion to instal policies to control incoming capital, which would be defined by the level of liquidity in the global economy. This task would not only function to control

4 A study that appears in the references (Mattei 2011) shows the genesis of this debate. It can be said that there are the FGV-SP, led by Prof. Bresser-Pereira; the second group can be found at the IE-UFRJ, coordinated by professors Fernando Cardim and Luis Fernando de Paula; third and lastly is a group of researchers from the IPEA, which, under the leadership of Marcio Pochmann, see the theme of development as a priority for their institution.

interest rates, since it would be the Central Bank that would also have to act to ensure a competitive exchange rate that is compatible with the current account balance. These proposals indicate the need to strengthen the nation-state, which, first of all, is concerned with taking care of the interests of its people, and, secondly, participates in international forums aimed at cooperation with other nations. This is the logic that permeates the actions of all rich countries, which, particularly from an economic point of view, are all nationalistic first and foremost.⁵

Economic growth with income distribution

The abandonment of the “national development” project between 1980 and 1990 – when neoliberal politics ruled – resulted in lower global rankings of the Brazilian economy, while at the same time the country’s rates for unemployment and social exclusion increased to some of the highest levels in the world. This period was marked by high inflation, low economic growth, a fiscal and financial government crisis, and a reduction in public expenditure frameworks, especially in social policy areas. At the same time, there was a rise in financial speculation and “financialization” of nationally produced wealth.

It is precisely this course that suffered a reversal at the dawn of the 21st century, when New Development was adopted in order to defend national production and the domestic market. At the time of the adoption of distributive politics, the return of the development of a system of social protection emerged. It was aimed at the eradication of one of the major social plagues: the high poverty rate within the Brazilian population. Three sectoral policies played a decisive role here: stimulation of legal employment, valuation of wages – in particular the minimum wage – and the installment of income-transfer programs.

In 2012, news began to spread widely – domestically and globally – that Brazil had reached sixth place in the global economy, a position that used to be occupied by the United Kingdom, just in terms of GDP. Bear in mind that Brazil is one of the five most populous countries of the world, with 192 million inhabitants.

Since the beginning of this century, the country has adopted an economic policy based on three basic principles: creating primary surpluses, adopting a floating exchange rate policy, and implementing an inflationary target regime. In some way, these policies – empowered by the global boom in commodity prices – ended up generating extremely positive macroeconomic surpluses for the country, even in the face of a global economic crisis.

In addition to these macroeconomic policies, we saw the introduction of a set of sectoral policies (new energy and industrial policies) – production and consumption credit and social policies that expanded and consolidated the system of social protection, as defined in the 1988 Constitution. This resulted in the creation of a new

5 Here one notes that the actions of the developed (rich) countries first consist of defending their production sector and the interests of its conglomerates. From there, it passes on to subsidiary policies and the protection of domestic products. European countries as well as the United States are examples of this.

and more trustworthy macroeconomic environment, turning the country into one of the centers for global investment in a period marked by global crisis.

At the same time, two additional important changes that are taking place need to be mentioned, as they have a positive effect on the development of this favorable scenario for the country. On the one side, there has been a prominent shift in Brazil's demographic profile. The country is developing into a society of young people, adults, and a significant number of seniors. On the other side, since the productive restructuring of the 1990s, there has been an ongoing dispersal of the production base, especially in the industrial and agricultural sectors, even though the southeastern region still remains the dynamic center of the national industry.

Some indicators from the 2000s that are discussed below help to illustrate the new socioeconomic growth of the country. Table 1 presents the inflation rates, the GDP, and the net debt in relation to GDP. The inflationary target scheme was implemented in 1999. The target and intervals are defined each year (in 2011, for example, the target was 4.5 percent, with a margin of plus or minus 2 percentage points, which permits managing an annual inflation rate between 2.5 and 6.5 percent). In general, we observe that throughout this period, 2001 and 2003 are the only years in which the target was not reached. At the same time, in 2004, the target was reached only after installing a revision for the period. On the other hand, it appears that in some years, the goal was quite close to the upper limit, especially in 2008, when the economic crisis exercised its full effect.

Table 1: The evolution of macroeconomic indicators, Brazil 2001–2010

Indicator/Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Inflation	7.7	12.5	9.3	7.6	5.7	3.1	4.5	5.9	4.3	5.3
GDP	1.3	2.7	1.1	5.7	3.2	4.0	6.1	5.2	-0.6	7.5
Net Debt/GDP	56.2	55.4	53.5	48.2	48.0	45.9	43.9	38.8	43.0	41.0

Sources: Brazilian Institute of Geography and Statistics, Central Bank, Treasury Department

In general, one can say that in Brazil, apart from the control mechanisms of aggregated demand, inflation depends heavily on the price of imported goods and exports in dollars; the nominal foreign exchange rate; monitored domestic price behavior; and the impacts of wage growth, in particular the minimum wage in the production sectors.

In terms of economic growth, it should be noted that the 2000s started with very low growth rates. This was due to the results of the previous period, when the economy was subjected to an intense process of structural adjustment, in accordance with the prevailing neoliberal policies at the time. This adjustment was felt in the last years of the government of President Fernando Henrique Cardoso (2001–2002) and in the first year of the Luiz Inácio Lula da Silva government (2003).

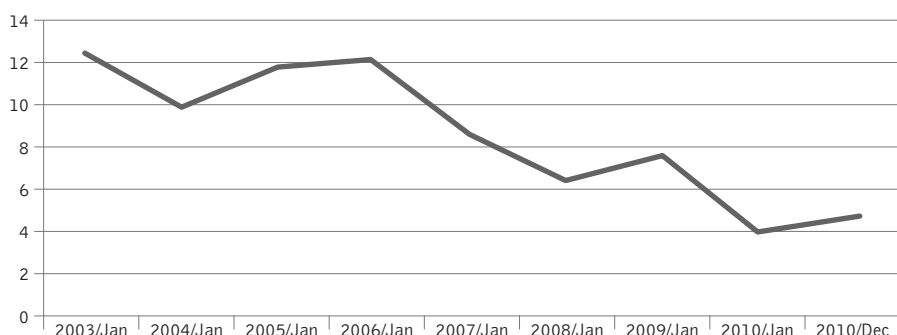
After this period, there was vigorous growth in GDP, even in the midst of a crisis that has been affecting the global economy since 2008. This strong growth in economic activities, especially during the two mandates of the Lula government, can be explained

by two factors. In the first period (2003–2006), exports led the country’s economic growth. In this case, it must be stressed that Brazil greatly benefited from the global boom in commodities, conquering important markets in international trade.

The second period (2007–2010) experienced the strong impacts of the expansion of the domestic market, especially after the food crisis of 2007 and the general economic crisis of 2008. In this case, it is worth mentioning the importance of the Growth Acceleration Program⁶ – a series of government investments in a variety of areas that boosted aggregate demand. Also important were the anti-cyclical policies that were set in motion during the crisis, especially the credit policy for the production sectors and the population, which proved to have decisive impacts on the domestic market, raising the general level of domestic consumption. This resulted in an important fact: Brazil was one of the last countries to be affected by the global crisis of 2008 and one of the first to emerge from it. The fairly positive results in relation to the GDP in 2010 prove this. The country currently use a higher degree of its production capacity and the domestic market continues to expand, which, to a great extent, is due to stimulating credit and lowering interest rates.

Graph 1 shows exactly this movement of lowering the real interest rates; the descent is significant from 2005–2006. Nevertheless, it must be noted that analysts almost unanimously described the Central Bank’s raising of interest rates in 2008–2009 as a mistake. This resulted in a delay in resuming the decline that had been under way since 2006. To a large extent, this ignorant act of monetary policy can also be considered as one of the factors responsible for the significant decrease in GDP that was registered in 2009.

Graph 1: Real interest rates during the Lula government (2003–2010)



Source: Folha de São Paulo (2010)

- 6 This is an action program of the federal government in all states to improve the country’s infrastructure, in particular in the areas of energy, transportation, housing, and sanitation. Specifically in these last two sectors (housing and sanitation), the country’s situation is chaotic, especially in light of the millions of people who live in precarious slum areas without sanitary conditions. Actually, this government action plan is very similar to the Target Plan (1955) and the Second National Development Plan.

With regard to Graph 1, the significant decline in net debt/GDP should be noted. To a large extent, this decline was possible due to strong primary surpluses (the sum of inflow minus government spending, payment of interest rates not included) that the government obtained over the decade. Hence, the combination of primary surpluses and low interest rates made a continuous decline in this ratio possible – nearly 20 percentage points between 2001 and 2010.

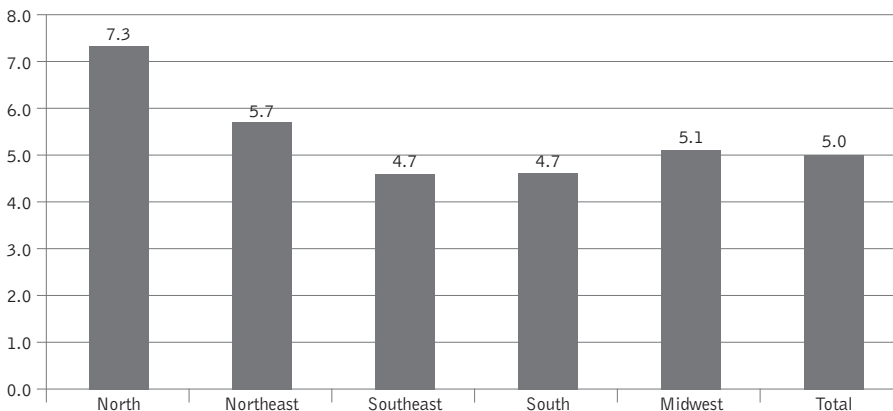
Note that the debt/GDP ratio increased again after 2008–2009, interrupting a trajectory that had been consolidated in the macroeconomic scenario. This rise was due to the strong exchange rate appreciation that occurred after 2009.

This new Brazilian strategy, which some analysts are calling a model of consumption and mass production, has generated extremely positive social effects, taking into consideration the vulnerable social conditions of a significant part of the population. This model is being analyzed from various viewpoints. In this text, we will explore the themes of employment, wages, and income de-concentration.

Graph 2 shows one of the most relevant aspects of the 2000s: the strong expansion of the labor market driven by formal jobs, contrasting what happened during the 1990s. In that period, there was a high level of employment insecurity due to the high number of informal jobs.

Approximately 15 million jobs were created that decade, for the most part during the two mandates of the Lula government. At the same time, there was a strong decline in the unemployment rate, especially in the metropolitan areas of the country. The north and northeast regions simultaneously demonstrated that they were taking the lead for the first time in creating new job opportunities – something that had previously been limited to and conditioned by economic activities in the south and southeast regions.

Graph 2: Annual percentage growth in formal employment in the country and the major regions 2002–2010



Source: Ministry of Labor and Employment

This growth in the job market was reinforced by the minimum wage valuation policy, which had a real increase on the order of 74 percent between 2003 and 2010. This is a relevant fact with regard to functional income, considering that more than two-thirds of the economically active population of the country earns up to four minimum wages per month.

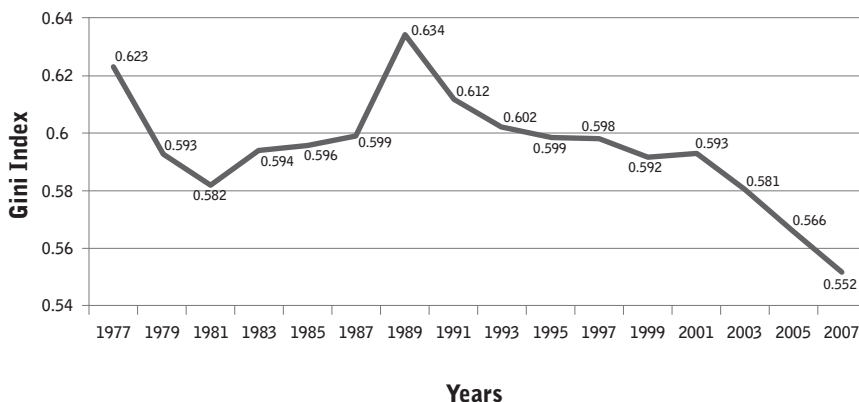
In absolute terms, the minimum wage rose from \$175 in 2001 to \$99 in 2003. But it was only in 2006 that it really started to rise – by 2010 it was \$316. Note that in the last year of the Lula government (2010), the wage valuation policy had been approved until the year 2014, which was a break from the tradition that the minimum wage be defined annually by the National Congress.

Obviously, these aspects created positive effects on the concentration of income. Hence, in the period between 2002 and 2007, the household income per capita in Brazil rose to a rate of 5.4 percent per year. But most importantly, the incomes of poor families showed higher growth in comparison to the incomes of the richest families: 9 percent and 4 percent, respectively.

Nonetheless, it is duly noted that the level of unequal income distribution is still very high in Brazil, considering that 10 percent of the richest people in the country own more than 40 percent of the total income. On the other side, the poorest half of the population owns a mere 15 percent of the total income. It is precisely this unequal ownership of income between different social levels that keeps the Gini coefficient at a rather high level compared with international standards.

Graph 3 shows the development of inequality in family income per capita in Brazil over the last 30 years (1977–2007) according to the Gini coefficient. It starts at an extremely high index level in the first year of the series (0.623), and then shows a descending trend only after 2001, reaching its lowest level (0.552) in 2007. Furthermore, it is noted that the average level of the coefficient for this overall period stands at 0.587. This level only showed lower values after 2002.

Graph 3: Inequality in family income per capita in Brazil, Gini Index (1977-2007)



Source: Estimates based on National Household Sample Survey (1977-2007)

In the 2000s, the country's income inequality fell from 0.593 in 2001 to 0.552 in 2007, which corresponds to an average annual decline of 1.2 percent. This shift is important because a reduction in inequality has a direct effect on the poverty level, namely when the income of the poorest increases and the income of the richest decreases.

One must mention the decisive role of the income transfer programs in reducing inequality and poverty – in particular, the *Bolsa-Família* (Family Allowance) program, which supported more than 13 million families in 2011, and the Social Security program, whose monthly transfers stimulated the economies of a significant number of small towns in the countryside.⁷

Even with all of these demonstrated advances in the 2000s, Brazil is still a country with huge social burdens due to its historical characteristics. In a world that is increasingly moving toward the establishment of a knowledge-based society, the issue of education is crucial. In this case specifically, the country is slipping, because the average level of education remains extremely low by international standards.

This aspect is even more serious when looking at it from a racial point of view, since the education levels of black parents and children is much lower when compared to whites, according to recent research of the Brazilian Institute of Geography and Statistics. To get an idea of the magnitude of the problem, only 3 percent of black parents have 12 years of schooling or more, compared to 10 percent of white parents. In the case of the children, the data is even more worrisome. For example, one in every ten black children has completed high school, while the rate for white children is one in four.

Together with the issue of the quality of Brazilian education, these facts highlight that the country's challenges in the social sphere are still enormous, especially in the areas of healthcare, education, housing, and basic sanitation. These areas continue to have low priority in the abovementioned development pattern.

An economic model of commodities and export based on the intensive use of natural resources

In recent years, Brazil has been consolidating an economic model that is strongly tied to the international circuit of primary commodities, both agricultural resources as well as those derived from mineral extraction activities, based on the intensive use of natural resources. In doing so, the country entered the 21st century as one of the largest global exporters, however without a competitive

⁷ We can see, however, that the current reduction in poverty in Brazil is largely happening in the job market and addressing the pay gap. In this case, it is mentioned that the creation of formal jobs has placed millions of informal workers into a minimal social protection system. Alongside this, the policy of increasing the minimum wage is an extremely effective way to improve the income levels of families, especially for those that earn three times the minimum wage. This is why many analysts are saying that the impact of these two variables (creating jobs and raising wages) account for 60 to 70 percent of the reduction in poverty in the country.

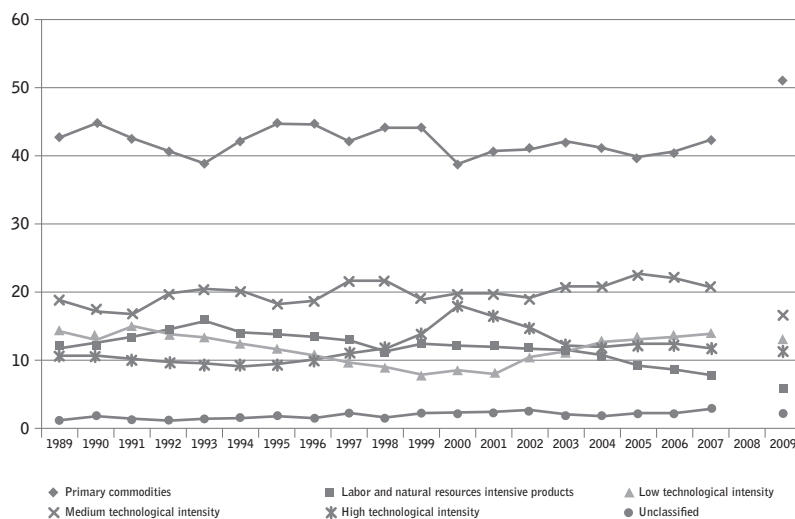
international position, in particular with regard to industrial products of medium and high technological levels.

At the end of 2011, government economic authorities celebrated yet another record: the country's exports had exceeded imports by more than \$30 billion. Yet, these significant surpluses continue to be dominated by two types of products: agricultural commodities and products derived from the exploitation of natural resources. This consolidates a dominant feature of trade relations that is based on the export of products with low levels of technology.

Graph 4 shows the continuity of this pattern of trade specialization, the effects of which are already being felt in several industrial sectors, something that recently has been described in the news as the “reprimarization” of the Brazilian economy, given the prominence of commodities in the total sum of exported goods.

In 2011, the Brazilian trade balance presented one of the largest surpluses in history. The contribution of basic raw materials had increased, as this sector accounted for 52 percent of the country's total sales in 2011. Thus, out of \$256 billion obtained in 2011 through foreign trade, \$132 billion was related to the commodities sector and the intensive use of natural resources. Most noteworthy were: iron mining – responsible for 13 percent of the total export – crude oil, meat, soybeans, coffee, and sugar.

Graph 4: Exports (Free On Board) by technological intensity, Brazil 1989–2009



Source: Mattos and Jaime (2011)

In the case of rural areas, the grain sector – soybeans in particular – plays a major role in exports, as well as the livestock sector, due to the significant amount of export of poultry, pigs, and cattle. This process has political consequences because “the countrymen” that are generating these significant trade surpluses are expanding their bargaining powers in National Congress.

The mineral mining industries had already expanded their role in domestic politics after consolidating their position in the global market of natural resources. The exploration of iron, aluminum, zinc, copper, and precious metals in various regions of the country have a deep social and environmental impact.

To manage the impact of natural resource exploration, it is essential to provide appropriate infrastructure for these economic activities, especially in the energy sector. This explains the reason for resuming the construction of hydroelectric dams in several states. Noteworthy examples include the hydropower plants in Belo Monte, Santo Antônio, Jirau, Santo Antônio do Jari, Ferreira Gomes, Teles Pires, Estreito, São Salvador, and Luis Eduardo Magalhães (formerly known as Lajeado) – with most of them being located in the Amazon region.

It is well known that this region features several natural obstacles that directly impact the cost of the energy that will be generated. Consequently, the dense forest, huge river flows, the complexity of the Amazonian fauna and flora, insufficient infrastructure, the need for alternating currents for long distances, and the transmission losses due to the nature of the enterprise are all factors that will certainly lead to an increase in the construction costs as well as the price of the final product.

Once again, it seems that big private capital is reaping the benefits. This is because in order to attract investors for these construction projects, the federal government offers benefits that range from a 75 percent discount on income tax for a period of 10 years for members of the consortium responsible for the construction, up to granting extremely favorable financing conditions. On the other hand, for the Belo Monte plant, a low tariff was applied for the use of the Transmission System – the tariff would not cover the costs for the transmission of the generated energy for the southeastern region of the country.

All in all, the way the federal government is currently operating in order to build these large energy projects seems to be a repetition of the same proceedings during the postwar “national development” era: the government shores up public funds and private capital benefits from these ventures. The attractive discounts in income taxes are the best indicators to analyze some of the contradictions of the current Brazilian model.

Final thoughts

In recent years, it has become popular to praise Brazil’s current economic development model, especially after the results the country presented in difficult times and during the global financial crisis that afflicted almost every nation. And the recent publicity surrounding the global ranking based on GDP provided an additional boost to the debate in favor of the “powerful country.”

In fact, taking the period from the year 2000 onwards as a reference, it should be noted that in reality Brazil grew at a much faster rate than the European average, and even faster than the United Kingdom itself. If the differences were already big up to 2006, from 2007 they became even bigger. Hence, between 2006 and 2011, we observe that Brazil grew 28 percent, while the European

countries – strongly affected by the crisis – had grown only 5.7 percent, and the United Kingdom 2.9 percent.

However, we need to take into account other indicators that give a different picture of the reality so that we are not deceived by appearances. For example, to evaluate the true wealth of a country, it is better to look at the GDP per capita. In this case, one can observe that Brazil has a value of \$8,300 per inhabitant/year, while the United Kingdom's GDP per capita is \$43,700 per inhabitant/year. This tells us that there are still decades of progress required to reach a level whereby the country is as developed as the United Kingdom.

Therefore, it is necessary to be realistic and not succumb to the recent nationalistic boasting. One of the ways to do this is to try to shed light on some of the existing contradictions in the current Brazilian model. In the first place, it is necessary to make clear that current economic policy – despite its ability to maintain the macroeconomic stability of the country – is still extremely slow in addressing the historical social inequalities in Brazil.

Let us look at an elementary example. It is undeniable that the money transfer programs – as we highlighted in this text – reduce inequality. However, when comparing the dimensions of the different actions, one can see who, in fact, is benefitting the most from the current macroeconomic policy. To help 13 million poor families in 2011, the Bolsa Família program distributed around \$6.6 billion, whereas the federal government paid approximately \$102 billion in interest alone. This proves that the current policy encourages raising the profits of the rentier class through interest rates; in other words, the rich – holders of government securities – are the ones who benefit the most from the current Brazilian economic-financial system.

Another apparent contradiction concerns the role of economic agents linked to the boom of primary commodities. In this case, it is worth mentioning that the rural export sector is another major beneficiary of the current export model. The sector has greatly expanded its wealth, which is partly immobilized inland. This is why Brazil continues to be listed as one of the countries with the highest rates of land ownership concentration in the world. In addition, there is another problem related to this process: In recent years, there has been a huge increase in land value across the country.

Finally, it is important to register the fact that the much boasted income distribution – which, in fact, happened the way that was mentioned earlier – should not be considered as universal, since the databases that are used to calculate this only look at the income from work. In Brazil it is practically impossible to measure income from capital, in other words, there is no official monitoring of the growth of capitalists' income, since income from work is the only thing that is measured.

In conclusion, one could say that in the past, “national development” was implemented as a model for economic growth and its most visible outcome was generating social exclusion. The current development model has made a start in promoting social inclusion; however, it comes at the expense of the intensive use of natural resources (land, minerals, oil reserves, forests, water, etc.), which will certainly affect future generations.

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Green Economy and Development(alism) in Brazil

Resources, Climate and Energy Politics

Brazil's initiative to organize and host a conference on the accomplishments of the historic United Nations Conference on Environment and Development – organized in Rio de Janeiro in 1992 – is also intended to crystallize the current national momentum, highlighting the country's capacity to lead and serve as an example for a big global transition with the “green economy” as its slogan.

This is the moment of Brazil's international representation, marked by its growth and recognized as an emerging power (as a member of the BRICS and BASIC countries, as well as playing a role in the G-20), and as a new oil country as well (with the discovery of large offshore oil fields). On a national level, today's reality features stabilized, continued economic growth, combined with the approval of the majority of the population for the social policies and income transfer programs that were introduced during the Lula era. These initiatives are seen as the responsible factors for the recent emergence of a “new middle class,” which today represents more than half of the population – totaling around 95 million people.¹

And to crown Brazil's special position during the global recession of mature economies, the Brazilian development model is being presented as an inspiration to the rest of the world on how to reconcile growth with environmental preservation. The concept that this is not an exclusionary equation – meaning that you do not need to choose between growth and the environment – is the principal assumption of the Brazilian model.

One of the successful achievements that made Brazil look like a prominent “green” power among the emerging countries of the South was setting ambitious goals to reduce greenhouse gas emissions and control and reduce deforestation in the Amazon – the latter being, by far, the politically most sensitive environmental

1 Blog do Planalto, available at: <http://blog.planalto.gov.br/ao-vivo-seminario-politicas-publicas-para-uma-nova-classe-media/> (accessed Mar. 13, 2012). Early 2012, the categorization was questioned by Márcio Pochmann, ex-president of the national statistics office that produced the data, who described it as “mistakenly referring to the middle class, when in fact it meant the strengthening of the base of the working class,” Bancários de Pernambuco; available at: http://www.bancariospe.org.br/artigos_aparece.asp?codigo=2805 (accessed Mar. 15, 2012).

issue in Brazil. Even though Brazil has no obligations under the Kyoto Protocol, it was President Luiz Inácio Lula da Silva himself who, during the opening of the General Assembly of the United Nations on September 23, 2009, announced Brazil's voluntary commitment to reduce its greenhouse gas emissions from 36.1 to 38.9 percent by 2020; in the same year, he committed that deforestation of the Amazon would be reduced by 80 percent.²

The role of renewable energy within Brazil's energy network is another indisputable achievement that can be added to the letter of recommendation of Brazil's leadership in promoting the idea that "green" growth is possible. There is no country in the world that can rival Brazil: 46.8 percent of the country's energy comes from "renewable" sources,³ compared to an average of just 8 percent in the rich countries of the Organisation for Economic Co-operation and Development.⁴

In the light of this picture, and convinced that the country has a successful case to show the world, at the end of 2009, the Brazilian government proposed – and was thereafter accepted – to host the United Nations Conference on Sustainable Development in Rio de Janeiro in June 2012.⁵ After all, with these credentials, if there is any country where the focus of the conference – the green economy in the context of sustainable development and the eradication of poverty – can be seen as a reality, it certainly is Brazil.

The contradictions of the green economy: A green barrel in a sea of oil

The intrinsic contradictions of the proposals of the green economy – the ones that enable capturing, appraising, and financing the so-called natural capital through the mechanisms of "payment for environmental services," for example – will be addressed in greater detail further ahead in this compilation (see the article by Larissa Packer). For the moment, it is important to highlight some elements that make up the general context and that add color to the background against which the new "green" economic formulas are being proposed.

- 2 This was a decisive step in recognizing Brazil as one of the players during the UN Climate Change Conference in Copenhagen (COP 15/UNFCCC) in December 2009. The international commitment that Lula took on was subsequently ratified through Law 12.189/7, which established a national policy on climate change. The policy and the national plan for climate change are the main platforms for the institutionalization of the green economy in the country.
- 3 BEN 2011 (National Energy Balance 2011; based on the year 2010) is the traditional document from the Brazilian energy sector, which for more than 30 years has been publishing a yearly account of the supply and consumption of energy in Brazil. One of the most comprehensive and systematic energy statistics databases available, BEN is a basic reference for any study on energy planning, whether in the public / governmental sphere or in the private sphere; available at: https://ben.epe.gov.br/downloads/Relatorio_Final_BEN_2011.pdf (accessed Mar. 15, 2012).
- 4 http://www.bbc.co.uk/portuguese/celular/noticias/2012/03/120331_brasil_ranking_consumo_energia_df_rw.shtml;
- 5 General Assembly Resolution 64/236, available at: <http://www.uncsd2012.org/files/OD/ARES64236E.pdf> (accessed Mar. 15, 2012).

The forestry sector is regarded as fundamental for the economy to “go green.” Economic activities in this area include: the projects of certified timber trade and forestry products; carbon stock maintenance; biodiversity (for the pharmaceutical and cosmetics industry); water and a variety of other “environmental services”; as well as the allocation of benefits of the traditional knowledge of the people and populations concerning the forest and managing these resources. Another part of the “forestry” sector is the vibrant industry of reforestation and the industrial monoculture of planting trees for the production of biomass oil (palm trees, eucalyptus trees, teak, pine, and others) and timber extraction, even when presented under the positive concept of “sustainable forest management,” which generally does not distinguish if it is carried out by a large company or whether it is community-based.

In Brazil, the subject “forest” has special meaning. The Brazilian territory is home to no less than 60 percent of the largest tropical rainforest in the world, the Amazon. According to a study coordinated by scientist Carlos Nobre (2009), the principal researcher of the National Institute for Space Research and executive-secretary of the Brazilian Research Network on Global Climate Change, deforestation of the Amazon would correspond to 47.8 percent of the loss of tropical forests worldwide – *nearly half of the global total* (Nobre and Borma 2009; Hansen 2008). In Brazil, emissions caused by deforestation and land-use change represent 58 percent of the total emissions of greenhouse gasses in the country. The policies for control and reduction of deforestation are key in order to have a low-carbon future or for (any) successful economic strategy that pretends to be “green.”

Along this line, the report of the United Nations Environment Program, *Towards a Green Economy – Pathways to Sustainable Development and Poverty Eradication*, played a key role in a key document in developing the agenda for Rio+20.

In recent years, especially since the Bali Action Plan – the final document of the COP 13, the Conference of the Parties to the UN Framework Convention on Climate Change (UNFCCC) in December 2007 in Bali, Indonesia – one proposal became widely popular: an international mechanism that allowed payments to countries in the South with tropical rainforests *to reduce certified emissions, deforestation, and degradation of the tropical forests*. It was seen as the quickest, cheapest, and most cost-efficient way to attack the causes of global warming.

Made popular under the acronym REDD, the proposal was based on the idea to pay countries for *preventing deforestation* (and then consequently reducing emissions). While the plan originally consisted only of payments for “reducing emissions from deforestation” (RED), the concept later also included “forest degradation” (REDD) as regards to conditional payments after measurable, reported, and verifiable results on effective actions of forest conservation, reforestation, and enhancement of “carbon stock.” More recently, the initiative also included “sustainable forest management,” thus explaining the “plus” of the mechanism (REDD+). Another proposal, which was not incorporated into the mechanism, would be the second “plus” (REDD++), referring to the possible incorporation of agricultural practices with climate-appropriate technology (no-till farming, biotechnology seeds, biofuel

compatible machinery, etc.) in exchange for payments. In the current negotiations, agriculture is still not one of the activities that could potentially be covered by the mechanism.

The Food and Agricultural Organization of the United Nations, as well as the UNFCCC, define “forests” as industrial monocultures of trees, highlighting the central role of “forest industries” in building a green economy and promoting rural development based on natural resources. Especially among international organizations, there is a growing use of the term “climate-smart” to define a new green way aimed at public policies, for example, creating ways of financing with individually tailored incentives. In Brazil, this proposal can be found in the ABC plan – Low Carbon Agricultural Program. In agriculture as well, incentives for systems and “technological” packages have come off the ground and are gaining territory. They would be more “climate-friendly,” linking the structure of “forest management” to climate metrics (taking carbon as a reference unit and the reduction of greenhouse gas emissions equivalent). This is problematic because it submits the forests and the people who live in them – a bio-diverse complex of ecosystems, living spaces, culture, and rights – to the logics of the economy that prioritizes carbon sequestration.

Sharing a vision of efficiency and the “business” management of natural resources, this new generation of plans, incentives, and public policies is presented as a privileged area of collaboration and joint efforts between the public and the private sector on how to deal with “climatic changes.”

Controversially, the REDD+ proposal, which is being negotiated within the framework of the UNFCCC and the package of a new global climate agreement, has not yet defined its form of implementation, nor its funding sources and whether they will be public, voluntary, through carbon markets, or passively generated through “offset credits” (compensation) for the countries that have a legally binding commitment to emission reductions. Nevertheless, the United Nations Environment Program document already refers to the “REDD+ regime” as currently the best opportunity to facilitate the transition from the forestry sector to a green economy.⁶

Without getting into the intricacies and technicalities of the issues related to the effectiveness or viability of the mechanism, the key issue of this proposal – which puts forests “in the heart of the green economy” – is directly related to the role that biomass production already has, and that will exponentially increase in order to serve the global industry of the so-called bio-economy (green biochemistry, bioplastic, biofuel, etc.).⁷ In this aspect, where dangerous technologies are surfacing as well, such as synthetic biology and geo-engineering, the “biomassters” and their corporations are in the race to see who will control the production of biomass

6 Towards a Green Economy: Pathways to Sustainable Development and Poverty Eradication, available at: http://www.unep.org/greeneconomy/Portals/88/documents/ger/GER_synthesis_en.pdf (accessed Apr. 13, 2012).

7 Food and Agriculture Organization of the United Nations, available at: <http://www.fao.org/forestry/trade/76571/en/> (accessed Mar. 13, 2012).

and their “stocks.”⁸ Therefore, the validity of contracts under a legal regime that regulates the privatization of these resources is a *sine qua non* condition. REDD+ is, in short, a mechanism to install the right and the guarantee of the – private – right to carbon. And the main label of this historic moment of capitalism and the expansion of the accumulation process is to socially (and culturally) constitute and validate the acceptance of this new category of rights: “carbon rights.”

REDD the Brazilian way: The Amazon Fund and the Juma project

Brazil prides itself in saying that it has the most (and broadest) experience in what would be the payment for the reduction to avoid deforestation in the world. The first one is the Amazon Fund,⁹ headquartered at the Brazilian National Bank for Social and Economic Development, which in turn is the main financing institute of the Brazilian development model (see the article of Tautz, Pinto, and Fainguelernt).

The Amazon Fund was announced in 2007 by former Environment Minister Marina Silva during the COP 13 in Bali. In the following year, on August 1, 2008, the proposal received legal status through decree n° 6,527, which determined the establishment of the Fund. It has a public and voluntary nature, composed of cash donations that are set aside in a specific account “to conduct non-reimbursable investments in prevention, monitoring and combatting deforestation and promoting the conservation and sustainable use of the Amazon biome.”

The National Bank, in turn, issues certificates to Amazon Fund donors, acknowledging their contribution. These certificates specify the amount of the donation, the date of the contribution, the equivalent amount in tons of carbon, and the year of the emission reduction. They are “nominal, non-transferable and do not generate rights or credits of any nature.” Outside the carbon market and the emission of negotiable securities on the stock exchange, the ambitious Amazon Fund has so far attracted few donors.¹⁰

Norway announced a donation of \$1 billion over a period of 10 years. So far it has paid out around \$50 million. At the time of the signing of the deed of the donation, a delegation from the Norwegian government closed a deal with Brazilian oil giant Petrobras. The delegation came with Statoil, the Norwegian state-owned oil company, and their goal was a technological cooperation in offshore drilling. After that, Norsk Hydro WING, also Norwegian, purchased from mining company Vale the operations of the third-biggest bauxite mine in the world, located in the city of Paragominas, Pará State, in the heart of the Amazon. This business also resulted in the acquisition of various installations for the manufacturing of aluminum in the region, an activity with huge environmental impacts, and, being energy-intensive, one of the industries that has enjoyed the

8 Etc Group, available at: <http://www.etcgroup.org/en/node/5232> (accessed Mar. 13, 2012).

9 Amazon Fund, available at: http://www.fundoamazonia.gov.br/FundoAmazonia/fam/site_pt; http://www.amazonfund.gov.br/FundoAmazonia/fam/site_en (accessed Mar. 15, 2012).

10 Amazon Fund, available at: http://www.fundoamazonia.gov.br/FundoAmazonia/fam/site_pt/Esquerdo/Doacoes/ (accessed Mar. 15, 2012).

most benefits from the construction of hydropower plants in the Amazon, which offer cheap and abundant energy for the mining industry.

Germany contributed \$4 million to the Fund, a rather symbolic amount to make good for a widely announced donation during the UNFCCC COP 16 in Cancún. More recently, the Fund only received donations from Petrobras, totaling \$4.3 million (see table).

Total received donations for the Amazon Fund – historical values

DONOR	R\$	US\$	DATE
Government of Norway	36,448,350.22	20,960,576.70	Oct. 9, 2009
Government of Norway	49,600,536.48	28,283,364.59	Aug. 9, 2010
Federal Republic of Germany	6,644,100.00	3,952,500.00	Dec. 29, 2010
Petróleo Brasileiro S.A. Petrobras	1,765,983.70	1,016,335.00	Oct. 14, 2011
Petróleo Brasileiro S.A. Petrobras	4,114,671.55	2,368,020.00	Oct. 14, 2011
Petróleo Brasileiro S.A. Petrobras	1,435,257.60	826,000.00	Oct. 14, 2011
Petróleo Brasileiro S.A. Petrobras	156,626.00	88,750.00	Jan. 23, 2012
TOTALS	100,165,525.55	57,495,548.29	

When the news of the donation to the Amazon Fund was published, Brazil's oil giant Petrobras stated: "The contribution of the company will result in a reduction of 842,071 tons of carbon dioxide; Petrobras has pledged to reduce by 2015 the increase of the intensity of greenhouse gas in its exploration and production activities by 15 percent below current levels, even with plans to double production by 2020."¹¹

The future of the Amazon Fund is uncertain for a number of reasons: the financial crisis; a recession scenario; the creation of the Green Climate Fund within the framework of international negotiations of the UNFCCC; and the impossibility to issue tradable carbon credits on the market voluntarily or passively by validation.

The REDD+ program is significantly different in scale from the Amazon Fund. "Making forests worth more alive than cut," is run by the Amazonas Sustainable Foundation (FAS – Fundação Amazonas Sustentável), a public-private institution. The Foundation was created in December 2007 through a partnership between the state government of Amazonas and the Bradesco Bank, as approved by the state prosecutor. In February 2009, Coca-Cola Brazil became a major sponsor as well.

FAS received the rights to administrate and operate environmental services in 35 "protected areas" in the Amazonas state, in an area of over 39 million acres. Its most comprehensive project is the Forest Grant Program. The Foundation administers and manages the transfer of income to families that live along the rivers through various components of this program in order to develop

11 Petro Notícias, available at: <http://www.petronoticias.com.br/archives/2937> (accessed Mar. 20, 2012); Point Carbon, available at: <http://www.pointcarbon.com/news/1.1635087> (accessed Mar. 20, 2012).

environmental services and products produced by residents in protected areas that are linked to the initiative on a voluntary basis. It is the largest program of environmental services in the world, with more than 35,000 people attended to in 15 protected areas in the Amazonas state, an area totaling 24 million acres.¹² It is a priority for FAS to implement the Forest Grant Program, which is the first “internationally certified” project in Brazil that rewards the indigenous and other traditional people for the preservation of the forest: “[I]t is an income supplement paid as a reward for forest conservation. Unlike public assistance programs, the [Forest Grant Program] has clear and objective counterparts. These include: the commitment to end deforestation (zero deforestation), participation in cooperation with the inhabitants and supporting the implementation of the Protected Areas. In this sense, *the program establishes a direct counterpart in terms of forest-based environmental services*” [emphasis added].¹³

The Forest Grant Program received a donation from the Amazon Fund – to date the largest donation of the Fund (\$10.3 million).¹⁴ According to the FAS, another one of its showcase projects, the Juma project, showed that it is possible to find “a practical and objective” solution to the REDD mechanism. In the project of Sustainable Development Reserve Juma, the hotel chain Marriott is financing the implementation of activities with annual investments of \$500,000 during the first four years, as hotel guests are invited to donate \$1 per night to neutralize the calculated carbon emissions of their individual hotel stays. With the money, payments are made to families in the reserve that are part of the project (participation is voluntary) in exchange for environmental services – converted into the conservation of forest carbon stock and then into equivalent carbon credits.

The range of environmental services include promoting sustainable activities in the forest, but they exclude, for example, some traditional activities – such as slash and burn agriculture – and it is restrictive with others (logging, hunting, etc.). Other components of the project are intended for contributions for the association of inhabitants of the reserve, as well as health, education, and other productive projects that value the economic chains of the development economy, according to FAS information. “We not only obtained the first validation [of carbon credits] of a REDD project in Brazil, but we were also the world’s first project to reach the Gold level in the international standard called CCBA (Climate Alliance, Community and Biodiversity), a certificate issued by the German TÜV SÜD.”¹⁵

12 Fundação Amazonas Sustentável, available at: <http://fas-amazonas.org/programa-bolsa-floresta/> (accessed Mar. 20, 2012).

13 Fundação Amazonas Sustentável, available at: <http://fas-amazonas.org/parceiros/parceiros-institucionais/fundo-amazonia-bndes/> (accessed Mar. 20, 2012).

14 Fundo Amazônia, available at: http://www.fundoamazonia.gov.br/FundoAmazonia/fam/site_pt/Esquerdo/Projetos_Apoiados/Listar_Projetos/FAS (accessed Mar. 20, 2012).

15 Fundação Amazonas Sustentável, available at: <http://fas-amazonas.org/2009/12/projeto-juma-e-referencia-mundial-em-redd/> (accessed Mar. 20, 2012).

According to FAS, the idea is quite simple. As “demonstrated” in the Juma project, “the REDD mechanism allows the valuation of emission reduction as a marketable, commercial, environmental service. A polluter can compensate his emissions by buying credits from those who still have something to preserve. On the other hand, the one who keeps his forest standing will be compensated financially.”¹⁶ The project will last until 2050; by then it expects to have generated around 189,767,027 tons of credits of CO₂ equivalent. For the first credit period (2006–2016), its value is 3.6 million CO₂ equivalent.

More recently, FAS celebrated a partnership with oil company HRT, which resulted in the investment of \$12.8 million, divided into two components: \$2.1 million for the realization of the Forest Grant Program in Sustainable Development Reserve Uacari (Amazonas), and \$10.7 million to invest in the Permanent Fund of FAS, managed by Bradesco/BRAM. Hence, HRT too will become “a major sponsor” of the Foundation, next to the government of Amazonas, Bradesco Bank, and Coca-Cola.¹⁷

The resources invested by HRT in FAS are part of the Green Barrel Program. This initiative will create a fund with resources that come from the donation of \$0.53 for each barrel of oil sold by the company. The program is not limited to FAS: “one expects that, by 2015, the production is up to 50 thousand barrels per day, and investments will go to social-environmental activities.”¹⁸

The HRT Company owns 55 percent of the participation rights in 21 exploration blocks of oil located in the Solimões River in Amazonas State. HRT also announced the drilling of 130 wells in the entire Amazon region by 2015. The drilling of the first well in the area symbolized the search for consolidation of the Amazon as a major producer of oil and natural gas.¹⁹

Not everything is what it seems: Inside the Brazilian energy network

The unavoidable element when looking at the current economic situation in Brazil is the discovery of the large *offshore* oil and gas reserves, the so-called pre-salt, some 200–300 kilometers off the coast at an average depth of 6,000 meters.

The discovery was revealed in 2007 during the announcement of the Tupi oil field (Santos Basin, southeast coast of Brazil), qualified as the world’s eighth largest oil and gas reserves, boosting the country into the ranks of the world’s major oil exporters, with a national volume of hydrocarbons between the size of the

16 Ibid.

17 O Outro lado da moeda, available at: <http://www.ooutroladodamoeda.com/meio-ambiente/4309-parceria-entre-fas-e-hrt-beneficiara-extrativistas-e-ribeirinhos-do-amazonas.html> (accessed Mar. 20, 2012).

18 Fundação Amazonas Sustentável, available at: <http://fas-amazonas.org/parceiros/parceiros-institucionais/hrt/> (accessed Mar. 20, 2012); Fundação Amazonas Sustentável, available at: <http://fas-amazonas.org/2011/06/hrt-e-a-nova-parceira-da-fas> (accessed Mar. 20, 2012).

19 Portal Amazônia.com, available at: <http://www.portalamazonia.com.br/editoria/amazonia/teste-comprova-capacidade-de-250-mil-m%C2%B3-de-gas-natural-em-poco-no-solimoas/> (accessed Mar. 23, 2012).

reserves of Nigeria and Venezuela. The discovery of this huge oil field was listed at the time as one of the “Ten Most Under-Reported News Stories of 2007” by *Time* magazine. The profound transformation of the Brazilian economy started in 2007 and – far from being “green” – is heavily tied to plans to turn the country into an (internationally competitive) oil and gas exporter by 2020. These plans range from a complex infrastructural network of sourcing, transportation, and the refinery of hydrocarbons, including poly pipelines, tanks, ports, and a thriving platform and shipbuilding industry, as well as a large defense budget for the building of a nuclear submarine for the Brazilian Navy – performed by the Odebrecht company, in partnership with the French state company DCNS – in order to militarily protect and guarantee Brazil’s sovereignty over these valuable reserves.²⁰

In pursuit of the goal to establish Brazil as an international oil producer and exporter by the end of this decade, Petrobras, the state-owned company that controls most of the exploitation rights of the offshore blocks, presented in 2011 its plan to spend \$127.5 billion – or 57 percent of the resources of its business plan for 2011–2015 – on exploration and production efforts. The company plans to increase the total oil and gas production from 2.7 million barrels/day (domestic and international production) to 4 million barrels/day in 2015 and 6.4 million barrels/day by 2020. With these ambitious plans, it is difficult to say if Brazil’s emissions will somehow be reduced. The question remains: What is the recipe – or magic trick – to transform this scenario into a “green” horizon.

At first, one may argue that the massive expansion of the oil industry that is happening in the country is blatantly in contrast with the renewable energy network that is Brazil’s calling card to the outside world: The energy mix that feeds Brazil’s growth index is made up of 46.8 percent of renewable sources and 53.2 percent non-renewable sources.

Among these “renewable energy sources,” energy retrieved from sugarcane comes in first place at 18.8 percent. It is currently used for the production of biofuel (ethanol and diesel from sugarcane) and heat production from combined cycle power plants operating on sugarcane and pellets. In second place comes hydroelectricity, with an input of 13.9 percent in the national energy sector, followed by wood/biomass (in particular vegetal coal used for the manufacturing of pig iron) at 10.2 percent, and others (mainly tallow waste from slaughterhouses and soy beans for biodiesel) at 3.8 percent.²¹

As far as the input from non-renewable sources, oil (mainly diesel, as domestic transport of commodities is mostly done by road) accounts for 41.9 percent, gas (mainly imported from Bolivia) represents 8.7 percent, uranium to generate nuclear energy 1.7 percent, and coal only 0.9 percent.

This energy scenario might be enviable in the eyes of many. However, from the point of view of the impacts that have already been observed on land areas and

20 Odebrecht Informa, available at: <http://www.odebrechtonline.com.br/edicaoonline/2011/07/26/um-sonho-vem-a-tona/> (accessed Mar. 23, 2012).

21 Balanço Energético Nacional 2010, available at: https://ben.epe.gov.br/downloads/Relatorio_Final_BEN_2011.pdf (accessed Apr. 5, 2012).

on local populations – there are repeated complaints from civil society and social movements in the country – the supposedly “clean” and “renewable energy” network hides the (high) price that society and the environment are paying. This becomes clear with deforestation and the occupation of the country’s most productive lands for the expansion of monoculture energy production from sugarcane (ethanol), soy and palm oil (biodiesel), and eucalyptus (coal). This can also be seen in the expansion of the agribusiness sector – which claims the highest rates of pesticides in the world, has genetically manipulated crops and even slave labor – as well as in the case of sugarcane and the production of charcoal, for which there is a continuously growing demand for the complex production of pig iron from mining.²²

However, this scenario changes substantially if one does not take into account the total generation of energy, but merely the production of electric power. In this case, in Brazil hydroelectricity corresponds to 76.9 percent of the electric power consumption in the country. In second place is diesel with 8.1 percent (mostly imported), followed by biomass (5.4%), gas (2.6%), and nuclear energy (2.5%).

Expanding the hydroelectricity sector is the flagship of the megaprojects by the neo-development movement. In 2011, the governmental Energy Research Company announced that Brazil would receive \$60 million for the investment in projects in the areas of electric power, oil, gas, and biofuels by 2020. Of this sum, \$412 billion will be allocated to oil and gas. These investments are essential to get the oil supply to jump from 2 to 6 billion barrels in 2020, of which 3.2 billion will be for export.²³

The expansion of the Brazilian power border is aimed at capturing all of the electric power potential of the Amazon by 2030, demanding a huge input of resources and a large number of works. Its main objective is to keep producing and offer companies – especially mining companies – *the cheapest electric power in the world*: around \$45 MW/hour (Castro 2011). The main competitive differential of hydroelectricity – at the expense of other environmental and social costs of hydroelectric megaprojects in the Amazon that take a violent toll on the land – is providing energy-intensive industries (such as cellulose, aluminum, etc.) with the cheapest electric power in the world, heavily subsidized. In this way, the government intervenes by helping to lower the costs of extraction of raw materials and natural resources – one of the main bottlenecks of the global economy today.

Today, the Amazon region generates 10 percent of the country’s energy – this will be 23 percent by 2020. In one decade, it will be responsible for 45 percent of the increase of energy supply in the Brazilian electricity system and turn into one

22 For information in Portuguese and English, investigative reports and complaints, including reports on slave labor, see the website from the Centro de Monitoramento de Agrocumbustível from the organization Repórter Brasil, available at: <http://www.reporterbrasil.org.br>.

