



**Brazil:
How to create the conditions for the “Great Transition”?**

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A few years ago, an international network - “The Great Transition Initiative: Visions and Pathways for a Hopeful Future” [www.GTInitiative.org] – was formed in order to think about transition proposals and practices for a planetary civilization based on solidarity, sustainability and on human well-being. For each situation it determines how to trigger immediate processes that will foster the necessary transformation regarding the deadlocks brought about by the industrial capitalist development focused on production and consumerism which generates ethically unacceptable social exclusions and inequalities and causes environmental destruction, threatening all forms of life and the integrity of Planet Earth. How can these conditions be defined and created in Brazil, one of today’s emerging powers?

Brazil is still a country marked by profound injustice. Despite being the sixth largest capitalist economy in the world, and in spite of the major advances seen in recent years originating from the active distributive policies of the PT (Workers’ Party) administration, over 16 million Brazilians still live in misery on less than half a dollar (50 cents) *per capita* per day, and more than 30 million live on no more than 1 dollar per day. This accounts for approximately 20% of Brazil’s total population living in poverty and extreme poverty, according to World Bank criteria. The half-dollar or one-dollar criteria are absolutely ridiculous in a country with prices equal to those of developed countries. I could list many serious social inequalities, in all areas, including gender and race inequalities. However, the biggest contrast, the one that unveils the dimension of such inequalities, is revealed in the data published on October 15, 2012 by the conservative O Globo newspaper. According to the article in O Globo, the fortunes of the 4.640 Brazilian millionaires (those who have at least US\$ 30 million in their bank accounts) add up to US\$ 865 billion (1,764 trillion Reais, the Brazilian currency). “It is more than the international reserves of all the countries of the European Union together”, informs the newspaper. The daily *per capita* income of each member of these extremely rich families is in the thousands of dollars! This gives a picture of Brazil showing a world dominated by markets and money.

Political opinions concerning Brazil’s democratization process and the options for development are divided by the issue of poverty. The debate about development in Brazil is dominated by views and proposals regarding how much, as a model and as a strategy, it is distributive and whether or not it is capable of addressing so much poverty. The debate about environmental destruction in the public spheres, if and when it exists, tends to be dominated by the issue of social justice. The main political game revolves around social justice, and even traditionally predatory and conservative sectors use the 'social argument' to carry out their business. I consider that the demands for associating social justice and environmental aspects as parts of the same issues are still incipient and, so far, have little capacity for showing any political strength. The discussion about development *alternatives*, paradigm change and process transformation is still very marginal. Fundamentally (and more strongly so during the PT [Workers’ Party] administration of the last 10 years), more and more development is desired - the same productive and consumerist development, but featuring social inclusion. Today we face a “new developmentalism”. Actually, it is the old model of development with its roots in ECLAC (Economic Commission for Latin America and the

Caribbean) and combined with more active social policies in distributive terms...of growth. And such growth, for social inclusion, needs to be of 5 to 7% per year, as stated by our President Dilma during the Thematic Social Forum in Porto Alegre, in January 2012.

This is the tough and difficult starting point from which we should think about promoting changes, defining proposals and analyzing whether and how it would be possible to make them viable. Owing to the urgency imposed by climate change, I will first concentrate on the energy issue. I will then focus on the issue of agribusiness and, to conclude, I will outline what is needed in terms of mobilizing ideas and in terms of presence in the public debate, in order to make viable the transition process into a new civilizational paradigm.

The energy issue

Brazil is taking large steps, as a real emerging power, towards energy solutions that will make it generate much more pollution than it does today. Regarding electric power, due to the hydroelectric plants, we have a relatively “clean” production matrix if we do not take into account the environmental and social passive effects that large dams have created upon their construction, and still continue to create today. Thinking about the future and the growing power demand – since, as they officially tell us, we are far from the pattern of electric power consumption of the developed countries – new hydroelectric plants need to be built. Today, the potential for new hydro power is concentrated on the large rivers of the Amazon. Can you imagine what it means to build 40 to 60 mid- to large-sized hydroelectric plants in a place like the Amazon? How much land will be flooded, how much forest will be destroyed, and what will be the impact on the climate and on biodiversity? How many indigenous peoples and their territories will be devastated? How many riparians, squatters and fruit collectors from the forest will lose their way of making a livelihood? The current situation at Belo Monte shows us what can take place. I have been saying this often, and I’ll say it once again here: with the power and mining industries, timber and cattle-raising, and later on soy cultures, the Amazon is the Brazilian territory where exploitation and colonization is taking place. This colonization is a domestic colonization, the power and the economy colonizing the very Brazilian people, Brazilians colonizing Brazilians, dominating economic sectors from other regions and large corporate groups, with aspirations to the world market and, above all, with their own pockets in mind.

