Atilio Boron (AB): The Socialist Register has long had a great appreciation of the Landless People’s Movement in Brazil and of your role as a leader of the MST. We feel it is very important for readers of the Register in particular to learn more about the MST strategies and tactics to resist neoliberalism’s encroachments, so we want to focus this interview on how the MST has reacted to the neoliberal policies carried out in Brazil by the Cardoso and Lula governments. But perhaps we should start by asking you for a panoramic overview of the evolution of class struggles in contemporary Brazil, in order to put this in an adequate historical perspective.

João Pedro Stédile (JP): The MST and Via Campesina have developed a common understanding, a common reading, of the historical evolution of capitalism in Brazil. We had four centuries of what might be called the ‘agro-export model’, which was inaugurated by colonial capitalism. Industrial capitalism was not really implanted until 1930, and as Florestan Fernandes said, it was a model of dependent industrialization, because it was so highly dependent on foreign capital. It was not the result of local accumulation. It lasted until the early 1980s, and was quite successful insofar as in those fifty years the Brazilian economy grew at an annual average rate of 7.5 per cent. But by the early ’80s it fell into a crisis – part of the general crisis of that model. Many people say that crisis still remains unresolved, because in the 27 years since then the Brazilian economy as a whole has become relatively paralyzed, growing only at 2–2.5 per cent per year. Others say that the Brazilian dominant classes have succeeded in implementing a new economic model – the neoliberal model. Even though we know that in practice this is a model that subordinates the Brazilian economy to international capital, especially financial capital, in our view we have made another transition in the last ten years. There is now a new economic model in Brazil in which
the most dynamic sector of the economy, aimed at the export business – represented by the largest 200 firms, each of them embodying the alliance between international capital, the banks and the large Brazilian economic groups – has been growing at an average of 7 per cent per year. These 200 firms control 52 per cent of the economy and 78 per cent of all our exports. This has been the economic journey of Brazil in the long historical period, with the transition to neoliberalism leaving us today with an economy in crisis for two decades but containing a dynamic pole that is growing very fast, and reinforcing the dichotomy that exists between the interests of big capital and the economy as a whole, an economy that should be solving the general problems of the population.

There is, though, another reading of Brazilian history: the reading of class struggles. The MST and Via Campesina, especially, work with the theory of waves or cycles of the class struggle, as Lenin understood it in his own time. A quick glance at the Brazilian history of class struggle in the past century shows that when the agro-export model entered into a crisis it brought about an important wave of popular unrest. Many important social forces were born; unions, political parties of the left, both socialist and communist, emerged; and important actions took place, like Luís Carlos Prestes’ ‘Long March’ through the rural Brazilian interior, which mobilized broad segments of the peasantry right across the country over a period of five or six years during the 1920s. All this produced a big mass organization called Aliança Nacional Libertadora, representing a broad working-class offensive – against capital and for an alternative project. The rise of the popular movement led to a clash with the dominant classes in 1935. By then the industrialization model had already been consolidated and, led by Vargas, the bourgeoisie unleashed a coup and smashed all the social and workers’ movements. The majority of their leaders were imprisoned, exiled or shot. Prestes, the great leader of that first mobilizational wave, was held from 1936 to 1945 in solitary confinement, under subhuman conditions.

This period of defeat – marking a descending wave of the class struggle – ended in 1945, as the ascendancy of progressive and socialist forces in Europe after World War Two also had an impact on Brazil; and this gave birth to a new wave of mass mobilization in our country. The Communist Party was revived, the Peasant Leagues were founded, the central labour organization was rebuilt – indeed, all the class organizations were reconstructed. This inaugurated a period of intense class struggle which lasted until 1964, when a new confrontation or clash with the dominant classes took place and we were once more defeated, this time by the military dictatorship, leading to another phase of decline and disorganization of the mass movements. The
same scenario was played out again: leaders like Leonel Brizola, Luiz Carlos Prestes, Apolônio Carvalho and Carlos Marighella, among others, were exiled, jailed or killed. The downward movement lasted until 1978/79, when the industrial model began to show the first signs of crisis, creating the objective conditions for the working classes to begin to reorganize and fight: first against the dictatorship and then against the model. From 1979 on we witnessed a new impulse of social struggles, the rebirth of working-class organizations, the founding of the new Workers’ Party, the PT, and the new trade union federation, the CUT. It is significant that the MST, while we were also the historical heirs of peasant movements that had emerged in the earlier phase and had been defeated in 1964 and later disappeared, was also born at this time as a part of the rise of the mass movements, a child of the accumulation of forces in a new period of upturn in the class struggle.

This new ascending cycle of the class struggle lasted until 1989. The peak of our accumulation of forces was the ‘diretas já!’ campaign (a huge social movement demanding the direct election of the President) which between 1984 and 1989 was able to organize street meetings attended by two million people. There was great mobilization and political effervescence in the country. But all that ended with the victory of the diretas já! and the electoral competition of 1989. That election was about a lot more than a choice between two electoral projects: it was a confrontation between two different class projects. On the one side there was Lula, embodying a popular project to solve the crisis, and on the side of the dominant classes, we had Collor de Melo, as the unifying force around neoliberalism. Thus, when we were defeated in 1990 it was not only an electoral defeat. Collor’s victory was much more than that, insofar as it signalled the end of the period of ascent. It was the defeat of a popular project, and the two successive electoral victories of Fernando Henrique Cardoso (FHC) ratified this defeat.

The new period of downturn has lasted until today – 17 years. The only popular sector that has managed to resist somewhat has been the peasant movement, because we focused on a struggle for the land, against the latifundia, and at first this was not seen as a problem for financial capital. Initially, our actions did not disturb them and they did not pay much attention to us. They said ‘let those poor devils of the countryside fight the latifundio’, and that was what allowed us to grow, even in a downturn in the class struggle. When everybody was demobilized, we were the only ones that were able to keep our struggles going. We projected a shadow much bigger than what we really were, and we became famous for that. In fact, the MST as an organized force of the workers in Brazil is very small: we cannot even organize all the landless of Brazil, who number four million. But since the others did not
fight and we kept fighting, it was as if the small soccer team had started to play in the Premier League! We were the only ones really ready to confront the dominant classes, although some small sectors of the working classes also tried to do so, most notably in 1995, as soon as Fernando Henrique Cardoso won the elections, when the workers of the state-owned oil monopoly launched a national strike that lasted 20 days. FHC sent the troops to occupy all the oil refineries, militarized the conflict and smashed the workers. This strike was a symbol of the defeat of the working classes by neoliberalism.