23 Aliski, Ayr. EPE projeta R\$1 tri para área de energia até 2020. O Estado de São Paulo. July 12, 2011, available at: <http://economia.estadao.com.br/noticias/economia+geral,epe-projeta-r-1-tri-para-area-de-energia-ate-2020,75684,0.htm> (accessed Apr. 5, 2012).

of the motors of growth. The federal government and the private sector opened a new round of development and occupation of Legal Amazon, which is a region where 24.4 million people live and that represents only 8 percent of the Brazilian GDP. A survey from 2011 based on the federal government's Growth Acceleration Program points out that the package of investments for the nine Brazilian federal states in the Legal Amazon region will already add up to \$127 billion by 2020. According to this survey (Wiziack and Brito 2011), this number will probably be bigger when all the projects have their budgets ready. This quantity of resources is two times larger than the Petrobras investment for pre-salt up until 2015. Basically, they consist of infrastructural projects (energy, transport, and mining). Together, they will create conditions for industries to settle and they will generate an export corridor to the "North arc," from the city of Porto Velho (Rondônia), passing through the states of Amazonas and Pará, up to Maranhão. This cargo handling will be done by a logistical network of highways, railways, and waterways that will reduce export costs, mainly for the agro-business sector, which today basically only uses the ports of Santos (São Paulo) and Paranaguá (Paraná).

The energy sector is the driving force of this wave of investments. The main hydropower plants planned by the government will be installed in the region, and, with them, the waterways as well.

(New) "green" development?

Of all the fast-growing commodities in Brazil, perhaps the fastest one is self-confidence. The national context is marked by widespread, enthusiastic self-pride. There is this sensation that Brazil is no longer the "country of the future" but finally the "country of the present" – this was demonstrated when expectations became reality with Brazil selected to host the soccer World Cup in 2014 and the 2016 Summer Olympic Games. The great expectations that come with Brazil's new role in the world go hand in hand with the political conviction – and increasingly theoretical one as well – that we are in the middle of a "new" economic stage that will be marked by incorporating "new" issues (like sustainability, democracy, and social justice) to the "old" agenda of development.

The New Development model, which today is identified by critics as the official ideology of the Brazilian government and its support base, is built on the electoral success of social welfare politics that the states managed to implant recently (in Brazil, the Bolsa Família program, said to be the largest money-transfer program in the world, is an example of the way public policy fights poverty). These programs are key elements for guaranteeing the maintenance and reproduction of the model, which we also see in other Latin American countries.

In the case of Brazil, as a result of the social protection policies, official data shows that in the last decade 31 million people have become members of the middle class. This is a result of the recovery of inclusive economic growth, the expansion of the job market, and access to credit, as well as the increase in the level of education of the society. Those who positively identify the current

times as a redefinition of the development strategies think that we are facing the construction of a “new state of social welfare” in Latin America, in which the new “state model” constructed by progressive governments will express social protection with economic growth (Draibe and Riesco 2011).

Considering the fact that the extraction of natural resources is the common element at the heart of the “redefinition of development strategies” in the region, the environmental question is at the heart of the tensions between the social movements that are opposing projects in the areas of mining, oil and gas, hydropower, highways, and agro-export, and the progressive governments in Latin America that promote such initiatives.

Especially after the financial crisis of 2008, it became clear that the government could and should play a role different from the one of developmental interventionism during the 1960s, as well as from the laissez-faire method of the neoliberal 1980s. The current period is characterized by the strong role of the government, which is playing the central role as economic instigator, creator of demand and mandatory markets, and guaranteeing – in some cases even as a “partner” – a good environment for investment, business, and development.

Climatic policies and New Development: Carbon and energy management

In this context, the most important pillar of incorporating “new” questions into the “old” agenda of development is demonstrated in the national policies on climatic change and its sectoral plans. These present the conditions for the possible structural (or contradictory) remodeling between the general environment of “neo-developmentalism” and what could be a road toward a future of low-carbon emissions or even a green economy.

In Brazil, as well as in other countries, analyzing the set of measures and public policies on the subject of climate puts fundamental elements on the table as to what is really new about the green economy and to what extent this implies changing existing economic ideas.

Since 2005/2006, national states began to implement climate policies as well as reform and modify existing regulations to accommodate new economic ideas and priorities under the guise of “reducing emissions.” Using “carbon metrics” as a guide for political decision-making rapidly started to trickle down to the entire legislative and governmental framework, with profound economic and social impacts. A striking example from the international arena was the introduction of the renewable energy policy by the European Union²⁴ that determined the mandatory goal for all of its 27 member states to get 20 percent of its energy from renewable sources by 2020.²⁵ In this context, with regards to liquid biofuels, as the territorial limits of the EU practically inhibited meeting the established

24 EUR-LEX, available at: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32009L0028:EN:NOT> (accessed Mar. 23, 2012).

25 European Commission, available at: http://ec.europa.eu/energy/renewables/targets_en.htm (accessed Mar. 23, 2012).

mandatory demand, a market was created for a guaranteed import of (bio) fuels, which practically resulted in a run on tropical agricultural lands and converting land that was used for food production into areas for energy crops, resulting in a serious impact on food safety in the countries of the South.

Under energy/climate policies, the states have created compulsory and progressive markets, as well as captive demand. In Brazil, this was the case with law nº 11,097/2005, which created the National Program for the Use and Production of Biodiesel, establishing a compulsory and progressive blend of biodiesel in all marketed diesel in the country.

Climate policies provide structure to the heart of what is New Development, because it is the government that will have to act as administrator of the energy, and furthermore, of the use of the fossil resources that are still available, within the context of increasing scarcity. After all, administrating “carbon” is the same as controlling energy.

There is a repertoire of themes that compose the universe of the green economy. These have legal implications and they highlight the central role of the government in establishing the legal validity and giving security to the contracts to ensure the creation, remodeling, or adjustment of the institutional normative parameters for its implementation.

Examples of these instruments and actions in which the government plays an important part include: the green GDP (quantifying and accounting for the natural capital under the national accounts); handling all aspects and legal implications of the REDD program and the Clean Development Mechanism; governmental acquisitions (green bonds); regulating the resources of water, air, land, and oceans; potential carbon sequestration and other “environmental services”; financing the conditions and urgency of green funds; municipal legislation for cities to “go green” (green cities); incorporating laws and policies to combat climate change with an international earmark; mandatory and progressive directives to incorporate renewable energy; environmental insurance; environmental compensation; creating and implementing green taxes and tariffs; providing frameworks for green building; and establishing energy-efficiency norms.

Where there exists a direct interaction between the government and corporate or private institutions, the “carbon footprint” and the “water footprint” are the main reference points for commercial competitiveness and green patents.

Conclusion

The organization of the Rio+20 summit in June 2012 in the iconic city of Rio de Janeiro has provided Brazil with an opportunity to showcase its model and its new stature in the international arena, exporting its good practices to the world. Today, Brazil occupies two prominent offices within the United Nations: José Graziano da Silva is the director-general of the UN's Food and Agricultural Organization, and Bráulio Dias is the secretary of the UN Convention on Biological Diversity. Therefore, Rio+20 is considered as the most important foreign policy conference for the government of President Dilma Rousseff, the first woman elected president of the republic, who took office in January 2011 and will govern until December 2014. According to Foreign Affairs Minister Antônio Patriota, "it will be the biggest and most important conference of the Dilma government." He added that Brazil "is in a position like few others to assume leadership in this debate, with its growth model, the cleanest energy network in the world and its progress in combatting deforestation and reducing poverty" (Rothenburg 2011).

However, not everybody agrees with the success story of the Brazilian development model. There are also the drastic legal reforms that are underway in the country, the setbacks, and the stretching of rights to accommodate the new legal framework for the green economy. Instead of leading the debate during Rio+20 about which growth model should be followed, it looks as if the self-proclaimed leadership of the country in the green economy should shed light on – and get international attention for – the voices of resistance from the people who are affected by this model, namely, the ones who question the model or the ones who do not accept the "inclusion" or who are submitted to the imperatives of accelerated growth, even if they are green.

The Brazilian dilemma: food or fight. This is how Josué de Castro described it in the still current *The Geography of Hunger* (1946). Updating the terminology for the 21st century and the contradictions that capitalism today presents in a new movement of accumulation, the dilemma stays unchanged. That is why it needs to be positioned politically and not through logic and corporate calculations. The celebration of the "green barrel" is emblematic of these crossroads, false solutions, and risks. The state of the planet does not allow compromises and convenient agreements in which everybody "wins." The moment demands democratic and consistent choices that support the profound social and political transformations that the transition toward a civilization of post-oil – inexorably – requires.

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**CARLOS TAUTZ, JOÃO ROBERTO LOPES PINTO,
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The Big Agent of Change

The National and Transnational Expansion of Brazilian Companies Through the National Development Bank BNDES

If you asked representatives of the Brazilian government and of Brazilian-based multinational companies about Brazil's accelerated economic expansion, they would give you a neat answer: "As we have 50 percent of the population, territory, and economy in the region, the country must be just, sympathetic, and generous with its neighbors." So explained Brazilian economist Darc Costa, former vice president of the powerful Brazilian National Bank for Social and Economic Development (BNDES – Banco Nacional de Desenvolvimento Econômico e Social) to the Brazilian senate recently. Likewise, Brazilian diplomacy uses this same benevolent discourse when dealing with neighboring countries.

This game of words – expressing amity and cooperation with the region – hides the true interests of both the Brazilian government and the largest private national businesses. Funded by billions of dollars worth of loans from BNDES, Brazilian multinationals are expanding rapidly into other Latin American and Caribbean countries.

The budget of the state-owned Brazilian bank is enormous. In 2010, BNDES loans totaled more than three times those of the World Bank: \$96.32 billion compared to \$28.85 billion. Between 2005 and 2010, the loans of BNDES grew 391 percent in dollars while those of the World Bank advanced 196 percent.

With a great volume of public resources, BNDES works in close alliance with the Ministry of Foreign Affairs (MRE – Ministério das Relações Exteriores). They support domestic and foreign infrastructure megaprojects while also subsidizing the creation and expansion of Brazilian multinationals into nations considered strategic for Brazilian diplomacy.

This expansion is not only determined by the government. In truth, it results in a symbiosis of interests, a convergence of plans with the large private interest groups based in Brazil, such as the mining company Vale and the multisectoral construction company Odebrecht, which receive public resources to expand their business abroad.

BNDES' extraordinary budget comes from diverse sources, but it has always been publically funded. The majority of its resources come from the Workers Support Fund whose source is a social contribution tax, payable by legal entities.

The fund's main purpose is to finance unemployment insurance, training programs, and to stimulate job creation. Depending on the year, the fund's contribution can make up about 50 percent of BNDES' budget.

Another important source is the Brazilian National Treasury, which issues securities into the market, raises funds, and makes transfers in the form of loans to BNDES. These contributions have been repeated often and in large sums. The total amounts injected into the bank were \$52 billion in 2009, \$42 billion in 2010, \$29 billion in 2011, and they reached \$23.5 billion by the end of March in 2012, for a grand total of \$148 billion. The government claims that these contributions were made to provide cheap credit to the Brazilian economy in order to shield the country from the international financial crisis that has stressed the more advanced economies since 2008.

This operation, however, uses a mechanism that strongly penalizes public accounts. The Treasury issues bonds of about 9.75 percent per year and transfers them to BNDES, which pays the Treasury back the long-term interest rate of 6 percent. Depending on the credit line, BNDES still gets back a variable spread from its borrowers. But the difference between the Treasury's contribution and the long-term interest rate, which is approximately 3.75 percent, is assumed by the Treasury. Thus, society pays for the massive transfer of public resources to private entities. It is worth noting that the Treasury's contributions to the bank are accompanied by budget cuts, particularly for social spending.

Two other important sources of BNDES funds are returns on investments and loans. The bank, through its wholly-owned subsidiary BNDES Participações (BNDESPar), has stakes in dozens of companies, totaling, in 2010, a portfolio of \$68 billion. BNDESPar has shares in the main private economic groups of the country.

History and scope of projects funded by BNDES

BNDES was founded in 1952 to create long-term financial mechanisms that would attend only to the economic dimensions of large infrastructure projects. Only in the 1980s was the "S" of BNDES, which stands for Social, added to the acronym, though even now the institution faces its social aspect as an inconvenient appendage and does not develop effective policies from a socio-environmental perspective. This is evident in the weakness of its social and environmental standards, the absence of supervision of the impacts of the projects it finances, and by the totally obscure criteria it uses to finance – and even save – large conglomerates from bankruptcy.

Despite its central importance in the formation of patterns of growth in Brazil, the bank still does not have a public information policy. In 2009, for the first time in its history, it opened its portfolio of private projects in a partial and highly insufficient way. The data posted on the bank's website covers only projects contracted since 2008, and none before. This violates not only the constitutional principle of transparency, but also the recently enacted law of access to public information (Law No. 12.527/2011), which mandates that all federal entities must disclose publicly their financial information by April 2012.

In its 60 years, BNDES has gone through various phases. In all of them, it has not only provided financing but has also shaped developmental policy. In the 1950s, it primarily financed basic industry, making large investments in the steel industry and economic infrastructure (energy and transportation). In the following decade, as the civil and military dictatorship, which came to power in 1964, dreamed of turning the country into an international power, the bank invested heavily in basic industry and consumer goods, thereby stimulating, to an extent, technological development.

In the 1970s, BNDES supported the policy of “import substitution,” underpinning the creation of industries of basic inputs and capital goods. By the 1980s, with the breakdown of the import substitution model, the bank acted as promoter and financier of policies to dismantle state control, following the prescription of the “Washington Consensus.” As part of the commercial and financial liberalization, BNDES began supporting the “competitive entry” of the Brazilian economy into the international market while managing the National Privatization Program.

BNDES officially conducted and provided credit for the privatizations in Brazil, in which hundreds of public companies were sold at prices well below market value. In collaboration with international consultants, the bank prepared the public notices for the privatization of state companies and subsidized public resources for auction winners. Moreover, Brazilian state companies were sold in blocks, thus stimulating the formation of consortiums of companies with the participation of BNDESPar. Various conglomerates in the civil construction, agriculture, and energy sectors that are thriving today first achieved international scale by acquiring equity control of state companies with credit facilitated by BNDES.

By 2000, this capital had already achieved enormous rates of profit, and schemes for capital accumulation were well established in Brazil. Since then, those conglomerates deepened further their historic alliance with the Brazilian state and dedicated themselves vigorously to their internationalization, all with the stimulus of BNDES credit. Odebrecht, the majority partner in sanitation companies, telecommunication companies, and, most recently, the defense sector in Brazil, expanded its international reach so much so that now the majority of its revenue comes from its foreign operations.

The extreme role that BNDES plays in the Brazilian credit market – it accounts for 20 percent of it – must also be noted. In 2010, BNDES owned, through its subsidiary BNDESPar, shares in 22 of the 30 largest Brazilian multinational companies, giving them selective and concentrated support. Considering the lack of transparency of the Brazilian state and its active interest in economic sectors that do not help guarantee the necessary public goods and services, especially to the poorest populations, public control over these operations is made even more necessary.

In June of 2007, BNDESPar gave approximately \$750 million in capital to the livestock company JBS (also known as Friboi), while the controlling shareholders contributed only \$200 million. This capital enabled JBS to purchase Swift & Co., the US’ third-largest beef and pork producer and Australia’s largest beef company, thereby becoming the largest beef company in the world based on the number of

cattle slaughtered. JBS acquired the capacity to slaughter 47,000 heads of cattle each day for a daily revenue of \$11.5 billion.

Yet BNDES' powerful contribution to JBS was not the only one, and not even the largest. In 2009, through BNDESPar, it put more than \$2 billion of debenture issuances in JBS to purchase 64 percent of Pilgrim's Corporation, making it possible for the Brazilian group to become the world's largest processor of animal proteins. This happened despite the fact that JBS/Friboi is infamous for deforesting the Amazon biome (the world's largest rainforest) as well as for encouraging slave labor and the invasion of indigenous lands.

Expansion and social costs

Since 2003, the first year of former president Luiz Inácio Lula da Silva's first term, the disbursements of BNDES quadrupled, growing from \$12.15 billion to \$74.5 by the end of the second year of the first term of Dilma Rousseff (Lula's successor and fellow member of the Worker's Party).

A good example of BNDES' growing centrality is the bank's financing of nearly 400 infrastructure projects included in the first stage of the Growth Acceleration Program (PAC – Programa de Aceleração do Crescimento), launched in 2007. The PAC, which has been the keystone of both Lula's and Dilma's governments, focuses on infrastructure projects, those most visible to the public.

By March of 2010, BNDES loans in the PAC's first stage had reached \$66 billion of the total \$116 billion in the areas of electric energy, petroleum and gas, railroads and shipping, roads, sanitation, urbanization, and subways. PAC 2, launched the same month, forecasted investments of \$498.9 billion by 2014 and more than \$328.3 billion in works after 2015, totaling \$827.3 billion. If the current trend continues, BNDES must contribute more than 50 percent of the amount.

The bank's credit has preferentially benefitted large economic groups, forged in the context previously described. Among them are the groups Bradesco, Itaú, Votorantim, Odebrecht, Andrade Gutierrez, Grupo Vicunha, Queiroz Galvão, Camargo Corrêa, Grupo EBX, Gerdau, Perdigão/Sadia, JBS/Bertin, and Vale/Bradesco. It is also important to highlight that the bank has acted directly in the formation and financing of major mergers and acquisitions, such as Perdigão with Sadia (Brasil Foods), JBS with Bertin, Votorantim with Aracruz (Fibria), and Brasil Telecom with Oi Telemar. The argument is that the globalized market demands the creation of "global players" to guarantee a "competitive entry" into the international market.

This active participation has undoubtedly helped create positive rates of economic growth, but the social and environmental costs of this growth have not been assessed or reported. The grave effects of large projects in areas like agriculture, mining, steel, hydroelectric, and materials extraction have rippled throughout the labor world and many of Brazil's territories. In the case of large projects, the bank generally commits itself to financing anywhere from 60 to 80 percent of the total value of the enterprises, thus becoming both guarantor and enabler of the projects. Despite its central importance to the Brazilian economy,

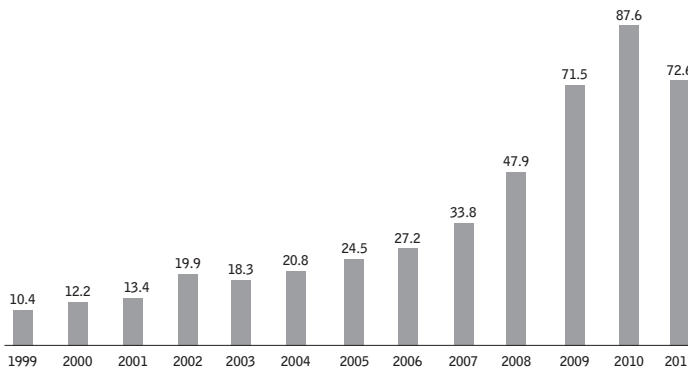
the bank does not include social, environmental, or economic compensatory measures in its loan contracts.

These projects result in the intense and extensive appropriation of land. Private companies gain control not only of resources and common goods but also of institutions and economic mechanisms that regulate people's lives. The projects are responsible for the massive dislocation of people, which occurs in two ways: Either people are removed due to land speculation or they are drawn in large numbers to work during implementation periods and project peaks, usually in degrading working conditions. These population dislocations have many consequences. They burden local public services and lead to an increase in violence, drug use, and child prostitution. They also destabilize the local economy by transferring local resources outside of the territory and by interfering with the local chain of production, sometimes by changing the concentration of economic power within the chains. Additionally, these projects take control over local political institutions, causing the breakdown of social bonds and the criminalization of organizations.

Furthermore, the commodities sector does not create many jobs and has little effect on the rest of the economy. Adding to this, mergers and acquisitions, which are common in this sector, result not only in market concentration, but also in the restructuring of production and working arrangements, making them more precarious and exploitative.

And so, the country's productive structure risks becoming too specialized, inhibiting further diversification. We run the risk of reproducing our historical, subordinate role in the international division of labor, in which Brazil only exported products with little added value. Strengthening agricultural exports and neglecting production for the domestic market has caused an increase in the imports of staple foods. According to a recent report, only in 2011, the importation of staple foods (beans, red meat, oranges, coffee, bananas, rice) grew 380 percent.

Figure 1: Growth of BNDES loans (in billions of US\$ for projects in Brazil and abroad)



Source: BNDES

(Note: The corresponding values in US\$ were \$10.4 billion in 1999 and \$72.6 billion in 2011.)

Large Brazilian groups use the following strategy to grow within Brazil: They ally themselves with the state, gain privileged access to huge amounts of public money, achieve enormous rates of profit, and then expand beyond the political boundaries of the country. To maintain their standards, large Brazilian groups need to reproduce the same growth strategy that they used in Brazil in other countries, forging new alliances with the state bureaucracy, and thus repeating a strategy adopted and encouraged by successive Brazilian governments.

The expansion of national capitalism and Brazilian imperialism

For this Brazilian capitalist expansion strategy to be successful, various persuasive strategies are put into practice. The first of these is, as was previously mentioned, to establish themselves in countries with smaller-scale economies – as a type of older brother willing to help the younger ones.

This strategy utilizes other persuasive concepts that apparently express Brazil's good intentions toward its neighbors. For example, the word "integration," which conjures noble sentiments, is also widely overused by executives of private companies and high-ranking Brazilian officials. It is an attempt to personalize the power relations between countries, companies, and groups in order to conceal the subordinate role that Brazil actually assigns to its neighbors. Often, this discourse is used to sell a turnkey package of infrastructure megaprojects financed by BNDES and implemented by Brazilian companies internationally, especially in the sectors of energy and heavy civil construction.

Due to the numerous and negative impacts that these projects have on the populations and territories in which they are implemented, ignoring the local realities and the rights of the people affected, Brazil is already seen as an imperialist country that uses the large disparity between itself and its neighbors – in terms of its territories, economy, and domestic market – to impose its own economic agenda. Even in Africa, where there are fewer investments of BNDES-financed companies, there is already a perception that Brazil's current relations with smaller economies mirror the one Europe had with its former colonies.

At the First International Meeting of Populations Affected by Vale, held in April 2010, the Mozambican journalist Jeremias Vunjanhe spoke about the impact of projects that were financed by BNDES and developed by the contractor Odebrecht and a mining company in the Mozambican city of Moatize. He made two observations that shocked the meeting's participants: "We did not know exactly when our interlocutors were Brazilian diplomats and when they were executives of Brazilian companies. And, secondly, based on the proximity and the scale of the impacts produced by the contractor and the mining company, the image of Brazil that we have in Mozambique is worse than the image of Portugal."

The exportation of the Brazilian economic agenda to other countries, especially throughout South America, aims to satisfy Brazil's needs for inputs – energy in particular – and to create export corridors of raw materials and agricultural commodities, mainly toward Asia, with a special focus on Chinese territory.

The integration rhetoric has been especially visible since the year 2000, when the Inter-American Development Bank (IDB) – encouraged by the government of then president Fernando Henrique Cardoso – launched an enormous package of infrastructure projects called Infrastructure Integration Initiative of South America (IIRSA – Iniciativa de Integração da Infraestrutura da Região Sul-americana). IIRSA presented a new approach to territorial development and tried to create, between governments, a consensual concept of infrastructure meant to replace the dominant view, which divided transportation, energy, communication and the like into sectors.

The 500 plus IIRSA projects during that time – including hydroelectric dams, highways, waterways, and many other works of doubtful relevance and very high financial, social, and environmental costs – had one thing in common: They all served as a base for economic exports of agricultural commodities and raw materials, thus reinforcing the degrading and unjust pattern of accumulation that has marked Latin America since the Europeans arrived here in the 15th century.

IIRSA gets a new name, but the old socio-environmental problems remain

The IDB failed to carry out the territorial development planned by IIRSA. The integration project was undertaken in 2011 by the Infrastructure and Planning Council (Cosiplan – Conselho de Infraestrutura e Planejamento) of the Union of South American Nations (UNASUL – União das Nações Sul-Americanas) under the coordination of Brazil, which had already selected BNDES as its major funder. At the end of 2011, the 12 planning ministers from the UNASUL countries launched a new regional infrastructure integration plan – Cosiplan's Program of Strategic Action (PAE – Programa de Ação Estratégica) – to “replace” the old IIRSA. The acronym IIRSA was not officially abandoned, but was gradually pushed aside, for the old name was associated with a failed megaplan.

The PAE of Cosiplan/UNASUL intends to implement 31 infrastructure projects in the next 10 years at a cost of \$16 billion. This includes waterways, railways, and highways, and it has four prioritized projects already: a railway corridor between the ports of Paranaguá (Brazil) and Antofagasta (Chile) at a cost of \$3.7 billion; a road from Caracas (Venezuela) to Bogotá-Buenaventura (Colombia) to Quito-Pacific (Ecuador), budgeted at \$3.5 billion; a railroad between Santos (Brazil) and Arica (Chile), the Bolivian stretch of which will cost \$3.1 billion; and a road Callao-La Oroya-Pucallpa (Peru) for \$2.5 billion.

The characteristics of the old IIRSA thus remain: Together with the “axis of integration and development” (“Eixos de Integração e Desenvolvimento”) and the exportation channels of inputs to outside the subcontinent, the rhetoric of “productive integration,” “internal development,” and “environmental sustainability” was revived in the region. Because this involves so many resources and such a deep commitment from the Brazilian government, it is evident that Brazil is deliberately trying to expand its current economic growth pattern into other countries.

According to João Mendes Pereira, diplomat in the MRE and General Coordinator of Economic Affairs of Latin America and the Caribbean since 2003, the Brazilian government has been approving credit guarantees for about 100 infrastructure projects financed by BNDES in various Latin American and Caribbean countries, totaling about \$14 billion. If we include in this survey the resources of the Export Financing Program from the Ministry of Development, Industry, and the Foreign Trade of Brazil, the Brazilian funding reached \$16 billion.

For example, the Brazilian state-owned electricity company, Eletrobras, prepared a Decennial Program of Energy Expansion that identified several business opportunities in Brazil and other South American countries and is negotiating the construction of hydroelectric plants in Peru, Uruguay, Argentina, Bolivia, Venezuela, Colombia, Guyana, and Suriname, for a total of 18,000 MW in capacity from new power plants by 2020. Most of the energy produced will go to Brazil. To jump-start these works, Eletrobras has the support of BNDES financing.

Among other projects, the state-owned energy company plans to construct plants with total capacity of 1,500 MW in Guyana and wants to build the Cachuela Esperanza Bolivia hydroelectric plant (800 MW) in Bolivia. Besides producing energy to be exported to Brazil, this plant will also help regulate the water flow of the Madeira River, which runs from Bolivia to Brazil and will ensure better operational performance of the Brazilian plants Jirau and Santo Antônio in Rondônia in the north of the country, near the borders with Bolivia and Peru.

Brazil and Argentina want to build the bi-national plants Panambi and Garabi on the Uruguay River to generate 2,000 MW. Brazil is also building Tumarín (\$800 million) in Nicaragua through a consortium that includes the Brazilian contractor Queiroz Galvão and Eletrobras. This project has rates of return below the levels to which Eletrobras is accustomed. It is one of the projects in which the MRE and Lula worked in collaboration with a foreign president, in this case Nicaragua's Daniel Ortega.

In Costa Rica, the Chinese Sinohydro allied itself with Eletrobras to develop a project of about \$1 billion. Another contractor, Odebrecht, carried out the hydroelectric project Palomino in the Dominican Republic. All of them were supported by BNDES subsidies.

National park funding in Bolivia and hydroelectric plants in Peru threaten indigenous peoples

A road in Bolivia and the Energy Accord signed with Peru are two recent and dramatic cases involving BNDES and Brazilian expansion.

In Bolivia, a known contractor, OAS, was building a roadway that would connect San Ignacio de Moxos (in the state of Beni) and Villa Tunari (in Cochabamba). With a length of 300 km, the work would cost \$415 million, of which \$332 million (80%) would be financed by BNDES.

If it were not for the broad resistance of the Bolivian indigenous people, the road would have cut through the Indigenous Territory Isidoro Sécuré National

Park. Construction was only suspended in the middle of 2011, after the impacted indigenous peoples marched in protest for 65 days toward the capital, La Paz, and persuaded Peruvian society to refuse the massive project. During the march, women, children, and the elderly were brutally repressed by police, creating an international scandal that led the Brazilian government to suspend the bank's pledged loan.

The case put former Brazilian president Lula into the spotlight. In personal conversation with President Evo Morales in La Paz after an event sponsored by OAS, Lula charismatically deployed the same arguments of justice, solidarity, generosity, and integration in an attempt to convince Morales to reverse the decision to suspend the road construction. After the manifestations against the construction in indigenous land, the Bolivian government revised the road's course. In response, the Brazilian government imposed loan conditions upon Bolivia, and, in this way, mimicked the behavior of the World Bank and the International Monetary Fund.

The Brazilian government now talks about imposing new pre-conditions on the Bolivian government before releasing BNDES loans, including the case of settlements of Brazilian soybean farmers in Bolivia, who account for 60 percent of the soybean production in that country.

A similar situation might also happen in Peru. As a result of the energy agreements signed in June of 2010 between former presidents Alan García (Peru) and Lula, new power plants are being planned for the Peruvian forest. The indigenous Ashaninka people are now contesting the agreement in Peruvian courts. They fear that their rights will be violated and that a true socio-environmental disaster will occur if the plant is constructed.

The Ashaninka Center of the River Ene estimates that thousands of indigenous peoples, including groups still unaccounted for, and other traditional populations could be forcibly removed. Their villages and sacred places could be seized, their agricultural lands flooded, and their forests and fisheries lost. Various areas selected for hydroelectric construction are considered extremely important for the conservation of biodiversity. The Center also argues that the constitutional rights of indigenous peoples were violated, for they were not given the chance to contribute their free and well-informed opinions on an issue of such vital importance to them.

The energy agreements estimate 50 years of exportation of up to 7.2 million MW of energy to Brazil from five of the largest hydroelectric plants in the Peruvian Amazon: Pakitzapango (2.2 million MW), Iñambari (2 million MW), Tambo 40 (1.27 million MW), Mainique I (607 MW), and Tambo 60 (579 MW). The projects were conceived by Eletrobras in conjunction with the Brazilian contractors Odebrecht and Andrade Gutierrez, and would be financed by BNDES.

Bank finances the export of greenhouse gases, but wants to support the “green economy”

The implementation of these works exports socio-environmental impacts to neighboring countries and transfers to them the responsibility for greenhouse gas emissions, which cause global warming. Large hydroelectric plants in

other countries within the Amazon basin are located in densely forested areas. Damming rivers to construct hydroelectric plants requires the flooding of immense areas and the deforestation of surrounding vegetation such that, given the decomposition that occurs with time, gases are released into the atmosphere, including methane, the worst greenhouse gas.

In the context of the United Nations Conference on Sustainable Development in Rio de Janeiro, better known as Rio+20, BNDES has sought to qualify as a resource provider for a series of initiatives in the field called “green economy” and, then, prepare itself for the possible reconfiguration of political and economic forces around a green conception of capitalism.

This “ecological” strategy has a double aim. The first and immediate one is to take advantage of possible opportunities in carbon trading, for example, mechanisms for the reduction of carbon emissions such as Reduced Emissions from Deforestation and forest Degradation in developing countries (REDD). Since 2009, the bank operates the Amazon Fund, which is considered one the main REDD funds in the world today. Currently, the fund’s revenue is approximately \$57 million, of which \$50 million is donations from the Norwegian government and another \$4 million from the German government. Thanks to the resources of the Amazon Fund, in Acre (a state in Brazil’s Amazon region), the structuring and regulation of payment market for environmental services is beginning. This includes an agreement between the governments of California (US), Chiapas (Mexico), and Acre to offset emissions of active polluting companies in California.

It seems that BNDES is trying to hide the weaknesses of its socio-environmental policies and the virtual absence of criteria for social and environmental protection in projects it finances in Brazil and abroad. The profound lack of transparency only makes it worse.

The BNDES platform: Society attempts to refocus the bank

Though BNDES works with public funds and is therefore obligated to publicize their decisions in accordance with the principles of the Brazilian constitution, it has never had a public information policy. It is tremendously resistant to criticism and does not maintain channels of qualified and balanced dialog with Brazilian social organizations. In doing so, it isolates itself from the pressures coming from the populations affected by its projects. Ironically, the best way to describe the BNDES headquarters in Rio de Janeiro, a large cubic edifice shielded with black glass, is to say that it is a “black box.” In this case, the symbol perfectly represents reality.

In 2007, nearly 30 civil society organizations formed the “BNDES Platform” a front of non-governmental organizations and union movements to demand the reorientation of the bank. The More Democracy Institute, which signed this text, is part of the Platform’s Operation Group, along with the Landless Workers Movement, the Movement of People Affected by Dams, the Alternative Policies for the Southern Cone organization, the Justice on the Railways Network (which monitors the impacts of mining company Vale), the Brazilian Institute of Social

and Economic Analyses, the Brazil Network on Multilateral Financial Institutions, and the Indigenous Missionary Council.

Also in 2007, BNDES Platform sent a document to the president of the bank to criticize the fact that, since the privatizations in the 1990s, BNDES has come to act as “an agent of development that pursues the country’s ‘competitive entry’ in the global context (...), therefore prioritizing services to foreign markets, promoting exports with generally low value-added, and internationalizing national capital.”¹

The document criticizes the way in which BNDES finances economic concentration, enables the formation of large business and financial conglomerates, and prioritizes certain sectors – mining and steel, paper and pulp, agriculture, oil and gas, hydroelectric and ethanol – despite the intense and extensive social and environmental impacts they have. The document emphasizes the necessity of establishing mechanisms of public control over the actions of BNDES, and it demands that BNDES reorient itself so as to diversify productivity and decentralize the economy. Under much pressure, BNDES made information about its portfolio of private projects public in a timid manner, and they only disclosed information about projects contracted since 2008. This indicates that secrecy is functionally important to the privileged relation between economic groups and sectors of public bureaucracy.

The Platform organized the South American Meeting of Populations Affected by Projects Financed by BNDES in November 2009 in response to BNDES’s lack of transparency and the accumulating impacts of its regional expansion. At the end of the event, the president of BNDES spoke before representatives of populations affected by hydroelectric plants constructed on the rivers Madeira (Santo Antônio and Jirau) and Xingu (Belo Monte), Eucalyptus monocultures in the south of Bahia and the north of Espírito Santo, as well as groups affected by Brazilian intervention in Bolivia and Ecuador. He said that there was no need for them to worry since BNDES was already taking steps to adopt a socio-environmental policy.

Following this conversation, dialog between the bank president and the Platform ceased.

The bank goes international and serves as a model for the BRICS’ BNDES

To date, nearly 80 percent of the bank’s lending abroad benefited the “four sisters” of civil construction: the contractors Odebrecht, Camargo Corrêa, Andrade Gutierrez, and Queiroz Galvão – all of which grew immensely under the civil and military dictatorship that governed Brazil between 1964 and 1985. This demonstrates that the schemes and actors that set the standard of internal development in Brazil are now spreading across Brazilian borders.

In 2009, the bank opened a representative office in Montevideo. In 2010, it created a new subsidiary in London, BNDES Limited, whose purpose is to raise

1 Plataforma BNDES, available at: <http://www.plataformabndes.org.br/site/> (accessed Mar. 15, 2012).

funds and strengthen Brazilian investments abroad. BNDES Limited could, in the future, be the administrator of the wealth generated by the sale of pre-salt layer oil. (Massive amounts of offshore deposits were discovered a few years ago just off the Brazilian coast, deep under the ocean – the large-scale extraction of which could begin as early as 2020).

The choice of BNDES Limited as manager of the pre-salt funds confirms the hypothesis, defended by Brazilian experts, that the creation of this type of financial instrument beyond Brazilian borders aims to complicate further the already weak control that Brazilian society – and even the Brazilian state agencies – have over BNDES' operations.

Also in 2009, BNDES created another subsidiary, the Export Credit Agency of Brazil as well as the Guarantee Fund for Foreign Trade. In 2011, the Brazilian government authorized the bank to sponsor acquisitions and mergers of Brazilian groups abroad. That same year, BNDES signed a cooperative agreement with the development banks of the members of the political organization BRICS (Brazil, Russia, India, China, and South Africa) to formulate a framework of projects with common interests and to create a single interbank entity in the future.

This would be a kind of “BRICS' BNDES,” since the Brazilian bank presents itself as the model of a future development entity that would finance infrastructure in the BRICS. According to a resolution signed by the state and government leaders present at BRICS' Fourth Meeting (held in New Delhi, India, March 28–29, 2012), a study of this new development bank should be ready for the Fifth Meeting, which will be held in the first half of 2013 in South Africa.

The scale of BNDES' operations makes it evident that the bank plays a new central role not only in Brazil and South America, but to some extent in Central America, the Caribbean, and in Africa, and also, perhaps in the future, in other developing economies. According to projections for the coming decade, the bank's role will expand following the trend of Brazil's growing oligopoly, which has been designed and promoted to help the nation's large groups grow internationally.

Will Brazil lead a new commercial liberalization in South America?

The neo-developmentalists say that the physical connections of South America will be different now than how they were planned in the 1990s, when the trade liberalization agenda was imposed uniformly across the region. They ensure that, instead of “channels for the export of inputs” to outside the continent – as were forecast in the old IIRSA – the 21st century IIRSA will direct itself toward the “internal development” of the region. However, a simple observation of the projects (which are basically the same) shows us something quite different.

The massive construction of infrastructure projects in Brazil's neighboring countries serves a dual strategy. On one hand, Brazilian multinationals work in conjunction with BNDES and Brazilian diplomacy. On the other hand, many countries with rich strategic natural resources (minerals, natural gas, oil, and water) have seen the rise of “nationalist” and “progressive” governments to power in the

2000s (Venezuela, Bolivia, Ecuador, and Brazil, for example). They will quickly regain sovereignty over their assets and negotiate with the Brazilian government. Their goal is to ensure national control over revenues generated by the extractive industry (according to the “neo-extractivist” perspective) and to increase the same revenue through greater access to foreign markets, including that of Brazil.

These perspectives, however, are only the tip of the iceberg. After all, PAE/Cosiplan’s objectives include “making compatible the existing regulatory frameworks of UNASUL’s member states that regulate the development and operation of infrastructure in the region,” in the words of diplomat João Mendes Pereira.

This is one of the policies that Cosiplan inherited from IIRSA and which may be, in a sense, the true heart of IIRSA. After all, as Pereira himself recognizes, all of IIRSA’s 20th century principles and objectives will be maintained in the 21st century. In theory, that could only be achieved if there was a return to the political spirit that made possible the rise of the first IIRSA.

During integration in the 1990s, a neoliberal consensus prevailed widely in Latin America, and the Free Trade Area of the Americas (FTAA) seemed inevitable after Canada, the United States, and Mexico created the North America Free Trade Area (NAFTA).

However, negotiating a trade liberalization agreement involving all of the Americas proved extremely difficult, for some countries were large geographically, with huge populations and highly complex economies, such as the United States and Brazil. In fact, no agreement of free trade could become a reality without common institutions and the prior existence of a physical infrastructure in all of the countries (ports, airports, highways, and waterways), which make possible the liberal export and import of goods and services. According to the plans of neoliberals in power throughout Latin America at the time, this gap in South American infrastructure would have been filled in by projects and by the adoption of common customs and phytosanitary legislation, as was initially intended by IIRSA.

Interestingly, this new IIRSA/Cosiplan is not legitimized by the IDB, a financial institution that was disqualified for imposing conditions to support failed economic plans in the region in the 1980s. The IDB was also delegitimized for having always served as an instrument for the exercising of US interests in the region.

Now, the legal, institutional, and political structure has changed. The current host institution of IIRSA/Cosiplan is UNASUL, a new organization of South American governments created in 2008 that joins all 12 countries of the region. Cosiplan is coordinated and managed by the government of Brazil and its powerful BNDES, which can work together with other financial instruments inside of UNASUL itself.

Among these is Banco del Sur, which has \$7 billion of registered capital and can reach \$20 billion (although it is predicted that the first disbursements will only happen in 2013 and will not exceed \$200 million). Also included are the Andes Funding Corporation, the Caribbean Development Bank, Central American Bank for Economic Integration, and Reciprocal Payments and Credits Agreement. The latter is a mixture of guarantor and clearinghouse that involves the central banks

of 12 countries of the Latin American Integration Association: Brazil, Argentina, Bolivia, Chile, Colombia, Ecuador, Mexico, Paraguay, Peru, Dominican Republic, Uruguay, and Venezuela.

By analyzing the constitution of this planning and financing framework in a historical and geopolitical context, we see that it is necessary to follow closely the direction, pace, and nature of Brazilian participation in Cosiplan. The current times and the political consensus are very different than those of the 1990s. When Bill Clinton proposed the FTAA for the first time, in 1994, the Washington Consensus, privatization, and unruly trade liberalization dominated, but these policies sunk because of the harmful social consequences that this opening could have caused to the United States' partners in the FTAA.

Now, under the neo-developmentalism managed by “progressive” governments and stimulated by the fact that South American economies, particularly that of Brazil, have responded much better to the crisis than those of the United States and Europe, it is possible that the Brazilian political and economic elites see a gap in the traditional hegemony that Washington always exercised in the region, and intend to claim a degree of autonomy greater than what they have had historically.

The confirmation of this hypothesis depends on developments in the economic and financial crisis in the United States and Europe, which would keep them more focused on searching for solutions to their domestic problems. This depends as well on Brazil's capacity to continue accumulating value and maintaining the pact between political and economic powers. That pact internally sustains the pattern of accumulation and directs it toward neighboring territories so as to maintain the country's economy as an international provider of inputs while, at the same, providing products and services on a massive scale and with high added value to the other countries of the region.

This hypothesis is based also on the conclusion that the area considered a priority by Brazilian diplomacy was extended, which in consequence expands the limits of BNDES' prioritized actions. Before, this area was restricted to South America, since in between North and Central America there is Mexico – a member of NAFTA that has economic sway over nearby countries, including those of the Caribbean, under the tutelage of the United States.

Now, under the Rousseff government, the rhetoric of prioritizing South America, which predominated under Lula (2002–2010), has advanced silently in the direction of Central America and the Caribbean. This can be deduced from the projects the bank financed in Mexico (irrigation in Michoacán), in the Dominican Republic (aqueducts, highways, and hydroelectric plants), and in Haiti (exportation of fabrics).

If this physical integration of the entire region becomes reality, it would make possible a new trade liberalization led by a new protagonist, Brazil, which, in contrast to the United States, does not have the disadvantage of a history of violent and imperial expansionism in the region.

It is clear, however, that even if the thesis of Brazil's expansionist ambitions is confirmed, this would still depend on negotiations and consent with the United

States, for the United States has been, historically, the hegemonic power in the region and is still very active, both economically and militarily. A possible result of this movement could be the production of some configuration, such as a tolerated, safeguarded, and cooperated sub-hegemony between Brazil and the United States in South and Central America and the Caribbean. Though this hypothesis still needs to be verified, it is highly plausible, considering Brazil's command of UN forces in Haiti, where US soldiers and intelligence are also present.

Regardless of the configurations and limits that Brazil's economic expansion adopts, it will be presented in the benevolent rhetoric of integration, justice, solidarity, and generosity. And it will be fueled, of course, by the abundant public resources of BNDES.

The Amazon Basin

A Paradigmatic Region Between Destruction, Valorization, and Resistance

The Amazon Basin is a region of superlatives: the world's largest rainforest, the greatest biodiversity, the biggest freshwater reservoir. No wonder that the Amazon Basin has always inspired and continues to inspire bold dreams and hopes.

The Amazon Basin is, by all means, a key region as far as the ecological future of our planet is concerned. It is also a region under threat. At the moment, plans to build the world's third-largest dam (Belo Monte) in the middle of the rainforest are occupying the headlines worldwide. More soil is to be excavated on the Xingu, an arm of the Amazon River, than was moved during the construction of the Panama Canal. Television broadcasters in Germany (including *Weltspiegel*, *Auslandsreport*) have reported extensively on the project, while weekly newspaper *Die Zeit* has published a dossier. Internationally renowned figures like James Cameron (director of *Titanic* and *Avatar*) and actress Sigourney Weaver (*Alien*) have become involved in the debate, protesting against the Brazilian government's plans. The Amazon Basin is today still a region that fascinates those in a largely developed, "civilised," and explored world due to the sheer size of its preserved natural territories. And it is also a region of conflicts, a region that does not seem to be "finished," and where a great many parties are competing to shape its future.

Talking about the Amazonian Basin can be perilous. Since the region was seized by the conquistadors, it has been a place accompanied by myth. This mythological aspect starts with its name, which (for Europeans) places it within the dimensions of Greek mythology. Then there is the quest for El Dorado, which made the Amazon Basin the focus of great hopes and ambitions. The Amazon region is obviously the ideal surface upon which to project the great. One of the most recent myths holds the Amazon Basin to be the lung of the world – a thoroughly deconstructed myth that nevertheless continues to live on in countless articles.

The problem already arises when one talks of "Amazonia." The name suggests unity, a homogeneity that does not exist. A survey carried out by the Brazilian Office of Statistics in 1995 identified 104 different natural landscapes and 204 sub-systems in the region. What we refer to as Amazonia is a huge area consisting of various ecosystems, which have been irrevocably influenced by a long history of human presence and a great number of social groups. However, even if the historical view of the Amazon Basin perceived as a homogeneous region might be mistaken, it has definitely left its mark. This notion has been the basis for attempts

and activities to suppress, colonize, integrate, or develop the Amazon Basin – all of which are models that see Amazonia as an object that is to be influenced from outside. After all, “Amazonia Legal” is a defined area covering 5,217,423 km², that is, 61 percent of the surface area of Brazil. About 3,500,000 km² are rainforest.

Brazil discovers the Amazon Basin

In 1940, President Getúlio Vargas held a speech in Manaus, which can be seen as the founding document of a modern development policy for the Amazon Basin. Vargas defined the Amazon as a central component within a national strategy:

“Nothing will stop us in which is, in the 20th century, the highest calling of civilized man; to conquer and dominate the valleys of the great equatorial torrents transforming their blind force and extraordinary fertility into disciplined energy. The Amazon under the impact of our will and our labor shall cease to be a simple chapter in the history of the world and shall become a chapter in the history of civilization.”

Vargas emphasizes here the predominant view of the Amazon Basin. The region as an element of nature that must be civilized, a purely natural space that can only achieve sociality when subjected to the efforts and will of the “civilized.” This entails a complete negation of what already exists, of the indigenous cultures and local communities. These were regarded as part of the nature he was referring to and perceived as a defect, a deficit. This is something that Vargas defined very clearly:

“The nomadic lifestyle of the *seringueiros* (rubber tappers) and the instability of the way of life of the riverside population (*ribeirinhos*) must make way for an agrarian culture where the national settler is given developed, cleansed, and partitioned land for free so that his family can settle there in the long term under healthy and convenient conditions.”

With these words, the president firmly established the extensive colonialization of the Amazon Basin as a political objective of the state. Vargas’ speech was afforded great significance by him and his government and it can indeed be seen as the beginning of the second conquest of the Amazonas. However, World War II delayed the implementation of a long-term development campaign by the state, which was not reinitiated again until the 1950s.

But the story of the Amazon Basin naturally does not begin with Vargas. The region had experienced dramatic interventions and upheavals since the conquest of America got underway and these had a formative effect on the social structures in the Amazon Basin.

Conquest and cycles

One of the most controversial issues in the history of America is still how many indigenous peoples lived in the territory of today’s Brazil and, in particular, in the Amazon region. Today, it is generally accepted that, in 1500, also larger groups lived in the Amazon Basin and that the number of the indigenous population was clearly more than 1 million. In the following centuries, campaigns of extermination,

enslavement, resettlement to civilize the local population, and disease decimated and marginalized the indigenous peoples. Open fighting and less brutal “civilization” constituted conflicting elements in this process of destruction. Contrary to widely-held assumptions, the enslavement of the indigenous peoples certainly played a considerable role. Until today, only very little has been said about indigenous resistance. Ajuricaba, at least, has remained alive in the minds of the people. He was the leader of the Manau who led the war against the conquistadors from 1723 to 1727, suffering terrible losses in the process. When the uprising was defeated in 1729, all of the Manau settlements were destroyed and around 20,000 people are said to have been killed during this time. The Manau were practically annihilated and their name, by way of cruel irony, has only survived in the name of the city of Manaus, which emerged at the location where the Manau had previously lived.

In the subsequent period, the Amazon Basin remained an underdeveloped periphery in the Portuguese colony and then in Brazil following its independence in 1822. The transport system was restricted to the rivers and the inaccessibility of remote regions provided a retreat for the indigenous peoples as well as escaped slaves who set up numerous *Quilombos* in the region.