On the internal political debate, if it is not possible to implement the project of making the Amazon a large supplier of “sustainable” electric power, the argument used as a threat states that we will otherwise be forced to build more and more coal or gas thermoelectric plants! In practice, however, the pace of hydroelectric plant construction in the country reveals that the primary strategy of those who promote full-speed development is actually the latter, regardless of building more or less hydroelectric plants. It is clear that the preferred option of the so-called “new developmentalism” is for both hydroelectric and thermoelectric plants, as is stated, for instance, in the 2021 Ten-Year Plan for the Energy Sector. And the threat of nuclear energy haunts the country like a ghost. The moratorium on nuclear energy after the major disaster in Japan is only temporary. It is hard to believe that although Brazil has twice as much sunlight as Germany, we are very slow to make use of this gift and make strategic advances in solar energy. We pay the same attention to the wind that flutters our palm trees on the more than 8,000 Km of our coast... and that generates little electric power.

Large construction companies play a strategic part at the heart of the issue of electric power. Large dams and plants are built because it is good business for the contractors. There are studies that show the potential of small hydro plants that meet local power demands without major environmental and social impact for construction and transmission of the generated power. In the end, small hydroelectric plants connected in a grid make for a much less invasive approach. They are more productive and promote the democratization of the economy, fostering sustainability in the surrounding area. However, this is not exactly what is targeted with the development model we have. Rivers are seen as a natural resource to be exploited, and not as the basis that promotes integration, a common asset shared by those who live there. It's important to mention that the preferred option for large hydroelectric dams in Brazil was never a matter of it being a renewable source of energy, but a matter of expansion for large businesses, fostered by the developmentalist State together with corporate groups.

But an emerging 'Achilles' heel' for Brazil, in the matter of energy, are the Pre-Salt oil reserves. At the same time that the world is increasingly debating how to be less dependent on the fossil energy matrix – the main source of emission of gases that threaten the climate – we are taking large steps towards dipping our fingers, hands and even our heads into oil. It is emblematic that oil is perceived and hailed as the letter of manumission that allows us to join the exclusive 'club of the developed'. I identify the issue of oil as a major political challenge for us: to think about how to exit from this development trap. Worst of all is the widespread common sense notion that indicates oil as the stepping stone for Brazil's leap towards so-called development, especially among the “struggling class” – the more than 30 million Brazilians who have risen above the threshold of poverty due to the recent distributive policies.

The current estimates of the pre-salt oil reserves are of 50 to 100 billion barrels. They are spread over 800 km, about 300 km away from the Brazilian coast, and are located between 5 and 7 thousand metres below the sea level. This hints at the enormity of the technological challenge of extracting such oil, especially after the accident in the Gulf of Mexico. But the Brazilian government has decided to face this challenge, and a huge legal, institutional, financial, industrial and operational apparatus is being implemented. And all this is planned in order increase production from the current level of a little over 2 million barrels per day to over 6 million barrels per day in 2020. Most of it will be for export, of course. Brazil will contribute, by over 3 million barrels per, day... to everything remaining the same in the fossil energy dependent world.