**AB:** It was the exact equivalent of what Thatcher did with the miners’ strike in Britain.

**JP:** Exactly the same. But there was an aggravation in the case of Brazil, which appeared to be emblematic of the cycle of defeat in our eyes: the oil workers remained more isolated and alone than the British miners. Nobody supported their struggle, except for the MST. Even Lula and the head of the CUT at that time, Vicentinho, made public statements saying that ‘this is not a time for strikes’ which appeared in all the newspapers at the time. We could thus see, already in those years, the ideological vacillations and the abandonment of the last sector of the working class which had the courage to oppose neoliberalism. And the defeat of the oil workers was a disaster for the working-class movement because the people saw the beginnings of labour flexibilization and outsourcing in the production process. Petrobrás, which before the strike employed 80,000 workers, laid off half of them after the strike; now it employs only 15,000. All the rest, about 80,000 in total, have been ‘outsourced’. In other words, it was a major defeat of the class.

**AB:** How then should we explain Lula’s victory?

**JP:** This is the classic question posed by everybody coming from abroad: how can you explain that Lula, a left-wing candidate, won the elections in 2002? How is it possible to win elections, with a candidate like Lula, in a period of downturn in the mass movement? Eric Hobsbawm asked this question when he visited us. As a historian of the working class who studied the history of waves of labour unrest in the twentieth century, he told us that the left only wins elections when the mass movement is on the rise, because then elections are transformed into one of the trenches of the class struggle. Nowhere in the world did the workers win elections in a phase of decline, as we can see with the elections in France this year. In Spain, Zapatero could not have won the elections as he did without hundreds of thousands of Spaniards taking to the streets against Aznar. They defeated the right in the streets. When the masses take over the streets the most progressive par-
ties can win elections.

How then to explain Lula’s victory in 2002? There are several factors which explain this anomaly – ideological, political and economic factors that created the conditions for Lula to win the elections, and afterwards, almost for the same reasons, to win again in the 2006 elections.

First, we need to put the 2002 election in the context of the Argentina revolt that mobilized hundred of thousands with pans in the streets (the ‘cacerolazos’), and ousted a president. The fear experienced by the Brazilian bourgeoisie at this time reflected their knowledge that their economic model was the same as that of the Argentinian bourgeoisie. They panicked with the Argentina crisis. It was for this reason that the bourgeoisie took the decision to go with Lula rather than Serra. They said to themselves: if Serra wins the elections and deepens neoliberal policies the outcome could be the same as Argentina, and this is too risky for us. It was too risky precisely because Brazilian society is not as stratified as Argentina, which is classically organized along capitalist lines in terms of a dominant class, middle classes and working classes. In a word: Argentina is an organized society. Brazil is not. Here we have 140 million poor and disorganized people, and the day they decide to rise and rebel nobody could control it, not even Jesus Christ! As our bourgeoisie is not foolish they know this quite well. But they were helped in this by the conversion to neoliberalism, alongside the rise of FHC, of many of those who had been our intellectuals in the ascending wave of the cycle. Former Marxist intellectuals – FHC himself, Francisco Weffort, José Arthur Giannotti, lots of them – changed sides, joined the government and became counsellors and advisers of the bourgeoisie, while still preserving a good command of Marxist concepts and theories of classes and class struggles.

The second factor in the explanation is that part of the Brazilian bourgeoisie realized that the principal goal of neoliberalism, the privatization of the strategic, large state-owned firms, had already been achieved. Having already taken over the critical firms in industry and finance, the most lucid sector of the bourgeoisie allied with Lula in practical and objective ways. It was an alliance that was political, supporting his candidacy, and economic as well. What is quite telling is that in 1998 Lula’s presidential campaign spent only 8 million reais. It was a very modest, poorly-funded campaign, and depended on the mobilization of activists. We finished the campaign with a debt of 6 million, and the PT had to pay that debt with contributions from the congressmen and general activists. But in the 2002 campaign the PT spent 80 million reais, when the real was equal to one dollar. That was a lot of money. Where did this money come from? From the bourgeoisie who
had decided to support Lula.

The third factor in the explanation, and the most important one, on which the above two rested, was that the PT, as the hegemonic force of the Brazilian left, abandoned the popular and socialist project, and moved towards the center. This ideological conversion removed the last fears that the PT might represent something threatening to the dominant classes.

**AB:** What then are the MST’s new challenges in light of this situation, especially taking into account the massive changes that have taken place in Brazilian agriculture?

**JP:** This has to be seen in the context of the way in which MST had already inserted itself in the class struggle. More specifically, having emerged with the ascending cycle of the class struggle, we continued to fight even during the downturn, and our fame came precisely for that reason, which means that our reputation is larger than our effective force. Now, after the period of struggle against latifundio, the MST is confronting a much larger challenge. In fact, we are facing a veritable political cross-road. Why?

Because from the time of our birth through the early 1990s, and up to the FHC government, our principal political thesis was that the MST must fight for a democratic and republican agrarian reform. That is, the movement tried to organize the poor in the countryside to ensure that they all gained access to the right to own the land, to work for themselves, produce their own food and sustain their families. That right is a republican one, not a socialist one. Strictly speaking, the agrarian reform we defended, and which was fought for everywhere in Latin America, was a republican project – although not a bourgeois one, because the bourgeoisie only defends private property for itself, it does not defend the democratization of the means of production. But it was republican in the sense that since the land is a gift of nature, not a classic means of production resulting from work, all the members of a society that owns a given territory should have the right to the land.

This being the case, what has changed in the last eight to ten years? It was a slow, barely visible process which made it difficult to have an appropriate understanding of the changes affecting the entire Brazilian society. What changed was that our enemy was no longer the old latifundíarios, the big owners of large tracts of land who excluded us from access to the land. In the last ten years land and agriculture have come under the sway of neoliberalism: both were subsumed within the scope of the process of accumulation of large transnational enterprise and big financial capital. All around the world financial capital started to penetrate firms and economic units working in agriculture. This did not only happen in Brazil, but worldwide.
There was an excess of financial capital in the advanced capitalist economies, accumulated thanks to the external debt and all the brutal transfer of resources from the South during the 1980s and 1990s (some calculations suggest that in the 1990s alone Latin America made a net transfer of one trillion dollars to the United States). So financial capital, which had previously limited its circulation to the core capitalist economies, now started to make inroads in the firms and corporations working in agriculture in the South, buying their stock on the exchanges of several countries. Take the case of Monsanto. Financial capital, especially American financial capital, began to purchase the stock of several firms involved in agricultural activities: one devoted to seeds, another to the production of herbicides, a third specialized in agricultural trade – and in a short span of time financial capital became the owner of 20 or 30 firms working in different branches of agriculture. And when it became the majority owner in them financial capital said: ‘all of you are now Monsanto’. The Monsanto we know today is not the fruit of its own agricultural accumulation but the fruit of financial capital that was introduced into its veins and brought together these 30-odd original firms to make what today is Monsanto. I have the list of these firms. And who is today the ‘owner’ of Monsanto. It is not as in the past, family X or family Y. No, today the owner of Monsanto is financial capital.