Natural rubber – The Amazon Basin is catapulted into the world economy

Charles Goodyear invented the process of vulcanizing rubber in 1839, making it useful in a variety of ways. In 1888, Irishman John Boyd Dunlop developed the first pneumatic tire while experimenting with the tires on his 10-year-old son’s tricycle. Four years later, the Frenchman Michelin produced the first removable pneumatic tire.

These inventions were to have a decisive influence on the Amazon Basin. The demand for rubber rose dramatically and the entire worldwide production originated from the Amazon region. The rubber boom that began in and around 1880 brought about long-lasting changes to the social circumstances in parts of the Amazon Basin. The existing agricultural production was unable to satisfy the huge leap in demand for rubber and a new form of appropriating land and labor emerged – the *seringais* – large, expansive land areas in which workers, mostly imported from Brazil’s northeast, extracted (“tapped”) rubber. At the same time, Belém and Manaus grew to become veritable metropolises. The Amazonian rubber boom ended in about 1910 with the increasing production of rubber from plantations in Asia.

The often-told story of the great rubber boom with its ensuing decadence continues to be one of the constituent elements of the Amazonian myth today. The world-famous opera house in Manaus is a quintessential symbol of the sad dialectic of boom and demise. This story is not false, but too greatly truncates the development of society in the Amazon Basin during the period in question and focuses excessively on only one aspect. At the beginning of the 19th century, agricultural production – which was generally referred to as the *caboclo* economy – had already established itself in the Amazon region. *Caboclos* is generally used to describe indigenous people who have been wrenched from their tribal structures, now living in families and small communities who practice a mixture of an agricultural and hunter-gatherer

economy. The term *caboclo* is often used interchangeably with the term *ribeirinhos* (river dwellers). The most important products in their economy were cassava, rice, cocoa beans, and sugar cane. These *caboclos* were the main suppliers of rubber in the initial phase of the rubber boom, but then the *caboclo* economy proved to be too unreliable to satisfy the rapidly growing demand.

The rubber saga focuses almost completely on its unhappy end, which is problematic. The Amazon Basin appears again and again as the region in which great plans fail to come to fruition. The rubber boom ended abruptly, the railway routes through the rainforest turned into a disaster and Henry Ford failed to revive rubber production in the 1920s. This pattern of boom and demise, however, does not take into consideration the continuities and enduring changes. Manaus and Belém constituted the emergence of two important urban centers with a diversified infrastructure and universities and these still remain the only cities in the Amazon region today with more than a million inhabitants. In the boom years from 1870 to 1910, the population of the Amazonas rose from 320,000 to 1.2 million, and then dropped a little by 1920. However, after 1920, the population increased steadily and reached 1.4 million in 1949. The years following 1910 also witnessed a slump in rubber production and then stabilized again at around the same figures for 1900, which was seen as a boom year. In the state of Pará, by comparison, the production of Brazil nuts increased greatly. Between 1920 and 1940, the number of smallholdings in Pará grew from about 20,000 to more than 50,000 and the surface area they cultivated increased from 90,000 to almost 500,000 hectares.

If we take a closer look, there is a great deal of evidence that the rubber boom should be seen more as one aspect of the restructuring of the Amazon region. On the one hand, the rubber production promoted the regional agricultural economy, thus consolidating the *caboclo* economy. On the other hand, it brought about a significant wave of migration from the northeast to the Amazon Basin. Only very few *nordestinos* returned to their home regions after the boom. They continued to work as smallholders or as *seringueiros* (rubber tappers), now often working for themselves, because the bosses of the large *seringais* had abandoned the region.

The Amazonas of 1940 in which Vargas held his speech had already been more than a mere natural region for a long time. Indigenous peoples continued to control expansive areas of the region; small-scale agricultural production had developed on the basis of the *caboclo* economy and consolidated due to migration in the 19th century; cattle breeding had become an important factor in some parts of the Amazon region and urban areas saw the emergence of a middle class, public administrations, and bureaucracy. However, the Amazonas had to be construed as an empty space (*vazio demográfico*) in order to justify the new civilization myth. Vargas' speech also saw the beginnings of the brilliant career of a player that was to be vital for the future development of the region – the state. The state, of course, had been present in the region before, in particular as an agent driving and safeguarding territorial expansion. What Vargas did was define the state as a bringer of civilization with the job of actively promoting a fundamental revolution in the region. This notion saw the state primarily as an agent of development and defined

development as the conquest of new natural spaces. This approach leaves hardly any room for the state as a guarantor of rights. Consolidating a well-regulated state that included a monopoly on violence was no longer high up on the agenda. The second conquest of the Amazon Basin took place in an alliance with the region's traditional oligarchies. Weak statehood accompanied by equally strong parallel powers (traditional oligarchies with huge *latifundia* – illegal actors) that exercise quasi-state functions right up to a monopoly on violence still remains a structural characteristic of the region today.

The Amazon Basin as an object of development

The intentions declared by Vargas did not take real shape until the 1950s, which saw the beginning of the epoch of the “modern” development of the Amazonas. Integration, national security, and colonialization were objectives that were just as important as promoting regional development. When talking about development, what was meant was a development imposed from the outside. The *caboclo* economy and extractivism were not seen as potentials, but as deficits. Nevertheless, hopes of discovering and exploiting valuable metal ores did continue to play a role.

In 1953, the local supervisory authority, the Superintendency of Economic Recovery Plan of the Amazon (SPVEA – Superintendência do Plano de Valorização Econômica da Amazônia), was created with the aim of promoting the commercial exploitation of the Amazon region. This saw the beginning of a phase of state activities in which the planning and creation of new institutions and financing instruments played a decisive role. The valorization of the Amazon region was the central idea, while what existed was considered to be of no value. Brazilian experts differentiate between strategic and economic exploitation. Both are part of the same process but, to pave the way for private business investments, first and foremost the infrastructure had to be extended and skilled labor mobilized. The National Institute of Amazonian Research was set up at the same time as SPVEA, and constituted the establishment of a central research institute.

Roads were of critical importance for the vision of developing the Amazon Basin. The Belém–Brasília road is certainly the greatest legacy from the SPVEA era and was a significant step toward the “integration,” at least of a great part of the Amazon region. It was constructed under President Juscelino Kubitschek between 1958 and 1960, and the new highway was celebrated in a poem by Lauro Rolim in the tone of the heroic development optimism of the era:

*Nature shall yield. The conquered “enemy”
will now assist, under the roar of the motors,
in the invasion of progress
and among the roar of civilization, march in its glory.*

However, not only poets, but President Kubitschek himself celebrated the Belém–Brasília route with words that sound very strange to the modern ear:

No Euclides da Cunha¹ has yet appeared to eternalize this battle against the forest with immortal words (...) If a gigantic cedar or massaranduba seemed indestructible, then sticks of dynamite were inserted into its cracks and the trunk burst apart. The fall of this king of the forest was an unforgettable spectacle.²

The Belém–Brasília highway is still part of the heroic battle against the forest. Development also means destroying the forest. All concepts for progress at that time started where the forest ceased to exist.

In the times of the military dictatorship (from 1964), Amazonian development was continued and intensified. The military dimension of this development was reinforced and the military presence became an important factor, especially in remote areas. This integration of the Amazon region was seen by the military – and is still seen today – as a precaution against potential interventions there.

Despite many fluctuations and internal contradictions, two main aspects can be identified in the strategy of the 1960s and 1970s. On the one hand, agricultural “development” was achieved through colonialization by smallholders and the promotion of large cattle ranches while, on the other hand, large projects in the areas of mining and energy were promoted. The Grande Carajás ore mining project, the Tucuruí dam, and the Trans-Amazonian highway are the paradigmatic memorials of this era. In reality, huge areas of the Amazon region were brutally deformed in the 1970s and 1980s.

And yet, while the forest has been reduced considerably after 20 years of intensive “development,” the economic success this has brought is questionable. As such, the per capita income in the most industrialized federal state Pará only grew by 1.29 percent between 1975 and 1987 – the equivalent of an increase from \$946 to \$958.

In the 1980s, disillusionment was widespread and more criticism could be heard. New regional development programs also came under fire, as did those financing them: the World Bank. The agrarian colonialization program, Polonoroeste in Rondônia in particular, was soon to become a worldwide symbol of misdirected development and turned into a debacle for the World Bank. In 1987, the bank’s then president, Barber Conable, was forced to admit that the World Bank itself was part of the problem.³

Three incidents clearly marked the end of the euphoric hopes of development in the Amazon region in the years 1987 and 1989. President José Sarney announced a **moratorium on Brazil’s huge foreign debt in 1987**. The expectations that Brazil would

1 Author of *Os Sertões* (1902, translated into English as *Rebellion in the Backlands*). The book on the War of Canudos 1897 is regarded as one of the most important works in Brazilian literature.

2 Quote of Juscelino Kubitschek de Oliveira as cited in the paper of Rômulo de Paula Andrade, “E a selva foi conquistada...: conceitos de natureza e progresso na construção da rodovia Belém-Brasília (1958-1960)”, available at: http://www.coc.fiocruz.br/jornada/images/Anais_Eletronico/romulo_andrade.pdf (accessed Mar. 20, 2012).

3 The World Bank debacle in the Amazon region is described impressively in the influential book by Bruce Rich, *Mortgaging the Earth* (Boston, 1994).

finally manage to advance to become a great economic power thanks to the immense riches in the Amazon Basin proved to be an illusion. In December 1988, the **murder of Chico Mendes** shocked an international public. The leader of the rubber tappers' movement had become a global icon in the campaign against the destruction of the rainforest because of the blockades he organized against deforestation. Next to the indigenous peoples, the rubber tappers constituted the emergence of a second social movement protesting against the destruction of the rainforest.

In 1989, **protests against a huge dam on the Xingu River** gained attention worldwide. Thanks to this protest, indigenous peoples were perceived internationally as activists and achieved a great deal: The plans for the dam were laid to rest, at least temporarily, and the World Bank withdrew its commitment to a loan of \$500 million for the energy sector and the government's ambitious plans to build 40 dams in the Amazon Basin by 2010 ended in the waste-paper basket.

At the end of the 1980s, the public eye, in particular internationally, had become convinced that the development policies of the last few decades in the Amazon region had been a disaster. Amazonas became a myth that had created nothing but frustration. Instead of a new civilization, there was the destruction of the rainforest, which, for many, was seen as the outcome of decades of "development."

In 1990, the newly-elected President Fernando Collor de Mello appointed the internationally known environmentalist José Lutzenberger as Minister of the Environment. This decision was a clear consequence of the Amazonian disaster. In an interview with German magazine *Der Spiegel* in March 1990, Lutzenberger commented that Collor "(intends) to release Brazil from the role of defendant, in which it finds itself – justifiably to his mind." And, he continued, "What is happening in the Amazon region is a war, a looting of its resources. A coalition of powerful landowners and multinational companies who are plundering the country's resources at the cost of the people living there and of nature. Indians and rubber tappers are being robbed of their human rights." This is a very bitter balance to be drawn by a representative of the government.

The ecological discovery of the Amazon Basin

This abrupt changeover from the euphoria at development to a realization that it was a disaster is inexorably linked to the new way of looking at the forest and nature that had emerged. While the development discourse of earlier years saw the forest merely as a hindrance to be overcome, a new mentality was slowly gaining ground in the 1980s. The loss of the tropical rainforests was seen as problematic for various reasons. A new attitude toward the natural world played a significant role here: It was increasingly being perceived as biodiversity, the loss of which constitutes a threat for humanity. In a still very much technical view of the world, this was seen as a loss of genetic resources. In addition, the importance of the rainforests for the climate and for the living environment of indigenous peoples was also emphasized. The Earth Summit, organized by the UN in Rio de Janeiro in 1992, marked a change in our perception of nature on the planet.

The loss of ecosystems was seen increasingly as part of the ecological problem. Deforestation was no longer part of the heroic march of civilization, but rather an aberration. This has become so embedded in public awareness today that it is almost inconceivable to us how new this way of thinking actually is.

The ecologization of the Amazon region also made it possible to reassess new social actors. The rubber tappers were now seen as ecologically compatible users of the rainforest. Indigenous knowledge became more valuable, as indigenous cultures had used the rainforest for centuries without destroying it and what they know about biodiversity was now regarded by many as an important source for research and new utilization strategies (medicinal plants for the market).

All of this made preserving the rainforest a desirable goal that recognizes both international cooperation and the Brazilian state. Setting up the International Pilot Program to Conserve the Brazilian Rainforest, known as PPG-7, in 1992 (and not to develop the Amazon region!) marked a turning point in official policy toward the region. Protecting the forests and their utilization should not be mutually exclusive. Sustainable development could also be guaranteed by economic activities that are in tune with the needs of the forest: a modern gatherer economy and a sustainable system for felling trees. In the late 1990s, the forest's role in international climate policy became of increasing public interest. Forests are a great reservoir of CO₂. Reducing deforestation can have a considerable effect on reducing CO₂ emissions. By 1995 at the latest, attempts to make economic use of this CO₂ potential of the forests had made their way onto the World Bank's agenda.

The battle of the paradigms

In the discourse, the perception of the rainforest as an ecological space has achieved a significant victory. Forest preservation is seen throughout the world as a valuable objective and its destruction as sacrilege. The reality in the Amazon Basin, however, is a more complex matter. Despite all the talk of disaster, the development policies in the Amazon region have changed irreversibly in the last decades. While these changes do not match up to the initial euphoric expectations, merely presenting them as a failure distorts the view of the social reality in the Amazon. Publications on the ecology of the rainforest have tried again and again to prove that the region is not suitable for agriculture and cattle breeding because of the unfavorable climate and bad soil. In fact, misplaced subsidies from the Superintendency of Development for the Amazon (SUDAM – Superintendência de Desenvolvimento da Amazônia), which was the agency that succeeded SPVEA, led more to corruption than they did to the establishment of successful livestock farming. And yet, despite this, livestock farming has enjoyed a remarkable boom in the past years. The ecological criticism intended to prove the economic futility of agriculture and cattle-breeding in the Amazon region, maintaining that the poor soil quality, with its susceptibility to erosion, made it only possible to run agricultural operations on a short-term basis. However, the spread of cattle-breeding and farming has proved that it can survive in the Amazon Basin beyond short-term speculation.

The federal state of Mato Grosso is one example of the economically successful development of agriculture at the cost of the forest and its original inhabitants. The state has achieved above-average economic growth thanks mainly to livestock farming and soybean cultivation. “Soybeans are the source of an affluence that was long unknown in this area. It is of fundamental importance for the region,” said Ricardo Arioli, vice director of Aprosoja, the Soybean Producers Association in Mato Grosso. “We have the highest standard of living in the whole of Brazil,” remarked Luciane Copetti, agriculture and environmental secretary in the local government of Lucas do Rio Verde. “Twenty years ago, only a few people lived here in wooden barracks, while it has now become a modern city with air-conditioned shopping malls, sports centres and restaurants.”⁴

The ecological and social costs of soybean cultivation are, of course, forgotten about in statements like this. What is more, it is yet to be seen whether planting soybeans is profitable in the long term. However, in the short- and medium term at least, this economic growth provides for a strong and politically influential counterforce against the prioritization of forest preservation and protection in the Amazon.

The Amazon Basin in the Lula era – Development reloaded

In the years following 1989, classic development policies were still drawn up, in particular in the “Brazil in Action” plan devised by the government of Fernando Henrique Cardoso. And yet, actually putting such plans into action only progressed very slowly. Long-term state development policy and planning, in particular, went out of fashion and SUDAM was dissolved under Cardoso. At the same time, ecologically-inspired strategies were gaining in strength. Reserves for hunter-gatherers were already being set up in 1989 and, under Cardoso, important indigenous areas such as Vale do Javari were being demarcated and new protection areas established.

An important change was made to forest legislation, which throws a bright light on the contradictions of the Amazonian policies of the 1990s. In the mid-1990s, deforestation had reached record levels. This, however, was no longer perceived as a result of state-supported development policies, but as being down to a lack of official control. National and international reactions were so strong that Cardoso decided in 1996 to bring about a far-reaching change to the legal framework, by increasing the forest reserve (*Reserva Legal*) in the Amazonian rainforest areas to 80 percent. This meant that forest owners could cut down only 20 percent of their forest legally. Today, this regulation is still a main issue in the debate about amending Brazilian rainforest legislation.⁵

This all changed when Lula came into government. In a deliberate reference to Getúlio Vargas, Lula took up again the idea of planning and active state development policy. One clear indicator of this was the revival of SUDAM. Under Lula, a new epoch of planning and implementing large-scale projects got underway in the Amazon

⁴ *Financial Times Deutschland*, July 7, 2010.

⁵ See the article by Larissa Packer in this collection.

region. The permission to build dams on the Madeira River broke an important taboo and building work on large hydropower stations was resumed again in the Amazonas. The region was now afforded a key position in energy-sector planning and the idea was to transform Brazil into one of the 21st century's great powers in the area of renewable energies. This ambitiousness was also to be put to use to promote regional industrialization, while dams were to become the "vectors of development" (Mauricio Tolmasquim, head of the state energy agency, EPE). The next projects have already been clearly defined: A complex of initially four hydropower stations is first of all to be built on the Rio Tapajós (by 2015) with a total capacity of 6,000 MW. However, the plans go much further than that. According to government sources, 41 percent of potential hydropower is to be concentrated in the Amazon region, of which only 1 percent has been made use of until now. The current 10-year plan for energy policy intends to build 28 hydropower plants in the Amazon region by 2017. The International Rivers organization has said that more than 60 dams are planned in Brazil's Amazon Basin. Even if the exploitation of this "potential" depends on a great number of factors, it is clear that the Amazon region will become a key region for Brazil's growth perspectives. The region has now become the country's "hydroelectric El Dorado" (Raul do Vale).

This has given rise to a new vision of Amazonian development. At the same time, the alliance with the agribusiness sector took on a central strategic role in Lula's government, which is best symbolized in the person of Blairo Maggi, one of the largest soybean farmers in the world and, during Lula's period in office, governor in Mato Grosso. To Lula and many others, Mato Grosso – with its soybean and meat production and huge export surpluses – is a model of success.

However, the paradigm of forest conservation with sustainable use has also found its place within the development model, and is also closely associated with particular people. Marina Silva was the first minister to be appointed by Lula after he was elected president in 2002. Internationally, she stands for the campaign to preserve the rainforest and for the legacy of Chico Mendes. True to the government slogan, *Brasil para todos* (Brazil for everyone), Lula saw enough space in the Amazon region for indigenous peoples, traditional communities, but also large-scale projects and agribusiness. This vision of an Amazon region divided into two runs through many government documents. On the one hand, an Amazon dominated by a preserved forest, and on the other an Amazon that guarantees growth and development.

"The understanding that presents the Amazon region as a complex and diverse area and sees its regional diversity above all as an opportunity highlights how necessary it is to understand the region better. Large infrastructure projects can coexist beside small dams just as well as highly technical agriculture and livestock farming can exist side by side with private smallholdings and protection areas. Large infrastructure projects for generating energy can also exist and at the same time small dams and a highly technical agriculture and livestock farming can exist next to traditional smallholdings and nature reserves."⁶

6 The Sustainable Amazon Plan's presentation is available at: http://www.mma.gov.br/estruturas/sca/_arquivos/pas_versao_consulta_com_os_mapas.pdf (accessed Mar. 20, 2012).

A vision of this kind – which came from the Sustainable Amazon Plan – takes on board the different developments that have influenced the Amazon of today and considers these to be reconcilable. However, what the government sees as a fantastic opportunity for diversity generally turns out on site to be a conflict. The Amazon region during Lula's period in government became a territory of dispute more than ever before, or, as Jean Pierre Leroy put it, the conflict between the territory of capital and the territory of the communities. A complex maelstrom of conflicting interests exists in the Amazon Basin, which makes it impossible to reach overhasty conclusions. In contrast to the 1960s, the indigenous peoples and local communities, in particular the rubber tappers, are organized and clearly visible as political actors with influence. Chico Mendes' proposal to set up a protection area, which is set aside for gathering, has now spread throughout the entire Amazon region. More than 40 percent of the region's surface is covered by indigenous territories (*reservas indígenas*) and environmental conservation areas. Even smallholders are nowadays important and organized actors in the Amazon region. They are involved in countless initiatives that combine forest use with small-scale farming in order to find ways toward a sustainable economic model for the Amazon.

Will REDD rescue the rainforest?

This dispute has taken on entirely new forms in recent times. The hopes of being able to achieve both forest preservation and gain economic benefits from the Amazon forest at the same time have received new encouragement from international climate negotiations. The magic formula nowadays is the United Nations Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation in Developing Countries (REDD). A reduction in deforestation leads to a reduction in CO₂ emissions, which are caused when forests are burned down and the CO₂ stored in the trees is released. As such, if forest destruction is reduced in the Amazon region, this would make a considerable positive contribution in the area of international climate policy. Estimates state that, worldwide, almost 20 percent of emissions are caused by deforestation and figures even put emissions from this source at two-thirds of the total in Brazil itself.

REDD has now raised hopes that a reduction in deforestation might become big business. According to Paulo Moutinho from the Amazon Institute of Environmental Studies, the Amazon rainforest in Brazil acts as a reservoir for CO₂ with a value of \$500 billion. Forest conservation could therefore bring more income than could converting forest areas for the cultivation of soybeans or for cattle land. In an article in *Science*,⁷ scientists from different countries calculated that a total stop in deforestation in Brazil's Amazon region would cost around \$7 to \$18 billion per year. Daniel Nepstad, one of the authors of the study, not only thinks that REDD could come up with such funds, but thinks that even more

7 *Science*, vol. 326, Dec. 2009.

could be achieved. “Our study was not about estimating what the market brings – it could be even more [than \$7–18 billion].”

No wonder that figures like these have created great hopes in the Amazon region, even among indigenous organizations and rubber tappers. The money for this should be raised through international emissions trading. However, this idea has also provoked a lot of criticism, as this setup would mean that the rainforest – and therefore the living environment of indigenous and traditional peoples – would be integrated into a non-transparent and uncontrollable market mechanism. Who does the CO₂ belong to? What effect would a new commercial exploitation of this kind have on land prices and land speculation? What will happen with those people who do not have any secure land rights? And does it make sense to use market mechanisms to “rescue” specifically those social actors (indigenous peoples, traditional users) who are only marginally involved in market processes and who have caused hardly any destruction to the rainforests? No wonder that critics of REDD are afraid of a new “monetarization” or “financialization” of nature, which aims to employ the wolf (the market) to look after the sheep. Skeptics have, of course, received some degree of confirmation concerning their doubts through reports about dubious practices and business deals in the area of CO₂ trading. As such, the Irish company Celestial Green Ventures claims to have acquired the carbon rights to 20 million hectares (as big as the surface area of England and Scotland together) in Brazil. Recently, a contract with the Mundurukus in the federal state of Pará made headlines. While Celestial Green has unrestricted access to its land, the Mundurukus not only “sold” their CO₂ rights, but also the rights to use the biodiversity, their traditional way of life, to hunt, and to fell trees selectively for a period of 30 years.

Contracts like this, which are concluded by so-called carbon hunters, are traded on the relatively small voluntary CO₂ market. There, CO₂ certificates could act to neutralize the impact of air travel, for example. While this market has already demonstrated its potential to cause confusion, it is still a long way from mobilizing the large amounts of money that REDD advocates are dreaming of. This is also because international climate negotiations have stagnated and an agreement on binding CO₂ reductions is still far out of reach. And without binding reductions, there is also no incentive to buy CO₂ certificates from REDD projects. “A market waiting for Godot” is how the internet portal Carbonpoint described the situation in one headline.

New unclarity

However, the actual hype surrounding REDD does not mean that the old development concepts like energy generation, mining, industrialization, and “modern” agriculture are being put aside – quite the opposite is true. In fact, they enjoyed a revival under Lula’s government, also because, after the neoliberal years of restructuring and economic liberalization, the development notion has lost its negative associations to a certain extent and has gained new legitimation through its association with ideas of social justice. In order to grow and, with this, enable a redistribution of wealth, the Amazon region must be developed – this is

how the new credo could be described. Under Lula, the development ideology began to recover from the shock of the 1980s and the stagnation of the 1990s.

The central position of the Amazon region within the current development model of the government can be seen in the Growth Acceleration Program, the government's central investment program. By 2020, the unbelievable sum of R\$212 billion (€90 billion, or \$117 billion) is to be invested in the region. Energy, transport, and mining are the focus of investments that are to transform the Amazon region into a motor of growth.

The actors and concepts of the new commercial exploitation of the Amazon region are no longer the same as in the 1960s. In the agricultural sector, a highly modern agribusiness has emerged, which cannot be compared with the *latifundia* of the past. This not only affects the dynamic soybean sector in Mato Grosso, but also cattle-breeding. Brazil's largest meat producer, JBS Friboi, has become a global player. JBS has bought over US (Swift) and Australian companies and, according to its own information, is now "the largest processor of animal protein" in the world. This sector is highly productive and politically organized. Another important change is also the fact that Brazil nowadays has sufficient financial means to realize large-scale projects without foreign capital. Development policy in the Amazon region no longer depends on loans from the World Bank, as the Brazilian National Bank for Social and Economic Development has become a central financier of large-scale projects. What is more, the new raw materials boom and the consistently high world market prices, both for soybeans and for raw materials (iron ore, bauxite), promote the dynamic economic development of the region. In view of international worries about the climate, the Amazonian dam projects can be justified once again as an "expansion of renewable and low-emission energies." Ecological criticism will also have to be renewed in the face of this new development optimism. It is no longer enough to point toward the failure of the old development projects. The new actors involved in the commercial exploitation of the Amazon region have taken the sustainability discourse on board and have learned from past mistakes, at least to some extent. They now have a great deal of support from growth-oriented government policies and the increased prices for commodities, which are conducive to a new race to exploit the world's natural resources.

This means that the Amazon Basin is no longer a problem for the government, but rather a region of opportunity. The government cites current deforestation figures in the Amazon region, which have actually been falling in recent years, as an example that the paradigms of forest conservation and "motor of growth" can exist under one umbrella.

Environmentalists and social movements are less optimistic in this respect. For them, the extension of the infrastructure, the mining boom, and the plans for gigantic dams cannot be reconciled with sustainability and a preservation of the natural living environment of traditional inhabitants in the long term. "Neglect, illegality, destruction, and deforestation – these are the consequences of the PAC in the Amazon region," explained the umbrella organization of the indigenous peoples, the Coordination of Indigenous Organizations of the Brazilian Amazon.

In the 21st century, the Amazon region will therefore continue to be the spectacular stage upon which the dispute between development models and conservation is fought out. What side will prevail is uncertain, but the cards have certainly been reshuffled.

COSTS OF THE MODEL

Obstacles for Development?

Human Rights, Infrastructure Policies,
and “Mega-events” in Brazil

Husband and wife Maria do Espírito Santo and José Cláudio Ribeiro da Silva returned to the city of Nova Ipixuna, in the Brazilian state of Pará in the Amazon region, at 7 a.m. on May 24, 2011, when they were ambushed by gunmen. The couple was killed because they denounced illegal logging in the region. They had been receiving threats since 2008 and had filed various complaints with the police. The area was the last one in the region that still had potential lumber, sought after by charcoal producers and loggers. Maria and José Cláudio were killed to continue an economic model that is as profitable as it is harmful to the environment and the rights of the people that live in the rainforest.

The day after the murder of the extractivists, the leader of the Green Party, federal deputy José Sarney Filho, read a news article about the murder to the Assembly at the House of Representatives. When he read the part about the couple's commitment to defend human rights, he was greeted by boos from the audience and fellow deputies. It is not misleading to attribute the booing to people who have no interest in – or want to avoid discussing – a particularly controversial topic, namely: the Brazilian model of development and its relationship with the violation (of all kinds!) of human rights. But do all the wrongs of Brazilian society come from this model of development? No. However, in some cases the choices of this model are the main catalysts for social conflicts and lead to rights violations.

In the past 15 years alone, the Brazilian development model has consistently allowed for coexistence with serious rights violations. Moreover, many development projects are completely connected to the destruction of biodiversity, forced land evictions, the increase of violence, and the insecurity of livelihoods, whether they concern indigenous people, fishermen, river people, *quilombolas*¹, extractivists, or *favela* residents. Even when we look at the past decades and the social and political advancements that Brazilian society has made, there has always been a constant tension between this model and the respect for human

1 Translator's note: *Quilombola* is the common name for refugee slaves from sugar cane plantations and farms who built small villages called *quilombos* at the time of slavery in Brazil. Their descendants – who live in these territories, protect these memories, and fight for their rights – are still called *quilombolas* today.

rights. And it seems that the balance has mostly shifted to one side, to the detriment of rights.

Human rights defenders Maria and José Cláudio join the ranks of a long list of illustrious names such as Chico Mendes, Dorothy Stang², and others. The outcome of the majority of these types of crimes is the impunity of both the ones who ordered the killing and the actual killers. In Pará, an average of 14 people are murdered per year following death threats due to agrarian conflicts. Most of these threats had been reported to the federal police, the public prosecutor, and other bodies, but there have been no investigations. Even the Minister for Human Rights, Maria do Rosário Nunes, declared that she cannot even protect the 30 most serious threats to men and women on the list of the Pastoral Land Commission, which contains the names of 165 people who have received death threats.³ A study conducted by the federal government in the state of Pará showed that 98 percent of the murder cases in the last 10 years related to land disputes or disputes over natural resources have gone unpunished. Of the 219 investigated deaths, only 2.2 percent have had some type of legal or police follow-up, in the form of police reports, police investigations, prosecution charges, legal actions, and some convictions.

Heightened conflict: Rights defenders and the construction of hydroelectric plants

Unfortunately, contract killings of extractivists is common in the countryside, and they often go unpunished. According to specialists, the main reason for this is the existence of a “network” that links those who order the killings to judges, prosecutors, police officers, members of parliament, and civil servants. According to independent law professionals, challenging this “network” – built on nepotism and exchanging favors – could ultimately mean death.

There are some leaders in the Amazon who have denounced the illegal loggers and squatters and are forced to be escorted by members of the National Security Force and to wear bulletproof vests. In 2011 a wave of violence swept the region and eight important leaders were killed. In a settlement in the southwest of the Amazon, a few of the threatened families showed the invaders their certificates of land entitlement from the government, but the answer was always the same: “It’s

2 Chico Mendes founded the union of rubber tappers in Xapuri, in the Amazon region, and fought against the exploration and illegal logging until he was killed by gunmen in 1988 at the order of a local farmer. He was also one of the founders of the Workers’ Party in Acre and a fighting partner of Marina Silva, the former Environment Minister. He became famous in Brazil and the world for defending the peoples of the Amazon rainforest. Dorothy Stang was an American nun and naturalized Brazilian who worked on behalf of farmer rights and settled agricultural conflicts in Anapu, in the Amazon region. She was killed by gunmen in 2005. The crime received lots of national and international press. As a result, in both cases, the men who ordered the murders were sentenced to jail.

3 The Pastoral Land Commission is an organ of the National Bishops’ Conference of Brazil, which monitors the deaths and conflicts in the countryside.

my gun that owns the land” (Aranha 2012). In Brazil only six rural leaders receive 24-hour protection through the Human Rights Defenders Protection Program. Created in 2004, the program has so far protected only 45 people and operates in only 3 out of the 27 Brazilian states. There are plans to implement it in another two states.

The conflicts in the Amazon region are increasing in intensity; this is the last frontier of economic development, desired mainly for its mining and energy potential. Forty companies operating in Pará were responsible for 96.14 percent of the country’s exports in January 2010. The company Vale alone, voted the world’s worst company for its “repeated violations of human rights, inhumane working conditions, pillaging of the public heritage and the ruthless exploitation of nature,”⁴ is responsible for 52 percent of exports. Companies in the aluminum production industry come in second place, Alunorte (Alumina do Norte do Brasil S.A.) with 14.02 percent and Albras (Alumínio Brasileiro S.A.) with 4.05 percent, and all perform strongly in the region.

The repeated argument by governments and companies for raising infrastructure investments in the region is the lack of transport opportunities for grains and mining products. A study by the National Confederation of Industry⁵ suggests that 71 infrastructural projects need to be executed for the economic integration of the northern region. Five of these projects already exist, such as paving the BR-163 highway, double-tracking the Carajás railway, and extending the Ferronorte railway to Rondonópolis. The expected scenario is one of more devastation of the rainforest and few benefits for the local population. The region has an illiteracy rate of 20.81 percent, which indicates that few people will continue to have jobs when the construction works are done.

Government data shows that each year around 15,000 applications for exploration licenses in new areas are submitted. The export value of mining products went up from \$375.36 million in 2000 to \$2.2 billion in 2011. For this development schedule to progress, it is also necessary to revise the framework of regulations. This is the case in debates around the Forestry Code and the new mining legislation – a project that is nearing completion by the government and will soon be presented to the National Congress, and which will define a new model for allocating ore deposits.

Constructing hydroelectric dams on the rivers Xingu, Madeira, and Tucuruí, expanding mining zones, the monoculture of soy, and intensive cattle farming all have countless impacts on the environment, biodiversity, meaning the livelihoods of the people remaining in these territories is under threat.

4 In January 2011, Vale S.A. was presented with the Public Eye Award during the World Economic Forum in Davos. The award is also known as the Oscar of Shame and is created by the NGOs Greenpeace and Berne Declaration.

5 See the special journal edition from Valor Econômico, “Edição Especial: Valor Especial Caminhos da Amazônia,” vol. 1, July 1, 2011, available at: <http://www.revistavalor.com.br/home.aspx?pub=63&edicao=1> (accessed: Apr. 2, 2012).

These violations not only concern the displaced population, but also the rights of the workers who, according to the official discourse, are the direct beneficiaries of the construction works. In 2010, at the construction site of the hydroelectric plant in Jirau on the Madeira River in the Amazon, 20,000 workers protested against what they called poor working conditions. Buildings on the construction site as well as at least 35 barracks, 45 buses, and 15 cars were destroyed. The project, which is also part of the Growth Acceleration Program (PAC – Programa de Aceleração do Crescimento) will cost \$6 billion upon completion. The Ministry of Labor has issued more than a thousand fines to the ESBR consortium – Sustainable Energy of Brazil, formed by the companies Chesf, Eletrosul, Suez, and Camargo Corrêa – for the violation of labor laws and health and safety standards, however the work was never interrupted. This was the second uprising by workers. It happened before in 2010 at the hydroelectric plant of Santo Antônio. Owners of the two plants on the Madeira River – Jirau and Santo Antônio – have been indicted by the public prosecutor and seven workers have died during the construction of these projects.

In April 2012, the 7,000 workers at the Belo Monte plant also stopped working, making the same allegations. The strike was triggered by the death of a worker who was hired to log trees. One of his colleagues explained: “We don’t have any protection there. We have no EPI [equipment for personal protection], no signaling system and most of all, no supervisors.”

The official discourse repeatedly states that the projects create employment. But despite the considerable number of workers hired during the construction period, once completed, the projects will employ fewer than 10 percent of this workforce, which will then be composed of highly qualified workers. This is not the case during the construction, given the demand for labor without any experience.

In the case of the hydroelectric plants in the Amazon region, the surrounding cities have not received any additional infrastructure, such as improvements in the healthcare system, schools, etc., to be able to attend to the growing population and the increasing demand for housing and services. Directly affected by the construction of the Belo Monte dam, the city of Altamira will see its population of 105,000 grow by 100 percent in the years to come. In addition, it will be partially flooded when the dam is finished. Civil society organizations criticize that communities that were displaced to make room for the hydroelectric lakes are receiving compensations that are far below the market price.

This construction project has also resulted in attacks on Brazil in the international world of human rights. The Inter-American Commission on Human Rights from the Organization of American States (OAS) accepted a petition presented by Brazilian civil society organizations⁶ against the rights

6 Movimento Xingu Vivo Para Sempre; Coordenação das Organizações Indígenas da Amazônia Brasileira; Prelazia do Xingu; Conselho Indígena Missionário; Sociedade Paraense de Defesa dos Direitos Humanos; Justiça Global e Associação Interamericana para a Defesa do Ambiente. See also: <http://www.cidh.oas.org/medidas/2011.port.htm>.

violation of the construction of the Belo Monte hydroelectric complex. In April 2011, the Commission asked the Brazilian government to immediately suspend the licensing process of the project and halt any construction work because of the impact on the traditional peoples living in the Xingu river basin. The government's response was harsh – which is unusual in Brazilian diplomacy – stating that, according to the Ministry of Foreign Affairs, the measures requested by the OAS were “precipitated and unjustifiable.” It went further by threatening to withhold its contribution of \$800,000 for 2011, declaring that it would leave the OAS in 2012 under the allegations that the organization was interfering with Brazilian sovereignty. The Commission decision was backed by the American Human Rights Convention; Convention 169 of the International Labor Organization; the UN Declaration of Indigenous Rights; the Convention on Biological Diversity; and by the Brazilian Federal Constitution (Article 231).

The Belo Monte project will cost an estimated \$13 billion, but energy experts claim (Brum 2011)⁷ that it will cost at least \$17 billion, of which 80 percent comes from the Brazilian National Bank for Social and Economic Development (BNDES – Banco Nacional de Desenvolvimento Econômico e Social), in other words public money. In the face of the huge interests involved in the construction of the hydroelectric plants in the Amazon – around 77 projects – respect for the rights of the traditional peoples and other inhabitants has become an obstacle for “development”.

World Cup and the Olympics: The same model applied to cities

In 2007, Brazil was chosen to host the soccer World Cup (2014) and soon after that, in 2009, the International Olympic Committee granted the 2016 Summer Olympic Games to Rio de Janeiro. This had a lot to do with Brazil's new status as a BRIC country, being the sixth economy of the world, and the country that managed to survive the global financial crisis of 2008. Consequently, urban reforms began in Rio de Janeiro and in 11 other cities that will host the World Cup to prepare them for the sporting events.

Under the pretext of mega-events, the cities have turned into “new investment territories” for the private sector, mostly in partnership with the government. Major infrastructure projects are under way to improve the urban transport system and build stadiums. It is an opportunity for the corporate sector; especially the construction and real estate sectors have access to large portions of public resources. In the case of the stadiums, the total costs will be almost \$3.6 billion, mostly paid by companies and state banks as well as funded by several ministries.

Marketing campaigns and political propaganda elements are in full swing to convince the public that this process will leave a positive legacy for the cities.

7 To see more on the subject, see “Painel de Especialistas – Análise Crítica do Estudo de Impacto Ambiental do Aproveitamento Hidrelétrico de Belo Monte,” Belém, 2009, available at: <http://www.xinguvivo.org.br/2010/10/14/analises-tecnico-cientificas/> (accessed Apr. 5 2012).

However, the infrastructure and public facilities are either concentrated in the upper-class areas – improving them even more – or in degraded areas that are potentially interesting but constructed under the pretense of dislocating inhabitants from these regions.

Rio de Janeiro in particular is well on its way to creating a new paradigm of urban development: the city-company. The city becomes a product and becomes merchandisable to the largest number of investors possible. Rio de Janeiro is now in competition with other world cities as part of a globalized model in which large corporations – in construction and real estate – determine urban development. So the big capital, as a government partner, is gaining power in the decision-making process about the changes that affect cities, following a model of appropriation of spaces and public resources.

This has mainly translated into forced displacement of inhabitants of poor communities. The relocation of these dwellers is not in compliance with local legislation, nor with the commitment that Brazil has made to the international community in terms of respecting people’s rights. The outlook⁸ is that up until 2016, there will be 150,000–170,000 people displaced to make room for the construction of expressways and sports facilities.

The principles of the Right to Housing are stated not only in binding International Law, but also in the Brazilian Federal Constitution, municipal laws, and in the Statute of the City. They assure families subject to displacement a series of rights, ranging from: a) a minimum time to vacate the property; b) information in advance and – equally important – easily accessible and presented in clear writing so they can participate in the decision about why they are being displaced and what the new function of their location will be; c) a fair financial compensation; d) or relocation to an appropriate location (which) must take place before construction begins, in the vicinity, under equal or better conditions than where they had been living. All of this needs to be accompanied by public policies of compensation and rehabilitation, guaranteeing a continued access to school, work, healthcare, income sources, and transport. According to Raquel Rolnik, UN Special Rapporteur on Adequate Housing, “a basic principle in removals is that a person can never leave the process worse off than he was at the beginning of it. But this is what is happening in many cases” (Conde 2011). This is contradictory to the Right to Housing, which refers not just to the ownership of a property, but also to the right to an adequate standard of living.

Dwellers who were evicted due to the construction works for the World Cup and the Olympics have been offered very low compensation and relocation to housing programs in the outskirts of the city that are without basic quality infrastructure (transportation, education, security, and healthcare) and far away from their sources of income. A particular example is the case of Vila Autódromo,

8 For more information, see Articulação Nacional dos Comitês Populares da Copa. Dossiê megaeventos e violações de direitos humanos no Brasil, Rio de Janeiro, 2011, available at: <http://www.br.boell.org/web/51-1349.html> (accessed Mar. 20, 2012).

a neighborhood in the west zone of Rio de Janeiro that is resisting relocation for the construction of the Olympic Park. Originally an old fishing village, this location was populated by others in 1970. When the Olympics are concluded, the public-private partnership foresees 75 percent of the 1.2 million square meters being turned over to private initiatives for the construction of residential condominiums, shops, and hotels.

The mega-events have also caused an increase in bending the law or changes in legislation to realize construction projects or other plans. New legal instruments were created and others were annulled in the so-called exception law (Vainer 2011). One of the most controversial changes is the Differential Public Procurement Regime, an alternative model to the Procurement Law (no. 8666/93). There are at least four points of criticism against the Procurement Regime: a) the secrecy about the cost of construction projects; b) the requirement that only the winner has to be qualified, which allows phantom companies to participate in the bid; c) the possibility of variable remuneration, tied to the contractor's performance, which means that prices are not fixed before hiring; d) the possibility that the government can request bids for the work without a basic design plan, that is, there are no details on the project beforehand. Moreover, using these new rules makes it possible to start any kind of project when one uses one of the mega-events as justification. The Procurement Regime also allows for exceeding the project budget due to requirements of Fédération Internationale de Football Association or the International Olympic Committee. Even the attorney-general of the republic, Roberto Gurgel, stated that the new template is unconstitutional and hinders transparency and the controls on public spending. As he explained: "The [Procurement Law] provides that the 'basic project' is the set of required and sufficient elements to define the project or the service of the bid, designed to ensure technical viability and adequate treatment of the environmental impact of the project, which allows assessing the cost of the work and defining the methods and execution time"⁹ (Consultor Jurídico 2011).

In the case of the Procurement Regime, Gurgel stated, "the definition of the characteristics and value of contracted works can only be traced back once the contract is signed and the basic project plan has been designed by the contractor." Brazil had a similar experience with the Pan-American Games in 2007, when the projected budget for the works was \$160 million, but in the end \$1.6 billion was spent.

In addition, newspapers are constantly publishing reports about government corruption scandals, including the resignation of the Minister of Sports, as well as stories on irregularities discovered by inspection authorities in almost every project: overpricing, poorly structured projects, worker strikes, stadiums that could turn into "white elephants", etc. The most blatant example is the construction of the stadium for the World Cup in Manaus, the northern region of

9 See Consultor Jurídico, available at: <http://www.conjur.com.br/2011-set-10/pgr-questiona-regime-contratacoes-publicas-obras-cop> (accessed Sept. 15, 2011).

the country, where on average 2,200 fans watch the matches of the local league. The stadium that is being built will have a seating capacity of 44,310 and will cost \$292 million. Even though the report¹⁰ from the audit court responsible for overseeing the use of federal funds by public agencies recognizes that the stadiums of Manaus, Brasília, Natal, and Cuiabá may become “white elephants” without any possible actions in place to mitigate this risk, no injunctive relief or punitive damages have been imposed in these cases.

The constant complaints of abuse and resistance in relation to the evictions have led to the strengthening and mobilization of social movements and human rights NGOs in favor of the right to housing. Hence, committees were formed in all of the cities that host the World Cup. They connect members of civil society with researchers, legal experts, and those affected by the evictions. This movement has spoken out strongly against the lack of transparency and participation of civil society in decisions that are changing the lives of thousands of people. These critical voices are constantly under pressure, but civil society keeps doing its part, making demands and denouncing the violations. The courage and perseverance of the rights-defenders and the work of NGOs and social movements through their networks and allies – both in National Congress and in government itself – are all key instruments to guarantee the minimum of respect for citizenship and democracy.

However, mega-ventures do have a very strong appeal, and this is used as justification to change the quality of life of the population, by creating jobs and improving urban infrastructure. In the case of projects with blatant social and environmental impacts, the constraints for mitigation of the consequences from the venture – be they environmental or social – justify the damage to the environment. In general, the long- and medium-term improvements for all of Brazilian society are used as an argument as well. For example, the official discourse describes the infrastructure projects for the World Cup as a legacy for the population and state that the Belo Monte plant will generate so much energy for the industrial sector that the country will never have another power outage.

So what do the projects in the Amazon and the mega-events in the cities have in common? A pattern of private appropriation by financial groups and politicians of public resources, be they natural, financial, territorial, or structural. This leads to the accumulation of public debt, as the state is the main bailer and backer of financial resources. It leads to the violation of the rights of the people who are directly affected; and it leads to changes in the legislation in certain areas (Forestry Code, changes in state and municipal legislation for public works, etc.), thereby bending the rules on a number of guaranteed rights.

10 See Relatório de situação: o TCU e a Copa do Mundo de 2014. Brasília, 2011, available at: <http://portal2.tcu.gov.br/portal/pls/portal/docs/2223282.PDF>, (accessed Mar. 28, 2012).

Who benefits the most from this development model?

One way to understand the current development model is to analyze how and in what way political alliances are shaped between the business sector, parties, and governments. Contractors play an important role. Several projects that have been carried out over the past 10 years were spearheaded by four construction giants: Andrade Gutierrez, Camargo Corrêa, Odebrecht, and Queiroz Galvão. From World Cup stadiums to the Belo Monte hydroelectric plant on the Xingu River, the “four sisters” are the main companies receiving public investments. The combined value of the four sisters’ contracts for major construction projects – in progress or already contracted – totals \$74.4 billion. The giants depend heavily on public contracts: 62 percent of Odebrecht’s income comes from public-sector works; in the case of Camargo 35 percent; Andrade: 72 percent; and 100 percent in the case of Queiroz Galvão (Scofield 2011). According to American researchers Boas, Hidalgo, and Richardson (2011),¹¹ who did a study on the relation between public contracts and campaign donations, for every \$0.60 donated by contractors to a political campaign, they received \$5.10 in return in the form of projects. Besides strong government connections, the contractors also benefitted from investments in state-owned pension funds and public investment banks, such as BNDES and Banco do Brasil, plus additional tax exemptions. Abroad as well, they control 80 percent of BNDES investments, in particular in projects in Africa.

The researchers pointed out that “a high level of staff members from the Lula government have stayed on in the Dilma government, suggesting that the political dynamics will be similar. And the fact that the contractors have contributed heavily to the PT [Workers’ Party] in 2010 shows that they expect some kind of return”. Of course, it is not a problem to hire contractors with acknowledged know-how on how to develop big projects. The issue surfaces when the interests of the political machine start to overshadow rights, as is the case in the forced evictions for the World Cup stadium construction in the host cities and the rights violations of the populations affected by the construction for the Belo Monte plant. Thus, this gives the four sisters the power to dictate the pace of the development projects, also according to their own interests.

Carlos Vainer, who teaches at the Research Institute for Urban Planning and Regional Planning at the Federal University of Rio de Janeiro, points out another alliance that is becoming increasingly perverse over time and that has created major scandals involving corruption and embezzlement of public funds: “[F]inancial resources, public heritage (land) and public spaces are transferred under exception rules to private groups, without any public debate, after negotiations in which the people are not consulted. There is a flow of public resources to private interests, for builders, contractors, telecommunication and marketing companies. And the companies involved are the same ones who

11 The researchers analyzed the campaign donations to the Workers’ Party candidates who were running for the House of Representatives in 2006.

appear on the lists as major companies’ donors, companies that donate to every political campaign, such as Odebrecht, Camargo Corrêa, Votorantim, the big agro-industry. And of course, the resources come from all the other budgets, from the public transport that isn’t being provided, from sanitation that isn’t done, and so on” (Prado 2011).

In Cuiabá, the city that will only host the first part of the competition, that is, four games, the healthcare budget has already been affected. While the budget for tourism programs receives an extra \$6.6 million between 2011 and 2012, the budget for basic healthcare dropped \$8.8 million. This is a trend that tends to get worse, given the state’s indebtedness. In general, cuts are made in the more fragile social programs that mostly serve the poorer parts of the population. In this sense, the partnership between the state and companies becomes even more stultifying and dangerous.

Final thoughts

Ever since the proclamation of the 1988 Constitution, the so-called Citizens’ Constitution, Brazil has created and consolidated a legal-normative structure to respect human rights. The country has signed practically every international UN and OAS treaty or convention on human rights. On a national level, a variety of instruments have been created to address rights, such as state and municipal legislation in addition to the various statutes – for the elderly, for racial equality, for children and adolescents, for cities – that give clear and formal positions on respecting rights. Since 2003 three federal secretariats have been created to promote racial equality, human rights, and women’s rights. However, these considerable political and regulatory advancements still do not mitigate the damaging effects of a model that concentrates wealth, destroys the environment, and comes at an incalculable cost to the peripheral populations.