The issue is tragic, but it is not simple. Until recently (less than 10 years ago) Brazil was an oil-dependent industrializing country. Still in the 1950s, intense activities around the “*O petróleo é nosso*” (The oil is ours) campaign led then President Vargas to create Petrobras and the oil monopoly. Much has happened since then, but today Petrobras is still seen as a model of an enterprising State which fosters development, besides being the symbol of citizens who want to control their future. In the institutional arrangement of the Workers' Party (PT) administration, Petrobras is at the heart of the pre-salt operations, reversing the trend of granting exploration concessions to private companies implemented by the previous administration. Also, ever since the Lula administration, a “national component” percentage was established to meet the huge demand for ships, probes and all other Petrobras equipment, causing the rebirth of an aggressive naval industry. For the pre-salt alone it will be more than 60 large oil tankers – due to the distance from

the coast – and more than 60 probes for extraction of oil at sea. The union movement, where the Workers' Party (PT) originated, and especially the *Central Única dos Trabalhadores* (CUT –Central Workers' Union), is today the main force supporting the oil project.

But there is more to this. In Brazil the debate is not about whether it's worth it to explore the oil or if it's better to leave it where it is. Surprisingly, the debate is about how to distribute the oil revenue... A new regulatory bill was proposed for the whole industry and it once again places Petrobras at the core of the operations. In the same bill, a new sovereign fund under federal administration was established on the principal of the oil revenue, a little similar to what was done in Norway for social purposes. But there are oil royalties. So far, only the States and Municipalities where extraction and refining took place have received royalties. The pre-salt initiated a federative dispute since now every State in the country wishes to have a share of the treasure trove. There is already confusion in the dispute over the golden eggs of an oil-producing chicken, which has not yet even gone into production. Rio de Janeiro, the main oil-producing State, saw a massive engagement of the population in 2011, with more than 100 thousand people demonstrating in defence of the oil royalties! It's important to highlight that from the capitalist point of view, the State of Rio de Janeiro and particularly the city of Rio de Janeiro is being transformed into a global city due to the direct investments from the major economic groups, especially from the oil industry. How to face this? Today there is a broad coalition of pro-oil forces.

The role of ethanol for automobiles deserves closer inspection in the energy debate in regard to the climate issue. Brazil was a pioneering country in this area. First and foremost, it must be noted that the initial motivation for developing the technology and the production of sugar-cane ethanol was not environmental, but rather commercial motivation. Owing to the crisis in the 1970s when oil prices rose, and which strongly affected the frail Brazilian trade balance, the military regime decided to bet on a feasible replacement to gasoline for fuelling automobiles. By doing so, it enabled the expansion of the automotive industry, which played an important role in the "*milagre econômico brasileiro*" (Brazilian Economic Miracle). Brazil's automotive industry gave birth to the union movement, the Workers' Party (PT) and the Central Workers' Union (CUT).

Ethanol was important during the 80s and in the early 90s, but it was affected by the drop in the price of oil and, most of all, by the discovery of oil off the Brazilian coast, which allowed Brazil to reduce its dependence on oil imports. In environmental terms, the mix of ethanol with gasoline (around 20% on average) has clear positive impacts on vehicular emissions, especially in the cities. In the beginning of the 2000s, the invention of flexi-fuel cars that would run on gasoline, ethanol or a mix of the two, accounted for an increase in ethanol production. The Brazilian government then announced that it had discovered the ideal formula for fighting one of the emission villains: the growing fleet of private cars in the world. Actually, ethanol and biodiesel are simply a matter of agribusiness, which is one of the most important pillars in the development of the emerging Brazil. Their environmental impact, from the emissions point of view, might be positive, but their social impact is devastating. This brings me to the next issue.

The issue of agribusiness

It is said that a Chinese man, when once asked about the emerging BRIC countries (the block of countries, still emerging in geopolitical terms, consisting of Brazil, Russia, India and China),

answered that undoubtedly these countries were trying to get on board the ship of power and take hold of the rudder - but it would not be easy. He added that, however, there is one possibility. For if China could be the industry of the world, India the service provider, and Russia the oil producer, then Brazil could be the farm! This image is tragic, but it's a good one! I mentioned this to illustrate one truth: today Brazil depends highly on agribusiness as a driver of its presence in the world. Of course this means to transform Brazil's vast natural assets into "comparative advantages" – according to the golden rule of capitalist competition in the markets. Nevertheless, these natural assets must be preserved for the benefit of the environmental balance of the Planet as a whole. If we add mineral extraction to agribusiness, we have in such commodities a growing dependence of Brazilian exports on nature (land + mines + water + sun). There is capital and labour, but they are dependent on nature.