The rise of financial capital quite swiftly brought about two major movements in the firms working in agriculture: first, business concentration took place very fast, with very few enterprises working in each sector; and secondly, it unleashed the accelerated centralization of capital. Thus, Monsanto, which originally devoted itself only to trade in soy beans, today has a presence in about 30 different branches of agriculture. Monsanto controls the production of herbicides and pesticides, and buys and sells soy beans, maize, wheat, sunflower, animal medicine, etc. A shining example is that one of the major firms devoted to this is Pfizer, which manufactures medicines both for humans and for livestock. Well, Monsanto is a major stock holder of Pfizer, Conversely, Pfizer also is owner of a large quantity of stocks of Monsanto. What made these two giants unite? Financial capital, which has bought both of them and promoted their unification in practice, if not in legal terms. Therefore, Monsanto is a huge conglomerate that works in several areas under the impulses provided by financial capital.

As a result of this process of capital concentration and centralization in Brazilian agriculture in the last five years a new mode of production in agriculture has been introduced which we now know by the name of ‘agribusiness’. When an association of firms involved in agriculture was founded it called itself ‘Associação Brasileira de Agribusiness’; the Public Notary in
charge of the registration of the association rejected the request, saying that ‘agribusiness’ was not a word in Portuguese. Well, they simply translated the word into ‘agronegócios’ and went on. This translation created a lot of confusion because in the dictionary ‘agronegócios’ means any commercial operation in agricultural goods. And, therefore, many in the media, in government, in multinationals or academia, hypocritically argued that ‘any peasant in Brazil is involved in agribusiness!’ But this is nonsense: in Brazil agribusiness is much more than simple trade in corn or wheat. It is a new mode of production in agriculture. Let me open a parenthesis: sociologists and historians of the colonial period created the concept of ‘plantation’ to explain a mode of production with slave labour. The concept of agribusiness, as applied to Brazil, refers to a mode of capitalistic agriculture that has as its major feature the big transnational firms that are the main actors.

The role of these primarily foreign-owned firms is to supply the necessary inputs that make production possible. They provide the tractors and heavy machinery needed for the exploitation of agriculture (all tractor manufacturers in Brazil are foreign-owned firms); the fertilizers; the herbicides; the seeds; and they guarantee the market. They say: ‘don’t worry. I will buy all your production’. But it is this handful of huge transnational firms which set the price of agricultural goods. It is not a market. These firms guarantee for the producers the realization of the commodities they produce, but the price is set by them. And they do not act alone. They have important partners in the person of the Brazilian landowner, the ‘fazendeiro’ capitalista. The multinational firms say to the Brazilian landowner: ‘you provide the land; you super-exploit the peasants, rural workers, tractor drivers and the labour force in general; you do what you want with the environment, I have nothing to do with that; I will give you all the necessary inputs and in exchange you will give me your produce’. This alliance is what gave birth to agribusiness in Brazil: transnational firms provide the inputs and guarantee the realization of the produce, and the landowners provide the rest.

Incidentally, since the transnational firms provide the seeds the landowner is, from the technological point of view, locked into the system because of patent law in Brazil. The common seeds we use (called ‘creole seeds’) are a public good, but the transgenic seeds provided by the big firms are patented as private property (of course, this is itself an absurdity! Just by patenting a technique this makes them owners of a living being – which is what a seed really is). Anyone still can stick to the ‘creole’ seed. It is not necessary to buy the transgenic seed. But in that case he must pay royalties. In my state, Rio Grande do Sul, soy bean farmers don’t use the transgenic seed but at the time of selling their produce Monsanto makes a test on the soy beans and if the
seeds were not bought from it an 8 per cent royalty fee is charged. In Rio Grande do Sul every year we pay just 80 million dollars in seed royalties!

On the other hand, the Brazilian ‘fazendeiro’ is led to super-exploit his labour force. For example: the tractor driver working for him earns 600 reais monthly, about $300. The tractor driver looks around and says to himself: ‘in a country with millions who are unemployed and badly paid, I am ok, I should be satisfied’. But this is a fetish that prevents him from seeing the super-exploitation involved. Dependency theory helps to explain this as follows: The product of the alliance between the transnational firms and the local landowners is the soy bean, and it is sold in the international market. It is internationally priced, there is an average price for soy and a world-wide average rate of profitability for the soy business. Our soy competes against soy from the US, where a tractor driver earns $1,000, or against soy produced in France where the same tractor driver earns $2,000, and against soy produced in Argentina where a tractor driver earns $500, while the Brazilian earns $300. This is the super-exploitation imposed on our labour force, because given international price formation in the soy business, the wage of a tractor driver should be something like the average of the wages in the US, France and all the rest.

No different is the super-exploitation of the environment. Just as in the North they use technologies that reduce the use of labour to increase profitability, here the predatory use of agricultural techniques also prevails, with intensive use of machinery that compacts the land and intensive use of pesticides that poison the land. They could employ peasants and agricultural workers instead, but landowners don’t want to. They use poison that slowly penetrates the lower layers of the land and the water that flows from it. Moreover, this type of production imposes monoculture, soy for instance, suppressing biodiversity. The problem is that soy is a plant that does not accept cohabitation with any other type of plant. This produces all kind of detrimental effects on the environment. Diversity of plants helps to absorb the water produced by rainfall. Single-crop agriculture absorbs much less, creating the conditions for floods and allowing the land to be washed away by the rain. The suppression of biodiversity also affects the rain cycles as well as contributing to global warming.