Brazil’s economic successes have created the notion that the country is on the right track. However, it has been achieved through the massive exploitation of its natural resources, through the export of commodities, with low aggregate cost. The small decline of social inequality, with an increase of the Gini index from 0.594 to 0.539, still rests on a fragile basis because it was above all the result of job creation in the low-paying services and commerce sector. According to a study from the Brazilian Institute for Applied Economic Research (Comunicado Ipea 2011), out of 2.1 million newly created jobs per year from 2000–2010, 95 percent paid up to 1.5 times the minimum wage (\$440). Employment growth that is focused on the basis of wages has contributed toward reducing the share of poor persons in the active population, from 37.2 percent in 1995 to 7.2 percent in 2009. The ones that live off property income (profits, interest, land, and rentals) have also gained from these processes and increased from 3.9 percent to 14.3 percent.

Low-wage jobs indicate low schooling. The educational system is weak. Students finish elementary school without a minimal proficiency in mathematics and Portuguese, which means they do not know how to read and add basic

sums. More than 95 percent of the children and adolescents are in school, but we know for sure that access to basic education is no longer the major problem, but rather the quality of the education. The gap between blacks and whites is still considerable, in particular in the areas of work and education.

The failing basic sanitation system that serves the entire population is a serious problem as well; 56 percent of Brazilian households are not connected to a sewer network. The PAC program has finalized only 7 percent of the 114 sewage projects. *Favelas* and urban settlements are growing, without any sanitary infrastructure and health and educational services; endemic violence continues to exist in the country, and public security policies are either weak or ineffective in the face of the challenge.

To strengthen the applicability of human rights, which Brazil already provides and endorses in its regulatory instruments, and to meet the demands of rights-defenders and critical civil society requires that governments review their projects, punish rights violators inside and outside of the public machinery, and enforce a minimum commitment to social and environmental justice. This means a political, social, and economic re-engineering. It is necessary to develop a transition project to a more just and democratic society, with development that is sustainable through time and that changes the quality of life of a significant segment of the Brazilian population. To do so, the benefits of a development model must be fairly distributed. If governments continue to focus on economic growth as a way out of social inequality, then this will justify in great part the violation of rights that one sees in the mega-ventures, either in the countryside or in the cities.

The country is progressing, but the costs of this model are still high. In Brazil, human rights still are a privilege; some have access to these and others do not.

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To Be a Woman in Brazil

Gender Inequalities and Development

Introduction: Women in development – visibility in reverse

In 1994 (following the UN Women's Decade), the World Bank issued a new operational policy called Gender and Development, which mainstreamed gender issues by requiring their inclusion into all World Bank projects. This move has influenced debates within multilateral financial institutions around the world and has also impacted Brazil. Until then, the World Bank worked with the theme Women and Development.

The World Bank has a market-based vision of women: It does not see women as subjects with rights. Instead, the bank's programs for women simply seek to maximize their economic activity. A long-term analysis of the bank's policies toward women shows that it removed women from the vulnerable group category – in which they were beneficiaries of investments – and assigned them the status of a taxpayer. Women are looked at for their “efficiency” in the promotion of economic growth. To spell it out clearly, women's potential is being used for profit.

At a press conference about the “World Development Report 2012: Gender Inequality and Development” during an annual meeting of the World Bank and the International Monetary Fund in Washington in September 2011, World Bank Group President Robert Zoellick said, “gender equality is smart economics,” and that “women are the next big emerging market.” World Bank Vice-President Otaviano Canuto made the same point when he said, “to maintain inequality is dumb economics” months later at the report's release here in Brazil.

As a pioneer in the production of knowledge and research about gender issues, the World Bank puts forth reflections, perspectives, and concepts that serve as a basis for other multilateral institutions such as the World Bank Group itself, the Inter-American Development Bank, and agencies within the UN. Further, other nations that receive World Bank loans integrate the bank's women and gender policies into their own. In Brazil, the bank's current role consists more in giving technical assistance than in directly financing projects, and yet the bank continues to influence the country's legal and institutional frameworks. For example, the Brazilian federal government now prioritizes state and municipal governments as “clients.” As the World Bank document “Country Assistance Strategy for the Federative Republic of Brazil 2008–2011” states clearly, “the bank will provide less financing and more knowledge services to the federal government.” Gender is included in these services.

The consequences of this (dis)service are many. The dominant discourse – according to which the women's domain is the private, the domestic – makes women invisible and further impedes their being and living. As the neoliberal development model mentioned above reinforces every day, women – especially black and indigenous ones – are seen merely as sexual objects (to be used and abused locally or for export via trafficking) or as cheap labor, especially in domestic work. Following the logic of capital at the heart of the development model, new forms of exploitation and domination are put into place. The women's struggle advances every year by increasing women's access to rights guaranteed by law and by acquiring new rights. And yet there is a limit – the power of capital. Capital's power to alter reality is unrivalled.

Though the Brazilian state has institutionalized gender issues, thus marking apparent progress in terms of policies, laws, and participation in spaces of power, the fundamental logic of exploitation and domination has been neither altered nor affected. Take, for example, the land and income consolidation that results from the agribusiness development model. When large farms grow, they divide and swallow up smaller, often family-operated farms. This has especially detrimental and unequal effects on women. Because of realities such as these – and also periodic calamities such as droughts – and the seeming false ease of city life, people continue to abandon the countryside for the shadows of overpasses and tall buildings.

There is much research about those who leave the countryside, but little about those who stay: the widows of droughts and floods, the heads of households. First these women are neglected, and then they are expected to manage poverty. The Brazilian social welfare program Bolsa Família is a perfect example of this. On top of it all, Brazilian “developmental” megaprojects in the areas of tourism, energy, and mega-events, to name a few, complicate further the labor, sexual, and day-to-day dimensions of women's lives.

This article addresses these issues and concludes by considering the importance of the women's struggle against this model of development.

Despite the achievements, many challenges remain

The March of the Margaridas,¹ the largest national march of Brazilian rural workers, and the responses they generate confirm the truth of the gender inequalities. Surely, some of women's historical demands are being met at the level of sectional politics, and the movement's incremental victories are celebrated. The March of the Margaridas presented a document to President Dilma Rousseff on March 8 that listed many of the movement's achievements. And yet, rural workers are still being denied their rights, and the aims of the country's strategic plan are far removed from the true realities of women.

1 Named in honor of Margarida Alves, a northeastern rural worker and union leader who was assassinated in 1983.

Furthermore, it is hard to celebrate most of the legislative achievements since the objective conditions necessary for their realization, such as budget allocation and qualified personnel, are still lacking. In truth, the gap between the core issues of the Women's Platform,² which was presented in the same document, and the gains achieved is profound. From the point of view of those in the feminist and anti-racist struggle, the fact that Brazil currently has a female president and a few women in ministerial positions does not resolve the contradictions and setbacks within the government sphere.

A new study referring to the period between 2007 and 2010 demonstrates the distance between desired and actual situations.³ In 2010, women held 14.8 percent of ministerial positions while men held 85.2 percent; of those elected to the federal senate, women made up 14.8 percent while men made up 85.2 percent; in the Brazilian House of Representatives, only 8.8 percent were women while 91.2 percent were men.

While the legislative bodies are extremely resistant to bills that address the structural causes of gender inequality, the government ultimately determines how much is budgeted for the implementation of equality policies. For example, the constitution of Ceará demands that municipalities with more than 60,000 inhabitants have a women's police station (special police stations that attend only to women). However, Fortaleza – the capital of Ceará and Brazil's fifth-largest city, with a population of 2.3 million – has only seven women's police stations and only two special courts.

This year, the estimates for policy guarantees related to women are hardly auspicious. The Brazilian government made sharp cuts in 2012 to the programs for Confronting Violence and for the Rights of Women: Funding in 2011 was \$61,080,130.21, but it has fallen to \$32,295,145 this year. Funding to the Bureau of Women's Policy was also reduced 31.3 percent this year, and funding for the Bureau of Racial Equality Policy was reduced 67 percent.

In 2006, Brazil passed the Maria da Penha Law, which was named in honor of Maria da Penha, whose beatings from and attempted murder by her husband left her paraplegic. Though the law was designed to combat domestic abuse and violence against women, the country's rates are still shameful. In 2011, Dial 180 (a national service for women who suffer violence), received more than 667,000 calls – about 1,800 per day. Of these, almost 46,000 were related to physical violence.

The law in itself does not have the ability to end violations of women's rights to liberty and freedom of choice for two reasons. First, the systems upon which the law stands remain unchanged: patriarchy (which is responsible for the position of

2 Core issues: biodiversity and democratization of natural resources; earth, water, and agroecology; nutritional security and sovereignty; economic, labor, employment and income autonomy; public health and reproductive rights; non-sexist education; sexuality and violence; democracy, power, and participatory politics.

3 The study was presented in the Yearbook of Brazilian Women 2011, conducted by the Secretary of Women's Policy of the federal government and by the Inter-Union Department of Socioeconomic Statistics and Studies.

women in society), machismo, paternalism, and racism. Second, the states' actual means to protect women are insufficient for what the law requires. The network to protect women who suffer violence is minimal and ineffective. When we compare the available resources with women's daily demands for state protection, we see that there are actually few women's shelters, special police stations, and special women's courts, and that the level of qualification of the professionals that work in the network is low. Five years after the law's enactment, women are still not always protected under it.

Becoming invisible through work: Unpaid female labor

When basic services are privatized and local governments are not held accountable for the welfare of the populations they serve, it falls on women to fill the gaps. When public hospital services are insufficient, women then become the caregivers, attending to the family's sick; when daycare centers close and when schools reduce the number of seats, women then take care of the children; when the state does not provide water, women then seek and provide it; and when basic public services are absent, women then give free assistance to the community, doing voluntary work. They do the work that needs to be done, but they are not paid for it. In truth, government budget reductions and social spending cuts are simply a transfer of the economic burden from the compensated to the non-compensated.

The federal government's project to transpose the waters of the San Francisco River – considered the largest-ever engineering work in the country, which will supposedly benefit 12 million poor families in Brazil's northeastern region and resolve the semi-arid region's water supply problems – is a concrete example of how public resources are used to attend the needs of water and agribusiness rather than social rights. Studies of the project show that it will reach only 5 percent of the Brazilian semi-arid territory and 0.3 percent of the Brazilian population. The waters' route is expected to irrigate 70 percent of the areas where exporting agribusiness is located, as well as shrimp farming. Still today, tank trucks (either military or private) deliver gallons of water to communities during droughts. Women fill their buckets at the drop-off points and carry the water back to their houses. As the transposition project will bring water to agribusiness rather than communities, it will not decrease women's labor burdens, but will, if anything, only increase them.

Though women are present throughout the production chain, and though their work is of extreme economic importance, their essential role is often overlooked. We cannot forget that, in addition to production, it is women's reproductive work (i.e., having and rearing children) that guarantees the viability of the tasks performed on the family farm.

In order for rural women to acquire citizens' rights, the state, society, and their own families will have to recognize these facts, as well as the historical impediments: difficult access to credit and technology; confrontations with

a racist and sexist culture; precarious and/or absent social policies relating to physical health, water, sanitation, education, housing, and leisure; and sexual violence based on gender, race, ethnicity, sexual orientation, and social norms.

The countryside as a reproductive space of capital

In the semi-arid northeast, the problems only deepen. As production for exportation is prioritized and agrotoxics and genetically-modified seeds are increasingly used – supported financially by the Brazilian government – farming families are put in an unjust and unequal position. The chemical industry has redefined agricultural production with the introduction of highly lethal pesticides and herbicides. These toxic chemicals are known to have detrimental effects on women's health and their way of life in the semi-arid region.

A study released in 2011 by professor Raquel Rigotto, a medical researcher at the Federal University of Ceará, about populations exposed to the agrotoxics in the region south of Jaguaribe, in Ceará, found that direct contact with agrotoxics and the use of contaminated food products have led to fetus deformations, abortions, cancer, neurological diseases, depression, and various types of acute intoxication in women. In one town in the region, the North American company Del Monte Fresh Produce, the largest producer of fruit in the world, dumps 82,000 liters of agrotoxics across 1,300 hectares of pineapple crops each night, even though families live in close proximity to the pineapple fields. Research shows that 53 percent of the region's population already shows signs of daily exposure to agrotoxics.

Family farms are the most affected by the problem. There, women are faced with unequal power relations in the gender-based division of labor in the house and in the fields, and they are made responsible for preparation and consumption of contaminated food, as they assume the reproductive work in the family. Though the consequences of agrotoxics affect women more severely, they are usually excluded from meetings in which farming policies are deliberated upon and defined.

Over time, women discovered and came to understand the process of fruit and plant seed development, learned to produce, reproduce, and use herbs as medicine and seeds as sustenance; they created tools for their work, developed house decorations, and made clothes. However, the voices of rural women were not heard even when transgenic crops were introduced into the country. Misleading information and the market imposition to buy contaminated seed has made these women into involuntary guinea pigs for these experiments, and when they become sick, they are forced to rely on a very precarious health system.

Viewed in this way, rural women are the poorest of the poor in Brazil. Gender and poverty are two sides of the same coin. Even those financing and implementing development refer to women as the guarantors of Brazil's survival in the economic crisis, for they are considered to be the best managers of poverty.

Managers of poverty: The case of Bolsa Família

The exploitation of women in the local economy and in the social and gender divisions of labor takes different forms. Exploitation based on gender is found in the appropriation of women's work and their bodies, while exploitation through the capitalist system is seen, particularly, in funding policies. In extreme situations, such as droughts or disasters, the strictness of the division of labor is relaxed and women's productive work is recognized. When the situations are resolved, the conditions go back to what they were and oppression prevails again: The order is not broken, just adapted to the circumstances. What is never threatened, regardless of the situation, is the patriarchy that has historically conspired to make women invisible. And this same patriarchy is perpetuated and reinforced by the neoliberal model of domination-exploitation.

The development model gives special treatment to women through compensatory policies. Among them is the program Bolsa Família, which was created by President Luiz Inácio Lula da Silva in 2003 with the technical intervention of the World Bank and the Inter-American Development Bank, and which is a kind of showpiece of the Brazilian government. Bolsa Família targets those below the poverty line, and is intended to reduce poverty and inequality through direct yet conditional income transfers. As 5.25 percent of the Brazilian population lives in extreme poverty (monthly per capita income below \$37) as of January 2012, the Ministry of Social Development and Hunger Prevention said the program attends to 13,330,714 families, who receive benefits varying between \$17 and \$164 per month.

Although studies show that the program has helped integrate families into economic processes of production and consumption, researchers of public policy and social exclusion find such efforts precarious⁴. They say that Bolsa Família serves to maintain poverty at a supportable level, merely reproducing and controlling the problem. Poverty is no longer dealt with as an economic question but as a social one. The poor were not – and will not be – given a place in the current economic model. Taking as a reference the World Bank's concept of poverty, Brazil is wasting its chance to alter the relations that really define the development of the country: relations between the rich and poor, levels of production and consumption, and between men and women. Bolsa Família merely repeats the naturalized practice of giving women the responsibility for alleviating poverty rather than overcoming it. In Ceará, 1,074,356 families receive benefits and the legal responsibility falls on women (92.5%).

In the majority of cases, Bolsa Família overloads women with work and responsibility, including the responsibility for their children's regular school

4 See for instance: Red de Promotoras y Asesoras Rurales (2000) (about the "Progresas," the Mexican Bolsa Família); Fontes (2010); Turra (2010). See also the studies published in 2011 by the Laboratório de estudos da Pobreza, at the Federal University of Ceará, coordinated by Carlos Manso.

attendance.⁵ Though the program was intended to empower women, it has not altered the power relations inside the house or within society. Moreover, the program does not include policies that address the formal and qualified integration of women into the market. Women remain limited to pursuing precarious activities outside the house that can be balanced with work and care.

In order for families to have access to the program, children are required to attend school, but this does not necessarily mean Brazil is investing in the improvement of school infrastructure or the quality of education. In 2011, only 2.99 percent of the federal government's budget was put toward education, compared with the 45.5 percent spent on debt payment. Further, a 2011 UNESCO report revealed that, among other data, Brazil has the highest rates of grade repetition in primary education in Latin America (24.5%). The number is the result of poor performance and the high rate of dropouts.

Given these considerations about Bolsa Família and women's lives, we must ask: Do the program's funds really empower women? Does the fact that women have the funds in their names mean that they will have financial autonomy or that they will independently develop their social, political, and economic potential?

Rather than helping women take a leap toward overcoming inequality, it seems that Bolsa Família, which is used as a model in many developing countries, merely offers relief from poverty while maintaining gender inequalities. Consequently, it does not contribute to the development of the country.

The great enterprises and the lives of women

Despite the pressing need to face the inequalities experienced by women in the countryside, public resources have been directed toward great undertakings that tend to instigate only more conflicts over land and water. Federal and state governments use public contributions and private partnerships to make possible agriculture, livestock, mining, and infrastructure projects without putting in place social or environmental safeguards. As the private sector frequently chooses movable dunes, indigenous lands, lakes, ponds, and archeological sites for their project sites, many of the projects generate environmental conflicts and legal disputes. Because the structures that sustain the development model have been left in place and unaltered, their weight falls especially hard on the lives of women. When land is concentrated, it creates land conflicts, and it is generally women who we see bearing the shields on the front lines in defense of their families and their belongings.

Enterprises created for the external market, such as energy complexes, steel mills and waterways, resorts, vacation and business centers – which do not benefit and improve the quality of life for the majority of the population – are leaving behind deep social and environmental scars that are visible in the lives of women in the northeast and northern regions. The main impacts on women

5 Bolsa Família's payments are determined by the school attendance rates of the family's children.

are many: in the sphere of labor, in their relations with companies, in community and family life, in access to public services, and in sexuality.

Projects in the area of tourism, which promote the disrespectful occupation of communal spaces, require participation, integration, and thorough impact studies. In the littoral areas, tourism promoters impose outside cultures and ways of life on local cultures. They appropriate the living spaces, affect local fishing activity, and, in the case of small businesses, either disrupt them or appropriate them for overexploitation (as in the case of artisan products made by women). Beaches are privatized by wealthy outsiders with different lifestyles and attitudes, which introduces still another restratification of the community.

To encourage predatory tourism, images of women are used as propaganda both to promote the development of activity and to attract tourists who seek sexual pleasure. Women became “easy prey” for prostitution and traffic in these areas. This is what happened in the case of Prodetur-Nordeste, financed by the Inter-American Development Bank since 1991. Governments claimed that they were promoting economic growth in the northeastern coastal regions by increasing its tourism potential. In this type of project, fishing activity is the first to be harmed. Fishermen/women are forced to leave the beach, pushed to the peripheries of the local coasts, where infrastructure and social equipment generally do not exist. This situation afflicts men and women, but it is experienced more intensely by women due to the connection with their reproductive activities. Studies of the locales where Prodetur operates show that degradations in the quality of life resulted in the increased consumption of alcohol and other drugs, prostitution, and domestic violence. Dissolution of social bonds and environmental destruction are part of the process by which tourism programs are installed. The same holds true for the current model of development.

The construction of hydroelectric plants in the country – which in general results in the destruction of cities – has been a major factor in the loss of work and means of support for women. When populations are forced to relocate, they do not find employment easily in other areas.

Another element that has a strong impact on the lives of women, when it comes to large enterprises, is the treatment given to sexuality. The Brazilian Human, Social, Cultural and Environmental Rights Platform released the National Report on Human Rights and Environment in May of 2011, which confirmed the existence of a prostitution industry around hydroelectric construction sites in the north that was closely connected to the construction companies.

The World Cup will occur in 2014 in Brazil in cities that are mostly located in coastal regions, and already there are concrete signs that innumerable human rights violations against women will occur. It is estimated that the event will attract 600,000 foreign tourists and millions of Brazilians. Organizations that act in defense of children’s rights are worried about the increase of child labor and sexual exploitation that will occur and the risks this poses to vulnerable groups, particularly young girls. In the 12 host cities (Fortaleza, Belo Horizonte, Natal, Salvador, Manaus, Brasília, Porto Alegre, Cuiabá, Rio de Janeiro, São Paulo,

Recife, Curitiba), about 150,000 families will be relocated so that works related to the events can be realized. With this comes serious consequences: loss and/or increased workloads for women in peripheral areas; new burdens on the children and elderly in the family; loss of established social connections; and, primarily, an increase in the sexual exploitation of children, along with the regimentation of women, who, seduced by money and possible futures, will become sex workers for tourists. Natal, Recife, Salvador, and Manaus are already internationally known as female trafficking routes and as places that have high incidences of sexual exploitation. Based on what happened in South Africa during the last World Cup, an increase in human trafficking and sex tourism will very likely happen in Brazil.

The Brazilian media's publicity of the World Cup further encourages sexual exploitation. In publicizing the games, the media recycles many of the clichés about Brazil, which is seen worldwide as the country of Carnival, soccer, and women as sexual objects. To have an idea, the group "Garota Copa Pantanal 2014," a World Cup-related beauty contest, posted to the internet videos and photos of girls between the ages of 14 and 17 in sensual positions, wearing t-shirts that refer to the World Cup. A three-minute video posted in April of 2011 shows a 14-year-old girl in a bikini and a message suggests that the Copa Pantanal girl can travel internationally. Fortunately, on March 9, 2012, the public minister of Mato Grosso, whose capital Cuiaba will host the World Cup, began an investigation into the modeling agency, which is suspected of prostitution and sexual exploitation.

The fight for the right to be a subject of development

Innumerable are the facts that show the distance between gender equality and the development that is underway in the country: inequality in compensation for equal work; excessive work for women who try to balance public and private life; increased participation in spaces of power, but without true recognition from men; strengthened divisions of labor based on gender; unions forged only to give access to pension and security rights, but not to effective political participation.

First of all, the Brazilian government must admit their neglect of women's fundamental rights – and all that follows – and admit that this constitutes a problem that impacts development. Further, the government must recognize this neglect as an unjust violation of women's human rights that must be resolved immediately. Yet nothing of this sort is happening.

And so, the women's movement has been building references in the field of macroeconomics in order to impede those developmental policies that restrict the place of women and reinforce gender differences and inequalities. Without such efforts, the demands of women will continue to be marginalized and disregarded. In truth, in my opinion we still lack a "theory of female oppression" that explains this web of relations involving the question of gender from a feminist perspective. And even with this strategic, theoretical perspective, we cannot ignore the urgent, daily conflicts that call for the inclusion of women's issues in the development debate, transcending historical gender inequalities.

Since the 1990s, the largest public manifestations for rights in Brazil have been led by women's movements with agendas that articulate the specific along with the general, the urgent with the strategic. On March 8, 2006, a total of 2,000 women from La Via Campesina⁶ occupied the Aracruz Celulose tree farm, in Barra do Ribeiro, Rio Grande do Sul, to denounce the social and environmental consequences of the advancing green desert created by eucalyptus monocultures. (Barra do Ribeiro hosted the main production units of eucalyptus and pine seedlings, and even a laboratory of cloned seedlings, all from Aracruz.) La Via Campesina planned to draw attention to the predatory action of the three large companies: Votorantim, the fourth largest industrial conglomerate of the country; Stora Enzo, a Swedish-Finnish company that is the largest producer of paper in the world; and the Brazilian Aracruz, a worldwide producer of bleached eucalyptus pulp. In this operation, they contaminated the air, water, and human health. Even though the media portrayed the manifestation in a negative light, and the women were persecuted and criminalized, the fact is that the manifestation was a turning point in the environmental movement. The women made the Brazilian population aware of the problem and gave an international dimension to the debate about the impacts of pine and eucalyptus monocultures. Furthermore, their protests led environmental defense organizations to take a critical stance against those companies, thus uniting social and environmental movements around the question.

In the beginning of March 2012, the Landless Women, coordinated by La Via Campesina, took to the streets to urge President Rousseff to veto proposed changes to the Forest Code. Also, each year on the eve of International Women's Day, known as the National Day of Struggle Against Agribusiness and Environmental Sovereignty, rural workers are mobilized in 11 states. They occupy the offices of government agencies and demand the implementation of land reform. They also urge for the end of all violence against women and children, for the ease and expedition of environmental licenses for the consolidation of their settlements, and the recovery of environmental liabilities inherited by agribusiness. In April, 150 women made one more protest against the plant in Belo Monte, in Pará State. Organized in 11 municipalities in the region, the women of Xingu are creating strong opposition to the consortium responsible for the project.

Members of the Worldwide Women's March Against Poverty and Sexual Violence, which is an international action that organizes manifestations in different parts of the world, have been the most vocal leaders in the fight against poverty. The Worldwide Day for Food Sovereignty was organized to be the culmination of their struggle and to offer training activities and direct actions to put pressure on companies that operate in the food industry.

On the other side of the struggle, feminist organizations carry out advocacy work in the National Congress to impede and prevent passage of bills for project initiatives

6 La Via Campesina is an international organization represented in Brazil by the Landless Workers Movement.

that would take away or oppose the rights of women. The coordination between rural women and civil social organizations has already achieved some rural policies that favor the recognition of women's productive work. Together, they are certain that women's entry into production and access to rights depends on reversing the historical land concentration maintained by the country's elite, coordinating themselves, therefore, to act on different fronts and join in different partnerships.

Given the situation of women today, the questions of the women's movement are: Where does the conflict occur? What is the limit of women's turmoil in the fight for gender justice? Does working with institutions strengthen the women's movement or not? In order for the country to develop in a just and equal way, what agenda is necessary?

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From Nature to Natural Capital

How New Legal and Financial Mechanisms Create a Market for the Green Economy

Natural capital as a proposal for the financial market in crisis

In 2008, the bad securities (subprime mortgage loans) of the North American real estate market detonated one of the biggest crises in the history of capitalism. Today, it has been estimated that there are trillions and trillions of dollars that do not actually exist and no productive base to give them value. This has resulted in a shift in the financial speculative system to agricultural raw materials, minerals, and so-called natural capital.

In July 2009, the US Senate denounced the “extreme speculation” of raw agricultural materials by hedge funds – high-risk speculative funds that have been on the rise since 2003 – criticizing cases in which some traders were withholding up to 53,000 contracts at the same time. At the moment six index funds have permission to withhold 130,000 contracts on wheat at the same time, a quantity that is 20 times larger than the authorized limit for standard financial dealers (Ziegler 2012). According to a 2011 report by the UN Food and Agriculture Organization, currently only 2 percent of fixed-term contracts involving raw materials lead to an actual delivery of these materials. The remaining 98 percent are resold by speculators before their expiration date.

In Brazil, the explosion of the financial crisis in 2008 could be observed by the resulting massive run on land property in the country. To get an idea of the scale, China alone announced it had set aside \$30 billion for the purchase of land in Brazil.

Facing the frightful scenario of scarcity of natural resources and the impossibility to absorb the effects generated by the scale of the current production and consumption system, the costs for the extraction and flow of natural resources are becoming increasingly high, even more expensive than the actual costs for processing the raw materials. Inversely to the context of the Industrial Revolution, in the mid-19th century, when rising industrial technology represented the most expensive factor of production back when raw materials were plentiful, these days there is a tendency toward value aggregation on natural resources, as well as a new “primitive accumulation of capital” on resources that are not yet part of global commerce.

Necessarily, the dynamics of environmental scarcity force financial capital to turn to goods such as air, water, and other biodiversity components that, while essential, do not express any commercial value. The environmental issue

has become a focal point for the corporate industry and agricultural sector. This can be observed by the massive presence of transnational corporations at environmental conventions, which are outside of their usual habitat, like the World Trade Organization. It is an attempt to regulate this new global market of goods and services through “green” assets or securities and the production of new technologies. As a result, proposals have emerged, such as the one from the European Union to set up a World Environment Organization.

The United Nations Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation in Developing Countries (REDD) has proposed to use the canopy of trees to capture carbon dioxide. This places the territories of countries and communities in the global South, where the majority of this natural capital can be found, under the guardianship of financial capital. The same can be said about the idea to include other “environmental services” brought on by the economic instrument of monetary valuation of biodiversity: The Economics of Ecosystems and Biodiversity (TEEB). It is because of this that the current Brazilian government is counting on the valuation of agricultural and mineral commodities, incorporating environmental costs, and making an effort to swiftly regulate these new markets for its “natural capital,” pushing itself toward becoming a “green” world power at Rio+20.

TEEB and the “green” economy for the old formula of privatization of common goods

We know that the format and the size of the global economy are stifling the capacity to conserve and renew ecosystems. Every day, this economy generates a scarcity in biodiversity resources and its functions, such as drinking water, clean air, rainforests, fauna and flora, capacity to regulate rainfall, insects for pollination, soil fertility, food supplies, provision of materials and fibers, etc.

That said, there are two innovative ideas: the privatization of common goods and the development of new technologies, once again. In this sense, they can be arranged generally into three groups of economic proposals for environmental issues, especially since the 1970s:

1) belief in **continuous economic growth** through the substitution of non-renewable resources for renewable ones and in the capacities **of technological innovations** to increase efficiency and exploitation – a theory mostly accepted among decision-makers and the basis **of agricultural industrialization** that started the “green revolution”;

2) **privatization and economic valuation of common goods**, by means of creating “natural capital,” as a way to combat environmental problems (like pollution and global warming), which are considered a mere “failure of the market.” This thesis has gained power with Garret Hardin’s publication “The Tragedy of the Commons” (1968). Despite the obstacles in treating common goods (such as air, water, seeds, etc.) as proprietary assets, due to their very nature, this thesis was applied – alongside the first one – by decision-makers at least half a century ago, mainly through the rights of intellectual property;

3) **economic de-growth**, proposed by adepts of the ecological economy who do not believe in “sustainable growth.” The only economic exit would be growth reduction in the form of alterations in key institutions. In the first place, this would give the developed countries payment in taxes such as, for example, on the flow of energy and extraction of material resources as well as on the production processes that generate externalities such as pollution. This model also focuses on domestic production for domestic markets, the local economy, product diversification, reduction of the workday, and short or regional consumption circuits, etc.

For those economics-oriented movements that consider environmental degradation a mere “failure of the market,” there is a low disposition of financial agents who bear the costs for the conservation of the environment on behalf of all the other beneficiaries, due to the absence of ownership rights over common goods (air, water, seeds, etc.).

Terrified by the idea of decreases in resources, some instruments were developed in order to overcome this “failure of the market,” like the laws on intellectual property on new plant varieties, by means of the Union for the Protection of Plant Varieties Convention or the International Treaty on Trade-Related Intellectual Property – the latter having to be signed by countries that wish to join the World Trade Organization. The treaty demands changing national laws in order to allow private ownership of any process or biological product that is innovative or has industrial application. With this treaty, genes and microorganisms – upon which the development of seed grains (genetically modified), vaccines and medicines, cosmetics, pesticides, and many other products from the biotechnology industry are based – are treated under the legal regime of private ownership, creating a new market of life forms.

In 2010, the Food and Agriculture Organization announced there were 1.02 billion hungry people in the world – 100 million more than in 2009 (FAO 2009). On the other hand, the biggest owner of seed grain patents worldwide (Inácio 2011), Monsanto, recorded a \$1.02 billion profit in the second trimester of 2011 alone.¹

Brazilians paid another \$569 million in royalties for the 2009/2010 harvest alone to a transnational company dealing with genes that make plants resistant to glyphosate like genetically modified RR soy. In 2006, Brazil was already the world's largest buyer of seed grains, resulting in an increase in the cost of seed grains on average by 246 percent between 1994 and 2006 (CONAB 2007). This is when the crisis in food prices in Brazil took on dramatic proportions. They were susceptible to speculation bubbles on the agricultural and land commodities market, which worsened after the outbreak of the financial crisis, which had been affecting the central economies since 2006.

1 See the article: “Monsanto tem lucro de US\$1.02 bilhão no 2º trimestre fiscal, Valor Econômico, Apr. 6, 2011; available at: <http://g1.globo.com/economia/noticia/2011/04/monsanto-tem-lucro-de-us-102-bilhao-no-2o-trimestre-fiscal.html> (accessed Feb. 10, 2012).

The latest of these instruments is TEEB. Endorsed by the G8+5 in 2007, the initiative is part of the United Nations Environment Programme and coordinated by the Indian economist Pavan Sukhdev, head of the New Global Markets division at Deutsche Bank. It has the support of the European Commission and several development ministries in Europe. The TEEB study is described as a methodology to aggregate monetary value to components of biodiversity that have not yet incorporated a price like other merchandise. It is worth taking a closer look at this mechanism, because all indicators say that it will have a bright future.

In establishing a price for services provided by nature, the TEEB methodology allows the purchase and sale of “environmental services” between the “supplier” or “supplier-receiver” (the one who is in charge of preserving a certain environmental “service”) and the “user-payer” (in general, branches of the agricultural or industrial productive sector). Upon purchasing a certain environmental service, one also purchases the authorization to continue polluting and degrading.

The buying and selling of these services – which also include intangible goods, such as the capture of CO₂ and water and other services that biodiversity delivers – can only be realized if some kind of certificate or security has been handed out to attest to the delivery of the contracted “service.” Purchasing any kind of environmental “service” should therefore involve the issuance of a certificate in name of the buyer who, besides getting the legal right to continue polluting and degrading, can also make money through speculating with this new “green asset” on the stock market.

When linking payments for “environmental services” to the financial market, the protection of biodiversity and climate regulation becomes a business, and environmental conservation boils down to opportunity cost. This happens with the permission to issue activities or assets that represent tons of captured carbon, as with the carbon market; or with the native rainforests, as laid down in the proposed new Brazilian Forest Code. The greater the speculation about the “mood of the climate,” the larger the risk is for the rainforests or the amount of emissions, and the higher the value of the environmental securities as well as, consequently, the “environmental services.” The profit for the “brown economy” is the possibility of profits from the “green economy” – it is what is called a win-win situation. It is important to understand that the calculation is strictly economic and has nothing to do with the environment.

The cap and trade system and biodiversity metrics

The Payments for Ecosystem Services (PES) market started when the carbon market was built upon the mechanism known as “cap and trade,” substituting the “command and control” mechanism.

When the developed countries put their signatures on the Kyoto Protocol, they needed to obey the maximum limits of greenhouse gas emissions, according to Annex I of the document, or they would have to pay a penalty for non-compliance with the objectives of the Climate Control Convention (command and control).

However, this limit could be met through financial instruments like the Clean Development Mechanism (cap and trade), in other words, purchasing permits and compensation credits from countries that are below their emissions limit or that have no limits to fulfill. With this international regulation, the Kyoto Protocol creates the demand and scales necessary to construct the first international market for “environmental services” between countries of Annex I (users-payers) and the developing countries (suppliers-receivers) of PES carbon, whose merchandise is avoided CO₂ equivalent.

More recently, the Convention on Biological Diversity (CBD) also introduced the cap and trade system as a financial mechanism to guarantee that objectives and goals are reached. In 2010, during its 10th Conference of the Parties (COP 10) in Nagoya, 20 goals were approved that impose a minimum limit on biodiversity conservation, while at the same time introducing flexible market mechanisms that are supposedly innovative enough to bear the costs of these limits. The goals of the new approved strategic plan for 2020, as well as the Kyoto Protocol, transfer the limits to the market by incorporating the economic values of biodiversity into the national accounts of countries.

Now, the TEEB study is being promoted as the official methodology to value “ecosystem services” – capable of applying a value expressed in money – in order to convince the market and make it operational in a wide range of processes and products supplied by nature, namely products that were not traded until now: air (PES carbon); pure or purified water (PES water); soil nutrients for farming, insect pollination, delivery of genes for the biotechnology industry, and scenic beauty, etc. (PES biodiversity).

Unlike food, lumber, medicines, and tourism, for example, which benefit humanity directly and incorporate a value for its use that is direct and evident, there are other “services” provided by nature that, even though they are of the highest value for survival and human well-being, they do not include a price at which they can be purchased and sold in the productive chain, like the regulations for rain, carbon capture, or water provision.

In this sense, the TEEB proposes to join all of these biodiversity metrics by applying a market price, or better, the disposition of financial agents to finance those “services,” while incorporating the costs in the productive chains. To this end, the study divides the biodiversity values into values of use and values of non-use. The values of use can be of direct use (food, wood, fibers) and of indirect use (climate regulation, rain regulation, carbon capture, etc.) in addition to optional values (expectations of future use of biodiversity, such as genetic or biological structures). The values of non-use are created by an agent, whether its use has a direct benefit or not. They are divided into values of legacy (for future generations) and of existence (value in itself of an endangered species, for example). Apart from the values of direct use, the majority has no market value and therefore has no price.

In order to estimate the price or economic value for a service, the study works with comparative costs between having a PES project and the costs for not having

it. For example, the water PES presents the bill for financing “ecosystem services” for farmers to restore and preserve riparian forests adjacent to a body of water in comparison to the costs for building a water installation to continue its activities without valuating the cost of water. Depending on the opportunity costs, the company will decide whether or not it is possible to conserve the biodiversity.

This simplified formula of ecologic valuation based on the necessities of the productive chains and the market fixes few variables or indicators of biodiversity. Management of nature not valued by the market or unknown to official science is kept outside the contract for “ecosystem services.” Within this contractual logic – in which nature is fit in as a “service provider” according to opportunity cost evaluation of a particular enterprise or productive chain – it may even create “positive incentives” for the conservation of suppressed biodiversity, and instead create inductive mechanisms of loss of biodiversity.

On the other hand, given the dynamics of supply and demand, what shape will the value of this merchandise get, even when those “services” are already valuated? In the case of water, large and medium-sized urban centers show a demand for quantity and quality of water, which mobilizes the creation of payments for ecosystem services in river basin supplies. But what will be the price of water and who will determine its price? Or even the price of pollination by a hummingbird or bee, for example? Who benefits from dealing with plagues and seed dispersal? What is the value of the “service” provided by insects?

Using the TEEB methodology, the paid work hours for the “service” of the hummingbird would be the estimated costs that farmers would make in case of eradication of the same in a particular region. If there are no natural pollinators in the region, mechanical dispersal of seed grains will be required. In other words what will be needed are contract workers, the payment for labor, and the renting of a tractor for sowing. Add to this the value of diesel (gas) for the vehicle; the purchase of bags of grain seeds (if genetically modified, the cost of the aggregate patent must be computed into the value of the bag), as well as pesticides; and the respective royalties for intellectual property. This way, the value of the hummingbird’s work of pollination will depend on the value of commodities such as oil and grains and of the cost for the agricultural “technological package,” for example.

Brazil holds 509.8 million hectares (1.2 billion acres) of native rainforest, which comprises around 60 percent of its territory,² and it has approximately 13 percent of the planet’s biodiversity, with the largest humid tropical rainforest and the largest freshwater reserve in the world, in particular the Amazon basin and the groundwater of the Guarani aquifer. Looking for a way to make these resources visible as “natural capital,” Brazil is testing the applicability of the TEEB methodology, even before it gets approved by the CBD. Its goal is to incorporate the economic values of biodiversity into the national accounts. In 2010, “the

2 See the report: “Florestas do Brasil em Resumo 2010: dados de 2005-2010”; available at: http://www.mma.gov.br/estruturas/sfb/_arquivos/livro_de_bolso___sfb_mma_2010_web_95.pdf (accessed Mar. 10, 2012).

TEEB for Business” was translated into Portuguese, paid for by the National Confederation of Industry.

Legal engineering and the consequences of national legislation on the financial mechanisms for Brazil’s green economy

Brazil currently possesses 48.7 million hectares (120.3 million acres) of crop land. In 2011 it had a record harvest of 160 million tons of cereals, grains, and vegetable oil seeds. It was also the largest soy exporter in the world, with 38 million tons (IBGE 2012). Thus, in the face of the evident global economic and food crisis, its challenge is to increase food and agricultural production as well as create jobs and income.

On the other hand, Brazil is the biggest of the “megadiverse countries” in the world, with 508 million hectares (1.2 billion acres) of native forest, which represent around 13 percent of all biodiversity³ on the planet. In light of the environmental and climate crisis that mobilizes nations worldwide, Brazil is also challenged to redefine the concept of “sustainable development.” The country’s strategic importance in these two fields is demonstrated by two key UN bodies that are currently led by Brazilians: Since 2012, José Graziano da Silva has been the Director-General of the United Nations Food and Agriculture Organization, the agency that is in charge of genetic resources for food and global agriculture; and Bráulio Ferreira de Souza Dias, the recently installed Executive-Secretary of the Convention on Biological Diversity, has been responsible for guaranteeing the goals of conservation and sustainable use of the biological diversity of the planet.

The Brazilian strategy is to increase the visibility of the economic value of natural resources as well as the environmental externalities produced by recycling. It gives a monetary value to water or soil fertility, required for the production of grain for the export of agricultural commodities, for example. By charging the generated environmental costs, value is aggregated to agricultural and mineral commodities. Furthermore, this gives Brazil the chance to control the market of “environmental assets” and fix the future price of the “environmental commodities.” That is certainly why the Bovespa (the São Paulo Stock Exchange) is already handling the new “green assets” – leftover carbon credits from MDL projects (Mechanism of Clean Development / Clean Development Mechanism) and the voluntary carbon market. Created at the end of 2011, the Green Stock Exchange in Rio, BVRio, works along the same lines. This is the first stock market for trading environmental assets aimed at promoting the green economy in the state and the rest of the country.⁴

By regulating a national framework to design this new market of biodiversity and “ecosystem services,” Brazil can control the opportunity cost between continuing

3 Ibid.

4 “The Green Stock Market in Rio de Janeiro, which will go by the name BVRio, will trade in already known products, such as carbon credits, but it will also have new features, such as securities related to the forest code which requires farmers to maintain certain levels of vegetation on their properties” Crespo (2011).

to cover the Amazon with soy and keeping the rainforest intact, playing with the value of the agricultural commodity or with the environmental commodity in the speculative market. What is happening in the country is an inter-dependency or link is being created between green economy and the brown economy. The more pollution and deforestation generated by industries or agribusiness, the higher the value of the “environmental assets,” as they are valued by the shortage of the merchandise that they represent – biodiversity.

This is why, since 2009, one has been able to see a boost in legal reforms in National Congress, both in environmental legislation – within the main national framework of environmental protection in the country, the Forest Code – and the ore sector (with the newly proposed Mining Code, and plans for creating a National Mining Agency⁵), regarding the sectors of energy, steel, transport, technology, water, etc.

The approval of the Legal Land program in the Amazon and the National Policies on Climate Change (PNMC – Política Nacional sobre Mudança do Clima), both in 2009, and the current proposal to ease the Forest Code, all work together to insert the Amazon territory, the Cerrado biome, and their natural resources into the “traditional” market of the brown economy – with the need to expand the agricultural frontier and generate energy, for example – as well as be part of the emerging market of “environmental services” proposed by the green economy. This can be perceived by the international demand that was created by the carbon market for Brazil, with a major focus on its tropical rainforests created by the REDD and REDD+⁶ mechanisms, despite the fact that it does not have any legal base that can give it legitimacy.

The Legal Land program (Law no. 11.952/2009) permits regularization of federal land up to 1,500 hectares (3,700 acres) for anyone who owned land before December 1, 2004, legalizing (private) property rights over these lands in the Amazon. Despite the discourse of promoting social inclusion by regulating land ownership for small squatters and controlling deforestation, in reality this will result in the legalization of illegal land acquisition. The Attorney-General of the republic filed a Direct Action of Unconstitutionality at the Supreme Federal Court because he believed that the simplified ownership process was more a favoring of structuring the rural property market than a real recognition of the territorial rights of the traditional peoples and communities (Almeida n.d.).

5 See the article: “Governo deve fechar hoje código de mineração, Oct. 19, 2011; available at: <http://www.estadao.com.br/noticias/impreso,governo-deve-fechar-hoje-codigo-de-mineracao-,787384,0.htm> (accessed Mar. 20, 2012).

6 The mechanism for REDD was created under the UN Framework Convention on Climate Change. Introduced in the negotiations as a proposal in 2005, it had a meteoric career and today occupies a central place in defining a new international climate regime. The REDD+ mechanism includes the increase of carbon stocks and Sustainable Forest Management. Currently the debate is in negotiations around the methodologies to Measure, Report and Verify emission reductions avoided. Brazil is rushing to build its national REDD. Since 2009 there has been a REDD bill in National Congress to create a financial title on the property of air or CO₂e avoided.

Combined with the current proposal of the Brazilian Forest Code, which grants amnesty for deforestation fines and penalties handed out before June 2008, this measure complements the strategy of the industrial and farming sector to legalize the exploration of illegally acquired lands through property and environmental regularization, paving the way for accessing public policies and legalizing the land market and natural resources of the Amazônia Legal region.

Construction of the carbon market and private ownership of air in Brazil

The PNMC was approved in 2009 to comply with the voluntary reduction targets that Brazil had adopted: between 36.1 and 38.9 percent of projected emissions by 2020. To do so, the PNMC has chosen five strategic sectoral plans for reduction:

- action plans for prevention and control of deforestation and burning of the Amazon and the Cerrado (Brazilian scrubland) – these were responsible for, respectively, 80 percent and 40 percent of cleared land;

- the Ten-year Plan for Energy Expansion – responsible for 6.1 to 7.7 percent of the emission cuts, focusing on wind farms, small hydroelectric plants, and bio-electricity as well as offering biofuels, and the gradual growth of energy efficiency;

- the Sectoral Plan for Mitigation and Adaptation to Climate Change for a Consolidation Economy Low Carbon Agriculture, which provides incentives up to \$540,000 per farmer if he chooses to perform activities that are regarded as “less” polluting, such as no-till farming;⁷

- the Plan for Reduction of Steel Emissions, which encourages the use of charcoal derived from planted rainforests and improvements in the carbonization process;

- the Emission Reduction Policy also provides for expansion into other areas, such as the transformation industries of chemical, paper and cellulose, civil constructing, mining, transport, labor, technology, and health.

These sectoral reduction plans are authorized to issue and sell carbon credits in the new Brazilian Market of Emission Reduction, which will be operating in commodities and futures exchange markets, stock exchanges, and over-the-counter entities with permission from the Securities and Exchange Commission⁸ by trading off-equity securities of avoided greenhouse gas emissions. The Certificate of Emission Reductions by Deforestation and Forest Degradation, a type of security that represents the equivalent of 1 ton of avoided CO₂, is soon to be regulated by a bill (PL nº 195/2011) in National Congress, creating the private

7 No-till farming, also called direct planting, is a different way of soil management that aims to reduce the impact of farming and agricultural machinery (tractors, plows, etc.). It allows a farmer to plant the crop and control weeds without turning the soil. This results in fewer greenhouse gas emissions, which makes it the principal technology of “low carbon farming.” However, no-till farming on a large industrial scale follows a technological model that depends heavily on fossil fuels when using pesticides to kill the plant and cover the soil with straw. Thus, it is questionable to identify this procedure as a “green” technology that should be stimulated through payments for ecosystem services as a part of “low-carbon farming.”

8 The Securities and Exchange Commission is a public body that has to develop, regulate, and inspect the Securities and Exchange Market.

ownership of air and the possibility to handle the new merchandise of the so-called low-carbon economy.

In practice, the National Policy on Climate Change creates a demand for national emission reductions and gives the market permission to emit carbon credits for productive sectors that are considered “cleaner.” The installation of mega-energy projects in the Amazon, such as the hydroelectric Belo Monte plant or the Tapajós Complex, not only affects the indigenous territories and traditional Amazon peoples and causes immeasurable damages to the local biodiversity, it can also trade its bonus for not emitting carbon into “environmental assets” and earn money on the financial market. Steel manufacturers that substitute coal for charcoal from monoculture tree plantations can also emit carbon credits and capitalize on them on the Green Stock Exchange. In the same way, agribusinesses and soy monoculture, for example, can obtain advantages such as tax benefits or low interest-rate financing for no-till farming with a low use of pesticides, which gives the farming industry the permission to keep advancing their agricultural frontiers while still emitting avoided CO₂e.

In short, with the permission to reforest and substitute native species with the monoculture of exotic species (eucalyptus, palm oil, etc.), the logging industry, the paper and cellulose industry, and the biofuel sector win. The agribusiness profits from deforestation (amnestied by the newly proposed Forest Code) and from the carbon market on farming (Low Carbon Agriculture Plan). The energy consortia and civil construction also profit with around 300 contracts for small and large dams in the Amazon, which will be certified by the Clean Development Mechanism as “clean” energy. With the national and international carbon market and the fictitiously created capital from the green economy myth, even the brown industry and the biggest loggers and polluters win!

The plans to reduce emissions in the Amazon and Cerrado biome, respectively 80 percent and 40 percent of the national emissions, do not hurt the sectors that are most responsible for the emissions and degradation, but they do hurt the traditional peoples and the way they manage the land. In the Bolsa Verde program,⁹ launched by the federal government in October 2011, the beneficiaries¹⁰ are obliged to undertake environmental conservation actions in a sustainable way. This means that the responsibility for reaching the emission reduction goals is put on those populations that always have been responsible for conservation and sustainable use. If the families do not fulfill the requirements, they will not only lose the allowance, but they can also receive a fine for using traditional farming methods, like fallow family farming for their own livelihoods,

9 Bolsa Verde is a financial compensation program for public “environmental services” in the form of a donation of \$160 every three months during a period of two years – this period can be extended – to families that live in Protected Areas in the Amazon.