Looking at Brazil's export products, there is a clear economic shift back to primary products as a development strategy. The dependence on primary products has increased in the last few years. If we add up their participation share, six primary products alone (iron ore, soy, oil, beef, sugar and coffee) account for over 44% of the Brazilian exports from January to August, 2012 (O Globo newspaper, October 15, 2012). To call it highly technified "extraction" – in the case of agribusiness, the use of transgenic seeds and improved breeds, greater consumption of pesticides per hectare, machine intensive crops, increased productivity per hectare – does not change the fact that we are in face of extraction based on "comparative advantages", which destroys biodiversity and forests, contaminates environment, produces processed foods of questionable quality, and is dependent on either modern large property owners who are part of the traditional Brazilian elite and live in the cities, or on large corporate enterprises based not in the least developed world. After all, who benefits from these advantages?

We are, in fact, facing a socially and environmentally devastating bomb. In Brazil there are less than 70 thousand large property owners, in a universe of almost 4 million rural land owners. These large property owners control almost 200 million hectares or one-fourth of the Brazilian territory (equivalent to over 2.800 ha each, on average). In contrast, there are almost 2 million landless families and another 2 million who own small properties. Could there be a more exclusive business than this? Agribusiness depends on the control of land property and its exploitation - free from social and environmental controls. The recent debate and struggle about the new Forest Code in Brazil reveals the political power of agribusiness. The "ruralist bench" at the National Congress has the power to impose what they wish, and they have defeated Dilma's administration in all of the rounds. And this happens in a country where large rural property owners account for 'zero comma zero something' percent of citizens!

This is the environment in which agribusiness flourishes, with sugar cane based ethanol at its core, in spite of the little weight it had on Brazilian external relations so far (which is not the case of sugar - the alternative to producing ethanol – that gives Brazil enormous comparative advantage). We are facing a development model for agricultural and livestock production that leaves little room for family farmers. There are many family farmers and they somehow manage to resist. One of their achievements is PRONAF – Programa Nacional de Apoio à Agricultura Familiar (National Family Agriculture Support Programme) a programme that basically offers subsidized credit to small scale family farms on a scale ranging from the most precarious to the economically viable. This differentiated credit started to be offered in the 1990s after much mobilization. This line of credit

has grown much during Lula's and Dilma's administrations, lending over 18 billion Reais/year. Ever since Lula's administration there is also an official policy from CONAB (*Companhia Nacional de Abastecimento*, the National Supply Company) for purchasing family farm agriculture products for public food programmes (nursing homes, special care centres, etc), undoubtedly with great economic and social impact. There is also an obligation to purchase one third of the food for school meals (totalling 48 million free meals per day on Brazilian schools) from regional family agriculture. These are measures aligned with the "great transformation". But to what extent are they changing Brazilian agriculture? It suffices to remember that agribusiness receives more than 120 billion in agricultural credit, many times more than what's available for family agriculture.

One more relevant aspect to this issue must be mentioned: agrarian reform. After the intensification of the struggle and after a memorable campaign in the early 1980s, agrarian reform finally entered the political agenda. Ever since the Nova República (New Republic) – the transitional regime from the dictatorship into democracy, inaugurated in 1985 – we've seen attempts at agrarian reform in Brazil. The democratic 1988 Constitution set forth legal principles for agrarian reform due to pressure from the population and from the most important social movements from the country such as the MST - Movimento Sem Terra (Landless Movement). However, the political reality of the country is more difficult. Little has been done in terms of agrarian reform in these years. It is tough to say, but under the Workers' Party administration we were sliding, giving preference to support credit instead of having an effective programme to take apart the antisocial bomb of large land properties, which are social and environmental predators. Finally, it is clear that agribusiness is part of the established power, it is difficult to change it towards a perspective of a more democratic, inclusive and sustainable basis.