What happened here was the imposition of a model of agribusiness in a manner not unlike what Lenin saw as the imposition of the ‘Junker road’ to capitalism in the nineteenth century. The backward ‘latifundiários’, who because of their old ways and shortage of capital had devoted themselves to cattle-raising, now received capital from transnational firms which furnished them with seeds, tractors, etc. Where did these firms get the money for this
large operation? From the banks, from the financial capitalists who played a
fundamental role in all this. Not even Monsanto had the capital to advance
such large sums of money to our latifundiários. Therefore, what we had in
Brazil was a type of ‘Junker road’ that transformed our old landowning class
into capitalist entrepreneurs. In the past the MST had fought against the
backward landowner and occupied his land in order to start a long proc-
ess aimed at his disappropriation – desapropriação. (We use this term in the
MST to signify that we do not seek expropriation (‘expropriação’) since this
signifies that we regard the original ‘appropriation’ of the land to have been
illegitimate.) But the MST is now fighting on a new terrain and against
new enemies. We have realized that our struggle against the backward lati-
fundíários is not enough because they were transformed as they were drawn
into expanding the frontier of capitalist agriculture.

Take the case of Rio Grande do Sul, similar in some respects to the
Argentine humid pampa, marked by cattle-raising latifundia. We occupied
those lands. In 20 years of struggle we seized 100,000 hectares and settled
10,000 families. But in the last five years the new agribusinesses, in this case
oriented toward the production of cellulose, bought 300,000 hectares. We
occupied the latifundia in the night; the next day the fazendeiro perceived
that our force was superior to his and went to the nearest city to sell his
land to the transnationals. And when you went to reoccupy the land it was
already fully planted with eucalyptus. And the peasants know only too well
that once the land has been planted with eucalyptus its agricultural produc-
tivity will be almost zero, useless for cultivation. Even with a lot of work,
and money, you would still need many years to make that land productive
again, and even then only perhaps for some trees, fruit, etc. – not for grain.

Our struggle is also against a capitalist coalition that goes to the frontier
to seize land and plant eucalyptus, soy and sugar cane for the production
of ethanol, as here in São Paulo. With Bush’s promotion of a US-Brazilian
‘alliance’ to promote biofuel production during his recent visit to Brazil, it
was as if they had received a green light to move full speed ahead.3 In São
Paolo they have 4 million hectares of sugar cane. Now, they are planning to
expand this to 6.6 million hectares, an increase of 50 per cent in three years
– all in order to use sugar cane to produce ethanol.

**AB**: Given these very significant changes, what happened under the first Lula
term in office and how did you react to it?

**JP**: Under FHC, with his classic neoliberalism, the MST continued its fight
and our goal was a classic agrarian reform of the republican type. But we
captured a glimpse then that things were starting to change quite fast. Since
Cardoso was very intelligent and perceived that the MST had the support of Brazilian society, and that we were strong, he sought advice from the World Bank and started to apply a policy of social compensation. He did not adopt a classic policy of agrarian reform himself, because he knew that model had been superseded by history. When we organized and took over farms he tried to solve the social problem in the following manner: he started to accept some of our occupations and paid cash, immediately, to the fazendeiro. It was a very good deal for the agricultural capitalist: he received the money from the government, and used it to buy new, and better, tracts of land elsewhere, or invested the money in some other business. This was what happened under FHC.

With Lula, we still had in mind the classic agrarian reform. Plínio de Arruda Sampaio, one of the greatest intellectuals in Brazil and one of the founders of the PT, was commissioned to develop an agrarian reform plan along classic lines. The goal of the National Plan of Agrarian Reform, which was presented to the government in 2003, was to settle 1,000,000 families within four years. This unleashed a big debate within the government. The government’s whole economic team, then headed by Antonio Palocci as finance minister and to this day dominated by neoliberal ideas, opposed the plan, on the grounds it was too costly. It was denounced as a public expenditure that would jeopardize the ‘superavit primário’ (the primary fiscal surplus). They claimed that the government had the money only for settling 80,000 families. Lula, as he had done all his life, as a union negotiator, applied his time-honoured formula: ‘Let’s cut it in half’, and said he would compromise by settling 400,000 families. Of course, we accepted the deal, because in 20 years of struggle we had settled 400,000 peasant families, and if the government had kept its promise to settle another 400,000 families in the next four years that would have meant great progress for the MST.

What happened in these first four years of Lula’s government? There was a permanent tension between the neoliberal wing of the government, whose bulwark was the Ministry of Finance, on the one hand, and the people at the Ministry of Agrarian Development (MDA), who still had in mind the classic program of agrarian reform, on the other. At this point we were allied to the MDA, while we kept saying ‘we want 400,000’. But since Palocci restricted the budget of the MDA, and with an eye to the political crisis in which the government was mired, the MDA bureaucrats pursued a policy that allowed them to claim that they had settled 380,000 families; this was close to the goal, but 64 per cent of these families were sent to the Amazon, which avoided any ‘disappropriation’ of the old landowners. The government selected public land in the Amazon and redistributed it to our families.
The 380,000 families were settled, but not in a process of agrarian reform; and they are now completely out of the class struggle. It was a process of colonization instead, distributing public lands on the agricultural frontier far away from markets, cities, etc. Even worse, it still involved the peasants in having to fight, now against the lumber firms who went so far as to order a nun working with the peasants in one of our settlements to be killed. Our people are stranded in the Amazon, lost in a hostile environment. Not even a small market for their produce is available there. Another 20 per cent of the MST families were simply settled on land reallocated from previous settlement families who had proved incapable of working the land they had occupied. Therefore, strictly speaking, in Lula’s first term of office only 80,000 families were settled, exactly what Palocci had determined from the very beginning.

What is our conflict with Lula today? We don’t want to keep fighting over the exact numbers of settled in the Amazon, or over his unfulfilled promises. We are going to tell him: ‘Lula, face the truth: if the peasants are to have a future in Brazil it will be necessary to confront agribusiness. That is the issue now. It is pointless to push peasants to the Amazon and fool yourself that you are solving the problem of poverty or redistributing the land properly’. Quite the contrary; all the empirical data we have has revealed that in the last eight years, four under FHC, and four under Lula, the concentration of land tenure has increased significantly in Brazil. As the ‘fazendeiros’ are buying land, and as the price of land increases, there is empirical evidence of growing concentration. What we are seeing is an agrarian counter-reform, where land becomes more and more concentrated instead of being re-distributed. There is an aggravating factor, evidenced in the last two years, because of ethanol: now there is a rapid process of transfer to foreign hands of very large tracts of land. The largest farm devoted to the production of biofuel in São Paulo, 36,000 hectares, the property of a traditional family, was bought by Cargill. The name of the estate remained unchanged and very few realized what happened. Many think that it still is a Brazilian farm, but it is not. This was brought home to the public on March 8, International Women’s Day, when our MST women occupied the Cargill farm! Of course, we don’t have the strength to ‘disappropriate’ it, but still we are able to denounce the situation, saying that the farm is property of Cargill, and that the Bush family is involved in several agribusiness firms which are buying land in Brazil.