10 Beneficiaries of the program are families that live under conditions of extreme poverty, earning a per capita monthly income of up to \$37. The participating states are Acre, Amapá, Amazon, Mato Grosso, Pará, Rondônia, Roraima, Tocantins, and part of the state of Maranhão.

which can cause small outbreaks of fire, but at negligible levels that may even contribute to biodiversity.

Instead of inducing good practices and the conservation of rainforests, PNMC is criminalizing certain ways of farming by these populations, which historically have proven useful and have kept the forest intact. On the other hand, they are benefiting the polluting and degrading productive chains, even giving them permission to emit “environmental assets” as well as offering them fiscal and tariff policy incentives.

Construction of the biodiversity market and private ownership of native rainforests in Brazil

To comply with the Aichi Targets (issued at COP 10 of the CBD in Japan) to reduce degradation and deforestation of biodiversity, as stated in the CBD Strategic Plan 2020, the Brazilian government is rushing to approve the National Biodiversity Policy, which is based on the economic valuation of natural components and on the public-private partnerships that manage the Protected Areas and public forest concessions. The proposal is based on market or corporate incentives for the conservation and sustainable use of biodiversity through the policy of PES. This could lead to something that has been going on in the political scope of climatic changes already; the regulation of a national market for biodiversity.

Introducing tropical rainforests into the financial market has already started. National Congress is debating bill nr. 792/07, which aims to establish a National Market for the Payment of Ecosystem Services that would allow for the marketing of a variety of biodiversity components through private or public contracts between groups supplying “environmental services” and polluting companies that purchase permits so they can continue doing harm (“environmental compensations/offsets”). In the meantime, similar to the securities on avoided carbon emissions (the Certificate of Emission Reductions by Deforestation and Forest Degradation), the current proposal to liberalize the Forest Code permits the issuance of an Environmental Reserve Quota in the form of securities. Each security represents one hectare (2.47 acres) of native rainforest that can be purchased or sold in order to compensate for areas that do not have the legally required Legal Reserve¹¹, which can be negotiated at stock exchanges on the financial markets. In fact, the groups that have assembled the more liberal Forest Code and the regulation of PES will try to manipulate the demand for biodiversity and ecosystems, that is, regulate the purchase of the right to pollute and degrade.

Private agents deal with securities on the stock exchange. They acquire these environmental assets through the purchase of contracts for buying and

11 The 1965 Brazilian Forest Code requires a minimum coverage of native vegetation on any private property in the country. This is an administrative intervention in private property rights on behalf of public and social interest to ensure compliance with the productivity indexes and the environmental and labor laws. The minimal required Reserva Legal is 20 percent of the property in the south of Brazil, 35 percent in the Cerrado biome, and 80 percent of the total area of Amazônia Legal.

selling “environmental services,” in alliance with suppliers of these services (farmers, traditional communities, etc.) in exchange for issuing the security in their names. The land and natural resources that are the objects of the PES contract become ballast – or rather, the Certificate of Emission Reductions by Deforestation and Forest Degradation – and should be at the disposal of the user-purchaser.

It is necessary to point out that to guarantee monitoring and to control the contracted service, Article 6 of the bill on PES assures the user-payer of the service full access to the object concerned in the contract and guarantees maintenance and recovery actions carried out by the provider. The PES contract is linked to a registration of the property by means of “environmental easement,” meaning that the provider of the service waives his rights to suppression or exploitation of the vegetation for at least 15 years.

For example, the contract between the Munduruku Indians with the Irish company Celestial Green guarantees the company free access to all of the 2.3 million hectares (5.6 million acres) of Munduruku territory and the right to “any certificates and benefits that are acquired from the biodiversity of this area during the period of the contract,” which is 30 years. Furthermore, the Munduruku have lost their rights to the free use, fruition, and disposition of the lands that they traditionally occupy, without prior authorization of the company that has bought the environmental services. In this case, the contracting company has bought the property right to exclusive use of the territory – a position that is forbidden by the federal Constitution of the country, which guarantees the right to exclusive use of the territory to the indigenous peoples that live on them.

To have access to the national biodiversity, any country or company must go to the competent national authority (in Brazil’s case it is the Council of Genetic Resource Management) to apply for the right to access the biological resources of the country, via open and informed consent. This is a requirement of the CBD and the recently signed Access and Benefit Sharing Protocol. When this type of access involves the territories of traditional communities and peoples, such consent must be directed to the communities with mediation by the Council. According to information from the National Indian Foundation – the government body for indigenous issues – there already exist nine contracts, similar to the one that the Munduruku signed, between indigenous peoples and transnational polluting-purchasing companies, which is blatantly illegal and in contempt of the Brazilian legal system.

Even though it is frightening that this deal with the Munduruku was concluded, it is even more frightening that proposals from the Brazilian government to regulate the national market of payments for ecosystem services put its national sovereignty over its land and natural resources at risk. This is a setback of 20 years in national negotiations, within the CBD (in search of national sovereignty over biological resources), and within the UN Climate Convention (over the non-inclusion of rainforests in the carbon market).

Restructuring the role of the state under the green guise of speculative capital

In this market, the state at the same time creates demand and produces the required scale to consolidate the green market by committing to the cap and trade mechanism, which was designed internationally in the context of the carbon market. The state creates laws that impose national limits on emissions while at the same time authorizing the purchase of carbon credits, that is, purchasing the right to pollute (offsets), which is regulated by PNMC. Furthermore, it creates minimum limits for the forest coverage per land property owner, while at the same time permitting clearing of the Legal Reserve and purchasing and selling native rainforest on the stock exchange within the newly proposed Forest Code. Therefore, this makes the Brazilian state the creator of a market that favors the private and business sectors. It manages the demand and produces the scale while organizing the market of payments for environmental services, regulating purchases and sales, and the price of the service. In this sense, the state is both organizer and motivator of conservation and sustainable use, as well as a business partner of the private sector and financial capital.

In the first case, the state opts for the structure of “command and control” (monitoring the implementation of the laws), but complements its role as motivator of actions of public and social interest through exemptions and tax incentives, or even with payments that use public funds from water taxes or special funds from oil royalties.

In this situation, the environmental services do not generate securities or assets that can be traded on the stock exchange. However, the costs of deforestation and pollution – generated through the collection of royalties or a water consent order – are passed on to consumers and taxpayers. One should keep in mind that the money already comes from taxes on water or gasoline and other products derived from oil, and not from the groups that are in fact responsible for pollution and deforestation, namely the industry that profits from the ownership of common goods such as water and other natural resources.

This policy, in reality, is gambling on the “success” of the brown industry (more oil means more money for “payments” for ecosystem services). Alternatively, one could put a tax on mineral and coal mining or oil extraction to discourage these activities in favor of other more sustainable activities. Thereby, instead of taxing externalities, when the environmental damage is already done, the activity itself is taxed in order to discourage it. Another alternative could be to redirect the money from environmental infraction fines to a fund that stimulates sustainable actions, in addition to imposing taxes on pesticides – whose producers enjoy shocking tax exemptions in Brazil – thereby benefiting the production of healthy food and stimulating agricultural ecology and organic systems.

As a business partner of the financial market, the state stocks up on environmental services acquired from farmers, gatherers, and traditional communities and peoples through public contracts and direct payments like those through the Bolsa Verde program. Consequently, it issues and negotiates

carbon or rainforest securities with polluting companies that need to compensate their emissions and degradations and purchase the right to pollute. In 2010, the state of Acre created a system of incentives for environmental services in which it negotiates credit securities resulting from state or third-party environmental services. This format of payments for environmental services linked to the financial market means that states can make money for keeping the rain forest, while at the same time offering “environmental services.” This gives them the position as the principal owner as well as dealer on the financial market. The subnational agreement between California (United States), Acre (Brazil), and Chiapas (Mexico) forces the rainforests and territories of Acre and Chiapas carry the burden of massive compensations from polluting industries in California on the basis of this state law, which is not supported by any federal law.

All this suggests a rearrangement of the role of the state and what public policy should be. The state authorizes and links access to the social rights of peoples and communities in contracts that render environmental services to the private and corporate sector for a fixed period. If there is no payment, will there be no policies that guarantee access to the right to land, work, housing, or food?

This mechanism reduces the state’s and the people’s capacities to intervene on behalf of their rainforests and their lands. In addition, they now are burdened with the task of carrying out these massive environmental compensations in favor of upholding the unsustainable development models of developed countries.

Incorporating the costs for biodiversity into the national accounts is bringing about a structural change in public policy. Such economically liberal policies may modify the concept of state sovereignty and the sovereignty of communities and peoples over their natural resources and territories.

Conclusion

The assumption that the economic valuation of biodiversity and the regulation of property rights on common goods are the only roads to sustainable use and preservation of nature has been shown to be impracticable, not only because of the proper nature of these common goods – since they do not express a monetary value like other merchandise – but also because of the proven historical failure of applying these economic approaches to environmental issues and human development. On the contrary, they are exactly the options that have caused the structural crises that human kind is experiencing.

In general, the proposal of transitioning to a “green economy” presents itself as a legitimate form of the right of developed countries to purchase the renewal of their historical debts that will not be paid; to transfer responsibilities to the communities in the global South; and to turn them into the guarantees or ballast of this new natural market.

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THE INTERNATIONAL DIMENSION

Lula “Superstar”

Why the Brazilian Development Model is a Huge Success Abroad

Copenhagen, 3 September 2009 — The thermometer shows a temperature of 14 degrees Celsius, a mild evening for northern Europeans, but freezing cold for Brazilians, who resort to wearing gloves in an attempt to ward off the chill. The cool night air, however, does not permeate the walls of the congress building, which is filled with Brazilian festivities and – at the center of these – a protagonist who, to the eyes of the somewhat reserved and cool Europeans, demonstrates his unrestrained joy to the outside world.

Only minutes before, the 121st International Olympic Committee session (IOC) had chosen Rio de Janeiro over Chicago, Tokyo, and Madrid as the host city for the 2016 Olympic Summer Games, and the ensuing reaction – according to media reports – broke all the rules of intended protocol. When the president of the Olympic Committee, Jacques Rogge, announced Rio de Janeiro as the winner, President Luiz Inácio Lula da Silva of Brazil exploded with joy. “Lula is jumping up and down like a football fan, embracing everyone around him, crying like a child. He immediately tries to go over to the Spanish delegation, but is blocked like in American football. He charges through the blockade and, led by Lula, the Brazilian rejoicing in Copenhagen transforms into Carnival in Bahia.” This is how Brazilian reporters described Lula’s elation on the day he was later to call “the happiest day of his life.” Lula did not seem to tire of jumping up and down.

The news portal *Terra* described the scene as follows. “Lula and Pelé celebrate to Olympic Games victory with the Brazilian flag on their backs. Crying together, they rally another crowd of people. Lula pauses for a moment, and insists on embracing Juan Antonio Saramanch, 89 years of age, ex-president of the IOC and the man behind Madrid’s bid, who remains sitting on his chair in the midst of the madness surrounding him. Lula kisses him on the forehead. [...] Turns half way round. Lula once again rallies the crowd, [...] And breaks into song: *Cidade maravilhosa cheia de encantos mil*.”¹

At the press conference that followed, Lula could hardly contain his joy and cried for minutes on end with the cameras not leaving his face for a second.

1 “*Cidade maravilhosa cheia de encantos mil*” (Marvelous city full of a thousand charms), carnaval song from 1935, written by André Filho, which has now become Rio de Janeiro’s city anthem.

The German daily the *Süddeutsche Zeitung* headlined with "When Men Cry" and captured each of the Brazilian politicians present on film precisely at their moments of deepest emotion.²

News portal *Terra* described an IOC president who could not believe what he was seeing. And this was at a point when he "still hadn't seen anything" yet. According to *Terra*, Lula's press conference with the IOC broke all the rules and customs outlined in the protocol. Lula cried, laughed, made jokes, even poked fun at the losers – and yet nobody seemed to mind. This is a privilege that Lula enjoys. And when he announced that "after 2016, we will be putting in a bid for the Winter Games," there was no one present who was not on his side.

"I talk to everyone, I'm everyone's friend"

Three months later – back in Copenhagen, and a lot colder. It is December 2009 and Lula is attending the Copenhagen Climate Conference. In an interview with *The Economist*, he said that US President Barack Obama had asked to be allowed to sit next to him and not the other way around. "He said: 'I want to sit beside my friend Lula.'"³ In Copenhagen, according to Lula, it was all about "rescuing the world," and it was there that he proved to be a great deal more serious during negotiations on binding CO₂ emissions reductions than anyone else. Even before the climate summit opened in Copenhagen, Brazil had assumed a vanguard position among the emerging economies, unilaterally imposing binding targets on itself to reduce emissions by between 36.1 and 38.9 percent and cut back deforestation in the Amazon Basin by 80 percent by the year 2020 – without doubt a truly ambitious goal. Lula already established CO₂ reductions as a binding target in the country's legislation at the beginning of 2010.

"We need to talk seriously," Lula said in an interview with *The Economist*. "Well, we tried. I held meetings until 4 a.m., something I hadn't done since my union days. At one point I called China, India, and South Africa and said: Let's take a decision here. There's not going to be an agreement. And then Obama agreed to talk to us."⁴ His great conviction is that the words spoken and actions taken in the political sphere are vital to coming up with solutions to the problems at hand.

"Somebody has to talk," he explained to *The Economist* about his understanding of politics. "I talk to everyone. I'm everyone's friend. I'll talk to everyone. I'll be friends with everyone. I don't make distinctions based on my personal relationships. I act as a head of state. As head of state I maintain cordial relations with the whole world. I don't treat anyone in a second-rate way. In politics, you can't put your feet up and think: 'I'm not going to talk to anybody. My adviser's going to talk to them.' That's not how to do politics. There was a time when Stalin, Churchill, and Roosevelt sat at a table, ordered fine Cognac, a good

2 *Süddeutsche Zeitung*, September 2, 2009.

3 *The Economist*, September 30, 2010.

4 *Ibid.*

whisky, and made decisions and solved the world's problems. Today there are more people, more lead artists, and a bigger supporting cast, so there must be more politics, more talking."

"Talking" – not political speeches, but "talking to one another," and negotiating with one another to reach agreement – is Lula's most deeply-held belief. For Lula, talking and politics are synonymous. If he was to give one basic piece of advice, Lula told *The Economist*, it would be "don't outsource politics!" Reliable eyewitness reports have stated that in his days as a trade union leader in São Paulo's steel industry, Lula always kept a bottle of Cachaça 51, a popular sugarcane brandy, in the cupboard behind his desk. It was opened at the beginning of the interview, emptying gradually as the interview closed to an end. "Conviviality in lively discussion" is the best way to describe Lula's style of talking and doing politics.

It is exactly this convivial aspect that Lula conveyed to those he encountered in his role as a statesman, and one could even go as far as to say that he infected them with his conviviality. Several observers have described independently of one another what they experienced at the World Social Forum in Porto Alegre. Lula held a speech there in front of thousands in 2003 and, despite the immense size of the crowd before him, managed to make those listening feel as if they were taking part in a private, sociable chat with the president of Brazil. Lula's ability to lend a speech the character of a sociable chat, combined with his unmistakable talent as a showman – the *Süddeutsche Zeitung* recently tagged him "Lula the Entertainer"⁵ – in the absence of any suspicion that he might be doing it for effect, is what makes him so endearing

"The most popular president in the world" uses cordialidade, but also his elbows

At the G-20 Summit in April 2009 in London, President Obama was anything but frugal with his praise of President Lula. He walked up to him, shook his hand heartily in front of the cameras and said: "Here's my man, right here. I love this guy. He's the most popular politician on earth."⁶ The *New York Times* awarded Lula the "status as one of the developing world's most forceful advocates," when referring to his popularity, albeit not without certain insinuations. "He has been called the Teflon president, the most popular president in the world, a leader who has survived scandal after scandal only to see his approval ratings rise to new heights."⁷

Only a week before that, at the end of March 2009, as the seismic waves of the financial earthquake had been reverberating around the globe for months and one bailout package for the banks after the other followed each new wave of crisis, Lula caused eyebrows to raise abroad when, in Brasília and in the presence of British Prime Minister Gordon Brown, he said that the economic crisis had been

5 *Süddeutsche Zeitung*, March 5, 2012.

6 *New York Times*, April 2, 2009.

7 *Ibid.*

"caused by the irrational behavior of white people with blue eyes," by people who "before the crisis looked as if they knew everything, but who have now shown that they know nothing." The latter of these two comments might be true, but concerning the first, critics said, Lula could have been more careful about his choice of words. The *New York Times* foresaw accusations of racism against Lula, but the outcry remained within bounds. Abroad, he seemed to be excused for this faux pas without much further ado.

Lula continued to surf on a seemingly never-ending wave of success. The *Süddeutsche Zeitung* headlined with "Lula Superstar,"⁸ which became a buzzword in the European press that was used on several occasions in other media (among others, in *Der Spiegel* as well as by public and private television broadcasters). In 2010, the story continued.

While the economic and financial crisis continued to rage worldwide in 2010, the partly state-owned oil company Petrobras in Brazil carried out the largest capital increase of all time, amounting to an equivalent of €58 billion. Following this recapitalization, a less than humble Lula revealed the following in an interview with *The Economist*: "See how fate has smiled on me. I, an inveterate socialist when I was a union leader, will be the president who took part in the biggest capitalization issue that the world has ever known. It wasn't Bill Gates, it wasn't Soros, it wasn't any big businessman, it was a metalworker. When people say that I am lucky, I say: Yes, I really am. I think that God has had a hand in it..." This reference to God's hand in the matter may come across as somewhat disconcerting to the outside observer, especially if from a secular background, but for Brazilians, especially those from the barren Sertão of Brazil's northeast, where Lula was born and raised, pronouncements of this kind are quite natural.

In 2010, the year in which Lula seemed to achieve success in everything he touched and his popularity worldwide appeared to know no bounds, he nevertheless suffered serious setbacks. In May of that year, when he joined forces with Turkey in an attempt to persuade Iran to carry out its uranium enrichment in Turkey, he came across as very self-assured and aware of his success, ultimately proving to be a little too self-confident. He went to Moscow on a state visit, during which he estimated his chances of concluding the Iran deal successfully as "9.9 out of 10."⁹ However, the deal fell through. Washington accused Lula of being naïve, something he countered later in an interview with *The Economist* by accusing the then Vienna Group (United States, France, Great Britain, Russia, China, and Germany) of breaking its promise.

The *New York Times*, however, had already cottoned on to Lula the year before when they wrote: "Brazil's President Elbows U.S. on the Diplomatic Stage."¹⁰ Observers from the United States began to accuse Lula of a certain hubris. Washington was increasingly of the opinion that Lula's diplomatic undertakings were "a product of

8 *Süddeutsche Zeitung*, December 3, 2009.

9 *New York Times*, May 14, 2010.

10 *New York Times*, September 23, 2009.

the tremendous confidence that Lula has in himself, that he believes he is a wizard who can perform miracles and accomplish what others have tried and failed to do,” as asserted in the *New York Times* by Michael Shifter, president of the Inter-American Dialogue Center in Washington. But that was not all: “Mr. da Silva sees the Iran talks as a way to stand against American dominance and advance Brazil’s emergence as a major player on the international stage.”¹¹ One thing was clear, as far as the *New York Times* was concerned: “The enormously popular Mr. da Silva has challenged the United States on everything from trade and climate change to last year’s coup in Honduras to Washington’s longstanding embargo against Cuba.”¹²

A certain anti-Americanism and, more generally, anti-imperialistic sympathies are neither seldom in Brazil, nor difficult to understand when considering the country’s history. Therefore, it is perhaps easier to understand Lula’s barely concealed delight at the crisis hitting the countries of the northern hemisphere. The mistrust, first and foremost in Washington, of Lula’s popularity as president of Brazil and “leader of the BRICs” in the international arena was already clearly tangible at the beginning of 2009. Johanna Mendelson-Forman from the Americas Program of the Center for Strategic and International Studies was quoted in the *New York Times* as saying, “Brazil’s desire to be considered one of the major economic powers is part of this frustration that Lula has.”

The distrust in Lula as a person who emerged in response to the new self-confident attitude taken by Brazil as a country had, however, to do with a certain frustration with one’s own country. As such, Mendelson-Forman went on, saying of Lula: “It’s as if he is saying, ‘Here I have made it as an economic power, and the world crashes.’”¹³ Brazil’s president would no doubt endorse the first half of the sentence, or even emphasize it with some degree of pride. He said as much, but in his own words, in an interview with *The Economist*: “We have started to like ourselves, we no longer have an inferiority complex.”

Despite this friction in 2010, Lula’s fame seemed to have reached its peak, not least when *Time* magazine named Luiz Inácio Lula da Silva the “most influential leader in the world” in the same year. Rumors made the rounds in 2010, intimating that Lula was aiming for nothing less than the position of General Secretary of the UN. However, the man himself declined to comment on these speculations. At this point we have to ask: Where does this strong image as a “superstar” abroad come from, and within what context did it come to be?

When the “bearded ex-metalworker” took over the helm of the “Titanic”

Lula did not always enjoy such undivided popularity. In November 1989, six days after the fall of the Berlin Wall, he was the surprise candidate of the Left who, confounding all election forecasts, gained 16.08 percent of the votes, and ended

11 *New York Times*, May 14, 2010.

12 Ibid.

13 *New York Times*, April 2, 2009.

up in the second ballot against Fernando Collor de Mello (28.52 percent of the votes). At that time, Europe's media described him, among other things, as an "enfant terrible,"¹⁴ the "workers' leader from the radical Left,"¹⁵ a "candidate of the almost Marxist Left"¹⁶ or the "bearded ex-metalworker."¹⁷ What is more, they complained that his speeches were full of "instruments of torture from the archives of the European Left."¹⁸ Others described his Workers' Party (PT) as "gauche radicale" – "radical Leftists,"¹⁹ whose "socialist beacons of hope"²⁰ had come together in a party that was a "strongly ideological party."²¹

In the general election of 1989, the Brazilian media painted the same picture of Lula, but went even further. Roberto Marinho, the media mogul of Brazil's largest media group, *Globo Organization*, declared war against Lula and the PT, having no qualms whatsoever in exercising all kinds of manipulations in the process. Lula subsequently lost the election in the second ballot against his rival Collor. In 1994 and 1998, Lula once again stood as a presidential candidate, but lost both times to Fernando Henrique Cardoso.

Following this, Lula underwent a visible transformation. He became more moderate, replaced his pullover with a suit, and proved he could act like a man of state. In 2002, he replaced the "*sem medo de ser feliz*" ("without fear of being happy") of 1989 with "*a esperança venceu o medo*" ("hope has overcome fear") – and the hour of Lula and the Workers' Party had come.

In the year of the election, 2002, Brazil was in a bad way. The Argentinean crash had made the headlines only a few months before and the shockwaves of Argentina's downfall threatened to drag Brazil with it into the abyss. Brazil's currency, the real (R\$), lost around 40 percent of its value against the dollar within only a few months. The rate of inflation was 25.3 percent and, in view of the rapidly increasing popularity ratings for the "bearded ex-metalworker," the country experienced an exodus of capital in the three months before the October elections to the tune of \$6 billion. Lula's political advisor, Luiz Dulci, denounced this process at the time as an "act of financial terrorism."

Forty-five million Brazilians were living in extreme poverty. At the same time, the country was struggling to get the IMF to grant it new credit lines, despite the fact that Brazil already had a foreign debt of €210 billion. The IMF made it quite clear to Brazil in August 2002 that each further credit tranche would only be granted under the condition that the presidential candidates issue binding promises to carry out market reforms and agree to the loan conditions imposed by the IMF. Taking into consideration the situation facing Brazil in 2002, hardly

14 *Handelsblatt*, November 2, 1989.

15 *Süddeutsche Zeitung*, November 19, 1989.

16 *Handelsblatt*, September 26, 1989.

17 *Süddeutsche Zeitung*, December 12, 1989.

18 *Ibid.*

19 *Le Monde*, November 18, 1989.

20 *FAZ*, June 19, 1989.

21 *El País*, November 18, 1988.

anyone was surprised when the *Financial Times* concluded on the eve of the elections: “All the hallmarks of an impending default are visible: a soaring public sector debt burden; high short-term interest rates; low growth; a rapidly depreciating currency; and an international loss of confidence. At current market rates, even an optimist would admit Brazil is insolvent.”

Likewise, investment legend George Soros did not give Lula a chance of success. Soros predicted that speculative attacks would take place against the real if Lula won the election and prophesied that a future Lula government would see itself forced to accept a moratorium on debts. These prospects, he said, meant that Lula could not win the election. “In the Roman empire, only the Romans voted. In modern global capitalism, only the Americans vote. Not the Brazilians,” Soros commented. This provoked an immediate outrage in Brazil, and Lula not only won the first, but also the second ballot on October 27, 2002. With almost 53 million votes, he gained around 20 million votes more than his opponent from the right-wing social democratic PSDB, José Serra.

Following the election, *The Guardian* newspaper expressed its skepticism concerning Lula’s prospects. Lula “faces the dilemma of tending to popular discontent while restoring the confidence of investors at the same time. [...] There is nothing Lula could do to guarantee market confidence. No matter how much he softens his speech or dresses in suits, the analysts will always see him as the leader of the biggest left-wing party in Latin America.”²²

When he took office in 2003, Lula was certainly aware of the critical situation in which Brazil found itself – on the verge of ruin. He compared the country’s situation with the Titanic. “We’ve cleared the iceberg from the Titanic and welded the holes where she was taking water,” he reflected in December 2003. He knew he would have to make fewer mistakes during his period in office than his predecessors had. “I can’t make mistakes,” he declared at the World Social Forum in the south Brazilian Porto Alegre in January 2003. “I can’t make mistakes, because I was not voted into office by the support of a television broadcaster, did not have the support of the financial sector, and was not backed by the interests of large economic groups.” Before the 2002 election, Lula said in his “letter to the Brazilian people” that Brazil would have to change, that the country would have to deliver successes and achievements. He demanded nothing more and nothing less than a *novo contrato social* (a new social contract) for the country.

The “Lula system”: Bringing together contradictory elements

Eight years later, Lula left the seat of government in Planalto, Brasília, with an approval rating among the population of more than 80 percent, according to surveys carried out by polling institutes. That was an absolute first in Brazil. In the election for Lula’s successor, the candidates hardly dared to propagate a political alternative to the “Lula” model and nearly all of them sold themselves

²² *The Guardian*, November 4, 2002.

as candidates who intended to continue the policies that Lula had started. Lula's popularity was so great that his public vote – according to both Brazilian and foreign interpretations – for his favorite candidate, Dilma Rousseff, paved her way to the Presidential Palace and, since January 2011, she has been the first woman to occupy the president's office in Brazil. Recent surveys show that the popularity ratings for her first year in government (59%) even exceed those for Lula's initial year in Planalto (42%). What was it, then, that made Lula's government so successful during its eight years in office?

Upon entering office in 2003, Lula and his Workers' Party forged a political alliance with a number of different parties, which formed a *base governista* (basis for governing). Committed communists were just as much at home in ministerial positions as the textiles magnate José Alencar was in his position as Lula's vice president. Forming election and government alliances with the Conservative parties and alliances with political leaders from the other end of the political spectrum in order to serve the cause at hand was not unfamiliar ground to Lula. The PT agreed to go along with this, because they had sufficient political foresight concerning how politics work in Brazil. And while forming broad political alliances is not necessarily specific to Brazil, nevertheless, things are still done a little differently there than elsewhere. Lula managed to mediate and negotiate between the clashing interests and positions, involving everyone and getting them to talk to one another. At the same time, he just bided his time in the face of more controversial matters, sitting things out until the storm had passed.

Only when we take all of this into consideration can we understand the ostensibly controversial aspects of his period in government. With his Zero Hunger program (Fome Zero), he aimed to do away with hunger in Brazil within four years, but was forced to admit after only one year that this goal was unrealistic. The successful and highly praised family-funding program Bolsa Família provided almost 13 million poor families with a modest monthly welfare income of around R\$95 on average (equivalent to €42 or \$27), although he was unable to make good on his promise of creating a *novo contrato social* (new social contract) for the country. He supported family-run agricultural smallholdings by providing state microcredits through *Pronaf* or by buying up local products to be used in school meals as part of the *Conab* program. However, even more support was given to the agricultural business sector, which was cultivating huge monocultures – so-called cash crops. The Ministry for Agricultural Development, which had always been left-wing, supported smallholders, while the conservative Ministry of Agriculture supported large-scale farmers. Lula wanted to give ordinary people more rights, citizenship, and participation, but he placed the immense number of large projects like dams, pipelines, redirecting rivers, mining projects, steelworks and refineries at the top of the state funding agenda. In the process, it was precisely those he wanted to protect – local communities and the ordinary people with their often tenuous living situations – who were negatively affected and at the mercy of the push toward modernization coming from Brasília.

Stopping deforestation in the Amazon Basin was a matter Lula took very seriously, but so was increasing meat exports. He made efforts to reduce crime and violence via programs coordinated with and supported by the respective federal states, and while cities like Rio were praised abroad for their “pacification policies,” the inhabitants of the *favelas* often complained of a lack of results. Drug-related crime was to be combated, and yet the police force was organized in many places following the example of the Mafia-like structures of the so-called militia and they harassed the population in much the same way. Lula tried to involve the trade unions, but he did not want to get on the wrong side of entrepreneurs. He was consistent in increasing the minimum wage, and maintained these increases once they were in place. When he took up office in January 2003, the minimum wage was \$56 and had reached a level of \$307 by the end of 2010 – an increase of more than 150 percent. However, the Brazilian stock exchange, Bovespa, grew in the same period by more than 500 percent. The GNP went up between 2003 and 2010 by an average of 4 percent per annum, even increasing by 7.5 percent in 2010, while productivity is still low by international comparisons. Agrarian reform – one of the main election promises – progressed more slowly than it did under the previous government, which had been much criticized for its performance in this area. Lula wanted to promote human rights and open up new opportunities for civil society without having to pay too high a price. He intended to promote an open discussion on the military dictatorship (1964–1985), and yet he did not curtail the military in exercising their almost traditional rights and privileges.

Brazil started paying off its IMF loans as well as foreign debts and the concomitant interest on these, and Lula proudly announced to the world in 2008 that the country did not have any more net debts with – and had even managed to become a net creditor to – the IMF. The country’s currency reserves were almost \$40 billion in 2002, a figure that had risen to almost \$290 billion at the end of 2010. However, in the meantime, the previous foreign debt had transformed into a massively increasing domestic debt that had reached R\$1.6 trillion (at that time equivalent to €720 billion) at the end of 2010. During Lula’s term in office, more than 10 million new jobs were created and the unemployment rate sank from 10.5 percent at the end of 2002 to 6.7 percent at the end of 2010. Nevertheless, when it comes to the fair distribution of wealth in the world, Brazil is still way down the list, something that has remained unchanged. According to official statistics, during the eight years of the Lula government, almost 25 million Brazilians managed to climb to the so-called lower middle class, while estimates maintain that the same 10,000–15,000 families in Brazil still receive the lion’s share of the \$120 billion paid annually for debt servicing.²³

In his analysis of Lula’s period in government, British historian Perry Anderson emphasized that Lula “had the imagination, born of social identification, to see that the Brazilian state could afford to be more generous to the least well-off in ways that have made a substantial difference to their lives. But these concessions

23 Estimates cited from Perry Anderson, *Lula’s Brazil*, *London Review of Books*, v. 33, no. 7, March 2011.

have come at no cost to the rich or comfortably-off, who, in any absolute reckoning, have done even better – far better – during these years. Does that really matter, it can be asked: Isn't this just the definition of the most desirable of all economic outcomes, a Pareto optimum?"²⁴ Lula himself saw it like this, as he explained to *The Economist*: "Look, I, who was a union leader for a long time, think that we are living in the most important moment of harmony between capital and labor."

Distributing wealth, and yet still managing to do so without taking anything from the rich and prosperous. Taking into consideration the global demand situation, which is very much to Brazil's advantage, the Pareto optimum really did seem possible. This, together with Lula's political credo of talking with one another, of involvement, mediation, negotiation and, when necessary, biding your time, are what made up his philosophy. And it worked. The *mensalão* corruption scandal in 2005 shook the government to its very foundations. Heads rolled in the political arena, and the opposition saw a chance for a second impeachment trial like the one Fernando Collor de Mello was subjected to in 1992. Lula remained protected from the tumult around him, staying in office while the corruption scandal involving dollar notes hidden in underwear and luggage passed almost without any effect on his person. Estimates maintain that members of the PT leadership paid R\$27 million (an equivalent of almost €12 million) in illegal *mensalão* funds to buy votes from the congressional deputies belonging to other parties in order to force legislation through Congress in cases where they did not have a parliamentary majority. But then, can any long-term observer of Brazilian politics really claim to understand the system (not in the sense of condoning it, but in the sense of grasping what goes on there)? It was not only the fact that the Workers' Party, which had always claimed to be honest, had purchased votes in this way that shocked many of their traditional voters, but also the sheer size of the amounts involved. Perry Anderson referred to this as a "worker's premium": "With a smaller core of deputies and fewer spontaneous friends in the legislature, to obtain makeshift majorities in Congress, the PT was driven to bribe on a bigger scale. Perhaps one could speak of a kind of workers' premium, in corruption as in disinflation: a need to over-satisfy the IMF with an excessive primary surplus to keep the economy on keel, to over-extract and distribute black money to win office and exercise power."

The *mensalão* illegal funds scandal was a shock for many of Lula's previous companions, for many voters and, above all, for those from the middle classes who considered themselves to be on the Left, many of whom had always seen the Workers' Party as the moral alternative to politics as usual. The situation had interesting consequences in the 2006 election for Lula's second period in office: "Alienated by the *mensalão*, much of the middle-class electorate that had rallied to Lula in 2002 deserted him," Anderson explained. However, the poorer sections of the population were obviously not that disquieted by the *mensalão* scandal:

²⁴ Ibid.

“[T]he poor and the elderly voted for him in greater numbers than ever before,” Anderson wrote. For the poor of Brazil, far more important was apparently what Lula’s campaign against poverty meant in terms of their everyday lives, that is, a real increase in income.

While the *mensalão* scandal caused severe shockwaves to reverberate through the government, the PT, and its supporters, Lula concentrated on keeping his back covered despite the endless number of attempts to oust him from office and focused his attention on other matters. He steered an orthodox course in economic and financial policies in the way of austerity budgets, debt service payments, and by pursuing a policy of high interest rates. In the period following 2004, which saw a worldwide boost in the demand for raw materials, Lula’s government went for a strictly growth-oriented model of development that boiled down to rapid industrialization and mass electrification. By collecting more taxes and making savings, the government managed in particular to generate primary budget surpluses that they used in social programs such as Fome Zero and Bolsa Família to combat poverty and hunger, among other things. One milestone achieved in social affairs was the inclusion of rural workers in the state pension system, despite the fact that they had never paid any contributions into it because they had been working for decades in informal employment. In this way, the basically investor-friendly political course of a government that also had an eye toward social improvements went hand in hand with considerable increases in the statutory minimum wage as well as a massive expansion in the issue of soft state loans. While this led to a substantial increase in purchasing power among the poorer sections of the population, the lion’s share of the funds still continued, as always, to flow into the agricultural sector, to producers of commodities, and to those in possession of government bonds from the Brazilian Treasury.

Observers described this entire governmental and political model as “the Lula system.” From a macroeconomic point of view and in face of the clear demand for the country’s raw materials throughout the world, not least in China, it was a “system” that Brazil benefited from. Parallel to the improvements in the economy, which also had their downsides and losers, a fundamental change was taking place, albeit with a certain delay, in the way the former metalworker was perceived in the international media, which now presented him as a celebrated president. The image now being proffered was that of a president who, in his eight-year period of office, had achieved a great deal both domestically and internationally, and had become a man who was no longer frowned upon. When Lula delivered his speech at the 2010 World Economic Forum in Davos (which his foreign minister, Celso Amorim, read out in his stead as Lula himself had to cancel his participation in the Forum at short notice due to personal illness) in his capacity as *cidadão do mundo* (citizen of the world), nobody among the powerful and influential turned up their noses anymore; in fact the opposite was true, the elite in Davos hung on his every word. When he spoke to the economic elite of creating a “new world,” Davos burst into applause for the “superstar” they had once scathingly referred to as the “bearded ex-metalworker.”

After he entered office in 2003, the “Lula system” was initially watched like a hawk by those abroad, but was soon to gain the acceptance of key influential media. “Virtually from the start *The Economist* and *Financial Times* purred with admiration for the market-friendly policies and constructive outlook of Lula’s presidency, regularly contrasted with the demagogy and irresponsibility of Chávez’ regime in Venezuela: no praise was too high for the statesman who put Brazil on a steady path to capitalist stability and prosperity,” is how Perry Anderson put it in his analysis of “Lula’s Brazil.”²⁵

No upside without a downside: Reading between the lines

Lula’s charm, one could even say his charisma, his “new leadership policy,”²⁶ together with Brazil’s impressive economic ascent (now making it the sixth-largest economic power), came together to make up the image of both Lula and Brazil, bringing the *New York Times* to conclude that “He has this aura, he has this power, he influences a lot.”²⁷ Of course, it goes without saying that the form this *imago* takes is never identical with the real essence, but on the contrary, is something created by the observer. And this is something, admittedly, that also applies to this text.

However, it is worth paying attention to what is said between the lines, something that has always been there, if not explicitly, in the unanimous anthem of praise for Lula abroad. What I am referring to are comments made by Lula that hint at another image of the former president. One example was when he talked about the crisis triggered by people with “blue eyes.” Another was his premature indignation about and against Switzerland when, in 2009 – following an alleged attack by members of the extreme right against a Brazilian woman in Zurich – he accused Switzerland of being a racist country and his ministers wanted to take the case to the UN until, some days later, it became clear that the victim had inflicted the cuts on herself. Then there was the uncontrolled excessiveness he demonstrated in 2008 when Brazil declared its intention to resume building work on the country’s third nuclear reactor, Angra 3, and he guaranteed with absolute conviction “that what happened in Chernobyl would never happen in Brazil. Never.” There were the sweeping generalizations he came out with every now and again when he ranted against environmentalists from Europe, saying he found it insulting to see “fingers being pointed at the clean energy generated from biofuels – fingers dirty with oil and coal.” There were his verbal outbursts about Brazilian environmentalists, who he accused of not having a sufficient understanding of what was really important to Brazil.

There were Lula’s broken promises to the bishop of the diocese of Barra, Dom Luiz Cappio, in the country’s northeast. Lula told the bishop he would be

²⁵ Ibid.

²⁶ *New York Times*, November 4, 2010.

²⁷ *New York Times*, September 4, 2010.

involved in a dialog concerning the rerouting of the Rio São Francisco in 2005 and also promised this would be done in an environmentally friendly manner. However, the government broke off negotiations shortly afterwards, completing the project despite local protests. There were Lula's sometimes derogatory comments about the indigenous population that protested against what he claimed to be progress in the form of dams, leading him to accuse them of setting up obstacles to development. All of the above reveal a different picture that is too often perceived as being only marginal in importance abroad, but which, if looked at more closely, is just as vital if we are to understand Lula and his ideas about the Brazilian development paradigm.

Despite Lula's claim that he had an open ear for all Brazilians and that he aimed to help everyone to assert their rights, it was nevertheless those people who were, and are still, affected by the large-scale projects and the massive drive to capitalize the resources in entire areas of the country, indeed in the country as a whole, who he did not listen to enough. These include, for example, the Guarani-Kaiowá from Mato Grosso do Sul, who have fought against sugarcane farmers and cattle barons, and who ran the risk during land conflicts of being shot by hired *pistoleiros*, and who, in the eyes of the world, are perceived as losers within the ostensibly successful model. The list of those who have not benefited also include local inhabitants affected by mining work, their drinking water polluted and their lungs ruined by the dust from open-cast mining activities. There are the Kayapó people from Rio Xingu, who are losing their land in the Belo Monte dam project and who, when they defended themselves, were put down by Lula as "barriers to development." There are the forest people who still live as hunter-gatherers in harmony with the rain forest and who were first of all robbed of their livelihoods by the tropical timber mafia, then by the cattle barons, and finally by the soya monocultures. There are the riverbank dwellers who have lived on the Rio Madeira for generations, practicing alluvial cultivation in economies that were adapted in sustainable balance to the *Várzea* and who catch fish in their small boats. Their harvest is now no longer determined by the seasons, but by the dam operators and the water levels they may want at any given time. There are the local small-scale fishermen, whose nets yield less from day to day thanks to the pollutants drained into the rivers from mining activities or industrial plants. There are the women in the semi-arid northeast, who are forbidden from collecting water from the nearby canal upon threat of punishment, because the water now belongs to the large farmer with his adjacent lands who needs it for his cash crop fields. There are the homeless in the metropolises of millions, whose rents have exploded as a result of the economic boom. There are the millions of Brazilians without land who were promised land by the Constitution as part of the agrarian reforms and yet who are kept from the land in Brazil's mid-west by the fences of the cash crop farmers, who cultivate soya, which is delivered to Europe's factory farms as protein-rich animal feed so that the steak on Europe's dinner plates can remain at the same low price.

Yet, many of those listed here – although they are among the losers in Lula's model – still voted for him and his successor, Rousseff. They had no alternative, considering the other candidates on offer. Anyhow, nearly all of the candidates

who stood for election in the post-Lula era at the end of 2010 competed with one another to prove which of them was the better "Lula".

In view of the macroeconomically impressive figures, improvements in infrastructure, and the manifest reduction in poverty in the country, the "Lula" model is seen by observers from abroad as promising, even astonishing. Brazil was always referred to as the "land of the future" (Stefan Zweig), as long as its future always remained where this implied, that is, not in the here and now of the present, but in the always unattainable future of tomorrow. Now, so it seems, foreign politicians and media have been trying to outdo one another in their praise of the Brazilian development model over the past two years, praise of a country that is "about to leap to the very top." Nevertheless, it is worth taking a second glance.

Looking at the situation purely from an industrialization point of view, which includes an industrialized agricultural sector, and bearing in mind the rapid pace of Brazil's industrialization, which is trying to generate and maintain value added in the country, the development model propagated by Lula seems to make sense. It is a model that entails exploiting the raw materials coveted abroad such as ores, soya, sugarcane, eucalyptus, and others, while at the same time expanding industry and creating value added in the country itself by manufacturing products at home. This is almost a classic understanding of development that, as in the case of Lula's politics, goes hand in hand with various social programs, must rightly be seen as a social democratic understanding of modernity and development.

However, at the same time, this growth-oriented model of development brings consequences with it that are far too often seen by the government, at most, as collateral effects, but which nevertheless have a great impact on the way of life of those affected locally. This is something that the riverside population and indigenous peoples displaced by the construction of the dams at Xingu or on the Rio Madeira know too well, as do the fishermen and residents near the TKCSA steelworks in Rio de Janeiro, which ThyssenKrupp operates with its junior partner, Vale. In this latter case, the idea of producing value added in the country in the form of cast steel girders fits into Lula's ideal world. When one of the ministers close to Lula was asked about Lula's idea of development a few years ago, he answered: "Steelworks, steelworks, steelworks." Lula's own political career as a trade union leader, and in particular in one of the industrial trade unions, cannot be underestimated here. As such, the Belo Monte dam in the Amazon Basin and the TKCSA steelworks in Rio are symbolic of the panorama of development ideals held by the former metalworker. *Rapid industrialisation plus electrification* – for which local inhabitants pay the price.

It is precisely these problems that have not been – and still are not – paid sufficient attention abroad, because what is being said by those outside observers about the *imago* of Luiz Inácio Lula da Silva has been louder than what is being said between the lines. In Brazil itself, however, it has been said of Lula, he is "twice as big as the party," double the size of his Workers' Party. Lula's *imago* abroad has almost been identified one-to-one with Brazil itself, and it is an image that Lula has no qualms about basking in. So it is true – this image of an affable Lula, "everyone's

friend,” courteous and sincere, with charisma and aura, with his conviviality that is sometimes odd but also infectious for the somewhat cooler Europeans; Lula, who places so much value on talking to one another, his way of communicating that conveys the conviviality and trust that was there before he entered institutionalized politics, and that lends his actions within the institutional world of the political arena the aura of authenticity he conveys. However, as true as this image might be, it is also important not to forget that, if more attention had been paid abroad to what was being said between the lines when constructing the *imago* of Luiz Inácio Lula da Silva that dominates abroad, the picture we have of “Lula Superstar” would be a lot more subtle. But that is not the case.

Extractivism and Nuclear Ambitions

The Brazilian Development Model and the Germans

In the new language regime of the German Foreign Ministry, Brazil is one of the “policy shapers” in the world that the federal government wants to meet “on an equal footing.” At least this is what Foreign Minister Guido Westerwelle said on his second state visit to Brazil in February 2012. Shortly before, Brazil had advanced to become the sixth largest economy in the world, as measured by its GDP.

Westerwelle, who sees himself on his travels to Latin America first and foremost as a “door opener” for German companies, is hoping to create and maintain good business relations with Brazil, which he has called the “powerhouse of Latin America.” His concern is to create an investor-friendly climate for German companies and to reduce customs barriers. In particular, he wants to gain as much access as possible to Brazil’s resources. This can clearly be seen in the various concepts proposed by the German government and the EU.

In the 20th century, German companies played an important role in the modernization of some sectors in Brazil. In 1926, the Dornier flying boat *Atlântico* mastered the route Buenos Aires-Montevideo-Porto Alegre-Rio de Janeiro. The maiden flight was organized by the Condor Syndicate, a subsidiary of Deutsche Aero-Lloyd/Lufthansa, which soon after held a 19 percent share in Varig, the first Brazilian airline. Until the late 1930s, Varig’s fleet consisted of various German planes.

Hosting around 800 of the 1,200 German-Brazilian companies, São Paulo is the largest outpost of the German economy in the world. VW do Brasil has been operating since 1953 and currently runs five factories. Thus, Brazil is the third largest VW site after Germany and China. In 2011, the German multinational corporation achieved a record result in Brazil with more than 800,000 vehicles produced there, thus maintaining its top position on the domestic market. This is a matter of great symbolic significance. The consequences of the car boom can be seen every day in the big cities of Brazil. Ironically, this new status symbol prevents mobility and undermines the quality of life of millions, while the expansion of public transport and traffic system cannot keep up with developments.

Under the leadership of the pragmatic left-wing politicians Luiz Inácio Lula da Silva (2003–2010) and Dilma Rousseff (2011–), Brazil has had above-average growth rates, which can be attributed to the surge in demand in recent years for raw materials such as soy and iron ore. It is the Brazilian version of a social

democratic policy that combines the desire for growth with the concern for social equality. On the one hand, the ruling Workers' Party has overtaken the European Socialists on the left with concrete measures for the social inclusion of millions of Brazilians. On the other hand, national and international capital can thrive based on the direction Brazil is heading. As far as economic policy is concerned, Lula and Rousseff have focused on continuity, despite distancing themselves from neoliberal programs. Like their South American counterparts, they are proponents of a "plundering extractivism (...) with a large geographical reach, strong social and environmental impacts and questionable benefits for national development," as Uruguayan ecologist Eduardo Gudynas points out. Under the strong presence of multinational corporations, enclave economies would be created "where the social and environmental costs are externalized." As a consequence, environmental policy is moving backwards in Brazil.

Even if a great deal has been written in the last few years about the "new" global player Brazil under Lula and Rousseff, those ruling in Brazil have had ambitions to become a great power for a long time. To achieve this goal, mastering nuclear technology was and still is indispensable. In Germany, they have always found someone willing to listen – not least because this also served the interests of the German nuclear lobby.

Even from a financial point of view, the construction of the two more-or-less well-functioning nuclear reactors in Angra dos Reis was a disaster. Nevertheless, Brazil is continuing with construction of Angra 3, and the German government is determined to stick with the export guarantee it granted for this project.

The participation of German companies in other controversial large-scale projects is also supported by official policy, albeit discreetly. Even if German politicians and managers act at the express request of the Brazilian authorities, who are ultimately responsible for the realization of these projects, this does not absolve the Germans of their co-responsibility for the negative impact that their actions have on humans and the environment.

ThyssenKrupp's mega steel plant in Rio

Brazil's most fascinating statesman of the 20th century was undoubtedly President Getúlio Vargas (1930–1945, 1951–1954). The autocratic nationalist was primarily responsible for the introduction of a social security system and labor laws as well as industrialization with substantial state involvement. His preferred partner for the construction of a large steel plant in Volta Redonda in the hinterlands of Rio de Janeiro was initially the German company Krupp, but for strategic reasons, the state-owned Companhia Nacional Siderúrgica Nacional, which was founded in 1941, built the plant with the help of the United States and it was opened in 1946.