It is in the agenda of many players, such as farmers' movements and organizations, and citizenship and rights entities (which fight for social justice and already substantially incorporate environmental issues as a defining element of the very fight for equality and participation) to think about family agriculture, agroecology and the human right to food as alternate pillars. However, there are profound differences of power with agribusiness, differences of visibility in the public agenda, and differences in participation in policies. It's important to mention that the political architecture for accommodating contradictions has led to the existence of two ministries: the Ministry of Agriculture, in the hands of agribusiness, and the Ministry of Agrarian Development, aligned with social movements and peasant organizations. The food issue is addressed by CONSEA – Conselho Nacional de Segurança Alimentar (National Council on Food and Nutrition Security), an agency for advisory and monitoring of public policies, with the majority of representatives from the civil society, and perhaps the best of many councils created by the Workers' Party administration. There have been some achievements, though, such as the previously mentioned mandatory purchase of food from family agriculture by CONAB, the expansion of the school meals programme and the obligation for 1/3 of the food for school meals to be purchased from regional family agriculture. All this is possible, but it takes place under intense dispute, and the interests of agribusiness often prevail.

How to create the necessary conditions for transformation

The first aspect that needs to be acknowledged is the fact that Brazil has been changing. We are no longer on the wild capitalism stage, of dictatorship, and of no counterweight. Undoubtedly we have

made incredible social advances through active policies such as the Bolsa Família (Family Stipend) that provides direct income support to more than 13 million families, the substantial increase of the legal minimum wages (from about US\$ 100 to more than US\$300 nowadays), the creation of millions of jobs with labour rights (around 15 million jobs during the Workers' Party administrations), the expansion of retirement pension coverage, a phenomenal expansion of credit for purchase of consumer goods, and unquestionably, the control of inflation. But we must admit that we have achieved this without fundamentally changing the logic of the capitalist development process, with its social structure that concentrates assets and its industrial, productive and consumerist technical base, and which is highly predatory on natural resources, commoditizing everything and privatizing if need be. Nowadays, Brazil is an example of a social democracy on good terms with capitalism, within a context where neoliberalism and its current crisis challenge the viability of such a model, especially in Europe.

How to change such a scenario? The origin of the recent “calm” Brazil is facing, is the strong and multifaceted movement of citizens, which has strengthened democratization and that saw its ultimate political expression in the Workers' Party, albeit not its only expression. I am one of the people who think that this democratizing wave is breaking and washing away on shore. One cannot expect a different outcome from the current coalition. I'm not going to delve on the specific analysis of how the political DNA of the Workers' Party changed by making alliances with the emerging large corporate groups for a project for an emerging Brazil. The relevant political fact is that the democratizing wave, driven more by social than by environmental issues, is at the end of its capacity for transformation. A new wave must be reinvented, recreated.

We are facing hypotheses and political bets. Are there real alternatives? Are they viable? What political conditions need to be created? It is good that there is an increasing environmental awareness in Brazil. It is not yet clear in the political debate how much it is associated to the inevitable social issue, without which there is no viable solution, at least in the public debate. The public debate developed various mobilizing ideas that create political movements capable of achieving change. But we are far from having a consistent agenda with viable changes. What we have is ideas, but they are not interconnected.

In my opinion, we must go back to the grassroots, to do what was done in resisting and finally bringing down the dictatorship: educating the population, educating citizens, according to Paulo Freire's libertarian view. There is a large portion of the population “contaminated” by the consumerist ideal, since after all, this is the first time that they have had a taste of it. Moreover, they are a group of people in search for their own emerging identity, so to speak, often through Pentecostal religions. We have long known that popular religiosity is a fundamental element. But now we see religions that are not necessarily our allies, at least until now in the Brazilian political realm. What action to take? What should be the role of the active citizenship associations in this regard? Should other entities be invented? What political methods should be invented? Which should be the political pedagogy?

The biggest challenge for democracy and sustainability in Brazil, from the perspective of a transformation that matters, is to conquer hearts and minds for such agenda. The mobilizing ideas are the first challenge. We need to hear, we need to literally listen to the streets in order to understand and transform their demands. Our problem and our biggest challenge is a cultural one: to



speak to what the people feel. Transformation is only possible with motivated citizens and by taking action.

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