When Bush came to Brazil he used Lula only as an alibi. Even though the members of the government said that there was no agreement with Bush, because no protocol or agreement was signed, the fact is that Bush spent 36 hours in meetings with entrepreneurial groups, while with Lula he only had
a photo opportunity. The hotel in which Bush stayed employed not a single Brazilian worker. All of them were laid off until Bush left the hotel. It was completely staffed by Americans because they did not want any Brazilian to see who were the people and economic groups who came to strike deals with the Americans. The meeting with Lula, and the photo, was an alibi that allowed this whole operation to be covered up. It also shows that the capitalists don’t need the Brazilian government to promote their businesses.

**AB: What about the national bourgeoisie?**

**JP:** Here in Brazil, Florestan Fernandes foresaw the decay of the national bourgeoisie before anybody else, and he helped us with his analysis. We continue to have a powerful capitalist class, extremely powerful and rich. But it is no longer a class that conceives of a national project, that promotes a national project for Brazil. Their project is completely subordinated to imperialism, with an appalling degree of subservience to imperialist capital. Here the contributions of Ruy Mauro Marini and the theory of dependence are crucial.

Let me offer an example to prove the point: Veracel is the largest cellulose factory in the world, located in the South of Bahia. Who owns Veracel? Well, it is shared equally between Aracruz (closely linked to one of Brazil’s most powerful banking families via the Banco Safra), the Groupo Votorantim (owned by one of its most powerful industrial families), and the Swedish-Finnish conglomerate Stora Enso. When the plant was inaugurated the Queen of Sweden, a Brazilian herself, came to the official ceremony. The cost of the plant was $890 million dollars, in machinery and buildings alone. Who financed that investment? $450 million were offered by European banks, and the remaining $440 million by the National Bank of Development of Brazil. The public savings of the Brazilian people are thus used by our national bourgeoisie to lend to international capital. A total of $852 million were spent on the acquisition of machinery in Europe, which served their own internal market, not ours. Even nails, screws, and nuts and bolts were imported, while all the production here is for export. The role played by the Brazilian bourgeoisie in this operation involved putting up half the money and all the land, importing the machinery, and exporting the product to Europe! The plant employs a total of 700 people, with high wages. You could say that the guy who cuts the eucalyptus is a Brazilian. Yes, he was trained in Sweden, and uses huge machines – each of which replaces 80 power saws (a power saw requires five workers). In other words, each machine dispenses with 400 workers.

This is a case study in dependency theory. Because the area where the
plant is located is appallingly poor, the children of the 700 workers had no elementary school to go to. So the Queen of Sweden donated an elementary school for them! This is presented as European aid for the poor, but the workers of Veracel are a labour aristocracy earning one thousand dollars per month. In order to put the plant into operation Veracel bought 80,000 hectares of land, and expelled 1,200 peasant families, living in a very backward area of the country. Now they are all ‘favelados’, living in shanty towns, because they did not have legal titles to their land.

**AB:** At this point in time, do you think that Lula is likely to confront this alliance between international and domestic capital, especially in agribusiness? And what is the MST strategy in this respect?

**JP:** Lula will continue doing business with the TNCs. We expect nothing from the government. Our strategy is resistance, leading towards the accumulation of social forces on our side of the class struggle. At least for the time being, our strategy is defensive not offensive. Why? Because our theory of cycles in the class struggle shows that an offensive strategy is not possible during the downturn of the class struggle. We could only defeat agribusiness if and when the working class as a whole enters into a new upturn, in an offensive phase against capital. Then, and only then, we are going to launch an offensive against agribusiness, imperialism, neoliberalism. The MST alone in its struggle has no strength to fight agribusiness, no strength to defeat it or even to confront it. Our strategy, then, is to resist, and to denounce. If we cannot ‘disappropriate’ Cargill at least we are able to occupy one of their farms for one day, so as to let everybody know that farm is Cargill’s.

What could Lula do? He could ‘disappropriate’ Cargill and place the peasant settlements near the markets, not in the remotest part of the Amazon. Or he could help us to build peasant cooperatives, in a way that would enable us to be owners of our own food, to achieve food sovereignty. If we don’t develop our own dairy industry we will never shake off our dependence upon Nestlé, Danone and Parmalat. If we don’t get the resources to compete with these firms – $5,000,000 is what we would need – how can we confront them? A progressive government could play a very significant role, even if nobody expected big changes from it. And that would help us in the process of the accumulation of social forces on our side.

Another thing Lula could do: The MST offers five courses in Agronomy in different regions of Brazil, with an ‘agro-ecological’ approach, specializing in the typical biomass of each region. The goal is the formation of agronomists with our ideology and with our techniques. How could the government help the MST? It could reproduce these courses in each one of
the states of Brazil, helping us to accumulate the social forces and scientific knowledge for the next stage of the struggle. We know that the current model of agribusiness is doomed because it is environmentally unsustainable and will face a brutal crisis in the not-too-distant future. There is a region in Brazil, around Ribeirão Preto – considered the Brazilian California – in which this crisis has already arrived. Formerly a region of multiple crops: coffee, vegetables, fruits, etc., based on small farms, in the past 20 years they changed to sugar cane, eliminating all other crops. And because of the lack of biodiversity the rains are very heavy, which produces floods in two or three hours. Ribeirão Preto, a city of 50,000 when this began, grew to 300,000, and 100,000 live in favelas – this in a very rich region of Brazil! There are 3,813 people in jail as measured against only 2,400 people living in the fields. There are more people in jail than people living in the countryside, including children in this figure. There is no agrarian population any longer! This is an economic model only good for capital.

**AB:** *Let me play the devil’s advocate. Being realistic, could Lula have promoted a different policy?*

**JP:** Yes. The people who say that there was no choice are those who don’t want to confront capital. If you ally with the capitalists and with the neo-liberals then you surely could not do otherwise. But this was Lula’s option. If Lula had opted to ally with the working classes he could have helped the workers improve their organizations and reinforce their political weight in order to change the correlation of forces and fight against the capitalists, but the government did not make that choice. The assertion that there is no alternative is just a justification of the option chosen by the Lula government: to ally with capital and not with the workers.