The Germans got their chance only 60 years later. Since 2006, the largest steel plant complex in Latin America has been under construction at Sepetiba Bay in the west of Rio de Janeiro under the aegis of the ThyssenKrupp Group – on exactly the same location that was rejected in World War II for security reasons.

At that time, Vargas wanted to exclude the risk of attacks by the German navy of the Third Reich. The Brazilian mining giant Vale holds a share of 27 percent in the ThyssenKrupp Companhia Siderúrgica do Atlântico (TKCSA).

This is a classic extractivist enclave project in Santa Cruz, one of the poorest neighborhoods in Rio. Vale delivers the iron ore from the mines of Minas Gerais, while the coal for the coking plant stems from Colombia and the entire production is exported to ThyssenKrupp plants, with about 60 percent going to a new steel mill in the US state of Alabama and 40 percent to Germany. There, the crude steel slabs weighing up to 35 tons are processed further to make sheets and other materials, for example, for the car industry. At the beginning of 2012, annual production had already reached just over half of the targeted 10 million tons of steel.

For years, the local media had celebrated the project as a showpiece of Lula's "growth acceleration program." In a ThyssenKrupp brochure from 2009, the Environmental Protection Director, Gunnar Still, praised the fact that the quick approval of the plant had transpired in less than two years: "In Germany we would have required much more time." The company returned the favor to INEA, the environmental authority responsible for licensing matters in the state of Rio, by making a very generous donation toward the renovation of their headquarters.

Although the Federal Environmental Agency IBAMA has not granted an operating license so far, production has been running since 2010, when President Lula inaugurated the plant and praised it as a symbol of the "responsible and reputable" growth model in Brazil. But the devastating effects of this large-scale project on human health and the environment had already clearly manifested themselves. When in 2007 highly toxic heavy metal sediments from an old zinc factory were stirred up during the dredging works for the plant's own harbor, thousands of fishing families lost their livelihoods, and those who held out only manage to catch a quarter of the previous amount at best.

Luis Carlos Oliveira, the leader of the protesting fishermen, had to leave Santa Cruz in 2009 after receiving death threats. He had to move to another federal state under the protection of the Brazilian Ministry of Human Rights. He was the victim of militia members who control Santa Cruz¹; however, no direct link to the company's management has been proved so far. The Ministry of Human Rights speaks of militia members who were "supposedly" employed with the TKCSA security service. Oliveira still cannot return to his home town, and suspicious individuals are still seen asking for him in his former neighborhood.

Jadir Baptista, board member of the CUT trade union federation in the federal state of Rio de Janeiro, reported that he had once been frightened away from the company grounds by security guards "with a gun to his head." After the start of production in 2010, the plight of the fishermen was no longer the main issue,

1 The militia in Rio de Janeiro are extremely dangerous criminal groups, mostly consisting of active or retired policemen providing "security" in exchange for "fees" and running illegal business, predominantly in poor communities.

because the residents had begun to organize themselves against the considerable pollution from the steel plant. There were soon reports of allergies, respiratory problems, irritations of the throat, and other conditions that were obviously related to the dust emissions from the plant.

In August and in December 2010, there was a virtual “rainfall of silver dust.” Rio’s Ministry of the Environment imposed fines of millions, and even threatened to close the plant. The tide had also turned in the media. Prosecutors lodged complaints, and judgment is still pending. CO₂ emissions in Rio increased by 50 percent. Nevertheless, TKCSA is funded by the United Nations as a “Climate Protection Project” under the Clean Development Mechanism, since certain energy-efficient technologies are used in some processes.

In Santa Cruz, grey dust penetrated through the cracks in the stone houses for months and settled on beds, kitchens, and living rooms. A ThyssenKrupp spokesman said that toxic gases that could endanger the health of the population did not originate from steel mill operations, and added that only completely harmless graphite dust emissions occur when a blast furnace is blown-in.

Local residents have had a somewhat different experience. Skin rashes, conjunctivitis, itchiness, and lung diseases have also increased in the immediate vicinity of the factory. Household employee Ivonete Martins was plagued by an allergy weeks after steel production got under way. Both her legs were swollen and doctors were unable to help her, resulting in her losing her job.

“I was in a real state, night after night screaming in pain. I even considered suicide,” she said. “I looked like a dog with leprosy.” Finally, a doctor confirmed to the 56-year-old woman what she was already sure about: The allergy had been triggered by dust from the steel plant. “I have never heard anything from Thyssen. We, the poor, are not human beings for them,” said Martins. She eventually recovered, but her back and legs are scarred forever.

In initial investigations, the prestigious Fiocruz Foundation pointed out the risks for the population. The researchers found 24 chemical substances in the “graphite dust,” including toxic heavy metals. Three of the researchers were sued by ThyssenKrupp for “non-material damages” because they had issued warnings about cancer, miscarriages, and nervous diseases. The multinational corporation ultimately withdrew the complaint.

Hundreds of families gave evidence about damage to health in the presence of the ombudswomen of Santa Cruz while the prosecution filed another charge for environmental crimes. The struggle to get the regional parliament to draw up an investigation report was continuing as of March 2012. The Green parliamentary representative Alexandre José Adriano requested the rescinding of the extensive tax benefits that TKCSA has been receiving for years.

“Thyssen still has the better cards,” said economist Karina Kato from the Institute of Alternative Policies in the Southern Cone of Latin America. This is because the project is politically desired – not only by the government in Brasília, but also by Governor Sérgio Cabral and Mayor Eduardo Paes. Although politicians occasionally criticize the multinational corporation when pandering to the

voters, nevertheless, the pressure that is exerted on officials in the environmental and regulatory bodies is greater.

Financially, the project has been a disaster for the Germans so far. Construction costs rose by €1.7 billion to €5.2 billion. Countless posts were driven into the marshy ground to stabilize the buildings – occupying a total area of about 1,200 kilometers instead of the planned 850 – and there was lot of trouble with third-party companies. The controversial construction of the coking plant by the Chinese Citic conglomerate, which was the subject of heated debate among Brazilian trade unionists, had overrun the original budget by about €70 million due to a botched-up steel frame. Finally, the Thyssen subsidiary Uhde completed the coking plant, with additional costs amounting to €100 million.

ThyssenKrupp completed the financial year 2010/2011 with a net loss of €1.78 billion, mainly because of losses suffered in Brazil. For this reason, the manager Ekkehard Schulz resigned from his position on the supervisory board at the end of 2011. Soon afterwards, rumors emerged that Vale might take over the entire project from ThyssenKrupp. However, this would not change the development model for Sepetiba Bay, where a number of other large-scale projects are in the planning phase at the expense of the fishing industry and tourism. But critical opinions among the public, especially in Germany, would cease.

In recent years, members of Critical Shareholders have expressed their grievances publicly at the annual meetings of ThyssenKrupp in Germany. In 2010, the threatened fisherman Luis Carlos Oliveira even attended the meeting. However, little has changed. The fishermen's claims for compensation were coldly rejected by those responsible, because, under applicable law, the European-based parent company is not liable for the offenses of its subsidiary in Brazil. For this reason, the NGO network European Coalition for Corporate Justice calls for corresponding changes to be made in German and European legislation.

German-Brazilian nuclear cooperation

In July 2011, Dilma Rousseff gave the starting signal for the construction of one nuclear-powered and four conventional submarines in Sepetiba Bay, at the Itaguaí Naval Shipyard to be exact. It was a project that had been agreed upon between Lula and Nicolas Sarkozy in 2009 and a comprehensive technology transfer is being planned with German help. The exception is for the nuclear engine, which Brazilian nuclear engineers have been working on diligently over the past decades at the Navy's Aramar Research Center near São Paulo. Completion of the French-Brazilian nuclear submarine is scheduled for 2023. However, following the Fukushima nuclear disaster, debates are focusing on the civilian use of nuclear energy. Despite initial cautious reactions by the government to the catastrophe in Japan, there has been no change of direction. The construction continues of the nuclear power station Angra 3, which is located between Rio de Janeiro and São Paulo and approved by Lula in 2007 and initiated in 2010. In Germany, there have been struggles concerning an export guarantee to finance the project –

German taxpayers are expected to guarantee an amount of €1.3 billion if Brazil has difficulties paying for the controversial nuclear reactor.

For the time being, the contentious project is the last chapter in the German-Brazilian treaty on the cooperation for peaceful uses of nuclear energy agreed upon in June 1975. The treaty originally called for the construction in Brazil of eight German nuclear power plants, one enrichment plant, and one reprocessing plant.

Nevertheless, the actual results have been far below expectations. Angra 2 – with an estimated cost of \$10 billion, making it the most expensive nuclear reactor in the world – started operation in 2000, some 23 years after construction started. Completion of Angra 3 is scheduled for 2016. (Angra 1, which has been in regular operation since 1985, was built by the US Westinghouse group.)

Despite immense macroeconomic costs and considerable risks for the population, Lula and Rousseff continue to give their support for the construction of nuclear power plants. It seems, however, that their committed re-launch of the civilian nuclear power program was mainly due to geostrategic considerations, which has been characteristic of Brazilian nuclear power policy from the very beginning. Germany, in particular, benefitted in those times when Brazil's political distance to Washington was at its height.

It has always been the armed forces encouraging the Brazilian nuclear program, because their long-term intention has always been to build a nuclear bomb. (It was no accident that the German-Brazilian nuclear treaty was signed in 1975 during the military dictatorship.)

During World War II, Brazil delivered monazite-rich sand, from which uranium can be extracted, to the United States. Soon afterwards, the nationalist and Rear Admiral in the Brazilian Navy, Álvaro Alberto da Mota e Silva, demanded a transfer of technology in return. This was meant to support Brazil's launch of its own independent nuclear program, however the demand was not successful.

Even back then, German nuclear engineers and nuclear corporations seemed to be an attractive alternative to the more restrictive partners in the United States. In 1956, on the initiative of Álvaro Alberto, the first three ultracentrifuges were delivered to Brazil from Germany. However, this transpired only after a delay of three years following an intervention by the US authorities, and after the Federal Republic of Germany had gained full sovereignty. Yet, the centrifuges were not suited to enrich uranium and were therefore mockingly called “chocolate machines.”

In June 1968 in Brazil, Foreign Secretary Willy Brandt maintained that Germany was prepared to supply nuclear technology to the country. In 1969, this was followed by the signing of a treaty on scientific cooperation. Brazilian nuclear scientists were trained in Germany, and suspicions were aroused in third countries that Germans were in the process of preparing their own nuclear research program in Brazil.

After being signed in June 1975, the German-Brazilian nuclear treaty was much applauded as an epoch-making business deal in both countries. The Siemens subsidiary KWU calculated 12 billion deutschmarks and German banks profited

from the financing. But such dreams were shattered within a few years, at least on the Brazilian side.

Brazilian state finances were overstretched by the explosion of costs in the global nuclear sector in the second half of the 1970s. In addition, construction problems had to be managed at Itaorna (“rotten stone”) Beach, similar to those that occurred decades later at the TKCSA steel plant.

The expected transfer of technology also did not come to fruition because under US pressure, the Dutch refused to deliver fuel and technology from the German-British-Dutch URENCO research center to Brazil. As an alternative, KWU offered its jet nozzle centrifuge technology, which, however, was still in the development phase. Following that, in 1979 the armed forces started a parallel military program in which Germans were once again involved (see below) and that was kept secret for years.

As the political scientist Andreas Boeckh put it, the treaty was to a large degree “a big failure,” and it can be seen as “a prime example of how technology transfers should not be done.” Brazilian nuclear physicists such as Luiz Pinguelli Rosa, whose concerns were not listened to during the military dictatorship, saw things in a similar light. For Greenpeace expert Ruy de Goes, it was “the worst business deal in the history of Brazil.” The explosion of costs in Angra dos Reis continued during the debt crisis of the 1980s. In addition, the state-run operating companies Furnas and Eletronuclear managed the project badly. Pinguelli Rosa and his colleague Ildo Sauer from São Paulo University identified severe institutional entanglements within the nuclear sector, which constituted considerable stumbling blocks toward democratic control by “civil society.”

It is generally assumed that bribes have been paid by the nuclear lobby. Billions in investment costs and the high degree of secrecy no doubt encouraged corruption, and furthermore, such payments could be declared as tax write-offs in Germany. The nuclear program has cost Brazilian taxpayers an estimated \$20 billion to date.

Because of the several breakdowns it experienced, Angra 1 soon came to be known as a “glow worm.” At times, Siemens had to give Westinghouse a helping hand by supplying fuel. For a 21-month period in 1993–1994, for example, Angra 1 was out of operation because the fuel rods, which had been produced together with Siemens in Resende, did not work. After that, Westinghouse fuel was used again, but uranium oxide (U-235) was also delivered from a Siemens factory in Ohio.

Angra 2 connected to the grid in 2000, and construction work on Angra 3 started in 2010. At the beginning of 2012, there were 3,000 laborers from the Andrade Gutierrez construction multinational working in a bay 15 kilometers south of Angra dos Reis with its 170,000 inhabitants. The construction site lies directly on the coastal road between Rio de Janeiro and São Paulo and is repeatedly affected by massive landslides during the rainy season. During her visit to Germany in March 2012, Dilma Rousseff said that the reactor would have to be completed because Brazil had already invested a great deal in it. As for the rest, she said Brazilians did not believe in the “demonization of nuclear energy.”

Despite the nuclear phase-out approved in Germany in 2011, the Conservative-Liberal government intends to grant a Hermes export guarantee worth €1.3 billion for Angra 3. The fact that Siemens withdrew from the German-French company Areva NP in April 2011 – the company that took over the construction work that involved nuclear technology – has not changed much. Jobs almost certainly also play a role. At the beginning of 2012, about 6,000 people were working at the German Areva sites.

Nuclear critics in Germany organized a large campaign against the granting of the guarantee and presented two expert opinions, which confirmed that Angra 3 had severe safety deficiencies. “Everything that led to the catastrophe in Fukushima can also be found at Angra 3: wrong information, an unsuitable site, and outdated technology,” remarked Barbara Happe from the Urgewald NGO.

Angra 3 would not even meet the standards of the almost identical German nuclear power station at Grafenrheinfeld, which is supposed to close down in 2015, explained nuclear engineer Francisco Corrêa. With a cupola thickness of only 60 centimeters, it was half as thick as that of the German plant, and thus hardly safe in case of an aircraft crash or hydrogen explosions. Recent safety requirements like those established following the Fukushima reactor catastrophe have been ignored in Brazil.

According to Corrêa, safety in the Brazilian nuclear sector is marked by severe deficiencies. For instance, there is no nuclear supervision independent of the government. Many of the 44 requirements demanded by the Environment Ministry when it granted the building license in 2009 have still not been implemented. Angra 2 has been running for 12 years without a final operating license. This situation is reminiscent of other large-scale projects, such as the TKCSA steel plant.

What is more, when Dilma Rousseff was Lula’s energy minister, before later becoming presidential minister, she was against the completion of Angra 3, using arguments similar to the ones she now uses in her skeptical approach toward wind and solar power. Compared to hydropower, she says, all other energy sources are far too expensive.

Already during his first term in office, Lula wanted to keep the nuclear option open for geopolitical reasons. This became clear during the controversy in 2004 when inspectors from the International Atomic Energy Agency (IAEA) demanded that it be given access to the uranium enrichment plant in Resende, which was finally opened in 2006. Pointing at their “independently” developed nuclear technology, Brazil has reserved the right to withdraw part of the plants from IAEA control, and has refused to sign the respective additional protocol to the Treaty on the Non-Proliferation of Nuclear Weapons (NPT).

According to Brazilian press reports, the German nuclear engineer Karl-Heinz Schaab supposedly cooperated in the development of these centrifuges. It is said that he had worked at the Navy’s Aramar Research Center near São Paulo in the early 1990s. Later on, Schaab was sentenced to several years of imprisonment in Germany because he had delivered construction plans and

construction components for gas ultracentrifuges to Iraq. Iraq had purchased Brazilian uranium dioxide already in 1980–1981, which marked the inauguration of intensive arms cooperation, and German nuclear companies started doing business with Iraq via their Brazilian partners. For example, H&H Metallform initially delivered centrifuges to Brazil and later on to Iraq.

In November 2004, Brazilian foreign ministry diplomats prevented the impending termination of the German-Brazilian nuclear treaty from 1975 – something that nuclear critics and Green politicians had strived for on both sides of the Atlantic. Even the then Social-Democrat economic minister, Wolfgang Clement, opposed the termination, which would also have meant an end of the Hermes guarantee for Angra 3.

In Itaguaí, Dilma Rousseff spoke about the necessity of protecting Brazilian resources, above all the extensive pré-sal oil reserves off the Brazilian Atlantic coast. Samuel Pinheiro Guimarães, number two in the foreign ministry under Lula and subsequently minister for strategic matters, summarized the left-wing, nationalist way of thinking better than anyone, saying it was a mistake that Lula's predecessor, Fernando Henrique Cardoso, signed the NPT in 1998.

In addition, he expressed his vehement opposition to Brazil signing the additional protocol to the NPT, because this would have meant that inspectors from the IAEA might have visited the Resende plant or the navy research facilities in the federal state of São Paulo.

Since, however, the left-wing of the workers' party has to a large extent been co-opted and depoliticization is growing – in contrast to the last decades of the 20th century – nuclear-related subjects only play a subordinate role in Brazilian public debate today.

Nevertheless, according to one survey, the majority of Brazilians are against the construction of further nuclear plants. The Brazilian National Conference of Catholic Bishops and the Green Party in Brazilian parliament, which sent a protest letter to foreign minister Westerwelle on the occasion of his visit to Brazil in February, spoke out against the German guarantee for Angra 3. As this letter stated, the funds being invested in Angra 3 were lacking in the program “to develop sustainable alternatives in energy supply.”

Export-oriented extractivism in the Amazon region

The systematic exploration of the Amazon region was initiated by the Brazilian military regime. Authoritarianism and nepotism, rather than participation, dominated during the construction of the huge Belo Monte hydroelectric power plant on the Amazon tributary, Xingu, under Lula and Rousseff. Bishop Erwin Kräutler of Altamira says this process reminds him of the dictatorship. The construction of the third-largest hydroelectric power plant in the world began in 2011.

According to Rousseff, the mega-project is necessary for the “development” of Brazil and specifically the Amazon Basin. However, a large proportion of subsidized electricity will benefit the private steel and aluminum plants, thus continuing to

highlight the role of the Amazon region as a raw materials supplier to Europe, North America, and Asia. It is this international dimension, often excluded in the public debate, that is a crucial factor to understanding the mega-project.

In recent decades, the countries of the North have increasingly outsourced energy-intensive industries like aluminum, steel, or cellulose production to the global South. Brazil is also a “hostage” of this process, as production is decided on an international level, but the socio-ecological costs remain with the country, said energy expert Célio Bermann, who is calling for co-responsibility of the North.

Although Germany and other industrialized countries repeatedly express their concerns about the “green lung” of the Amazon region, a few activists from the environmental movement, North-South groups, and the grassroots church scene are the only ones pointing out this co-responsibility. Together with sympathizers from the Brazilian cities, they support the local resistance movement.

The European governments, however, mainly see the business interests. Of course, as one ambassador of an EU state said, they have nothing against Belo Monte because “our companies earn money from it.” He is right. Mercedes trucks are already clearing off the ground at the construction site on the Amazon tributary, Xingu, while the woodlands clearance is carried out using chainsaws from Stihl, and the turbines, generators, and transformers will be delivered by a consortium made up of the European companies Alstom (France), Andritz (Austria), and Voith Hydro (Germany), a joint venture between Siemens and Voith. In 2011, Voith Hydro announced a contract worth €443 million.

Mercedes-Benz received a major order for 540 off-road trucks from the Norte Energia construction consortium in 2011, with an estimated minimum value to the equivalent of €86 million. This also means that Germany is acting contrary to the relatively circumspect development policy and forest conservation initiatives that have been under way for many years in the Amazon region.

Of course, not only international capital will earn a great deal of money from Belo Monte. Brazilian companies will also profit, like the multinational construction company Andrade Gutierrez in Angra or the mining giant and partner of ThyssenKrupp, Vale, which has become the second-largest raw materials conglomerate in the world since its partial privatization in the 1990s.

As with the steel plant in Rio or the nuclear program, one thing is clear: German companies exploit business opportunities in Brazil, and Berlin supports them. The framework conditions and the development model are, however, determined by the Brazilian government – and there are few signs that this (state) capitalist, anti-environmental extractivism will change in the foreseeable future.

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“Development First” in the G-20 and the BRICS?

Reflections on Brazil’s Foreign Politics and Civil Society

Ever since the Workers’ Party (PT) came to power in 2002, analysts have been puzzled by Brazil’s economic and foreign policies. Even the harshest critics of former president Luiz Inácio Lula da Silva praised his foreign policy strategy, which seemed to truly reflect the ideals of the Workers’ Party in defending national sovereignty, solidarity between developing countries, and Latin American integrity. On the other hand, Lula’s economic policy choices upset many of his supporters, who saw them as not being faithful to the PT’s beliefs (Bourne 2008). Lula’s background (he was from a poor family in the northeast, a militant, and a steelworker unionist) led to high expectations for improvements in the lives of the poorest. At the same time, international investors panicked when the leftist leader was first elected.

This essay explores the entanglement between economic policy and foreign policy and the tradeoffs between developmental choices. It looks at foreign and economic policies and Brazil’s engagement in various economic groups: G-20; BRICS (Brazil, Russia, India, China, South Africa); BASIC (Brazil, South Africa, India, China); and IBSA (India, Brazil, South Africa). The essay proposes two main arguments. Firstly, although the PT’s foreign politics received wide appraisal among scholars and analysts, Lula’s strategy consistently supported his controversial economic development policy. Whenever environmental and social costs clashed, the PT administration pursued a clear approach to “development first.” The conservative interpretation of “development first” created controversy among the party’s supporters.

Secondly, Brazil’s global politics have changed as it has evolved from an indebted developing country at the receiving end of the Bretton Woods Institutions into a proactive emerging power. These changes did not happen overnight. They occurred within the constraints of the existing political and economic structures, but they have alienated most of Brazil’s civil society.

Lula’s grand strategy

Lula’s foreign policy was different from the approaches taken by his predecessors. Fernando Henrique Cardoso’s diplomacy focused on the

United States and Europe. Lula turned some diplomatic attention away from traditional allies in the North and diversified the external relations. The key elements of this "grand strategy" were economic diplomacy, regional and South-South cooperation, and multilateralism.¹ All elements targeted a multipolar international system. The strategy promoted the original values of the PT during its time in opposition. However, economic policy remained the core of Lula's foreign policy. Because agricultural exports are the main component of Brazil's export economy, the Lula administration focused on successfully negotiating trade barriers in the international system that had worked against Brazilian agricultural exports. A large part of the current South-South cooperation evolved from these trade disputes and the development of necessary alliances.

Biofuel diplomacy

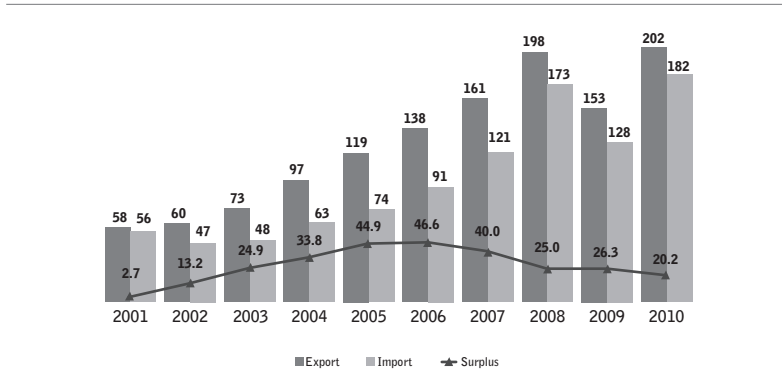
As part of the grand strategy, the Lula administration targeted diversification among trade partners. The idea was to increase trade within the region and with other developing countries. In 2011 the agricultural sector achieved a new export record with sales of \$94.6 billion.² The main products are soy, biofuels, coffee, and meat.

Biofuels became one of the key tools that Lula used in his economic diplomacy strategy, and it was based on the idea of comparative advantage. Economic diplomacy merely limped along in the early years of the administration. In 2005, Lula took diplomacy into his own hands and promoted Brazilian ethanol and biofuels for export throughout the world. This "presidential diplomacy" can be tracked through his travels, as he visited 48 countries in the period 2003–2005. Among these countries were 18 countries in Africa (Carson and Power 2006). With growing global pressure to reduce carbon emissions, Lula's so-called biofuel diplomacy fell on fertile ground. In 2010, the US Environmental Protection Agency designated Brazilian ethanol as an "advanced biofuel," because of its 61 percent lifecycle emissions savings. Exports to the United States and Europe grew between 2005 and 2008, before the sector came under pressure due to food insecurity, the global financial crisis, and climate-related production shortages.

- 1 The term "grand strategy" is a common term in the study of foreign policy and international relations to describe the "purposeful employment of all instruments of power available to a security community" according to Gray (2007). Originally, grand strategies referred to military strategies in Clausewitz's sense. But it has increasingly been used to conceptualize foreign policy strategies as a whole. Brands first used this term for his analysis of Lula's foreign policy in Brands (2011).
- 2 Information from the Ministry for Agriculture, available at: <http://www.agricultura.gov.br/comunicacao/noticias/2012/01/exportacoes-do-agronegocio-registram-melhor-ano-desde-1997>.

Figure 1: Trade balances Brazil 2001–2010

Brazilian Foreign Trade
2001/2010 - US\$ Bilions



Source: Ministry for Development, Industry and External Trade, 2011

Increasing oil prices boosted the demand for biofuels and renewable technologies. The Lula administration increased public spending for science, technology, and innovation with the intention of adding more value to Brazilian products in the country. Primary agricultural exports, however, were not to remain the core of the Brazilian economy. With the growing global demand for these fuels, Brazilian firms could export biofuel technologies, especially to developing countries. Exports in manufactured goods with medium technology content also grew. High technology exports increased only marginally.

“Biofuel diplomacy” was a key ingredient of Lula’s economic diplomacy to promote the image of an innovative export-driven Brazilian economy worldwide. South-South cooperation became an integral part of biofuel diplomacy. Central American countries were approached to produce biofuels together. African countries were mainly buyers of both fuels and technology and many technical cooperation projects in Africa focused on biofuel production. Over the last decade, the Brazilian economy has diversified its trade patterns. The United States and Europe are now numbers two and three, while China has become Brazil’s main trade partner.³

Multilateralism

Multilateralism was key to Lula’s emerging grand strategy. Multilateral approaches to cooperation became preferable to support the shift from a unipolar to a multipolar international system and to increase Brazilian international power.

3 This essay relies partially on research findings from a comparative analysis of foreign policy and international cooperation in Brazil and South Africa in my doctoral dissertation and the peer reviewed research that emerged from it. See Rennkamp (2011); Rennkamp and Naidoo (2011).

The administration gained increasing confidence in defining and following Brazil's interests in foreign policy as the country's economics began to stabilize. Another reason for increasing confidence were the successes of the Brazilian government in winning trade disputes within the WTO. The main changes occurred during the second term of the Lula administration when Celso Amorim was foreign minister. Transforming a unipolar world into a multipolar one required changing the balance of cooperation partners in the North and the South. These changing relationships happened in both bilateral and multilateral stages. Multilateralism – preferring cooperation with more than just one country – became the preferred strategy.

North-South cooperation

For decades, Brazil had maintained numerous agreements for technical cooperation. The relationships with the Northern donor countries were well established, especially with the Europeans. These relationships remain a core ingredient in the cooperation portfolio. However, they were somewhat redefined according to Brazil's national interests. Patronizing approaches to development cooperation would simply be rejected. Northern partners needed to adjust their approaches to Brazil. Officials insisted on cooperation among equals. Economic growth, along with economic diplomacy, had resulted in increasing demand for technical cooperation as well. Officials found themselves in a position where they could choose between cooperation partners.

The Ministry of External Relations' new confidence also became visible in the visa politics with the United States. When American visa requirements for Brazilian citizens became stricter, Brazil responded with introducing the same requirements for American citizens. Americans pay the highest price for visas to Brazil, as they are subject to so-called reciprocity fees. That means that Brasília adjusts the fees to what Brazilian citizens have to pay for US-American visas, currently \$140. These are just small examples of the general strategy that shows more confidence and nationalism toward Northern partners while reaching out to seeking cooperation with the South. South-South cooperation has become one of the key pillars of multilateralism in Brazilian foreign policy, with the G-20 and recent climate negotiations having created space for new opportunities for cooperation.

A lot of these changes take place within multilateral organizations and international clubs. Legitimacy in these organizations is a perennial problem. The UN and many clubs of rich industrialized countries have tried to ignore the power shifts in the international system.

The United Nations

In 2002, a new alliance was created with the intent to reform the UN Security Council and pledge permanent seats for India, Brazil, South Africa, Germany, and Japan. The representation of nations on the Security Council is the main

flaw in the legitimacy of the United Nations – six countries share the monopoly on the use of force on behalf of 191 nations. The new alliance has split in the last 10 years. Firstly, the alliance led to the new cooperation forum IBSA in 2004. Secondly, the pledge for permanent seats on the Security Council is again on the agenda of the G-4 (India, Brazil, Germany, and Japan). India and Brazil restated their interests in pursuing closer collaboration with the UN reform as well as in the G-20 process.

G-8, O5, and G-20

The G-8 faces the biggest legitimacy problem of all the clubs in the current global governance system. Formerly the G-7 plus Russia, the G-8 unites the eight largest industrial countries in the world. Therefore, the legitimacy of their decision-making was questioned by civil society and governments that were not part of the club. As economic power in China, India, and Brazil and other “emerging economies” increased, the members of the G-8 realized that they could not ignore these players anymore. Although this information became public in 2005, the “emerging economies” were only invited in 2007 to the 33rd G-8 summit in Heiligendamm, Germany. India, China, Brazil, South Africa, and Mexico joined the so-called outreach process toward the G-8+5 with skepticism. The outreach process included a series of meetings of environmental ministers (Carnegie Group) and science ministers (Gleneagles Dialogue) with rather sporadic outcomes. The G-8+5 never became a G-13. The O-5 (“Outreach Five” – China, India, Brazil, Mexico, and South Africa) were only invited to join designated parts of the summit and divisions between the two groups remained. The selection of the outreach countries was artificial. The outcomes of the process were marginal, sporadic programs with no significant additional funds.

The global economic crisis in 2008, in turn, was a tangible and pressing problem that made clear that the G-8 would not be able to solve it alone. The crisis required solutions that included the emerging economies. The crisis revived the G-20 process, wherein Brazil became an active member. The G-20 meeting of finance ministers and central bankers in 2008 in São Paulo counts as one of the most meaningful within the series of “talk shops.” President Lula spoke to the forum himself, endorsing the G-8 pledge for stronger financial regulation. He called for higher participation of the emerging economies, social inclusion, and poverty reduction. In an earlier speech, Lula provoked his Northern allies when he told Gordon Brown that “white, blue-eyed bankers” were to blame for the crisis that now affected blacks and indigenous people the most.⁴ However, he took on the leadership and carried the process further to the newly established BRICS group. According to the G-20 performance ranking within the group, Brazil is one of the

4 See The Guardian, “Blue-eyed Bankers’ to Blame for Crash, Lula tells Brown, Brasília,” March 26, 2009, available at: <http://www.guardian.co.uk/world/2009/mar/26/lula-attacks-white-bankers-crash>.

most compliant performers of the emerging economies with a compliance of 72 percent, especially regarding climate change, energy, and macroeconomics.⁵

Background of the G-20⁶

The G-20 was created in 1999 during a meeting of the G-7 finance ministers and heads of central banks "as a new mechanism for informal dialogue in the framework of the Bretton Woods institutional system, to broaden the dialogue on key economic and financial policy issues among systemically significant economies and to promote cooperation to achieve stable and sustainable world growth that benefits all." The main theme at the time was to resolve the Asian financial crisis.

The financial crisis in 2008 "upgraded" the G-20 to the level of heads of states of 19 countries and the European Union – the head of the European Commission and the president of the European Central Bank represent the EU. The members are Argentina, Australia, Brazil, Canada, China, Germany, France, Great Britain, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Turkey, and the United States. The directors of the International Monetary Fund and the World Bank and the heads of the development committee of both institutions participate in the G-20 meetings. Since the crisis, in 2009, the G-20 has become the main institution for the regulation of international economic policy.

This group is not to be confused with the G-20 of developing countries that emerged in 2003 during the 5th WTO Ministerial Meeting. The Group emerged out of the IBSA group opposing the agricultural subsidies in the European Union and the United States. In 2008, the Group expanded to 23 member countries in Latin America, Africa, Asia, and Turkey.

When the Brazilian government first joined the G-20 in 1999, its representatives raised the question of legitimacy of the G-20 over the United Nations. By 2012, the Brazilian government had become one of the G-20's favorites in pushing forward the emerging economies' agendas. Within the G-20, as well as during the climate change negotiations, the BASIC countries have become a negotiating bloc. The Brazilian government has repeatedly called for the G-20 to be the forum to solve the global economic crisis and strengthen regulations. This would

5 The G-20 research group assesses the performance of each member with the agreements of each summit. The most recent data comes from the Seoul summit in 2010: Brazil ranks 12th, together with India and China, see: <http://www.g20.utoronto.ca/compliance/2010seoul-final/index.html>.

6 Author's compilation based on G-20 documentation provided by the G-20 research group at the University of Toronto, including the G-7 (1999).

require restructuring global financial institutions and could only really happen if Brazil, India, China, and South Africa were to become stronger voices in the global financial architecture. During the 2010 summit in South Korea, the BRIC countries achieved voting power equivalent to the top 10 countries. When the Brazilian government pushes for a stronger role of the G-20, the former legitimacy concerns move in the background. Now it is up to civil society and non-G-20 countries to ask this question.

The other G-20 of developing countries was also started by Brazil, South Africa, China, and India during the 5th Ministerial Meeting of the World Trade Organization. The main reason for this alliance was to combat the agricultural subsidies and barriers in the European Union and the United States. The forum initially included 20 developing countries, with a fluctuation between 22 and 24 members. The alliance was successful in turning the WTO negotiations toward their interests, but it could not really grow beyond its engagement in the WTO. Brazil's recent engagement with the other G-20 members and high compliance shows that the PT's foreign policy changes teams according to its interest.

There is a difficult balance between promoting national economic interests as an emerging economy on one hand, and fulfilling the self-determined role as the advocate for developing countries' interests on the other. To its credit, the Brazilian government continues its strong advocacy in the G-77 and the non-aligned movement. It engages with other rich-country clubs like the OECD as an enhanced engagement member, but has no active intentions to join the club of the 30 richest economies, unlike Mexico and Chile.

This is where Brazil and the G-20 countries need to look beyond their own quests for power in the international financial institutions. If it is about a new regulatory system, it needs to be a system that is not just for the G-20 but for all who have no representation in this club – namely, the 30 percent who are the poorest and live in least-developed countries.

BRICS

The BRIC and BRICS countries have become a key negotiating bloc in the G-20. The BRIC countries were formed as an analytical unit in a Goldman Sachs report in 2001, which argued that by 2050 these “BRIC” economies could overtake the leading economies of the United States, Japan, and those in Europe. There were also analysts who conceptualized the BRICS as being the major economies in the world and as regional powers politically. The analyses became a reality and, again, Brazilian diplomacy had pushed for this. The BRIC group was formalized during a UN General Assembly meeting of its foreign ministers in 2006. The first BRIC summit was held in Russia in 2008. The agenda, however, lacked precise definition. It ranged from security issues and weapons of mass destruction – especially the nuclear dispute with Iran, with whom both Brazil and China maintain close relationships – to food security, climate change, economics and finance, and the position of the BRIC group within the G-20.

The role of South Africa remained a question mark because, in terms of economic size, the country does not quite fit into the club. On Christmas Eve of 2011, the South African government received the formal invitation from China to join the club because it is the biggest economy in Africa.

After the third summit, held in Delhi in March, the purpose of the BRICS as a group was still not clear. Supposedly, the group was to try and balance the power in the international system to favor their interests. Is it a counterweight to the G-7? And what is Russia's role in the BRICS as a member also of the G-8? In its joint declaration, legitimacy is sought from the fact that the group represents 43 percent of the world's population and that it is representing the world's main regions: the Americas, Europe, Asia, and Africa. There does not seem to be a clear strategy yet about whether the group will define itself in political or economic terms. So far, the counterbalance seems to function mostly through the alliance with the G-20 in enforcing stable financial regulation and reform of the IMF. Yet, it remains unclear how the BRICS will support development in developing countries. The development banks have signed an agreement, but it is unclear whether there is to be a joint fund or a joint BRICS development bank.⁷

BASIC

The BASIC countries – in other words, the BRICS without Russia – became a somewhat infamous coalition during climate negotiations. News reports confirmed the rumors that the prime ministers of the BASIC countries sidelined the EU in the last hours of the 15th Conference of the Parties in Copenhagen, and actively prevented the climate deal along with US President Barack Obama. Nevertheless, the conference created a coalition between the four countries, which continue to meet every three months at either political meetings or expert meetings.

The main problem that all four countries share is the trade-off between emissions reductions and development. Critics argue that the BASIC countries have not lived up to their responsibilities. Nevertheless, China, Brazil, and South Africa have stated emissions reductions targets through mitigation actions in 2009 and 2011. The Brazilian government announced reductions in projected emissions between 36.1 and 38 percent by 2020 in Copenhagen. These numbers were signed into federal law when the Brazilian Congress approved the National Climate Change Policy Law (Federal Law no. 12187) in December 2009.

The voluntary statements are an important achievement, but they depend on three crucial issues. Firstly, these commitments measure the reductions from a hypothetical baseline of how emissions would develop without intervention. This baseline is therefore highly political. Secondly, the reductions should be

7 Quarta Cúpula dos BRICS – Nova Delhi, 29 de março de 2012 – Parceria dos BRICS para a Estabilidade, Segurança e Prosperidade – Declaração de Nova Delhi – available at: <http://www.itamaraty.gov.br/sala-de-imprensa/notas-a-imprensa/quarta-cupula-dos-brics-nova-delhi-29-de-marco-de-2012-parceria-dos-brics-para-a-estabilidade-seguranca-e-prosperidade-declaracao-de-nova-delhi>.

achieved through mitigation actions. Mitigation actions are ill-defined measures, policies, and actions that contribute to reducing greenhouse gas emissions. In the Brazilian case, the most immediate action is to reduce the emissions from deforestation by 80 percent between 2008 and 2020. Thirdly, the national targets depend on the international support for the financing and technology for mitigation actions, according to the concept of shared and differentiated responsibilities, as in Article 4.1 of the Kyoto Protocol.

The Bali Action Plan coined the term “nationally appropriate mitigation actions” for those mitigation actions that qualify for international support, but they are still in the process of being defined. There is a lot of research that still needs to be conducted in order to define baselines, mitigation actions, and nationally appropriate mitigation actions. The BASIC forum comprises both a political and an expert forum to address these issues in a small group that shares the tradeoffs between mitigating climate change and developmental progress.

The Brazilian case seems different at first glance from the carbon-dependent development paths of China, India, and South Africa because their dependency on fossil fuels is lower. Biofuels for transport and the use of hydropower make Brazil appear as a clean and renewable energy-based economy. However, the energy emissions are likely to develop in tandem with growth rates, independent of the land use and forest emissions. Therefore, sharing experiences and conducting expert exchanges is useful, aside from any political alliances. The BASIC countries share a similar tradeoff between environmental protection and emission reductions on the one hand, and economic development on the other. This is the most common argument for putting development first. Lula himself set this priority very clearly and the debate peaked following the resignation of his Minister of Environmental Affairs, Marina Silva. Dilma Rousseff’s administration chose the same priority with the recent approval of the controversial forest law that benefits agribusiness and eases the rules for how farmers preserve the Amazon forest.

Again, the BASIC group has become a counterweight to the balance of power and has formed a new center between the pro-climate European Union and the pro-industry United States, Canada, and Japan. Russia never quite fit into this group, since it is not a developing country and it could eventually benefit from climate change.

IBSA

The IBSA trilateral cooperation forum is another significant South-South cooperation. Initially, this cooperation platform started as an alliance to push for the reform of the UN Security Council, with the objective of achieving permanent seats for the three countries, along with Germany and Japan. Established in 2003, IBSA is mainly a political forum that conducts regular meetings at the IBSA summits and meeting on the fringes of the UN General Assembly between the foreign ministers of the three countries.

Initially the forum was centered largely on free trade and investment between the three countries. They soon realized that the space for complementary trade cooperation was limited. Among other initiatives under the IBSA umbrella, research became a promising field for cooperation. So far, calls have been made for transport, agriculture, oceanic and maritime research, as well as medical research in the areas of tuberculosis and malaria. A joint IBSA fund is comprised of contributions from each country (\$1 million per country per year since 2004) for which proposals can be submitted (IBSA 2010).

IBSA is the oldest of these new South-South cooperation platforms. It does not have a defined political objective, unlike the BRICS' engagement in the G-20 and the BASIC group's engagement in climate negotiations. It has its own fund and tackles problems that the three countries share in common. It is also the only one of the three groups that has produced tangible projects. Research projects are ongoing, and last year the group launched its first joint satellite.

Inclusiveness is not an explicit issue, but it is probably the only group that creates access for NGOs or experts through calls for funding proposals.

Brazil as a donor in Latin America and Africa

Regionally, the Brazilian government under the Lula administration started to use the country's strong position in Latin America to promote scientific and technical development among neighboring countries. This strategy of building leadership in Latin America was new at the time.

The administration worked in the margins between continuity and change. For decades, Brazil has had cooperation agreements with all Latin American countries. Most of them were started in the 1980s and 1990s. With Cardoso's reforms, international cooperation in South America received new funding and priority. But under the Lula administration, regional integration and South-South cooperation in foreign policy received even more emphasis, but was nonetheless founded on existing structures. Regional leadership is a difficult task. For leadership to be accepted, the Brazilian government had to bring in substantial resources. To sustain this pro-South direction in foreign policy, the Lula administration expanded the resources for the Ministry of External Relations and the numbers of trained diplomats. Instead of the 20 yearly candidates in the renowned diplomats school Instituto Rio Branco, for three years 100 candidates were allowed access.⁸ New embassies and consulates were opened in nine countries in 2009.⁹

The coordinating agency for technical cooperation is the Brazilian Agency for Cooperation, created in 1987, which became the entry point for donors to coordinate the different technical cooperation programs for the Ministry of External Relations. The agency distinguishes between inward (*recebida*) and

8 Instituto Rio Branco, <http://www.institutoriobranco.mre.gov.br/pt-br/>.

9 Ministry of External Relations, <http://www.mre.gov.br>.

outward cooperation (*concedida*). For the last 40 years, Brazil has received official development assistance from international donors, whereas the outward cooperation has been a recent endeavor and is more direct. The funds are still relatively small. “Brazil seeks a new model of cooperation. The Brazilian model won’t be so robust, with so much staff and infrastructure. (...) The old model that the Europeans and the Japanese use comes from another time where it was difficult to communicate over long distances and difficult to get to places. This is not necessary anymore.”¹⁰ The agency directly contracts the technical experts at the research institutions, mostly in health and agriculture, at the Oswaldo Cruz Foundation and Brazilian Agricultural Research Corporation.

The Ministry of Science and Technology conducts outward technical cooperation through Mercosur – an economic and political agreement between Argentina, Brazil, Paraguay, and Uruguay – and through the ProSul program for the rest of Latin America and ProÁfrica for Lusophone African countries. These programs are administered by the Brazilian National Council for Scientific and Technological Development. Between 2005 and 2008, there were 151 projects financed with approximately \$3.7 million (MRE 2011a).

The Ministry of External Relations’ overall cooperation included 915 projects in 2009. The balance between outward and inward cooperation has been 107 projects in Latin America, and 56 in Africa, Asia, Oceania, and Eastern Europe, for a total of 163 projects. Inward bilateral cooperation has resulted in 120 projects supported by Japan, Germany, Canada, Spain, Italy, France, and the United States, and there have been 375 inward cooperation projects (MRE 2011b).

In sum, the administration managed to increase technical assistance in Latin America and Lusophone Africa with many small-scale projects. Lula’s achievements in global politics were hard to ignore, even for his critics (Soares de Lima and Hirst 2006). However, the PT administration was able to build its policies on many pre-existing structures. Many of the programs that Lula gained credit for already existed.

Civil society in Brazil’s global politics

There are many things to say about civil society and global politics in Brazil. I chose two issues. The first is civil society participation in Brazil’s global politics under the PT administration. The second focuses on the gap between the poor and emerging middle class and the agendas on the negotiation tables of the G-20.

Participation

When the Workers’ Party first came to power, participation by civil society was one of the key priorities. In many policy areas, the administration had

10 Interview: Director Agência Brasileira de Cooperação, Ministry of External Relations, Brasília, 2010.

managed to create a participative space for the vast NGO landscape and other civil society representatives. The party created 13 new participative councils, the Economic and Social Development Council, the Council of Cities, and the concept of *Planos Pluriannuais* – participative, multiyear budget plans. National conferences became a substantial element of most decision-making processes. In less-prominent cases on the political agendas, officials tried to reach out to remote provinces so that programs would be understood and accepted. Digital inclusion has advanced a lot, and much government documentation and data are freely available online. The participative space in global politics had remained relatively limited. Many NGOs had been weakened because they lost staff to the government. At the same time, major donors like Germany stopped supporting local NGOs, reasoning that the country was rich enough to take care of poverty alleviation. The Economic and Social Development Council and other participative mechanisms turned out to be more consultative than participative, which caused frustration among the NGOs. Overall, civil society participation under the PT is viewed pessimistically (Hunter 2011).

Poverty, debt, and foreign policy

Brazil proudly counts 95 million people – more than 50 percent of the population – among its growing middle class. Record inequality scores have been declining slowly over the last five years. Many factors have contributed to these numbers. Steady – although not very high – economic growth and transfer payments that have lifted people out of severe poverty under the *Bolsa Família* program have certainly contributed. However, 50 million remain poor – 20 million of those extremely poor – according to data from the Institute of Applied Economic Research. A lot of this poverty is rural poverty. Urban poverty continues to grow. The rural poor continue to move into the *favelas* in the bigger cities to escape rural poverty and the same old story continues – 25 percent of the population living in rural areas count as being extremely poor.¹¹

Biofuel and ethanol production in these rural areas, as well as soy production, continues to benefit from the unspoken subsidy of cheap informal labor. Land reform in Brazil has been historically a main theme of the Workers' Party. Resources for the redistribution of land for the benefit of poor landless rural workers reached a record low during the first year of Dilma Rousseff's administration in 2011. According to the Institute of Applied Economic Research, the redistribution program has stopped, although rural poverty reduction is part of Rousseff's campaign "*Brasil sem miséria*" (Brazil without poverty). Her choice not to continue the land reform favors agribusiness, which operates on large properties to plant monocultures.¹²

11 This is calculated from a poverty line of a monthly income of less than R\$70, or €27.73.

12 Folha de São Paulo (SP): Gasto com reforma agrária é o mais baixo em dez anos, August 1, 2011, available at: http://www.ipea.gov.br/portal/index.php?option=com_content&view=article&id=9544&catid=159&Itemid=75.

Development politics is about choices. If the government chooses not to combat poverty actively, the problem will persist. Economic growth has not trickled down to improve the lives of the extremely poor, and it will not in the future if the poverty alleviation programs are not backed with significant commitments and resources.

Brazil has recently experienced declining inequality rates and decreasing poverty. Unfortunately, this is not purely the result of the poverty alleviation programs. Those who move out of poverty join the middle and upper classes that buy on credit. Credit is not cheap in Brazil, and people consume a lot through credit in Brazil, not only in Greece and the United States, where the economic crisis impacts are more severe. Especially cars, but also electronics and other consumer goods, are usually bought on credit. Debt delinquency is about 7 percent. Banks raise their reserves to prevent bad credit, which puts pressure on credit users and their payments, but the government is trying to make more credit available. Last year, private debt reached new record levels, according to a recent study.¹³ Brazilian households have debt on 40 percent of their annual income. Brazilians pay an average of 22.2 percent of their monthly disposable income on repaying debt. The expensive Brazilian real might be good for cheap imports, but not for the economy. There is also concern in the G-20 that the economy may not be able to sustain the pressure on the currency, which some estimate to be overvalued by 35 percent. Inflation is carefully controlled through inflation targets, but low inflation rates come with the price of high interest rates. These are paid by the consumers, whose living costs become more expensive with the additional 22 percent of debt servicing. The government will not help the new consumer class in the long term just by making more credit available. The risk of bad credit is increasing, and if banks are not allowed to respond, the system will sooner or later collapse.

This recent phenomenon can severely jeopardize Brazilian socioeconomic development in the long run. The diplomats in the G-20 can strengthen Brazil's position in international financial regulation, but national regulation needs to prevent a domestic debt-driven crisis. If the government continues to encourage economic growth based on consumerist debt, it will not be able to protect its people and their human rights.

