

CONTESTADO AND THE PAST THAT DOES NOT PASS

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ABSTRACT

The purpose of this article is to examine the developments of the nationalization process of the Southern Brazil Lumber and Colonization Company, culminating in the transformation of its headquarters in the Training Field “*Marechal Hermes*”. The approach considers the focus of English Social History - particularly the notions suggested by Thompson (2021) - from the perspective of reciprocity between the working class and the ruling classes, as well as their relations with the State. The research methodology employed was dialectical, recognizing that facts cannot be regarded in isolation from their social context. It analyzes contradictions that go beyond superficial appearances and seeks comprehensive solutions. The results of the

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present study outline several findings, including the transformations in the organizational culture of Lumber Incorporated following the assumption of administrative control by the military; the apparent irregularities in the process of selling the assets of Lumber Incorporated; suspicions regarding the actions of the former governor of the state of *Santa Catarina, Irineu Bornhausen*; the ulterior motives behind the actions of businessman *Alberto Dalcanale*, who transferred the land area of Lumber Incorporated's headquarters to the Ministry of War; the plight of Lumber Incorporated's workers during prolonged salary payment delays; the unjust process of expropriating land areas adjacent to Lumber Incorporated for the purpose of military field expansion. The presence of Lumber Company wielded a significant and influential role, ultimately shaping the trajectory of events within the region under its sphere of influence.

Key words: Lumber Company. Nationalization. Contestado.

RESUMEN

El objetivo de este artículo es examinar el desarrollo del proceso de nacionalización de la Compañía Maderera y Colonizadora del Sur de Brasil, que culminó con la transformación de su sede en el Campo de Instrução Marechal Hermes. A abordagem considera o enfoque da História Social Inglesa – especialmente as noções sugeridas por Thompson – na perspectiva da reciprocidade entre a classe trabalhadora e as classes dominantes, além de suas relações com o Estado. El método de investigación utilizado fue el dialéctico, considerando que los hechos no pueden ser considerados fuera de un contexto social, buscando analizar las contradicciones que trascienden y buscan soluciones. Entre los resultados del estudio se describe: los cambios en la cultura organizacional de Lumber Incorporada luego de que los militares tomaran el control de la administración; las aparentes irregularidades en el proceso de venta de los activos de Lumber Incorporated; sospecha sobre las acciones del entonces gobernador del estado de Santa Catarina, Irineu Bornhausen; la actuación con segundas intenciones del empresario Alberto Dalcanale, quien cedió el terreno de la sede de Lumber Incorporada al Ministerio de la Guerra; la agonía de los trabajadores de Lumber Incorporated durante largos períodos de retraso en el pago de salarios; el injusto proceso de expropiación de terrenos contiguos a Lumber Incorporated, para efectos de composición del campo militar. Se concluye que la presencia de la Compañía Maderera afectó decisivamente el curso de los acontecimientos en la región bajo su influencia.

Palabras clave: *Lumber Company*. Nacionalización. Contestado.

RESUMO

O objetivo deste artigo consiste em examinar os desdobramentos do processo de estatização da *Southern Brazil Lumber and Colonization Company*, culminando com a transformação de sua sede no Campo de Instrução Marechal Hermes. A abordagem considera o enfoque da História Social Inglesa – especialmente as noções sugeridas por Thompson – na perspectiva da reciprocidade entre a classe trabalhadora e as classes dominantes, além de suas relações com o Estado. Dentre os resultados do estudo, descreve-se: as mudanças na cultura organizacional da Lumber Incorporada após os militares assumirem o controle da administração; as aparentes irregularidades no processo de venda do acervo de bens da Lumber Incorporada; a suspeição acerca da atuação do então governador do estado de Santa Catarina, Irineu Bornhausen; a atuação com segundas intenções do empresário Alberto Dalcanale, que cedeu a área de terras da sede da Lumber Incorporada ao Ministério da Guerra; a agonia dos trabalhadores da Lumber Incorporada em longos períodos de atraso nos pagamentos de salários; o processo injusto de desapropriações de áreas de terras contíguas à Lumber Incorporada, para fins de composição do campo militar. Conclui-se que a presença da *Lumber Company* afetou decisivamente o curso dos eventos na região sob sua influência.

Palavras chave: *Lumber Company*. Nacionalização. Contestado.