**AB:** *What about the international policy of Lula? Is it as progressive as portrayed by many of his intellectuals?*

**JP:** Yes, it was progressive from a political point of view, recovering some degree of autonomy. Before, under FHC, Itamaratí (the headquarters of the Ministry of Foreign Affairs) was a local branch office of the State Department. It was pathetic! As Minister of Foreign Affairs Celso Lafer was much more concerned to defend the interests of international capital than to defend the interests of the Brazilian people. Cardoso’s foreign policy was one of total servility to the Americans. It is a positive thing, then, that Itamaratí has recovered some degree of autonomy.

But now the international economic policy of Brazil is totally subservient to the TNCs. This is the contradiction in which Lula’s government is
trapped: an apparently self-confident foreign policy, under which Brazil no longer asks the US what it is allowed to say, but in economic matters it is totally congruent with the interests of the TNCs. The role of Brazil in the WTO is shameful; it only benefits the interests of the big export firms in Brazil. Lula’s government lacks the courage to repeal the Kandir Law, enacted by FHC and named after his Minister of Planning, which exempted from taxes all the firms exporting raw materials and agricultural products. But, who exports soy in Brazil? Monsanto, Cargill, Bunge. We export 28 million tons of soy and they don’t pay one penny in taxes. Is this a progressive foreign policy? Lula authorized the exporters to leave abroad 50 per cent of the value of their foreign sales. This is robbery! Brazilian soy exports are worth US$ 15 billion, and now these firms can leave half of their revenue overseas. This facilitates capital flight and concealed currency remittances. It also provides an incentive to speculation in the foreign currency market and in the domestic financial markets.

**AB**: But many pundits said that we owe the failure of the Free Trade Agreement of Americas (ALCA) to Lula’s determination. What do you think about that?

**JP**: Yes, but this responded to the political position of the Foreign Minister Celso Amorim, who is opposed to any kind of continental agreement. But the same rules that Brazil supposedly rejected in the FTAA are accepted in the WTO! Even worse: the government did not reach an agreement with the European Union only because we in the MST launched a major campaign and held huge demonstrations against that agreement. They were ready to concede everything demanded by the Europeans. Our comrades in Europe told us at a recent meeting that the policy line in Europe these days is to gradually move away from the WTO because the international rules and norms restrict their room for manoeuvre. Therefore, the European governments are interested in bilateral agreements, with single countries or blocs of countries. What they want from Brazil is to open up its markets for services – banks, financial services, telephones, electricity, transportation and high-tech industries. They don’t want restrictions or taxes to limit their activity in these fields. In exchange, what the EU offers is access to European agricultural markets, permitting us to export any quantity of soy, ethanol, or grain of all sorts.

The reading of the European peasant movements is that the European bourgeoisie, which controls industry and finance in Europe, is allying with the agrarian bourgeoisies abroad, including those in Brazil and Latin America generally. But the agrarian bourgeoisie in Brazil is subordinate, it
has no autonomy. Who exports soy from Brazil to Europe? Bunge, Cargill, Monsanto: foreign firms, not ours. And as far as Europe itself is concerned, this alliance also results in the liquidation of the European peasantry. Even while it declined numerically after World War Two, it had won a critical ideological battle: food sovereignty, which requires that Europe should produce its own food supplies. But Europe today not only produces for itself but exports as well, and today governments in Europe are slowly abandoning the post-war consensus and are ready to let their own firms that operate overseas to take care of the whole business. They want cheap foodstuffs and in order to obtain that they are ready to let their own peasantry go down the drain.

What is Lula’s position on this issue? Total agreement! Please, open your agricultural markets to our exports! He thinks that this is a good thing for Brazil, overlooking the fact that the only beneficiaries of this policy are the big transnational companies. Our government is an ally of the European governments against their peasants as well as our people. This reflects the fact that Brazil no longer has a national bourgeoisie. Look at this example: in Brazil people can’t afford to buy meat. We consume 7 kilos of beef per head per year, against 70 kilos in Argentina. With our huge territory and very large population it is an absolute must for us to increase cattle raising in Brazil. We have cattle in all regions, except for the North East, almost 200 million head – but most of it is for export. These exports represent only $3 billion. But EMBRAER, a manufacturer of airplanes, with 1,700 workers has exports worth $2.5 billion. This is the model. EMBRAER was privatized, and now is controlled by American and Canadian capitalists, with only some 30 per cent of it belonging to Brazilian private capital. To sum up: we have an economic foreign policy subservient to international capital, and this is congruent with domestic economic policy.

**AB:** What do you think about the US strategy of building ‘small FTAAAs’ via bilateral trade agreements?

**JP:** The American tactics are clear. They did not get the FTAA – not so much because of opposition to it from Lula’s government but because it was an excessively ambitious project to try to get more than 30 countries to completely agree on a very complex trade agreement. That calls for total servility, which is impossible to find in this world. Even if Lula had accepted, the opposition of Venezuela would have been enough to derail the project. It was a megalomaniac desire on the part of the Americans, conceived at the apex of neoliberal domination in 1995, to try to win total agreement on neoliberalism across Latin America via the FTAA (apart from Cuba, which was
excluded from the whole thing, of course). They are now trying to use bilateral negotiations to achieve the same goal and, as a second route to this, to press for a new juridical framework via the international financial institutions that would remove all fetters on the free movement of capital. Additionally, what we see is that agreements are being made between big American firms and strong local groups, alliances between capitalists that circumvent the state apparatuses. In a certain form the capacity of Latin American states to control the markets has been dramatically undermined, as you showed in your essay in the *Socialist Register 2006.* 8 As I said, when Bush visited Brazil he was only interested in Lula showing up for a photo.

**AB:** Let us move on to some issues related to the popular organizations and the relationship of the MST with parties and unions in Brazil. What lessons should be drawn from the decay of the PT and the vanishing role played by the CUT?

**JP:** Tentatively, let’s start by saying that both PT and CUT were defeated, and are in a defensive position. Why? There are several hypotheses. Regarding the working class, the capitalist restructuring in favour of TNCs and financial capital led to the downgrading of labour. The sheer changes in the composition of the Brazilian working class are quite telling: in 1980, at its peak, the industrial working class amounted to 4,500,000. In 2007, when the total population had increased by 40 per cent, the number had fallen to 4,200,000. Increases in productivity have been very important in the defeat of the working class as an actor. If the class has been defeated, how could CUT and the labour unions, or the class organizations, move forward?