A lot of the decisions in the G-20 seem fairly detached from Brazilian reality, yet they make a difference in people's lives. The development model that the Rousseff administration advocates in the G-20 is clearly based on the model of an advanced – but still mainly raw materials-exporting – developing nation. Among the key issues on the Brazilian government's agenda are food prices, securing export revenues, and stabilizing the global export market.

The Brazilian minister for agriculture demanded, together with the United

13 Estado de São Paulo: Endividamento do brasileiro é recorde, June 26, 2011, available at: <http://economia.estadao.com.br/noticias/economia,endividamento-do-brasileiro-e-recorde,73174,0.htm>.

Kingdom, to reducing food price volatility and export bans through the G-20.¹⁴ The process led to an Action Plan for Food Stability and Agriculture.¹⁵ Securing food prices is a two-sided sword in Brazil: Volatile food prices affect the poor immediately. Therefore, stable food prices are necessary and desirable. Agricultural exporters also have an interest in stable food prices. However, the export sectors benefit from high food prices, whereas the poor suffer the most from them and need cheap, affordable, basic food. The administration ignores any possible impact of biofuel production on food prices. The Brazilian government stands at the center of this paradox, pledging for food security and securing agricultural export interests at the same time.

Reform of the IMF is necessary because the old system, which equates voting power to membership quotas, made the fund very imbalanced. However, the Brazilian government should be very careful about putting in money to bail out countries in the euro zone.

Brazilian public resources remain scarce, as tax compliance is relatively low. There are high costs to squandering resources on the IMF as long as people in Brazil remain without access to jobs, education, and training. The "development first" approach needs to be re-oriented and targeted at the poor. This current development model, based on exploiting agricultural and natural resources, has not delivered the expected jobs. The 50 percent increase in GNP has resulted only in a 10 percent rise in additional jobs. Although overall unemployment has decreased since 2005, unemployment rates in the rural areas have increased. The level of informal workers in rural areas is still more than 70 percent.¹⁶

In sum, foreign politics serve economic interests and a quite conservative approach to economic development. Human development needs to be put back on the political agenda to ensure that Brazil will live up to its economic development commitments to guarantee that its population is free from debt and poverty. The *Bolsa Família* program has shown positive effects in creating access to schools and child vaccines. If these programs were to help adults as much as the children, with regard to training and skills development, this could be the beginning in helping to sustain the new middle class, creating access to better jobs, developing more sustainable consumption patterns and skills, and creating a production-based economy for the long term.

14 Joint declaration of United Kingdom's and Brazil's agricultural ministers on reducing food price volatility, available at: <http://archive.defra.gov.uk/corporate/about/what/documents/uk-brazil-g20-joint-agriculture110408.pdf>.

15 The Action Plan was signed by the agricultural ministers of the G-20 in Paris in June 2011, available at: http://agriculture.gouv.fr/IMG/pdf/2011-06-23_-_Action_Plan_-_VFinale.pdf.

16 Informal workers are defined as those workers who are not registered as formal workers and those workers who work on their own, based on Institute of Applied Economic Research data, available at: <http://www.ipeadata.gov.br/>.

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ALTERNATIVES

Short Circuits of Production and Consumption

Throughout Brazil's history, local and regional development has been regarded as a reproduction of the model of national development, only on a smaller scale. As in most other countries, the model of national development is subject to the ideas and players of market globalization, favoring large companies or big conglomerates – whether they are Brazilian or international. Captured by these interests, governments steer public policies toward supporting their growth and profits.

Democratically constituted governments that create policies that encompass the interests of the majority and extend its well-being are seen to be moving toward actions that meet the particular interests of big corporations, which only care about their own reproduction – never about the region in which they operate. We can identify similar situations in Brazil, where big public works contractors are heavily criticized for their actions in Ecuador and Bolivia, for example; or where manufacturers of footwear leave the state of São Paulo and move to the northeast, or even to another country, because of cheaper labor, etc. The disputes surrounding the approval of the Forestry Code show a similar correlation of these forces: Agricultural industries have the capacity to mobilize, lobby, and impose their positions upon the government, thereby subordinating the democratic resistance of family farming, for example. It is a short-term logic that seeks to maximize profit at any price. When this or that region offers fewer incentives, they move to another one, where they can enjoy bigger advantages – even if this results in lower wages or some other form of dismissing the rights of the local population, such as the use of tax money or public money.

The control that major capital exerts over government actions guides macroeconomic policies toward subsidizing the exporting sector, despite the fact that exports do not even represent 15 percent of Brazil's GDP. But even in the domestic market, the government predominantly supports big companies. Macroeconomic policies meet the needs of the 60,000 largest companies in Brazil, and especially favor the biggest among those. The other 6 million micro- and small businesses are neglected and left with a very thin slice of the cake, and this is just taking into account the formal enterprises. Beyond these there exists

what is called the informal economy – a huge field of initiatives that absorbs more than half of the “economically active population”, that is, Brazilian workers.

Up until today, the predominant notion of development has been the one that relates development with economic growth. This is consistent with the interests of these great corporations, whose objectives are to maximize profits and subordinate everything to this bigger and immediate interest.

The justification to link growth with development comes from a consumerist ideology, in which social identities are constructed based on the possession of goods and the symbolic appropriation of status from consumer goods, such as sport shoes, a mobile phone, or a car. The argument is that this growth generates jobs and wealth in the region. This point of view leads to disputes between local governments vying to get big companies to establish themselves in their territory, as this would bring development. To gain the new big industry or commerce, these local governments provide decades of tax exemptions, donate land and infrastructure, and auction off public assets.

If these arguments had ever been heeded in the past and these auctions had come to benefit the local population, the reality would be different. Advances in technology and automation have drastically reduced local employment opportunities – this is exactly why science and technology have transformed into productive forces that are, worldwide, controlled by market interests. The generated wealth is absorbed by the local plan and spent in the international financial speculative circuit; it does not benefit the local economy.

Just analyze the major enterprises in each sector: They are few and control their markets, molding the societies in which they operate. Two or three chains of supermarkets control food retail and are responsible for the closure of innumerable small businesses, like grocery stores. Shopping malls kill local commerce. All of this demonstrates a general trend of a concentration of power and wealth.

All long-term trends want to centralize instead of redistribute economic power. It encourages the mergers of big companies, creating bigger concentrations of power and profit. Never before have wealth and profit been so concentrated on a global scale, which is one of the most important causes of the current crisis.

The systematic crisis of the globalization model, of which we are seeing only the first episodes, raises a new issue: The neoliberal mantra of trade agreements has been shaken up. This makes way for discussing new ideas and challenges in the debate on alternatives to these policies. This is what we see in the social movements in Europe and the United States, not coincidentally the regions most affected by the present crisis. Young people are occupying public squares, organizing manifestations, confronting the police, and positioning themselves against the interests of the big banks and the concentration of wealth and profit.

On a political level, forcing policy changes defies the bourgeois democracy and its institutions, which were created more than 200 years ago. They do not know how to deal with the conflicts anymore. This is also happening with multilateral institutions, created more than 50 years ago by the Bretton Woods agreement. The economic crisis has expanded to a crisis of the political system, and right now

this favors the rise of the right and Islamic fundamentalism on the international stage. However, a warning came from young people when they gathered at the Puerta Del Sol in Madrid. One protest sign read: “Our hopes do not fit in your ballot boxes.”

This scenario of profound changes is the starting point for the discussion about the future that was never discussed by neoliberalism. The crisis makes room for this debate and questions the current model of development. New voices are emerging that defend the idea that development should bring about life, not products; they suggest producing what we need, not what the companies want us to consume in order to satiate their hunger for profits (Lesbaupin 2010).

Precisely because the model favors the big companies and places the state at its service, the majority have to fight for survival. In a country like Brazil – the champion of social inequality – creating new ways to generate work and income is a challenge for a large part of the population.

How do 25 million Brazilians survive on less than \$3.46 per day? Or the 100 million who live on \$7.50 per day (according to the 2010 census)? This really is a fight for survival that often employs solidarity as a strategy and creates, for example, settlements of landless farmers, cooperatives of production and consumption, innumerable initiatives in the field of an economy of solidarity, and the creation of social technologies.

We are facing the contraposition of the two models. One is the long circuit of production and consumption, which is the domain of the transnational companies; the other is the short circuit of production and consumption – the domain of local participants and the local economy. Clearly it is not about replacing one circuit with the other. The strategy is to gradually strengthen the sectors and activities of the economy that allow the integration of a greater contingent of people who currently benefit from social programs, but who also need to develop their own social and productive participatory capabilities, taking their own initiatives as a starting point.

In recent years, the income transfer programs implemented and supported by the federal government have gained importance. These programs have taken 35 million people out of extreme poverty and consequently given them the opportunity to undertake business initiatives in developing micro- and small businesses in both the formal and informal sectors of the economy. Pressure from the participants has led the federal government to launch programs such as Pronatec, a three-year technical vocational training for 1.3 million young people; and to fund programs like “1 Million Home Cisterns,” an initiative by a northeastern civil society network called “Articulação do Semiárido” (the semi-arid network).

For long circuits, we have the export of commodities, for example, or soya beans that are grown in the central region of the country and exported to China. The extensive cultivation requires large areas of land and results in even more large landownership, expelling family farms. Production techniques are all mechanized, requiring large machinery and specialized technicians. All of this

requires a lot of capital. It requires investments in silos, railroads, ports, ships, not to mention the enormous energy expenditure.

Contrary to what is preached by market ideology, the long circuits financially cripple the region of operation and remove its natural resources. The wealth that is generated by the production is transferred to international financial centers. The objective is not to develop the region, not do the enterprises care about damaging the environment. The adoption of new technologies and progress in mechanization and automation means that these big enterprises also make little use of the local workforce. The balance between local stakeholders and the development of the region is not favorable.

The starting point for us to question this paradigm of production and consumption is a critical analysis of the long circuits, the large scales and distances that favor the centralization of capital and harm the environment, the quality of life, and the social structures.

Short Circuits

In our understanding, short circuits are ways of bringing the place of production and the consumption of goods and services closer together; decreasing the transportation distance of products; reducing the need to use transportation networks, logistics, and energy; the use of regional workforces; accessible financing conditions for micro-businesses and small entrepreneurs with new mechanisms of financial intermediation; the largest possible participation of social participants in the political decision-making processes; and taking care of the environment, in particular the local environment.

Short circuits require production and consumption – which are preferably in the same area – to benefit its city or region. However, this not only involves shortening distances. It also requires the construction of a local economy with small and large companies that stimulate the circulation of wealth in the region, unite production chains, and use the local workforce. It necessitates a small amount of capital and technology and also lets these initiatives become communal enterprises.

This approach, which focuses on strengthening the short circuits of production and consumption, is the result of studying the long history of experiences rooted in civil society – acts of resistance and initiatives by social movements and civil networks looking for solutions to address poverty in Brazil. Short circuits are inspired by experiences with local development, in all its forms – an economy of solidarity and fair trade. Furthermore, a new component is added: the concern for environmental sustainability.

The idea is that strengthening the short circuits of production and consumption creates opportunities for the local players in development projects and improves the possibilities for sustainable development, social equality, and quality of life in the region.

From the point of view of food safety, for example, encouraging family farming, reducing the distances of food transportation, cultivating local subspecies, and

marketing food on a smaller scale are directly related to the short circuits agenda. It opposes mass production based on large ownership as well as extremely centralized marketing systems.

Initiatives like the National School Meals Program require that 30 percent of all school meals are bought from local producers. These initiatives are good examples of actions aimed at constructing new paradigms and shortening the circuits of production and consumption. In terms of family farming, this is not the only program that strengthens the short circuits. The National Program for Strengthening Family Farming and the Program of Food Acquisition are also very important. However, due to difficulties in their implementation, they only meet around 30 percent of the potential demand at the moment.

By law, the National School Meals Program complies with the following principles: “**the human right to adequate nutrition**, aimed at guaranteeing food and nutritional safety of the students; II – **the universality of** free school meals for students enrolled in public elementary schools; III – **fairness**, the constitutional right to school meals, guaranteeing equal access to meals; IV – **sustainability** and continuity, aimed at regular and permanent access to healthy and adequate meals; V – **respect for food customs**, considering traditional meals as part of a healthy and local food culture; VI – **share the responsibility for the provision of school meals and nutritional education activities between the federal entities**, as stated in art. 208 of the Federal Constitution; and VII – **participation of the community in social control**, in monitoring the actions carried out by the States, the Federal District and the Municipalities to guarantee the implementation of the Program.”

Even though this initiative is important, it should be noted that many cities are unable to overcome the barriers of bureaucracy and the need to draw up new public policies to implement the program. This is why they need support to overcome these difficulties. However, with all its limitations, this program is still a success. It has provided new opportunities and is already being copied in 19 other countries.

This approach could play a role in formulating new public policies, for example when local governments draw up projects to meet the demands of the newly enacted Municipal Plan for Integrated Solid Waste Management. Support for decentralized systems of selective waste collection and recycling and the organization of informal trash collectors in cooperatives results in lower costs and less damage to the environment. It provides opportunities for new local businesses, cooperatives, individual entrepreneurs and micro- and small businesses, which felt excluded before by the requirements for bidding on government contracts and by the dominant model for garbage collection, which is geared toward meeting the demands of big companies.

Strengthening of the Short Circuits

The local agenda recognizes the global agenda. The challenge is to participate in this worldwide movement of discussing plans for a new development model.

All attention should be given to processes that act to reduce or neutralize the existing centralization trends.

We know that no society can be based exclusively on short circuits. The central issue is how to strengthen these initiatives. Co-existence with long circuits must look at the development of the region and the strengthening of local participants.

The systemic crisis of global capitalism has opened up a period of transition for the development model, which, according to some analysts such as Wallerstein, may last 40 to 50 years before a post-capitalistic production model emerges. Strengthening the short circuits can be one of the transition strategies toward a new dominant production model. We need to promote the idea of short circuits as a general principle that is organized for and applicable to a variety of scenarios that consider systemic as well as non-sectoral visions.

There are already initiatives and survival strategies in progress that, intentionally or not, suggest going beyond generating income and better living conditions and call for changes in the social relationships of production and the relation between producer and consumer, based on solidarity and founded on the principles of collective and associative values. These are initiatives that fall outside the realm of capitalist relationships of production, since they are not based on the exploitation of work. They point to a “new ethics” and new working relationships as well as the collective management of the means of production – a market perspective based on ethics and solidarity and supported by alliances between producers and consumers.

Recently, the Pólis Institute conducted a study and identified a large number of cases illustrating the characteristics described above. From these, 11 were selected for case studies, which were published in 2010 (Morais and Borges 2010). Some are worth noting: the case of Banco Palmas, which was created after the urbanization of the Palmeiras Complex, an underserved area of Fortaleza. Banco Palmas evolved into a system for microcredit and a local currency, “Palmas”, was created and accepted by local businesses. Other cases are: the construction of an ecological chain of Fairtrade cotton, Justa Trama (Fair Plot), consisting of a cooperative network of six economic ventures that produce clothes; the digital city of Piraí and the right to information; Asmare, an association of trash collectors in Belo Horizonte, and its contribution to the city’s environmental sustainability; Cooper Ecosol, in Passo Fundo, Rio Grande Do Sul, is concerned with responsible consumption in the context of an economy of solidarity and food safety, proposing the restructuring of local production chains.

Giuseppe Cocco (2006) characterizes these cases as a “productive crowd” and “radically democratic”, in a “set of singularities that cooperate with each other”, which align the idea of democratic mobilization and productive regions and visualize a social-regional development based on strengthening new policies and the constitution of the common good.

These local initiatives are the expression of knowledge, skills, and principles that have been acquired over time and that “make sense” and “give an identity” to a range of practices that generate economic and organizational dynamics and

political dialog. These are cases that offer a broad range of technical-productive experiences as well as economic and social organization with the intention of creating new regions and ways of life.

However, as José Luis Coraggio points out, it is important to realize that these cases came into existence because of the incapacity of the “system” to incorporate all people, thereby causing individuals, families, groups, and communities to increasingly resort to “collective tactics of survival” (Coraggio 2003).

The solidarity-based economic enterprises operate on the basis of an appreciation of work, knowledge, and creativity: in joint labor as well as in the collective ownership of means of production; in the self-management of enterprises by workers; and in building collaborative solidarity networks as a way to integrate different initiatives.

Local development, which is nowadays more properly called “regional development”, is gaining new prominence. If the new development model in the country were to prioritize the top circuit of the economy, as Milton Santos describes it, unequal production would then remain dominant. But if the new development proposal were to favor millions of micro-businesses and small enterprises – formalizing the informal economy and guaranteeing rights such as pensions – the project of regional development would have to be different. Inspiration has to come from the needs of the majority, from the initiatives and innovations that come from the lower classes.

The federal government intends to formalize the informal, for example by extending pension rights to those who do not have them. But will this be possible in a country where 64 percent of the economically active population work in the informal sector? According to Milton Santos, it is the informal sector of the economy where one finds the largest amount of creativity and innovation. From there come the experiences that help construct new paradigms. He states that we should not, and cannot, inhibit the emergence of survival strategies that are loaded with new meanings, cooperation, and solidarity that can resolve problems. Alternatives such as Senator Eduardo Suplicy’s proposal of a basic income would require legalizing all working relations, guaranteeing universal rights to the employed and the unemployed. If we are to accept the proposal of the federal government on guaranteeing rights, expanding the boundaries of our formal and informal economies is one of them.

Local Development Trajectory

In the background of this discussion on regional development, there is a whole history of policy development worth mentioning.

In the 1980s, it was about empowering the government and other regional stakeholders to stimulate their own development. This approach brought positive results: There were improvement in social policies and more social groups were formed, making way for the democratization of public administration by increasing participation. But it also showed its limitations,

particularly budgetary ones within the legal and institutional framework of local governments. It is worth remembering that until a few years ago these governments were ruled by the elite.

Many cases of local development were seen, in a Gramscian perspective, as counter-hegemonic, carrying a new concept of development that needed more political support in order to assert itself at a national level. The initiatives aimed at prioritizing the poor, known as the policies of “inversed priorities”, were the benchmark of this period.

The following movement in the 1990s recognized the limitations of local capacities to promote local development. This was the starting point of creating horizontal connections such as municipal trust funds, as well as working on national policies to support local development. In the heyday of the free market doctrine, these attitudes defied the neoliberal ideology and highlighted the role of the state as the generator of development models.

However, the federal government still worked from top to bottom, ignoring the particular interests of each region or territory, and the notion of development was still only associated with growth. Policies were always guided by the need to cater to the top circuit.

In the 2000s, the period of the Luiz Inácio Lula da Silva government, the theme of local development was subjected to new discussions about the country's own development model. After all, if the counter-hegemonic movements had managed to assert themselves as a majority, the theme of local development would have been more prominent in the discussions on the future of the country. But if this was the expectation, truth be told, there was little progress in the broad and democratic discussion on the development model. The alliances that the Lula government made with big corporations ultimately impeded the discussion on new paradigms of production and consumption.

Recently, with the global crisis of the current model, the issue of regional development is starting to be linked to the proper model of development. The environmental issue has also been incorporated because of its urgency and dramatic impact. In reality we are dealing with a much more complex situation. We are dealing with a crisis of civilization, encumbered with the great task of constructing a new society and a new model of production and consumption to meet the needs of this society.

New Paths

All societies have a new model of production and consumption on hold. It is the result of a fight for survival, of social conflicts, and fights for the democratization of society and wealth. But this new model has neither visibility nor is it seen as being whole or recognized as an alternative to the existing model. It appeared in numerous cases that managed to survive, but they have not been articulated nor turned into a proposal for social organization. Due to controlling forces from the ruling stakeholders, the experimental field for new production and

consumption standards has not won public recognition, has not become the subject of discussions, and has not contributed to the debate on the development model.

According to a survey from the National Secretary of the Solidarity Economy, 22,000 businesses are based on an economy of solidarity in Brazil. About 2 million people are involved in these activities. These initiatives receive very little support from public authorities and have to face competition from big companies that have full institutionalized support.

The experiences from the realm of an economy of solidarity are based on solidarity, cooperation, complementariness, and wholeness. But, in themselves, they do not offer a proposal for a new social and productive organization for society as a whole. The experiences lack the theoretical and political elaboration necessary to gain importance in the public spectrum and generate proposals for a new production and consumption model.

Short circuits of production and consumption offer a new proposal for the organization of society and the economy. They can be part of a solution that points to new ways, favoring the stakeholders of that one place, the workers and inhabitants of that particular region.

According to Santos (2002), the success of these alternative cases of production and communal organization – in terms of fulfilling its emancipating potential – depends on the capacity to integrate processes of economic transformation into cultural, social, and political changes, while constructing networks of collaboration and mutual support and establishing links with a broader social movement.

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A Brazil Unknown to Many Brazilians

Agroecology as a Solution to the Food, Ecological, and Social Crises

In Brazil, agroecology is practiced by family farmers and peoples on their traditional land and occurs in the six Brazilian biomes. Ever since the 1960s, agroecology has been defended by organized national and regional movements in Brazil. Practitioners claim ownership of their lands and the use of agroecological practices, which are considered a real alternative to the Brazilian development model and create the conditions for sustainable production.

History and context of agriculture in Brazil

Agroecology should be understood as a science that combines expertise from the practical experiences of family farmers as well as traditional peoples and communities such as indigenous people, *quilombolas*¹ (descendants of slaves), *ribeirinhos* (river-dwellers from the Amazon), and artisanal fishers. It should also be seen as an expression of the struggles and resistance against the prevailing model of agricultural production and consumption.

The first record of agriculture in Brazil comes from accounts of indigenous societies that have developed cultivation systems based on the diversification of crops, mainly food. The system combined crops of short, medium, and long cycles – such as peanuts, cassava, tobacco, sweet potatoes, corn, trees and shrubs of tropical forest – into a complex system of ecological management. Following the arrival of European settlers around 1500, these native populations were “influenced” – the majority through slavery – by the colonization culture, starting a process of gradual simplification of these systems that is still in practice today.

Since the second half of the 20th century, Brazil has incorporated modern technologies from developing countries into its agricultural sector. These

1 Translator's note: *Quilombola* is the common name for refugee slaves from sugar cane plantations and farms who built small villages called *quilombos* at the time of slavery in Brazil. Their descendants – who live in these territories, protect these memories, and fight for their rights – are still called *quilombolas* today.

technologies are based on agricultural mechanization, external inputs (seed grains, pesticides, and fertilizers), investments in infrastructure and public funding policies (bank loans, most of them subsidized), and it was believed they would increase production as never before, making Brazil the “breadbasket of the world.”

The prevailing development model in this period was geared toward export. Accordingly, it kept the practice of monoculture, inherited from colonial Brazil, in scale. It was combined with a technology package adapted to the expansionist needs of the so-called agro-industrial complex, namely the global food industry and large multinationals producing agricultural machinery and equipment. This model was promoted as the magical solution for all types of agriculture, whether family farms or industrial complexes. At the same time, the old and highly concentrated land ownership structure in Brazil was maintained. There were no initiatives to regularize land ownership of medium-sized and small properties based upon agricultural land reforms, which prevented the distribution of unproductive or vacated land to families that did not own land.

Consequently, the so-called Brazilian Green Revolution was consolidated. It directed large-scale public investments to those who actually owned land, that is medium-sized and large farms with more than 100 hectares (247 acres) of land. With the implementation of this model, there was a sharp increase in the concentration of land ownership. This came from the loss of midsize properties, which was the only guarantee to banks for obtaining loans.² In addition, there was the displacement of entire populations carried out by large landowners from temporarily occupied lands. This was done in view of the need for expansion due to increased productive infrastructure and production capacity and debt.

This model, which greatly increased land concentration, is still quite prominent in various sectors of Brazilian society, especially in Brazil’s fields of education, research, and rural extensions. To this day, technicians and engineers in Agricultural Sciences are trained on the basis of the Green Revolution, even those who work with family farming, as they are the forerunner of the techniques and principles in this segment. The economy also regards so-called agribusiness as the main branch of Brazilian agriculture. This segment is the main focus of government investments, enabled by public banks, in particular the Brazilian National Bank for Social and Economic Development, with the support of public policies, in particular by the Ministry of Agriculture and Food Supplies.

In the political arena, agribusiness controls the parliamentary bench (deputies and senators), which is considered the most powerful, influential, and connected in National Congress, where business interests unite members of government and members of the opposition. Agribusinesses also enjoy great support from the mainstream media. Subsequently, their proposals and ideology are always

2 The high interest rates – combined with the high costs for input and typical “package” machinery or outputs below expectations – ultimately led to financial institutes taking hold of those properties.

portrayed as being in favor of the population, as if agribusiness was the guarantor of progress and economic prosperity in Brazil. Because of this scenario, the Green Revolution is a symbol of modernity and development for the majority of the population.

However, this set of actions, which has strengthened the Brazilian farming industry, has led to the unprecedented degradation of natural resources, debt, and bankruptcy of millions of small and medium-sized farmers. It has also led to the expulsion of entire populations from their areas of origin via explicit and systematic violations of human rights. This has contributed decisively to periphery growth and the swelling of large urban centers, among other countless consequences that have transformed Brazil into a country with one of the greatest disparities in social inequality – something that completely contradicts the image abroad of a thriving country and emerging power that has overcome poverty while taking great steps forward.

Amidst all the negative remarks about this unsustainable development model, perhaps the most forceful one – of particular concern to civil society organizations and social movements in Brazil – concerns the use of pesticides in food of plant origin and the use of antibiotics in animal derivatives. In 2008, Brazil emerged as the world's largest consumer of pesticides. In 2010, it maintained its top rank for the consumption and use of 1 million tons of pesticides, which represented a consumption of 5.2 liters (1.4 gallons) of poison per Brazilian per year.³ The problem is compounded by tax exemptions on marketing and the negligence of regulating health surveillance agencies. The most contaminated products are vegetables, which are mostly consumed raw and are part of the basic diet of persons in a more vulnerable state of health, such as the elderly and children.

Agroecology – producing food in a socially and environmentally justice manner

In this context, the need for the consumption of poison-free products – from “clean” production processes and the efforts of disadvantaged populations, through to access to their territory of origin and preservation of agro-biodiversity – paves the way for alternatives to the dominant agricultural model.

Even during the 1970s and 1980s – when the activities of the Green Revolution became more widespread – there were farmers and technicians who resisted and continued to base their production on the principles of ecology. Hence, they got stronger by opposing the dominant model that caused negative environmental, economic, and social consequences.

The term “agroecology” was presented for the first time by the Russian agronomist Basil Bensin back in 1928, but it was not until the rise of the Green Revolution that the term acquired its current meaning. Ever since, it has become the main alternative. Agroecology, just like science, combines knowledge of

3 Data from National Agency of Sanitary Monitoring in 2011.

agronomy, ecology, and popular knowledge. It cannot be exported as a set of technologies, practices, and knowledge that can be applied everywhere, in the way that has been proposed and carried out by proponents of the rural development model anchored in the Green Revolution.

Agroecology *stricto sensu* can be perceived as an approach to agriculture that relies on the dynamics and processes of nature, which form the foundation for the productive space (a property, several properties, a whole region, etc.). Agroecosystems are where one finds this inspiration and where agroecology happens.

In this context, maintaining food security is considered a priority in farming and cattle farming – before commercial food production – based on ancestral knowledge of the environment and land modifications for the development of production systems within agro-ecosystems. Because these productive systems are based upon the non-uniformity of nature, it is not possible to use modern agricultural technologies, which are meant for monocultures. One mission of agroecology farming is to adapt these technologies to the different situations without putting the reproduction of biodiversity at risk. Agroecology is against everything that compromises the reproduction of biodiversity.

To better understand the contributions of agroecology, it is necessary to know something about its history and environmental indicators – farmers and traditional communities are the only ones capable of this, as they are responsible for the creation and maintenance of agroecological practices.

Maybe that is why agroecology differs so much from current organic agriculture, which was created as an approach to sustainable agriculture and based on the use of local potential – with the property as a source of inputs – as well as the practice of fair pricing. However, currently it primarily exists as a niche market. Depending on several technological processes and imported inputs, organic agriculture has become a form of elite farming, dedicated to those who can pay more for a healthier product.

Aside from being integrated with the natural systems, it is expected that agroecology production be socially and economically fair. It should be based on farmers' organizations and the promotion of a complex web of interdependent processes that interact within and beyond the property so that it can be used by family farmers.

Say goodbye to Europe: New and old financial and social realities in the countryside

The main advancements in agroecology in Brazil began in the 1980s and continued through activities by NGOs. It has only been since 2003 that the Brazilian government started to incorporate the term into the official documents of the Ministry of Agricultural Development and in governmental activities to promote food and nutrition safety for the poorest parts of the population.

During the last 30 years, NGOs could count on support from international cooperation agencies, especially those run by European churches. The main

benefit of these partnerships has been the ongoing support and confidence in the execution of projects, and furthermore, the flexibility in relation to possible changes in action-planning – always aimed at the quality of the results rather than the quantity.

With the expansion of the international financial crisis, increasingly fewer entities are able to maintain their cooperation with the Brazilian organizations, particularly those for short- and medium-term public assistance activities. This has forced the Brazilian organizations working in agroecology to seek governmental resources in Brazil, which has started a new era for NGOs. Now they have to be more focused on quantity than quality. At the same time, their weakened management structures are facing increased levels of bureaucracy.

In many cases, the majority of resources are spent on bureaucracy to undertake the activity and not on the activity itself, thereby weakening the institutions as well as the partner families. Today, one of the main problems of these government-financed operations is the mismatch between what is viewed as the objective and how it will be executed. This happens when the objective is for the action to be implemented with poor farmers who earn below \$55 per month, have low levels of schooling, and are located in places with poor transport infrastructure and in municipalities where there are hardly any public policies. However, the implementation assumes that the conditions for the execution of the project are those on offer by a large town that has a range of services available, advanced infrastructure, and strong public policies. In other words, the international partners have a better understanding of the conditions for project implementation than the government itself, since they plan to carry out the activities in situations that are similar to those in developed countries, making it easier for funding initiatives to be executed outside of the country.

With regard to the participating Brazilian farmers, according to data from the Brazilian Institute of Geography and Statistics from official surveys carried out in 2006, there are 90,000 agroecological or organic farmers.⁴ Of these, 76,500 are family farms, meaning there are approximately 4.5 million family farm workers in Brazil. However, the actual number is much higher,⁵ although the growth capacity is limited because of a lack of policies that encourage programs based on sustainable production.

Among the various obstacles to this growth, we highlight the continued lack of regularization of land ownership, research policies, technical advice, rural extension, financing, and actual support for the commercialization of agroecological production. With regard to the regularization of land ownership,

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- 4 Unfortunately the Brazilian Institute of Geography and Statistics, like most governmental bodies, does not make a distinction between agroecological and organic production, placing them in the same category and only in reference to contamination from production. For these agencies, the difference is that the former is not certified, whereas the latter is.
 - 5 Based on movements and organizations participating in the National Articulation of Agroecology, we estimate that there are around a million farmers, people, and traditional populations that have undertaken agroecology in five regions in Brazil.

there are 891,000 family farmers without regularized land. Without a doubt, the concentration of 76 percent of the land in the hands of about 15 percent of owners is a big obstacle for the enhancement and consolidation of agroecology. This is because these kinds of activities need investments in permanent crops, combined with the reconstruction and maintenance of the natural environment – processes that are discouraged when there is no guarantee to permanent land ownership.

Knowledge-building is another issue that needs to be addressed. Even though there are important initiatives in the areas of research, technical assistance, and rural extension for agroecology, they do not even comprise 5 percent of everything that is produced within the framework of Agricultural Sciences. In addition, they are the fruits of individual efforts of engaged researchers and other professionals, outside the scope of political institutions and governments.

In terms of marketing, despite the achievement of important programs and policies to support family farmers with the purchasing of their production – with a preference for agroecological products – there are still too few programs and the existing initiatives experience too many difficulties, again due to not adapting bureaucracy to the realities of the country's different regions.

As for supporting agroecological production, without a doubt, the least progress has been made in funding. This is because the few existing official credit lines are hampered by bureaucracy in most cases. Proportionately, the financial resources of the Brazilian government promoting family farming, including agroecological farmers, equal only 13 percent of the total amount for the agricultural sector. On the other hand, large agricultural enterprises, which represent only 15 percent of the total number of ventures, obtain 87 percent of funding of \$570 million total, which roughly amounts to \$1,947 for each family farm and \$70,470 for each non-family farming venture, that is, a difference of 3,618 percent. Even with this divergence in support, family farming is largely responsible for the population's food supply, contributing approximately 90 percent of some staple foods.

In this sense, it is clear that the Brazilian government's choice to support a model of land-concentrated agricultural production, which is less efficient in the use of public resources and directed toward commodity production, not only seriously violates previously guaranteed rights – also presented in various international treaties – but also directly benefits the richest, without concern for the rest of the population. Despite being the sixth largest economy in the world, with a GDP of \$2.6 trillion, Brazil has a contingent of 11.2 million households (approximately 50 million people, including adults, young people, the elderly, and children) that do not have regular access to food in sufficient quantity and quality for a healthy and active life – in other words, they suffer from hunger at some point in their lives.

Regaining diversity: How to feed the world in the future?

Economies around the world have always experienced different periods of crisis, and those most affected have been developing countries like Brazil. However, since 2007, the developed countries have been experiencing a severe financial crisis as well, which may certainly change their ways of managing their economies.

In fact, Brazil is achieving economic growth even as the major world economies are seeing their financial structures gradually lose strength as they cling to increasingly larger loans that must be paid for by betting successfully on futures markets – in most cases based on trading with developing countries, as a way to “transfer the crisis.”

In the case of Brazil, and other emerging economies as well, the crisis may reach other sectors of society because an economy that has been growing above 4 percent since 2007 has drawbacks that primarily affect the poorest. In the case of Brazil, it is undeniable that high inflation is boosted by high food prices – a fact that has contributed almost 4 percent out of the 7 percent of cumulative inflation recorded in 2011.⁶

The population in the countryside has suffered the most from the rise in food prices, and the only aid policy for this group is an increase in direct social assistance, like the family allowance program Bolsa Família. There are no initiatives aimed at strengthening this segment of society. Poor families are being expelled from their lands to make way for projects by the agribusiness sector, for big power-generation projects or, more recently, for real estate speculation that forms real estate databases, which, in turn, allow larger numbers of agro-industrial and energy ventures to advance deeper into the country's remote areas.

Business deals such as privatization of water sources; installation of mining areas; plantations of crops intended for biofuels and coal; construction of hydroelectric and thermoelectric power plants; and the creation of oil and gas prospects are increasing in the country and literally taking over the spaces of family farming, which arguably produces mainly food for local markets.

Since there is no deeper understanding of the impacts in these areas and how these will affect the access to food, there is a danger that there will be many more serious situations than expected, in light of the importation of food staples, the poor quality food, or even the lack of food – all of which occur more frequently in rural municipalities.

The Brazilian Institute of Environment and Renewable Natural Resources and the Brazilian Institute of Geography and Statistics show that the Brazilian agribusiness used, abandoned, or underused⁷ around 60 million hectares (148

⁶ Inter-syndical Department of Statistics and Socioeconomic Studies.

⁷ Namely, typically areas that do not meet the technical parameters to be considered productive. There are few animals left in large areas, only to “mark one's territory” while waiting for the best prices in real estate speculation. According to Brazilian law, the land has to fulfill two requirements: a productive and a social one. If these requirements are not met, the land can be placed in an agricultural reform program.

million acres) until 2008. The projection for 2020 is to reach the production level of 200 million tons of grains, which will come from another 70 million hectares (173 million acres). If we add this to the 200 million hectares (494 million acres) that will be occupied by livestock, we have around 313 million hectares (773 million acres) reserved for agro-industrial activities, that is, 36 percent of the national territory.

This scenario is already being promoted by the agencies that support the sector, but there have been no assessments of its impact on existing inequalities. This will undoubtedly aggravate a series of socioeconomic problems that will not be addressed in case the projections are proven to be true. There is the risk that the public funds will have to carry some losses. This is because, historically, the business sector – especially the farming industry – besides having investments subsidized by public funds, also requires the Brazilian government to spend on social and economic liabilities generated by this model – on top of social assistance, medicine, housing, etc.

Inequalities and environmental degradation caused or aggravated by the planned advancement of agribusiness is something we do not want to imagine. But when we arrive there, will it still be possible to deny the Brazilian crisis? Will only the poorest continue to feel the effects? In which scenario will we arrive? What will Brazil be like in 2050?

The production increase of commodities is part of the contribution of the Brazilian agro-industry so that the country can continue to grow. It is also said that because of this, Brazil will not be part of the current global crisis. This argument is apparently supported by the Food and Agriculture Organization's projection that in 50 years the world's population will have reached 9 billion people who need to be fed. Such a forecast can break new ground for a new version of the Green Revolution.

The real problem is not the lack of space to cultivate crops that can feed 9 billion mouths, but the model of land ownership and production that will be implemented. The current model's crisis, which for some years now has provided us with the proof of its ecological and economic non-viability, is based on production. This is because the production method exhausts natural resources faster when using extensive areas to cultivate a single species, thereby resulting in an extremely fragile and artificial system that is conducive to problems caused by any type of climate change.

The only possible choice for us to provide crops that support – and even help to minimize – the effects of climate change is based on complex systems, with diversity as a central element, carried out on small and medium-sized properties, or even in collective areas, supplying an increase in workers and based on family unity. This really revolutionary model is already being applied by thousands of

people in all regions of Brazil.⁸ They are not reproducing the monolithic models and they are not dependent on inputs and machinery, because they produce their own seed grains and technologies. This includes adapting previous farming knowledge based on the logics of ecology, which is more organic, integrated, and interdependent and respects the cycles of nature and serves to restore biodiversity.

One of the proposals of agroecological systems that is more resilient to climate change is based on the rainforest – the so-called agroforestry systems that “matches” annual crops with rainforest species, mostly native. In more complex versions, the composition can include an animal component.

This type of system is a good example of how food production can be matched to the recuperation or restoration of local biodiversity, thus helping the climate quality. But although it is widely practiced, not much has been published about it. One of the reasons is that it deconstructs modern society’s reductionist view of agriculture. We were taught that nature and agriculture are separate things, with nature being more contemplative and agriculture more artificial, industrial. Vandana Shiva, an Indian physicist, environmental activist, and philosopher, calls this the monoculture of minds – a process that made us forget that agriculture was born from nature and that, for the past 11,900 years, it has been carried out in an integrated manner.

Agroindustry and monoculture proponents argue that these complex systems based on agroecology are not very productive and do not correspond with the productivity of their crops or pastures. This argument again goes in the opposite direction of the problem. At this moment, productivity has to be based on diversity to meet the demands for the different foods and raw materials that are necessary for the reproduction of humanity. This has to be done according to a logical productivity system that allows for the production of fruit, vegetables, cereals, fibers, oils, medicinal necessities, oils, etc., in one and the same unit, and no longer through the production of a single element while importing the remainder.

The logic of diversity is perfect for the maintenance of agroecological systems and the social and economic reproduction of modern societies. No longer can we feed ourselves with only five types of (contaminated) plants that are extremely expensive and which require large amounts of fuel to reach far-flung destinations.

The responsibility of the governments

But there are still many obstacles to be overcome. The organizations of agroecology producers could expand their experiences even more, increase their number of adherents, achieve greater visibility, and become more accessible to

8 So far, 1,585 people have registered with the official site of the Articulação Nacional de Agroecologia <http://www.agroecologiaemrede.org.br>. But this number is considered low and does not represent the number of agroecology production systems in the country.

a larger number of consumers. This is because the potential is very big, as is the “opportunity” that this crisis provides. The current model is responsible for the decrease in planetary biodiversity, the increase of hunger in Brazil and the world, as well as changes in the climate.

It is high time for the government to take responsibility for this legacy of development experiences and to stop neglecting the strategic importance of agroecology. It is the only alternative capable of sustainable production, of democratizing the land, of adequately valuing the people who work the fields, and of providing healthy food.

This recognition has to come through an agrarian reform committed to this agroecological proposal. The territories need to be re-occupied, ensuring the right to land for those who are already producing and for traditional communities and peoples. It is also important that these people (re)establish their territories and their lifestyles. The soil is the foundation for this paradigm shift. By implementing incentive policies for agroecological production, it will be possible to find ways to adequately fund the various rural realities in Brazil. This is the way toward the emergence of a Brazil unknown to many Brazilians, but unconsciously much desired by them – where the relations between the consumer and the market are also the place for a permanent exchange of ideas between the countryside and the city, between producers and consumers, thus facilitating the reduction of the boundaries between rural and urban.

Without a doubt, Brazil is one of the places where this genuine revolution is happening. Still, it has to become better known and recognized, both inside and outside its borders, for it can provide new and sustainable possibilities for an earth that is already sick, but which can recover with the help of all those who believe that another type of world is possible in our lifetime.

The *Buen Vivir*

An Opportunity to Imagine Another World

“There, Master Niketas”, Baudolino said, “when I was not prey to the temptations of this world, I devoted my nights to imagining other worlds. A little with the help of wine, and a little with the green honey. There is nothing better than imagining other worlds”, he said, “to forget the painful one we live in. At least so I thought then. I hadn’t yet realised that, in imagining other worlds, you end up changing this one”.

Umberto Eco

Development – A phantom out of reach

Since the middle of the 20th century, a phantom has been sweeping across the globe – the phantom of development. Although most people do not believe in ghosts, at one time they at least believed in “development,” were influenced by “development,” pursued “development,” worked for “development,” lived from “development” ... and it is likely that they still do so today.

Without denying the validity of humanity’s ancestral quest to satisfy its needs, which has existed from time immemorial, development as a global proposition was not institutionalized until January 20, 1949. Back then the president of the United States, Harry Truman, in the “Fourth Point” of his speech to Congress, defined most of the world as “underdeveloped areas.” He announced that all societies should pursue one single goal: “development.” This metaphor, taken from nature, took on an unusual force. It transformed into a goal that was to be achieved by humanity as a whole. When the Cold War started, under the discourse of “development” many plans, programs, projects, methodologies, and manuals for development started to emerge side by side with specialized banks to finance development, aid plans to support development, communication, training, and education programs for development as well as a very long list of other activities with the aim of development. The hectic search for reaching this elusive goal has not yet ended.

In the name of “development”, the central – or developed – countries, that is the countries we take as our point of reference (and that are mostly responsible for our underdevelopment), have never had any qualms about intervening or interfering in the internal affairs of the peripheral or underdeveloped countries. The poor countries, meanwhile, in an act of generalized subordination and submission,

have always accepted this state of affairs insofar as they are considered to be developing countries, that is, followers of the mandate they were given. In fact, a dichotomous structure of domination has been taken for granted (actually one should say consolidated): developed/underdeveloped, civilized/primitive, advanced/backwards, poor/rich, center/periphery. From this binary way of looking at things, the world was ordered to achieve “development.”

Over these past decades, almost every country in the world considered as being undeveloped has been pursuing development. How many have succeeded? Very few, if we consider what they actually achieved to be real “development.”

In fact, when the problems began to undermine our faith in development, we began seeking alternatives and added something to them to differentiate them from what we rejected, but we still followed the path of development: economic development, social development, local development, rural development, sustainable development, eco-development, human scale development, local development, endogenous development, development with gender equity, co-development: ultimately development. The concept of “development” as a credo was never questioned, it was simply redefined.

The region played an important role in contributing toward the polemical analysis of conventional development processes, such as structuralism or the alternative focus offered by “dependency theory,” until different positions were recently taken into consideration.

These heterodox positions and criticisms are of pivotal importance, but they also have certain limitations. On the one hand, the approaches they used did not seriously question the conceptual core of conventional development, understood as lineal progress and expressed particularly in terms of economic growth. On the other hand, each of these controversial positions triggered waves of analyses that remained intrinsically disperse and unarticulated. Some of them gave rise to more criticism and led to more proposals, but these efforts very soon flagged and conventional concepts came back to prominence.

What interests us most is that later we came to realize that the issue is not about simply accepting one or the other path to development. The paths to development are not the major problem. The difficulty lies in the concept: a concept that violently fails to recognize the dreams and struggles of underdeveloped peoples, often strangled by the direct actions of the nations considered to be developed; a concept that is based on the consumerist and predatory lifestyles of the central countries and, as such, cannot and must not be globalized. One merely has to take into consideration that, in our present world, it seems likely that the process of endless material growth could very well culminate in collective suicide. The effects of increased atmospheric warming or the deterioration of the ozone layer, the loss of fresh water sources, the erosion of agricultural and wild biodiversity, the degradation of the soil, or the accelerated disappearance of the living spaces of local communities can no longer be concealed.

This consumerist and predatory lifestyle is not only threatening the global ecological balance, but is also increasingly marginalizing more and more people,

thus depriving them of the (alleged) benefits of the long-awaited development. Despite the undisputed technological advances, not even hunger has been eradicated from the planet.

To make matters even worse, evidence has shown that the world is experiencing a widespread process of “bad development,” also in those countries that are considered to be developed: “The global system has developed poorly due to its logic, and that logic is what we need to draw attention to” (Tortosa 2011).

Development might even be a meaningless issue that nevertheless justifies the means and even the failures. We have accepted the rules of “anything goes.”¹ Anything is tolerated if it overcomes underdevelopment. Everything is sanctified in the name of such a high and promising goal. In order to at least resemble the superiors, any sacrifice is worth it.

For this reason, we have accepted the environmental devastation and social change that has been committed in order to achieve development. We deny our historical and cultural roots in order to modernize ourselves, emulating the developed countries, that is, the modern countries. We dispense with our dreams and our proposals. We have closed the doors to the possibilities of what our own modernization might have been. Along this path, a path that involves extreme commodification, we have even accepted that everything can be bought, everything can be sold. Thus, to take the poor from their poverty, the rich have established a system whereby the poor must now pay to imitate the rich, if they want to be like them: buying up the knowledge of those they emulate while at the same denying their own knowledge and ancestral practices.

However, even if “...the idea of development stands today like a ruin in our intellectual landscape (...) its shadow (...) is still obscuring our vision...” (Souza Silva 2011). In plain terms, even though we know it is useless to pursue the phantom, its influence will burden us for a long time, and we will escape from development but still retain many of its defects, provided we have the ability to imagine other worlds and to move toward them.

If the idea of development is in crisis in our intellectual landscape, we must necessarily question the concept of progress, which is understood as the productivist logic of always having more and more, which emerged about 500 years ago in Europe. To concretize this process of expansion, capitalism consolidated the vision that placed the human being figuratively outside of nature. Nature was defined without humanity as an integral part of it. This opened up the pathway to dominate and manipulate it.

Humanity, not just in Latin America, finds itself at a crossroads. The promises that have been made for more than five centuries in the name of “progress,” and “recycled” for more than six decades in the name of “development,” have not been fulfilled. And will not be fulfilled.

1 *Vale todo* (anything goes) is the mode of combat (in the English-speaking world known as “ultimate fighting”) where fighters can use any martial art or contact sport, since the rules allow for all kinds of techniques and ways of confrontation.

***El Buen Vivir* in the indigenous philosophy**

Within the context of post-developmental discussions, the efforts to reconstruct and even overcome the conceptual principles, practices, institutions, and discourses of development have been multiplied. In this state of affairs – without minimizing these contributions – it is necessary to go beyond these heterodox visions that have focused on “alternative developments,” even if it is increasingly necessary to generate “alternatives to development.” That is what the *Buen Vivir* (good life) is about.

The *Buen Vivir*, in fact, presents itself as an opportunity to collectively design new forms of living. The *Buen Vivir* is not a novelty or an original idea that has arisen from the political processes of the early 21st century in the Andean countries. Nor is it a kind of superstition or magical ointment for all the world's ills. The *Buen Vivir* is part of a long quest for alternative lifestyles, forged in the heat of the struggle by humanity for emancipation and life.

What is remarkable and profound about these proposals is that they have come from traditionally marginalized groups. The proposals invite us to break off completely with various concepts that were taken for granted and that are not even worth talking about. The proposals question the ethics of “living better,” if this means unlimited progress that invites us to participate in a permanent competition with our fellow human beings. The path toward a “better life” that has been followed so far allows some to “live better” while millions of people have been – and still are – forced to “live badly.”

To understand the implications of the *Buen Vivir*, which cannot be simplistically associated with “Western standards of living,” we must begin to recover the way indigenous peoples and nationalities look at the world. This unmitigated recognition does not mean denying a modernization that incorporates many valuable technological advances in the logic of the *Buen Vivir*. Nor does it mean ruling out important contributions from the history of human thought that are attuned to building a harmonious world – which is also the case in the philosophy of the *Buen Vivir*. For this reason, one of the fundamental tasks ahead lies in the ongoing and constructive dialog between ancestral knowledge and know-how and the most advanced universal thought, in a continuing process of decolonialization within society.