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1 INTRODUCTION

The progress of research on the *Contestado* has brought to light the intricate nature of the *Contestado* War (1912-1916), unveiling its distinctive features, the diverse range of factors, and the localized nature of its origins.

It is imperative to acknowledge that contemporary studies extend beyond the confines of the conflict's timeline, surpassing traditional chronological boundaries. These emerging investigations have unveiled a new and fertile research field, focusing on the enduring repercussions of the *Contestado* War on the region where it unfolded. The local population continues to grapple with the lingering echoes of this historical event.

The period preceding the conflict was characterized by the expansion of land control, facilitated either by the involvement of foreign capital, represented by both the railway owned by Brazil Railway Company and the wood company operated by its subsidiary, Southern Brazil Lumber and Colonization Company or by the actions of local power brokers such as colonels and prominent merchants. In that context, given the privatization of land and, consequently, the prohibition of accessing the forests for the collection of yerba-mate, the situation of small landholders and settlers had become untenable. It is plausible to assert that, at least in the territory of the Northern Plateau of Santa Catarina, this factor decisively influenced the marginalized population's adherence to the “*Contestado* Peasant movement”⁶.

Among the causes that contributed to the emergence of the “Peasant Movement”, particular relevance lies in the consequences resulting from the operations of foreign companies in the railway and wood sectors. Equipped with the typical voracity of capital, both entities advanced upon the region, devastating natural resources, extinguishing lives, and annihilating the hopes of thousands of impoverished individuals from the countryside of the Brazilian Southern Plateau that living in a world filled with justice and equity could be possible.

Following the conclusion of the conflicts, the foreign companies maintained their presence in the region. Lumber Company operated in *Três Barras*⁷ until 1940 when Vargas, during the “*Estado Novo*”⁸ era, nationalized it. Subsequently, the site where that company operated became a military training ground for the Brazilian army, leading to another process of expropriation for small rural landowners, families that continue to fight to reclaim the lands unjustly taken from them.

The present article aims to examine the political articulation of the company and the consequences of its operations for over five decades, leading to its transfer to

⁶ Free translation. The original: *Movimento Sertanejo do Contestado*.

⁷ *Três Barras* remained under the administrative jurisdiction of the municipality of *Canoinhas* until 1961

⁸ Free Translation: New Estate.

the Ministry of War and subsequent transformation into a military training ground for the Brazilian army. Thus, the analysis does not solely focus on the period of installation and operation of the company but also examines the impacts resulting from the presence of Lumber Company, including the events that followed its deactivation.

2 MATERIALS AND METHODS

The research methodology employed was dialectical, recognizing that facts cannot be regarded in isolation from their social context. It analyzes contradictions that go beyond superficial appearances and seeks comprehensive solutions.

With the aim of comprehending the changes that occurred in the *Contestado* region spurred by the presence of Lumber Company, both during its period under foreign capital control and after its nationalization and subsequent control by the Ministry of War, this article employs theoretical and methodological suggestions that align with the perspectives of English Social History - particularly the notions proposed by Thompson (1998). These approaches are applicable to studies that opt for an analysis that values a "history from below," which asserts that the poorest segments of society also exhibit (even if often overlooked) a developing awareness of the social and political conditions surrounding their marginalization.

It is important to acknowledge that the approach put forth by English social history underscores the urgent need to develop a "history from above", aiming to complement the "history from below", and prevent the neglect of a relational perspective, that is, the need to value mutual relations, and consider reciprocity between the working and ruling classes, in addition to their relations with the State (THOMPSON, 1978, p.31).

3 RESULTS AND DISCUSSIONS

3.1 A LUMBER COMPANY

The establishment of the “Southern Brazil Lumber and Colonization Company” is closely linked to the construction of a railway system intended to connect the southern states of Brazil. To accomplish this goal, the Brazilian government established a contract with the Brazil Railway Company, which was responsible for constructing the railway line that would cross the North Plateau of *Santa Catarina*. The cities of *Itararé* in *São Paulo* and *Santa Maria* in *Rio Grande do Sul* were designated as the starting and ending points of this railway, respectively.