In the case of PT there was a move to occupy the centre of the political spectrum. The PT abandoned social struggles, the formation of cadres, and concentrated on the institutional arena: to elect deputies, councillors, the president, becoming an institutional party. And an institutional party, whether it intends to or not, becomes a party of order. The role of a congressman is to play by the rules of the prevailing order, not to make the revolution. We have peasants who are congressmen, but we know that their role is exactly that: to move within the limits of the prevailing institutional order. But the PT was defeated by the bourgeoisie when it changed to prioritize the institutional struggle alone. And we know that institutional struggle does not solve the problems of the common people because the state is totally controlled by capital. If the MST is not in crisis, it is because we did not devote our movements exclusively to electing congressmen. Had we done otherwise we surely would be in a terrible crisis today. But we did not.
Additionally, let us put things in perspective. We at MST helped to build PT and CUT. I am still affiliated to the PT, and I am not saying that the PT abandoned us, or betrayed us. The problem is to understand why these two political instruments were defeated. And this is not a matter of personalities but of the context of the class struggle. Every new wave of mass struggle produces its own organizational instruments. From 1945-1964 the instruments were the Partido Comunista do Brasil, (PCB), the CGT, and Ligas Camponesas (Peasant Leagues, headed by Francisco Julião). The mass upturn of 1978-1979 brought about the PT, the CUT, and MST, and the first two have now been defeated. What is our hope? That in the next wave of working-class ascent new organizational instruments will be created, more adequate to the necessities of the struggle. All this will happen not because one or another leader wants it to happen but because the necessities of the struggle promote the rise of organizational instruments fit to face the challenges of the epoch. Therefore, our concern is to be prepared when the new upturn in the class struggles takes off, well aware that new instruments will be created that can be better than the MST, and that new leaderships will be created.

And this is ok with me. I am not going to waste my time speaking poorly of Lula. Our task is to stimulate mass struggles in Brazil, social struggles, to change the correlation of forces vis-à-vis the bourgeoisie, and out of that confrontation new leaders will arise and new forms of struggle will appear, and new instruments will necessarily be created. These instruments will have to be political ones, but not political as they are today, locked in the institutional framework of the state. Parties that only elect congressmen are useless; we need parties able to be instruments of the class struggle, challenging the economic model, the state, etc, and leading to structural changes in Brazil.

**AB:** What is the MST’s strategy in terms of national and international alliances to carry on this struggle?

**JP:** The struggle at the national level is the key one. Because of the long downturn in the popular struggle it is still very difficult for us to generate the necessary unity among the different social forces. In such a phase forces tend to disperse. We spent 15 years in total dispersion. Now we can see a few promising, even if still dim, lights at the end of the tunnel. Because of some ideological affinities there are four streams that are starting to join forces: First, there is Conlutas, a Trotskyite group linked to P-SOL, the party formed by dissidents from the PT. Second, there are a few militant labour leaders and unions, linked to socialist forces, but orphans in the CUT because of their militancy, critics of CUT but unwilling to break with it.
Third, there is CMS, the Coordination of Social Movements, which was meant to be a mass front but which has ended up becoming a peak organization, a rubber-stamp of big movements like CUT, Via Campesina, MST; we are part of this but not satisfied. Finally, in the last year, and still in a process of construction, the Popular Assembly initiative has brought together all social movements in Brazil under the strong influence of the Christian churches – these churches are very important in Brazil because of their capillarity, which allows them to have a broad popular base.

Insofar as these four currents are joining forces, this is the positive news. And as the MST participates in almost all these spaces we play an articulating role to promote their unification. Sem Teto, the Homeless Movement (literally, people without a roof) are also in the Assembly. Our goal is to unite all our forces against the government’s economic policy, the social security reform, and against the ‘third amendment’ to the labour law. The latter was introduced by the right-wing parties to promote a total flexibilization of labour rights which Lula vetoed under pressure from the CUT, but this could be over-ridden if the right gets 2/3rds of the vote in the Congress. If this were to happen the capitalists could hire employees on an individual basis and without any job definition, and without social rights.

We are then facing this responsibility, before any other international commitment, to use our prestige to help the process of convergence on the Brazilian social left. Without this unity we cannot escape the crisis. Our goal is to promote the growth of mass movements. Of course, there are differences, both ideological and tactical. For instance, Conluta’s tactics are aimed at defeating the Lula government. They regard Lula as mainly responsible for the deepening of neoliberalism in Brazil, and their goal is to defeat Lula. The CMS supported the government in its first term, preventing its eventual overthrow by the right, marching and demonstrating against the right. Now they are in a position of ‘critical support’. The Popular Assembly says ‘forget the government, organize the people!’ Therefore, if we concentrate on the Lula government we disagree, but in relation to the future there is a good deal of unity.

**AB:** And your strategy on the international scene?

**JP:** First, we have a historical alliance that we are trying to expand in the peasant world with Via Campesina, and we are making an effort to improve its articulation with environmentalists, consumer associations and the women’s movement. The Mali World Forum on Food Sovereignty in February 2007 (where 128 countries were represented) was a fruit of that growing articulation, to bring other social groups into our struggles: fishermen and
herdsmen, in addition to the other three I’ve just mentioned.

Second, we are devoting a lot of effort to organizing what could be called the World Assembly of Social Movements. This always took place within the World Social Forum, but we have come to feel that because of the WSF’s own nature the assemblies there did not represent the real forces that resist neoliberalism. In the WSF the situation is rather chaotic. As you know, there is an unresolved quarrel within the WSF. There are people who want to transform the WSF into yet another ‘International’, able to lead struggles worldwide, and people who think that the WSF is just a space to meet people and exchange opinions and experiences. We are against these two polar positions, but believe that the popular forces should agree on a concrete agenda of struggles. In any case, we are a little bit disillusioned with the WSF. In the assemblies there, one finds a clear preponderance of European organizations, especially NGOs, because they have the resources to attend and extend invitations and offer tickets, and in Europe the social movements are dominated by anarchist visions that reject any form or organization or articulation. They don’t accept any coordination, or any rules or organizational formats that could provide greater organic unity to the social movements. How can you possibly defeat neoliberalism without organization? They even refuse to set up a Secretariat that could serve as a reference point from one Forum to the next. We are very sober, because we know how difficult it will be to realize it, but we have a dream: the constitution of a World Assembly of Popular Movements.

The third path we are taking in the international arena is our partnership with the government of Venezuela in the process of advancing the ALBA (the Venezuelan-sponsored Bolivarian Alternative for the Americas) as an alternative to the ALCA (the U.S.-sponsored Free Trade Area of the Americas). For us ALBA is not only a name but the possibility of creating concrete mechanisms for the popular integration of the continent. These mechanisms could assume a variety of forms. We have been talking about the fundamental role that could be played by the Latin American School of Medicine (ELAM), based in Havana, with a branch in Venezuela, which will receive 600 students from all over Latin America, including 100 from Brazil. Cuba will also be increasing (to 500 per semester) the number of students – all from popular origins and with a sound formation – who are brought there to train as cadres and leaders. And if you start to have cadres with the same formation across the whole continent you will have, in the medium term, a very important substratum for your next political battles.