Indigenous knowledge sometimes does not have an idea similar to development, leading in many cases to a rejection of that idea (Viteri Gualinga 2000). There is no concept of a linear process of life in the sense of a former and subsequent state, in this case of underdevelopment and development – a dichotomy by which people must go through a certain process to achieve well-being, like the one that dominates the Western world. Nor are there any concepts of wealth and poverty determined by the accumulation and the lack of material goods. From a holistic point of view, it is necessary to understand the diversity of factors that characterize human actions that lead to the *Buen Vivir*, such as knowledge, codes of ethical and spiritual behavior in relation to the environment,

human values and visions, among others. The *Buen Vivir* is certainly a central category within the philosophy of life held by indigenous societies. It is an aspect that is subject to a permanent process of construction and reproduction.

In the words of Brazilian theologian Leonardo Boff: “[T]he *Buen Vivir* points to an ethic of that which is enough for the whole community, not just for the individual. A *Buen Vivir* implies an integrating holistic vision of the human being, immersed in the great earthly community, that includes, besides humans, the air, water, soil, mountains, trees, and animals; it is to be in profound community with *Pachamama* (Our Mother Earth), with the energies of the Universe, and with God.”

Although the ancestral *Buen Vivir* has lost terrain as a result of the practices and messages of Western modernity – more precisely, with the social and environmental devastation caused by capitalism – as well as a result of the colonial nature of power, of knowing and being, its contribution must not be forgotten. Without propagating a mistaken idealization of the indigenous way of life, its contribution invites us to take on board other “knowledge” and other practices, in this case of traditionally marginalized peoples and nationalities.

The task of rebuilding/building the *Buen Vivir* therefore entails a process of decolonialization (and depatriarchalization, of course). Ultimately, the development of non-capitalist community roots must go hand in hand with a world view that is different from that in the West. It also breaks with the anthropocentric logic of capitalism as the dominant civilization and of the various forms of socialisms displayed so far. In short, the *Buen Vivir* proposes a change to civilization.

In addition to these visions of Our America, there are inclusive philosophical positions that contain many other approaches to philosophical ideas related to the pursuit of the *Buen Vivir* or *Sumak Kawsay*. *Sumak Kawsay*, as the culture of life, with various names and varieties, has been known and practiced in different periods and in different regions of Mother Earth. Here we should highlight other humanist contributions, such as those from the *Svaadeshi* movement of Gandhi or the ecofeminists of Vandana Shiva, for example. In this collective effort to rebuild/build a jigsaw made up of the supporting elements of new ways of organizing life, we can retrieve elements from the “good life” of Aristotle, even though his ideas can be considered as constituting one of the pillars of Western civilization that must be questioned.

From the above, we can see that there is no unique vision. The *Buen Vivir* does not constitute a monocultural proposal. It would be better to speak of “good lives” or “good living together.” It is a pluralist concept arising especially from indigenous communities that does not deny the technological advantages of the modern world or the possible contributions of other cultures and sources of knowledge that challenge different assumptions of the dominant form of modernity. The *Buen Vivir*, as it is easy to understand, urges us to rethink the current way of organizing life in rural areas and in the city, in production plants, and in social living spaces, in schools and health centers, etc.

Nature at the center of the debate

Let us remember that, since the dawn of mankind, the fear of the unpredictable elements in Nature has been present in everyday life. The ancestral and difficult struggle for survival was gradually transformed into a desperate effort to dominate the forces of Nature. Human beings were increasingly treated as something outside of Nature. Nature was defined without regarding humanity as an integral part of it, and capitalism definitely opened the door to dominating and manipulating Nature. This led to a cutting of the Gordian Knot of life. Human beings were separated from Nature, transforming the latter into a seemingly inexhaustible source of business.

This is the starting point for understanding the conquest and colonization of America, which constituted a ruthless exploitation of natural resources, leading to the genocide of indigenous peoples and the subsequent incorporation of slaves from Africa in the emerging global market. This saw the emergence of an extractive scheme of exporting the fruits of Nature from the colonies based on the demands of the capital accumulation of the colonizers, which continues today.

After gaining independence from Spain, the countries of Latin America continued to export their natural resources, that is, Nature itself. And it is exactly this vision of domination over Nature that remains in effect today in many sectors of society (as if it was an insurmountable DNA), especially at the government level, including those regimes considered to be progressive in the region.

To begin to address this old message—sustained in a profound separation of the economy and Nature—we have to recover the true dimensions of sustainability. This requires a new ethics for organizing life itself. There is a need to recognize the biophysical limits of the activities developed by humans. Reality has shown us over and over again that Nature has her limits. And these limits, which were quickly reached by the anthropocentric lifestyles and particularly exacerbated by the demands of capital accumulation, are becoming increasingly apparent and unsustainable.

The task is simple and yet extremely complex. Instead of maintaining the separation between Nature and humans, the task now at hand is to promote their reunion, something akin to attempting to retie the Gordian Knot, which was destroyed by the power of a conception of life that became predatory and indeed intolerable. Economic objectives should be subordinated to the laws of the functioning of natural systems, without losing sight of a respect for human dignity and an improved quality of life for the people. Economic growth is only a means and not an end.

Writing this historical change is the greatest challenge facing humanity if we do not want to jeopardize the very existence of human beings on Earth. The Ecuadorian Constitution of 2008 made a pioneering step in this direction when it rendered Nature a subject of rights.

Providing rights for Nature thus means to encourage politically its transition from an object to a subject, as part of a centenary process of expanding on

the subjects of law. Throughout legal history, every extension of rights was unthinkable before it happened. The emancipation of the slaves or the extension of the rights to African-Americans, women, and children were once rejected as being absurd, and was even considered as lacking ideological and legal foundations. Throughout history it has been necessary to recognize “the right to have rights,” and this has always been achieved through political efforts to change those visions, customs, and laws that denied such rights. It is curious that many people who have opposed – and still oppose – the extension of these rights have no problems whatsoever in granting legal entities almost human rights, which is one of the greatest aberrations in law.

The most important thing with respect to the Rights of Nature is to rescue the “right of existence” of human beings themselves. The validity of this right, that is, as a political proposal and not just a legal one, entails profound changes. We will be forced to move from the current anthropocentrism to biocentrism; perhaps we should speak more of a socio-biocentrism that should be translated into a new kind of socialism. A move that requires a sustained and pluralistic process. The task is to organize society and the economy while preserving the integrity of natural processes, ensuring the flow of energy and materials in the biosphere, and at the same time sustaining global biodiversity – all this to improve the living conditions of everyone on the planet. A policy approach that presupposes the overcoming of capitalism – the challenge is that simple and that complex.

Human rights place the human being in the center. This is an anthropocentric view. The Rights of Nature place Nature in the center, including of course also human beings. Nature has its own standing independent of the profit or usefulness of Nature for human beings. This is an essential aspect if we accept that all living beings have the same ontological value, which does not imply that they are all identical. This is what we can call a biocentric vision.

These rights do not defend an untouched Nature, which leads us, for example, to stop having crops, fish, or livestock. These rights defend maintaining the life systems, the full spectrum of life. The attention is focused on ecosystems, on communities. We can eat meat, fish, and grains, for example, and at the same time ensure that ecosystems still function with their native species.

The Rights of Nature are called ecological rights to distinguish them from environmental rights. In this field, ecological justice seeks to ensure the persistence and survival of species and of their ecosystems – as full spectrums of life, as networks of life. This justice is independent of environmental justice. Placing the blame for environmental damage on human beings is not its concern. It manifests itself in the restoration of the affected ecosystems. Actually, the two justices must be applied simultaneously: the environmental one to people, and ecological one to Nature.

Transcendental decisions are derived from the Rights of Nature. One key is related to processes of demercantilization of Nature. To cite a few examples, any kind of privatization of water – the access to which should be accepted as a fundamental human right – should be prohibited, and the introduction

of market criteria for environmental services should be denied. Another crucial point, without intending to cover the whole issue, is promoting food sovereignty. All these issues are mandates of the Ecuadorian Constitution.

Toward the construction of a solidarity economy

The basic value of the economy associated with the *Buen Vivir* is solidarity. Therefore, this seeks to establish an economy that is different from the present one. A solidarity economy must be far away from free competition, which encourages economic cannibalism among humans and nourishes financial speculation. A solidarity economy requires relations of production, exchange, and cooperation that promote sufficiency (more than just efficiency) and quality, underpinned by reciprocity.

The world of work in the *Buen Vivir* is a fundamental component of the solidarity economy, which is also understood as labor economics. Thus, it is important to recognize all forms of work, production, and reproduction under equal conditions. This approach is strengthened with inclusion and non-discrimination, and by including gender equality and reproductive rights in the working environment. This means that the reproductive work of women, which has been unpaid until now, will be given its own space and will no longer be satisfied with being merely a vision.

The fundamental factor of the economy is that human beings are placed at the center of attention. In that sense, rescuing the need to strengthen and dignify work must banish any form of job insecurity. The failure to comply with labor standards should be penalized and punished. On the other hand, the work of informal traders and artisans must not be blocked.

If work is a right and a social duty, no form of unemployment can be tolerated in a society that seeks the *Buen Vivir*. The challenge of the *Buen Vivir*, which is largely associated with the issue of work, must be resolved by the space that is given to human work, not simply to produce more, but to live well. If these issues are put in their proper order, work will contribute to the dignity of the people. Therefore, it will be essential to envisage the reduction of working time and the redistribution of work, promoting creative activities among human beings.

At the same time, the axiological and existential needs of human beings must be collectively redefined on the basis of real equity, taking into consideration *satisfactors* that are adjusted to the resources of the economy and Nature. Sooner or later, a state of sufficiency must be prioritized, as long as we are looking for what we really need, rather than for ever greater efficiency sustained on the basis of an uncontrolled competitiveness and unrestrained consumerism, threatening the very foundations of society and environmental sustainability.

From the above, it becomes evident that it is essential to remember that the *Buen Vivir* demands a thorough review of the lifestyle of the whole of society, starting with dismantling the current lifestyles of the elites, which act as models for others – one that is unattainable for most parts of the population.

It is not just about defending the labor force and recovering the surplus labor time for workers, that is, to oppose the exploitation of the workforce; it is about defending life against anthropocentric production schemes, which are bringing about the destruction of the planet caused by predation and environmental degradation. And of course, it is about continuing the fight to eliminate gender, ethnic, intergenerational, and other inequalities.

This transformation should, of course, be extended to all those forms of production, such as extractionist ones, which sustain the material foundations of capitalism. The countries producing and exporting raw materials, that is, Nature, which are dutifully integrated into the world market, are vital for global capitalist accumulation and are also indirectly or even directly responsible for global environmental problems. Ultimately, extractivism² is not compatible with the *Buen Vivir* – not only because it leads to the depredation of Nature, but also because it retains an exploitative labor structure in the workforce, which, moreover, does not even guarantee adequate jobs.

It follows that the very organization of the economy must change profoundly. The market alone is not the solution, nor the state. The subordination of the state to the market leads to a subordination of society to market relations and individualistic egotism. Far from an economy determined by market relations, the *Buen Vivir* promotes a dynamic and constructive relationship between markets, state, and society. We must seek to build a pluralist society with markets, and not a market society that is commercialized. The aim is to prevent the establishment of an economy controlled by monopolists and speculators, as well as prevent the promotion of an extreme statist vision of the economy.

Markets require a political re-conceptualization leading to appropriate regulations. Markets reflect social relations subject to the needs of individuals and communities. They should be understood as spaces for the exchange of goods and services according to the needs of society and not just the needs of capital. Moreover, the proper functioning of markets that comply with the instrumental aims that society assigns them can never be completely free. Free markets have never worked well and ended in different kinds of economic disaster.

In no way can one believe that the whole economic system must be immersed in the dominant logic of the market, as there are many other relationships that are based on other principles of undoubted importance, such as solidarity for a functional social security system or social benefits, but also in other areas such as food, healthcare, and housing.

Similar considerations could be made for the provision of public education, defense, public transport, financial services, and other functions that generate public goods that are not produced and regulated by supply and demand. Moreover, not all actors in the economy are motivated by profit. Specifically, the

2 “The term extractivism is used in a broad sense for activities that remove large volumes of natural resources that are not processed (or which are limited), and are designated for export” (Gudynas 2009b).

market must be organized and controlled, and must not be seen as a mechanism of domination. Markets must be civilized – that requires regulations and state interventions as well as the increasing participation of society.

Similar considerations can be applied if we remember the failures of the state-centric options at all costs. This new economy reinforces the principle of public monopoly over strategic resources, but also establishes dynamics in the use and exploitation of resources from a sustainable perspective, with the need of having regulations and control mechanisms for the provision of public services within society. Similarly, the various forms of economy must be considered during the transition stage: state, public, private, mixed, communitarian, associative, cooperative – both the social function of property as well as its environmental function must be included.

Addressing the seriousness of the existing problems and building a new economy are essential to disarming the simplistic and compartmentalized visions that prevail. Furthermore, we do not and must not have recipes, that is, an undisputable list of actions to follow. The resounding failure of a world that tried to organize itself around the market using recipes inspired by the Washington Consensus is fresh in our memories.

We now have the opportunity to creatively incorporate many institutions of indigenous production and exchange.³ The connotations and validity of these must be analyzed and even recovered if we want to strengthen the roots of diverse and culturally rich societies. In indigenous society, there is a broad social fabric, and there are patterns where actions based on reciprocity, solidarity, and correspondence interact extensively. Without denying the pernicious influence of capitalism, they are deeply connected and rooted in their own customs and daily practices. Life is carried on the principle of society. The individual is linked to his / her social environment. And the community, with all its individuals, has a close relationship to Nature.

Without pretending to exhaust the subject, we would like to mention some forms of economic relations in the indigenous communities.

■ **Minka (Minga):** This is a mutual aid institution in the community setting. It ensures work designed for the common good of the population. It is aimed at meeting the collective needs and interests of the community, for example, in the execution of projects, such as the construction and maintenance of an irrigation canal or road. It is therefore a mechanism of collective work that has made it possible to overcome and address the neglect of and exclusion from the colonial and republican system. Furthermore, this institution has helped communities to potentiate their production, encourage work, and promote savings. The *minka* is also a powerful cultural and ceremonial ritual of convocation and cohesion of the communities and a space for an exchange of socio-cultural norms.

■ **Ranti-Ranti:** Unlike closed and non-inclusive barter that occurs in some *mestizo* economies, this barter is part of a chain that leads to an endless series of transfers

3 Here you can refer to the work of Quisantuña Sisa (2011) and Torre and Peralta (2004). The author gratefully acknowledges the comments of Yuri Guadinango.

of values, products, and working hours. It is based on the principle of giving and taking without determining a range of time, action, and space related to certain values of the community in reference to ethics or cultural and historical content. (This principle is present in all actions that are labor-explicit.) Here, for example, it is possible to exchange “hands,” manual work in the agricultural sector, that is, the labor that is offered to one person, which, after a certain time, is reciprocated. This is an activity that is carried out in solidarity, “first you and then me.”

■ *Makimañachina*: This refers to an agreement between individuals to perform a particular job of any kind that does not involve monetary remuneration. The only condition is that those who receive help in the form of work return it on another occasion to those who helped. This is equivalent to the help given by family or friends to others who need this support in order to continue certain activities.

■ *Makipurarina*: This means combining hands to do work that benefits many, by joining people with similar or the same concerns. Through this commitment, one can help in any work that does not necessarily involve the whole community, as is the case with *minka*. With this mechanism, activities previously initiated by family, friends, neighbors, or friends from other areas can be advanced. It acts to unite forces and strengthen community ties.

■ *Uyanza*: This is an institution of social aid and recognition of families who have given their labor as a loan. The lender of this workforce has a moral obligation to acknowledge this support through a donation, either by a portion of his/her crops or by some other gift.

■ *Chukchina*, *chalana*, or *challina*: It means collecting leftover crops. This is a right assigned to all persons who were part of the production process, providing their labor to the *makimañachina*. Also orphans, widows, and others who do not own any products themselves can also access the *chukchina*; moreover, a small portion of agricultural products is assigned to them as solidarity with the difficult situation they have had to suffer. So nothing is wasted. This option, however, also reflects the inequality in which communities live. In addition, the *chukchina* is only possible if large tracts of land and crops exist; most communities now live in smallholdings where this action is not possible.

■ *Uniguilla*: This activity is an exchange to provide additional food and utilities; the aim is to improve the local diet by providing products from other areas. People living in remote areas exchange their food. This activity is based on the knowledge of the agricultural calendar. It is a process of exchange, complementation, and supply for their pantries for the seasons in which nothing can be harvested or when production has been insufficient.

■ *Waki*: This involves granting farmland to another community or family working in the fields. It involves the distribution of cultivated products between two communities or families. This activity is also extended to care activities and the breeding of animals.

■ *Makikuna*: This is a form of support that involves the whole community, extended family, friends, and neighbors. It is a kind of moral support at the time a family requires it most. This assistance may also be requested when faced by unexpected situations and emergencies.

This list can be lengthened. It just mentions a number of additional actions and practices like the *tumina*, the *probana*, the *yapa*, the *pampamesa*, the *kamari* and so on. All these are forms of relations of solidarity, mutual and shared responsibility of individuals among each other, as well as of the various communities – and indeed all of them involve Nature. Many of these practices could be considered and applied to build a new economy that is at the service of humanity, integrated harmoniously with Nature.

These basic principles of reciprocity and solidarity must certainly be built from the home and primary learning centers and in the various instances of the lives of human beings. These are not charitable actions in an environment of increasing competitiveness. We should keep in mind that humanity is not a community of brutal, aggressive, and competitive beings – these values are created by civilizations that have favored individualism, consumerism, and the aggressive accumulation of material goods, which has been the case in capitalist civilization. The natural tendency of humans and of superior animals to cooperation and mutual assistance has been scientifically proven. So what we need is to recover and strengthen these values.

The *Buen Vivir* embedded in a global debate

The *Buen Vivir*, as an ongoing proposal, questions the Western concept of well-being, which means a proposal to fight and face the colonality of power. So, without minimizing the contribution from the traditionally marginalized indigenous world, we must accept that the Andean and Amazonian vision is not the only source of inspiration to boost the *Buen Vivir*.

It is important to stress the contributions made by the communities of the Amazonas to this concept. These contributions are not confined to the Amazon regions of Ecuador and Bolivia. In the whole Amazon region, there are indigenous groups who maintain a harmonious relationship with their regions, that is, within their communities. These enormous potentials should be explored and made use of.

Hence, it is necessary to recover the practices of the indigenous communities and accept them as they are without rendering them the subject of an idealized view of things. Certainly, the point is not to mend the actual way things are. What is being proposed is not merely adding indigenous concepts to existing structures in order to build a state that is different from the current one, nor the mere juxtaposition of indigenous with non-indigenous approaches and visions. The pluri-national state is not a hybrid state. It must be a different state in the sense of a different society and a different proposal of life, that is, *Buen Vivir*. As a consequence, the existing pluri-nationality in the region should involve other designs for the state.

Another fundamental issue is to recognize that *Buen Vivir* cannot be restricted to the rural environment. While all the fundamental proposals come mainly from rural environments, it is also true that more and more people are living in the cities. It is therefore necessary to find an answer for these large groups of people –

many of whom are marginalized and exploited. Urban societies today are far from constituting a way of life that shows solidarity and respect for the environment. Thus, coming up with a concept of *Buen Vivir* that is suitable for the cities is one of the most important challenges we face. The tasks at hand mean rethinking the cities, redesigning and reorganizing them, and at the same time building another kind of relationship with the rural world.

In addition, the people and the ancestral nationalities of Abya-Yala are not the only ones who support these proposals. *Buen Vivir* is part of an extensive search for alternative ways of life that have been shaped by the struggles of humanity in its progress toward emancipation and a better life.

Even from among the circles of Western culture, many voices have been raised for a long time that might to some extent be in tune with this indigenous vision and vice versa. The concept of the *Buen Vivir* not only has a historically fixed place in the indigenous world, it is also based on some universal philosophical principles, for example, those of Aristotle, Marxists, ecologists, feminists, cooperativists, humanists, and so on.

Furthermore, the overall infeasibility of the dominant lifestyle is gradually being understood all over the world. This means that the *Buen Vivir* additionally acts as a platform to discuss urgent responses against the devastating effects of climate change on the planetary level. In that sense, there is even talk of a “world revolution of *Buen Vivir*” (Alcoreza 2010).

The demand for a great transformation that is aimed at bringing about a paradigm change cannot be imposed in the same way that development has been (that is, as a mechanistic form of progress). This demand entails taking global action.

Human beings are being increasingly confronted with the challenge of dealing with global problems as a whole, and the solutions must therefore inevitably be of a global character. Thus, the proposals must be pluralistic. This entails respect for different ways of life, that is, different ways of organizing society, provided that this new social and economic organization lies within the biophysical limits of Nature and leads to the eradication of structural poverty and to the eradication of opulence in the hands of a few, which has caused so much misery for the masses.

Therefore, material growth is not the only priority. Globally, the (mistaken!) concept of growth based on inexhaustible natural resources and a market that can absorb the entire production process has not led – and will not lead – to development.⁴

Although contradictory, this observation has not yet translated into action by the governments of those countries, in the constitutions of which *Buen Vivir* has been introduced: namely in Bolivia and Ecuador. For those administrations,

4 Global capitalism urgently needs institutions and regulations that put a stop to its major outrages as part of a process leading to its extinction. If capitalism is essentially a system of values based on an incessant accumulation of capital and represents a culture of inequality that devastates life itself, then it is necessary to build a different kind of principle of civilisation. In this process, it is to consider different solutions in many areas of human coexistence: commercial, financial, ecological, cultural, etc.

which are seen as progressive, the extractive industry is even now of central importance. This extractivism is new, as it combines both old and new features, but it has not proved itself to have brought about any essential changes with regard to its continuance of the process of accumulation based on primary exports, which has its origins in colonialism. The most remarkable aspect of this neo-extractivism is the increased involvement of the state in running the primary export sector as well as the profit distribution from mining and the oil industry. However, the extractivism of the 21st century supports a subordinate and functional role within transnational capitalist globalization. Moreover, this excessive extractivism increases territorial fragmentation and brings about a consolidation of extractive enclaves that are closely connected to the global markets. All of this has increasing impacts on social and environmental aspects.⁵

Beyond the (partial) reinstitution of the state ownership of resources, rules and modes in the production process are being reproduced with the aim of forcing external competitiveness, efficiency, profit maximization, and an externalisation of environmental and social impacts. In these countries, beyond the nationalist discourses, the influence of the transnational accumulation logic still remains valid.

The list of contradictions attributed to the progressive governments, both at the national level and at the level of decentralized territories, makes obvious the contradictory nature of the constitutional mandate and the “realpolitik” (based on) perpetuating forms of consumerism, and also highlights the propagandistic use of the term *Buen Vivir*. It is enough if we look at the innumerable documents and official programs that use the term *Buen Vivir* in their political propaganda. For example, some municipal projects aimed at road improvements are presented as if this was the *Buen Vivir*, in cities which are built with the car in mind and not the human beings living there. In the same way, while extractivism makes gains by increasing mining activities and oil exploitation, we are seeing the emergence of government programs tagged as “*Buen Vivir*.” All this reflects a propagandistic and bureaucratized *Sumak Kawsay*, lacking in content and reducing the *Buen Vivir* to a product.

Dogmatizing and envisioning *Buen Vivir* from a theoretical standpoint that is inspired by illusions and personal utopias might ultimately end up reproducing a civilizing and even colonizing madness. By taking this path, it is possible to go so far as to embellish the term *Buen Vivir* (sustainable *Buen Vivir*, *Buen Vivir* with gender equality, endogenous *Buen Vivir*?), which was the case with development when we aimed to present it in a light that suited our respective ends at any given time.

In conclusion, the extractivism of the 21st century is part of a contemporary version of a policy of economic development that is characteristic of South America. The myth of progress, which has nothing to do with *Buen Vivir*, is thus perpetuated.

The international environment forces us to maintain this situation. Chinese enterprises in particular decided to “go shopping” in a world that finds itself

5 More can be found out about this subject in the writings of Eduardo Gudynas (2009b) or by the author of this text (2011b).

in the middle of a crisis. By taking advantage of its substantial monetary and financial reserves and political-financial power, China began acquiring more and more assets on all continents, expanding its sphere of influence rapidly.

The pressures this causes are also rooted in our region. Brazil is advancing at the expense of its neighbors. This task is encouraged by various mechanisms. Credit from the Brazilian National Bank for Social and Economic Development plays a key role both in securing resources in the region as well as in helping large Brazilian corporations finance important infrastructure in neighboring countries. These actions take place within the framework of the Infrastructure Integration Initiative of South America, which dates back to the neoliberal period, and which was set up with the aim of integrating Latin America even further regarding the demands of the accumulation of global capital. The Brazilian export approach is dependent not only on its neighbors' markets, but also on the existence of channels of distribution for exporting its products outside the region.

Brazil also secures, on its own behalf, significant energy contributions of several of its neighbors. I am not only referring to gas from Bolivia or the oil from other regions. For example, there are huge hydroelectric projects underway in Peru. This Andean country will produce the electricity to feed Brazil's growing energy demands, forcing development (that is, economic growth) at all costs, regardless of whether forests and fertile land are flooded and without regard to deforestation and the extermination of the fauna there.

Brazilian peripheral capitalism, in essence a form of sub-imperialism, shifts the costs of the imposition of this form of transnational integration to neighboring countries. We are witnessing various processes of dispossession, as understood by David Harvey, and a sort of primitive global accumulation, with features similar to those posed by Karl Marx. These processes are doable thanks to the complicity of governments that claim to be progressive or even constitutionally committed to taking an alternative path to development.

That is not all. Most of the world population has not attained material well-being, and the pursuit of this is affecting our safety, freedom, and identity as human beings. The global spread of certain patterns of consumption, in a pirouette of all-encompassing evil, has infiltrated the collective mind, even among those large population groups without financial means to access that consumption, keeping them prisoners in the ongoing desire to achieve it.

This maldevelopment, generated from above – whether by central governments, transnational corporations, or the national ruling elites in developing countries – which is peculiar to the capitalist system, entails a situation of multiple complexities that cannot be explained on the basis of one single cause.

In this line of reflection, from the environmental aspect and not just from this aspect, we could mention more and more urgently the calls for a change in the logic of development by many thinkers of great value. Their questioning of conventional strategies draws on a wide range of visions, experiences, and proposals from around the globe, including some from the same roots of Western civilization.

There is an awareness of the existing biophysical limits facing us. One must not fall into the trap of a concept of “sustainable development” or “green capitalism.”

In a demonstration of its astounding and perverted ability to seek and find new areas of exploitation, capitalism is colonizing our climate. This extreme neoliberal practice – from which the “progressive” governments in the region cannot escape – is transforming Mother Earth into a source of business, making money by recycling carbon. Even more outrageous is the increasing transformation of the atmosphere into a new commodity that is shaped, regulated, controlled, and managed by the same people who caused the climate crisis and who are now receiving government subsidies within a complex financial and political system. This process of privatizing the climate was initiated in the neoliberal era and was driven by the World Bank, the World Trade Organization, and other similar organizations. This is without doubt capitalism’s (pen)ultimate frontier of colonization.

We know that environmental mercantilism, which has been becoming exacerbated for several decades, has not contributed to improving the situation; it only has been something like an irrelevant and diversionary construct. We know the risks of overconfidence in science, in technology. It is now necessary to build new forms of organizing life itself.

Let us assume that the *Buen Vivir* is not yet a fully-developed proposal, much less an undisputed one. The *Buen Vivir* is not meant to take on the role of a global mandate. This means that the *Buen Vivir* is intended to be a construct serving to disassemble the universal goal of all societies, that is, progress in its productivist drift and development that goes in one direction only, especially in its mechanistic view of economic growth and its multiple synonyms. But they are not only disassembled – the *Buen Vivir* offers a different vision, much richer in content and certainly more complex.

Each country must find its own way. Brazil, a huge country in many respects, which possesses a rich cultural, ecological, and human diversity, has great potential to take the path that will allow it to promote a great transformation in a more autonomous manner than its neighbors. Brazil has a tremendous historical responsibility to bring about a different approach to regional integration. Without a supportive and complementary integration of the countries of “Our America,” raised to the status of a regionally historical project, it will not be possible to overcome the current social and economic deterioration that is taking place. That is a fundamental step for the peoples of the region to be involved – with dignity and intelligence – in the global context. This inclusion cannot be the beginning and end of our countries’ economic actions.

The sixth-largest economy in the world should not measure its achievements within the context of insane international competition, but rather by establishing decent living conditions for its people and even for the people of neighboring countries.

Brazil – the country that controls more than half of the Amazon – cannot keep trampling on Nature just to compete with large capitalist powers, with the ultimate aim of continuing to reinforce a model of accumulation that is socially

and ecologically devastating, and which has clear limitations and is taking us on a path toward barbarism.

We are facing a struggle for liberation that entails political effort, and which must begin by recognizing that the capitalist system is destroying the biophysical and social conditions for existence. It is essentially a predatory and exploitative system, which “lives on suffocating life and the world we live in” (Echeverría 2010).

Buen Vivir, is finally – as far as it proposes a change to civilization – a journey that we must imagine to be devised by each society in order to change this world and democratically build another one that is sustainable, just, equitable, free, and certainly more humane.

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APPENDIX

Letter from Salvador

The *Letter from Salvador* (*Carta de Salvador*) is a political document. It is the outcome of the National Meeting for Dialogue and Convergences (Encontro Nacional de Diálogos e Convergências) – Agroecology, Health and Environmental Justice, Food Sovereignty, Solidarity Economy and Feminism, which gathered 300 *quilombolas*,¹ fishermen, farmers, academics, and representatives from organizations and social movements in the city of Salvador, state of Bahia, Brazil, between September 26 and 29, 2011.

By consolidating different groups' points of view in a comprehensive and coherent way, the document is more than just the result of the meeting. In a way that has not been seen in a very long time, it marks a singular moment of unity and coordination of civil society, mobilized against the current model of economic development and in favor of alternatives for a more just world.

The letter highlights themes such as land reform, land rights, and environmental justice; market and agroecology mechanisms; impacts of the expansion of monoculture for agrofuels and alternative modes of production and energy use in rural areas; the defense of environmental health and healthy food, as well as the fight against pesticides and genetically modified organisms; the rights of farmers, peoples, and traditional communities to free access to biodiversity; as well as food sovereignty and solidarity economy. It also highlights the role of women as political individuals, defending feminism as a tool for making visible the knowledge and practices of agroecology, solidarity economy, and environmental justice in the search for economic autonomy.

As proof of organized civil society's power of convergence and its willingness to enter into dialog, the document was delivered to the National Secretary of Social Organization of the General Secretariat of the Presidency of the Republic, which committed to using it as a basis for future dialog of the federal government with the participating movements, forums, and networks.

We are 300 Brazilian citizens, members of the Articulação Nacional de Agroecologia, the Associação Brasileira de Agroecologia, the Associação Brasileira de Pós-Graduação em Saúde Coletiva, the Fórum Brasileiro de Economia

1 Translator's note: *Quilombola* is the common name for refugee slaves from sugar cane plantations and farms who built small villages called *quilombos* at the time of slavery in Brazil. Their descendants – who live in these territories, protect these memories, and fight for their rights – are still called *quilombolas* today.

Solidária, the Fórum Brasileiro de Soberania e Segurança Alimentar e Nutricional, the Rede Brasileira de Justiça Ambiental, the Rede Alerta contra o Deserto Verde, the Marcha Mundial de Mulheres, and the Articulação de Mulheres Brasileiras, attending the National Meeting for Dialogues and Convergences on Agroecology, Health and Environmental Justice, Food Sovereignty, Economic Solidarity and Feminism in Salvador, Bahia, from September 26 to 29, 2011.

This gathering is the result of a long and meaningful process of identification and analysis of a variety of emblematic cases of resistance by diverse socio-cultural groups from across Brazil. Exploration of these cases – and how it can lead to alternatives to the hegemonic model of development of our country – was the focus during the three-day meeting, and the resulting ideas are at the core of the political manifesto presented in this letter.

The development model being promoted by President Dilma Rousseff's government de-prioritizes the fight against extreme poverty in our country, to which she claimed to be committed. Economic growth based on export of commodities has adverse effects that ripple through the whole of Brazilian society. In rural areas, the most visible impact of this economic model has been the expropriation of people's means and ways of life, thus increasing environmental degradation, poverty, and dependence on social welfare programs. In place since the country's early days, this model has gained momentum in recent decades as a series of administrations has supported major foreign-funded ventures. These ventures have focused on the expansion of agribusiness and major infrastructure projects aimed at extracting natural resources for the global market.

Our discussion of these emblematic cases made clear the violent nature of this model, which violates the "right to remain" – evicting people from the land they work on and cutting access to natural resources, economic stability, and socio-cultural identity. The resulting massive, forced migration is in large part responsible for the unsustainable demographic distribution, which is turning cities into hubs of poverty, as rural areas become agricultural investment opportunities with no place for farmers.

The ongoing decline in public health is the most significant sign of the contradictions of this model, which has made Brazil one of the most important economies in the world, concurrent with a growing dependence on programs to fight hunger and promote nutrition. In addition, this model promotes gender, generational, racial, and ethnic inequality.

Our analyses indicate that wealthy transnational agro-industrial and financial corporations not only promote this model, but are also the greatest beneficiaries. Despite increasing investment in social and green marketing, these corporations cannot conceal their roles in creating a global sustainability crisis that touches even developed nations. Unemployment, growing poverty and hunger, climate change, the energy crisis, and destruction of natural resources are manifestations of the systemic imbalances caused by this crisis.

The networks gathered here denounce the negative foundations of this model

and strongly contest the false solutions to the planetary crisis proposed by its promoters and beneficiaries. These locally-based resistance efforts also pave the way for the formation of a just, democratic, and sustainable society.

An increase in initiatives that defend territories, promote environmental justice, and denounce socio-environmental conflicts is at the root of the upsurge in violence in rural areas in recent years. The murder of our comrades fighting on these fronts is a cruel and painful response on the part of agribusiness and other such investors. Such criminal acts are an offense to militants as well as to society as a whole.

We hope that our discussions will lead to an understanding of common goals that can fortify resistance efforts and promote alternatives for society.

We hold the government responsible for various violations against the movement for **agrarian reform, land rights, and environmental justice**. Such acts include violent ones, even murder, eviction, and forced displacement of people to make way for large-scale projects such as hydroelectric dams, expansion of monoculture farming, and mining, as well as use of land for production of agrofuels, resulting in reduced area for food production. In addition, as traditional communities occupying forest and riverside lands, mangroves, and fishing areas are threatened, so too are their ways of life, food sovereignty, access to water, and sources of income.

The meetings focused on the importance of the fight for land, agrarian reform, and guaranteed land rights for the people. The notion of land rights has been dissociated from valuing the many ways people live and produce on the land, as well as the ways that indigenous peoples and native communities contribute to the preservation of various ecosystems. The right to land does not recognize that environmental resources are collectively owned, or that city and country dwellers have equal rights to environmental protection – now and into the future. We strongly believe that the rights to land, water, food sovereignty, and healthcare are strongly linked.

We recognize the importance of providing ongoing support to the Xingu Movement in their efforts to defend their lives and the Xingu River. This movement is an emblematic example of resistance to the current development model. We defend the actions of those affected by the Vale Company and support efforts to combine environmental management with agroecology and the innovative methods used by those groups occupying land as part of the land reform movement.

The conclusion of our discussions on **climate change, its impacts, market mechanisms, and agroecology as an alternative** was that we do not support agroecology as an appropriate means of compensation, whether through the invisible and unstable carbon market (REDD, REDD+, REDD++) or as payment for environmental services. Rio+20 promotes the so-called green economy, which may simply be a way of placing alternative practices of family and peasant farmers and fair trade mechanisms in the realm of capitalism, thus reducing the socio-environmental crisis to an economic problem.

Agroecology is not simply a service provider hired by the private sector. It embodies cities and rural area, and entails working with people. Is it possible to finance agroecology through pollution, slavery, racism, and the accumulation of wealth? Is it possible to face this challenge with payment for environmental

services through private contracts and public-private partnerships?

Discussion of the **impacts of expanding monoculture for agrofuels and alternative standards for energy production and use in rural areas** concluded that energy is a key factor in the power and autonomy of the people. However, it is also part of the failed, hegemonic model of consumption, production, and distribution. Agribusiness' monoculture production of agrofuels involves environmental degradation and violation of social and environmental rights and is a threat to food sovereignty.

Public policy that systematically distorts proposals coming from popular movements places cooperatives and family farming initiatives into the competitive market, where corporations have a clear and unfair advantage. This occurs in the areas of power generation, food security, science and technology, and even in fair trade.

In the agrofuel sector, family farms are merely suppliers of raw materials. Peasants' and farm workers' land use fees and wages are hidden, embedded in the technology package of the "green revolution" through credit, technical assistance, and agricultural extension programs. The dialog between the government and social movements is weakened by division and tension among organizations, while the practices and interests of the Ministry of Agrarian Development and Petrobrás pave the way for public policy that facilitates business negotiations.

Valid solutions for decentralized energy and food production come out of organizations and movements that value agroecology, food and energy sovereignty, fair trade, feminism as well as social and environmental justice and that have a strong connection to the land and prior community organization experience.

All these initiatives value the diversification of production and markets and believe in taking advantage of local resources, knowledge, and markets. They are under the control of farmers and are not connected to business or the government. They work in conjunction with programs and public policy such as the National School Meals Program and the Program of Food Acquisition and also with the Programa Nacional de Produção e Uso de Biodiesel. Every organization in the production chain plays a role in the transformation process. Food production, the energy grid, and co-products are diversified due to – but also as a result of – fuel production. The forms of production are networked and must be able to compete with conventional systems in order to remain on the land.

In alignment with these principles and lessons, public policy geared toward promoting food and energy production must include a specific legal framework for family farms and promote diversified production and uses of oils and co-products, in concert with regional cultural diversity and biology. This policy must also meet the ongoing demands for technology and equipment in connection with university trainings and networks for innovation as well as promote autonomy in terms of local distribution and consumption of vegetable-based oils, biodiesel, and alcohol.

Discussion of **pesticides and genetically modified organisms, and how to foster agroecology and environmental health and justice**, led us to believe that the

government is responsible for concealing access to official data about pesticide use and technical reports on cases of contamination is restricted. In addition, use of genetically modified organisms is permitted without open debate and proper precautions. Oversight of labor, health, and environmental conditions is insufficient. Only limited access is available to public laboratories for testing of air, water, food, and blood samples for contamination by genetically modified organisms and pesticides. These policies further a rural development model of narrow distribution of wealth and income, and with serious negative socio-environmental impacts on the most vulnerable populations.

We call upon the government to investigate complaints and crimes, such as the murder of community leader José Maria da Chapada do Apodi in Ceará, and we stand in defense of researchers who have been persecuted for publicizing the impacts of pesticides and for sharing this information with members of social movements. We demand public policy that supports the transition to agroecology by facilitating access to credit and technical assistance and that recognizes the value of knowledge and farming practices of rural communities.

It is not possible for agribusiness and agroecology to co-exist because imbalances in ecosystems caused by deforestation and spraying of pesticides directly affect agroecology-based farms. Public policy should reflect an awareness of the deleterious effects of pesticides on women (miscarriage, breast milk, etc.), who are often exposed in a variety of ways – from working in the fields to washing clothes that come into contact with the chemicals. The myth that pesticides and genetically modified organisms can be used safely must be deconstructed.

We must join forces with the *Campanha Nacional Permanente Contra os Agrotóxicos e pela Vida* to strengthen conversations between rural and urban social movements, and connect with new networks not represented at this Dialogues and Convergences Meeting. We must denounce the agribusiness model on a global level by endorsing public policy that will limit the use of pesticides and genetically modified organisms. Such steps include prohibiting the spraying of pesticides and even redirecting funds from taxes on pesticides, the production and marketing of which are shamefully subsidized by the government. Ending such subsidies will help finance the public health system and agroecology.

On the topic of the **rights of farmers and native peoples and communities to natural resources**, we note the existence of a process of privatization of lands and natural resources in areas managed by families, peasants, and indigenous peoples and communities. This privatization is bolstered by the Forest Code, which is a serious threat and paves the way for major environmental destruction and appropriation of land by agribusiness.

The privatization of access to seeds, seedlings, and saplings, of traditional knowledge, as well as many aspects of natural resources is on the rise. Through regulation and public policy, the government has been influential in furthering agreements between business and communities. These agreements represent a serious threat to the right to the access to and use of natural resources.

It is of great concern that populations directly affected are not included in

the conversation about conservation and use of natural resources in Brazil. Rather, these topics are on the international agenda, as with that of Rio+20. We consider the current form of “consultation” on important legal and policy issues a violation, with power in the hands of a very few and insufficient representation of the views of the people.

Experiences at this meeting indicate that progress is being made and the movement is bolstered by the use of legitimate methods and by taking advantage of loopholes in existing legislation. Some examples include: the creation of community seed banks in semi-arid areas; production of agro-ecological seeds from varieties in the public domain; independent control of traditional knowledge of medicinal plants in the Cerrado region; establishment of a public fund for babassu nut workers through a benefit-sharing program that recognizes traditional knowledge.

We must assist farmers, extractive workers, and indigenous communities in fortifying their organizations. Cooperation, in principle and action, and dialog with regional, state, and national networks will further resistance and lead to the generation of alternative solutions, especially economic alternatives. Taking ownership of the debate on rights can facilitate and strengthen dialog within our networks and civil society movements in general. Also, such debate will highlight the importance of these communities’ livelihoods in order to guarantee their human rights as well as the right to adequate and healthful food.

Discussion on **food and nutrition sovereignty, economic solidarity, and agroecology** showed a wealth of alternatives to the current agri-food model. These alternatives ensure food sovereignty and nutritional security in addition to economic emancipation of rural workers, especially women. They also promote public health and environmental conservation. These proposals take into account the lifestyles, culture, and autonomy of residents of the land, and aim to advance socio-environmental justice, economic democracy, and the right to food security.

The existence of tens of thousands of fair trade and agroecology ventures and initiatives is evidence of progress, especially when organized in networks of production, sales, and consumption that unite producers with consumers. This approach strengthens local economies and culture while dealing with evictions from land and inequalities of gender, race, and ethnicity inherent in the current hegemonic standard of agri-food production and distribution.

School meal (National School Meals Program) and food-purchase (Program of Food Acquisition) programs as well as recognition in the Constitution of the right to food – and the implementation of the System and Policy of Food and Nutritional Security – are important achievements for family and peasant farmers. On the other hand, it is paradoxical that the government has strongly supported agribusiness by subjecting their action to investors’ interests, and citing a lack of a defined strategy for the expansion of budgets for the Program of Food Acquisition and the National School Meals Program.

It is evident after the meetings here that fair trade and agroecology initiatives and ventures have limited access to public policy and the market. These obstacles come in the form of legislation and tax and health inspections unsuitable for the

conditions of farmers and other workers. This is particularly true for those businesses involved in processing and production of animal-based products. These obstacles – along with bureaucracy involved in obtaining a certificate from the National Program for Strengthening Family Farming and complaints by the business sector to the National Health Surveillance Agency about these companies, which were just beginning to grow – has impeded production flow both within and outside the city as well as access to Program of Food Acquisition and National School Meals Program. The rights of labor and production organizations are dependent upon legislative guarantees and conditions, fair taxation, and financing.

It is clear that the fight for responsible, ethical, and conscious consumerism is an important concept for the networks and movements. One outcome of this meeting is recognition of the need to use this as a tool to create a dialog with society to publicize and inform about the harmful effects of food produced by agribusiness and contaminated by pesticides. This requires regulation of food advertising and promotion of fair trade and agroecological alternatives.

Seeking new paths

The discussions over the past two years, and the excellent results of this meeting, confirm that we must strengthen our alliances and renew our strategies for action. The recurrent themes in our discussions clearly show that the rallying points of our networks and movements center around the day-to-day struggles in the fields and the cities against the mechanisms of expropriation imposed by investment and in defense of the land. We must intensify and expand our activities on the local level, where territorial disputes take the form of socio-environmental conflicts that have negative impact on health on the regional, national, and international levels. This move is fundamental if we are to change the current hegemony at its roots.

The local and diverse nature of our struggles has made us invisible to the beneficiaries and power brokers of the current hegemonic model. Thus, we must devise and implement creative strategies to voice our issues and increase visibility of the conflicts and proposals generated at the local level.

In order to foster dialog and collaborations, we must disseminate information about the history and current relevance of territorial disputes. Toward this end, we must strengthen alliances with academic institutions and align our efforts to motivate government institutions to be supportive of the struggle for social and environmental justice. The use of maps – like Intermaps, for example, which show different dimensions of the fight for land and the main activists – is a means of increasing visibility and involvement among networks and movements.

Another strategy is based in our belief that the right to communication is a basic one. Indeed, we must make use of this important tool to increase the visibility of our agenda, initiatives, and proposals for development of the country. A change in the regulation of media is necessary for them to become a democratic means of communication. We disapprove of the negative representation in the

hegemonic media that criminalizes the struggle for land and the ways of life of those involved. Lack of media coverage is also an issue. The government must commit to funding our media sources so we can expand training of journalists and build our own means of communication. The public media should serve as a means of communication for new developments, proposals, and campaigns generated by our work. We believe in independent, democratic, community-based, egalitarian, pluralist media that values life over profit.

Our conversations also centered around the need to recognize that women play a role in politics and the importance of women becoming organized, especially around the issue of division of labor. Women's work is still undervalued: The economic contribution of housework and sustenance farming is not recognized. A critical understanding of feminist thought and action can be applied to reframe and broaden the meaning of work and its essential importance.

Feminism as a political tool can be a means to increase recognition and visibility of women's experiences, knowledge, and their role in the creation of agroecology, fair trade, and environmental justice, as well as their own economic self-sufficiency.

But history shows that continued violence by men against women has been a powerful means of patriarchic domination and control that damages women's dignity and limits their autonomy in addition to excluding them from positions of power. Violence against women is not agroecological, sustainable, or right. Thus, it is crucial that the organizers of the Dialogues and Convergences National Meeting embrace the eradication of violence against women as part of the new model of production and consumption, focused on the building of human relations based on equality.

The role of the democratic government is to create a country of citizens, both male and female, and to defend civil society. The government must demonstrate a commitment to serve the public and foster sustainability. Criminalization of movements and organizations involved in the fight for civil rights and free access to land and resources goes against this principle.

The networks and movements promoting this meeting have strengthened their identities and enlarged their capacity for political action. This is only the beginning of a process that will develop through dialog and collaboration organized on the land, where our struggles are alive in both theory and practice.

Salvador, September 29, 2011

ABBREVIATIONS

BASIC	Brazil, South Africa, India, China
BNDES	Banco Nacional de Desenvolvimento Econômico e Social (National Bank for Social and Economic Development)
BNDESPar	Banco Nacional de Desenvolvimento Econômico e Social Participações
BRICS	Brazil, Russia, India, China, South Africa
CBD	Convention on Biological Diversity
Cosiplan	Conselho de Infraestrutura e Planejamento (Infrastructure and Planning Council)
FAS	Fundação Amazonas Sustentável (Amazonas Sustainable Foundation)
FTAA	Free Trade Area of the Americas
IAEA	International Atomic Energy Agency
IBSA	India, Brazil, South Africa
IDB	Inter-American Development Bank
IIRSA	Iniciativa de Integração da Infraestrutura da Região Sul-americana (Infrastructure Integration Initiative of South America)
MRE	Ministério das Relações Exteriores (Ministry of Foreign Affairs)
NAFTA	North America Free Trade Area
NPT	Treaty on the Non-Proliferation of Nuclear Weapons
OAS	Organization of American States
PAC	Programa de Aceleração do Crescimento (Growth Acceleration Program)
PAE	Programa de Ação Estratégica (Program of Strategic Action)
PES	Payments for Ecosystem Services
PNMC	Política Nacional sobre Mudança do Clima (National Policies on Climate Change)
PT	Partido dos Trabalhadores (Workers' Party)
REDD	Reducing Emissions from Deforestation and Forest Degradation in Developing Countries
SPVEA	Superintendência do Plano de Valorização Econômica da Amazônia (Superintendency of Economic Recovery Plan of the Amazon)
SUDAM	Superintendência de Desenvolvimento da Amazônia (Superintendency of Development for the Amazon)
TEEB	The Economics of Ecosystems and Biodiversity
TKCSA	ThyssenKrupp Companhia Siderúrgica do Atlântico
UNASUL	União das Nações Sul-Americanas (Union of South American Nations)
UNFCCC	United Nations Framework Convention on Climate Change

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The international community likes to see Brazil as a socially oriented, economically successful state that is sensitive to environmental and climate-friendly issues and has even managed to get the endemic destruction of the Amazon rainforests under control – a great power on its way to the top; a champion. It was this perception that led us to bring out a publication about the Brazilian development model. Because, in Brazilian civil society, another perception of its own state and

the politics it pursues prevails. From the perspective of social and ecological justice, social movements and NGOs recognize a development paradigm that is all too similar to what came before and that, at the same time, has revived several large-scale projects from the times of the military dictatorship. This publication takes a closer look at this discrepancy between how Brazil is perceived by those outside of and within its borders.

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