But we need more courses, beyond medicine: we need agronomists with a vision of agro-ecology and with alternative economic models in mind,
to work with our peasants. They will be our technical cadres. This will be very important in the future, because you will have a similar ideological and technological matrix throughout Latin America. This will also be important in developing a common project for recovering ‘creole seeds’. We have a lot of experience with this here in Brazil. We could provide advice and training to peasants of other countries and help them to escape from the control of the TNCs and their promotion of transgenic seeds. We need cooperatives to reproduce seeds adapted to our soils. If Venezuela’s Bank for Economic and Social Development (BANDES) gave some support, we could recreate cooperatives around the region – a network of cooperatives developing new social cadres, always with an eye to the medium term, not the short term.

Fourth, we are also trying to seal an alliance with Asia. In Indonesia, Sri Lanka, South Korea, Thailand, the Philippines, in fact, all across the south of Asia there are strong mass movements that are anti-neoliberal and anti-imperialist. They are not in a downward phase of the class struggle as we still are here in Brazil. They have many techniques of mass mobilization and organization, of agitation and propaganda, including appealing to some religious sentiments, especially in Muslim countries where they are very active. We in the MST and Via Campesina Brazil think of those Asian movements as ideal partners for the exchange of ideas and experiences. On the other hand, Africa is a nightmare. African movements have a very low level of organization and are extremely poor, and many are still located at the tribal and local level. Few countries have a national movement. Mozambique is one, thanks to Frelimo, But Guinea, despite being a very small country, has three or four organizations, none of them national. Many countries in Africa have no peasant movements at all: and in those with oil – Sudan, Nigeria, Angola – the popular movements totally depend on the governments. There are 300 million Arab peasants in Africa, but they are totally dependent upon their governments. Unfortunately, Africa barely counts in the world correlation of forces and in the international social struggle. When they got rid of the European empires, their oil still went to them and to the Americans. But a new empire is arriving to exploit their natural resources: China. China is taking everything: coal, trees, mineral resources of all sorts, foodstuff, to sustain its economic growth. Maybe the next anti-imperialist revolt is going to be against China.

**AB:** Do you have any hope that social movements could go upward in Europe, or the USA, helping your struggles in the South?

**JP:** No, very little. We could point to the rising tide of the young immigrants in the periphery of Paris. But this is not a generalizable example, even
in Europe. And in the USA, we could perhaps point to the migrant workers, since the Blacks are not in such a militant mood any longer. There are 8 million Mexican migrants that are sustaining the interior of Mexico with their remittances. But they have to face a very unfavourable correlation of forces, since the capitalist forces in the USA, Mexico and Canada have become fused, and this means that the migrants’ struggle cannot be only national. It should be against the Mexican government as well as against the US and Canadian states and bourgeoisies. But the migrants are not engaged in a struggle to change the structures. Theirs is not a struggle for an emancipatory project. If somebody gives them a green card the fight is over.

**AB:** Can the struggle against devoting the land to biofuel production as a capitalist response to peak oil and the ecological crisis unify the forces opposed to imperialism?

**JP:** No. I don’t think so, because the characteristics of each country are so different that what matters here in Brazil or Colombia is irrelevant in others, like Bolivia, Peru or Ecuador. They don’t have much agricultural land available to allow them to take part in this project. The Americans said they would invest in a few selected countries. If we are to unify the anti-imperialist front we would need to discover other unifying issues. Perhaps the banks, or the telephone companies, offer some easier ways than ethanol to rally the forces together.

At the World Forum in Mali we asked ourselves: what could bring all the peasants together, worldwide? And we decided to set one day, October 16, as the international day of struggle against the transnational corporations. But we realized we could not do that against the TNCs in general. So then we asked: is there any possibility to personify TNCs in six specific firms that play a role in all countries of the world. In Brazil we have six: Nestlé, Coca Cola, Wal-Mart, Cargill, Monsanto and Bunge; other countries may have three or four. But these six are in all countries, and we will concentrate our fire on them. This will be a rallying point, and will provide us concrete targets against whom to fight.

**NOTES**

The two-hour long interview, conducted in Portuguese, took place in São Paulo on May 5, 2007.

1 Brazil’s Landless Workers Movement, or in Portuguese, Movimento dos Trabalhadores Rurais Sem Terra (MST), founded in 1984, is the largest social movement in Latin America, with an estimated 1.5 million landless members.
organized in 23 out of 27 states. Via Campesina is the international movement, founded in 1993, which coordinates peasant organizations of small and medium-sized producers, agricultural workers, rural women, and indigenous communities from Asia, America, and Europe.


3 The Brazil media played this up to the point of hyping the idea of the US and Brazil forming a two-nation ‘OPEC of ethanol’, and Lula boasted to Bush that ‘we have more than tripled the yields of sugarcane plantations, which are the main source of ethanol’. See ‘Brazil’s Ethanol push could eat away at Amazon’, *MSNBC online*, 7 March 2007, available from http://www.msnbc.msn.com and ‘President Bush and President Lula of Brazil Discuss Biofuel Technology’, Press Release, 9 March 2007, available from http://www.whitehouse.gov.

4 The primary fiscal deficit is the nominal deficit of the central government, minus the interest payments on the public sector debt. As an indicator of the sustainability of the domestic debt, it is often used as a proxy for the risk of default of the public sector. Conversely, a primary surplus (even if it is insufficient to eliminate the nominal deficit) indicates that the public sector is paying at least part of the interest on its debt. In principle, this implies that the public sector debt is sustainable.


7 Aracruz is the world’s largest bleached eucalyptus pulp and paper manufacturer. The Banco Safra was founded by a venerable Jewish family of financiers to the Ottoman empire who relocated from Beirut to Brazil in the 1950s. Ranked sixth among the country’s largest private sector financial institutions in terms of total assets, the Bank is part of the Safra Group of financial institutions with widespread international operations in the US, Europe, and the Middle East as well as in Latin America and the Caribbean. The Grupo Votorantim, one of the leading companies of Brazil and recently chosen as ‘the world’s best family company’ by the Swiss Institute IMD Business School, is primarily located in the paper and cellulose sector.