The construction contract for the railroad stipulated that Brazil Railway Company, the entrusted company with the project, would be granted the rights to explore adjacent lands to the main railway line within a fifteen-kilometer extension from its track. These lands were abundant with valuable resources, including vast quantities of pine and *araucaria* trees, walnuts, black cinnamon, cedars, and *cabreúva* trees. With the objective of extracting and commercializing highly valuable timber, as well as selling a portion of those lands to European immigrants, the Brazil Railway Company established a subsidiary known as the Southern Brazil Lumber and Colonization Company. In 1910, a modern sawmill was established by the Lumber company in *Três Barras*, an area that was previously contested by *Santa Catarina*. The company established a highly mechanized industrial process, with high technical organization, becoming the largest timber company in South America (CARVALHO, 2010).

The construction of this expansive railway line brought about significant transformations in the lives of people residing in the regions it traversed. It not only enhanced the economic value of the land, but also aggravated social issues and played

a direct role in triggering the “*Contestado* Peasant Movement”, which unfolded between 1912 and 1916 in the border region between the states of *Paraná* and *Santa Catarina*.

The “Brazil Railway Company” operated for almost thirty years under the control of foreign capital, until its nationalization by the publication of Decree-Law N. 2,346, of July 22, 1940, signed by *Getúlio Vargas*, in full force of the *Estado Novo* regime.

Nationalization was carried out in the name of “national interests”, as stated by the presidential decree. This was the justification given by the presidential decree, with a clear emphasis on economic and financial bias. The nationalization of the “Brazil Railway Company” and its subsidiaries was driven by the significant control they held over crucial sectors essential to Brazil’s development, including railways, ports, energy, and colonization. This control exerted by the company played a pivotal role in justifying its nationalization. However, the problems arising from mismanagement in the companies of the Farquhar group greatly influenced the national economy. The failure to meet financial obligations with capital creditors, who held leverage on the European stock market, resulted in dissatisfaction and undermined the confidence of foreign investors in the national economy. This fact constrained the public administration of the country⁹. Considering this rationale, the first article of the decree embodied the country’s assets existing rights and assets in Brazilian territory from Brazil Railway Company along with its branches including the Southern Brazil Lumber and Colonization Company as well as eleven other affiliated companies¹⁰.

As we will explore further, following the nationalization, the Ministry of War assumed full control of “Lumber Incorporated”, leading to significant changes in the company’s operational methods. Some long-standing costumes were banished. To smoke during work, for example, was forbidden, also to the head of sections. Previously playful relationships underwent the imposition of certain military

⁹ As an example, the Brazil Railway Company was in composition with creditors since July 18th of 1917, which has not been legally ratified by Brazilian justice.

¹⁰ Decree of Law n^o 2.346 of 22nd of July, 1917.

discipline. The officers' inflexibility in their interactions with Lumber's personnel led to conflicts and contributed to the exacerbation of the problems that plagued the company throughout the 1940s.

Former Lumber worker *Leopoldo Padilha* recalled an incident that illustrates this transformation. He stated that "People smoked, played and the Colonel disapproved. One day, he took a pipe from a supervisor and threw it into the fire, in front of everyone"¹¹. According to *Leopoldo*, after the company's nationalization along with military control, "a lot changed" because during the "American control days, people worked well", but after the military's arrival, "things started to go downhill"¹².

Throughout the 1940s, after the military took over Lumber, the fulfillment of legal obligation inherent in employment contracts ceased. In the period between the 15th and 20th of October 1948, the public prosecutor, *Rubem Mortiz da Costa*, submitted a set of requests to Judge *Euclides Cerqueira Cintra* of *Canoinhas* District. These requests were filed by workers who had suffered accidents and had not been compensated¹³.

The workers victimized by work accidents were forsaken by the management of Lumber Incorporated. In one of the cases, although six months had passed since the accident, the worker had not had access to medical care and the rights granted by Brazilian labor legislation, until the complaint was filed to the district Judge. During the hearings, the company stated that it was not disputing the occurrence of the accidents but rather the rights of the victims. It is necessary to consider that the army, despite its institutional role, did not acknowledge its responsibility with former Lumber Workers, which led to the result that compensations for work-related

¹¹ Interview with former worker of Lumber. Leopoldo Padilha, 96 years old. The interview took place in *Três Barras* on September 3rd, 2005. Free translation.

¹² Ditto

¹³ Employment Lawsuit: *Santilha Rodrigues Faria* versus Southern Brazil Lumber and Colonization Company Incorporated. *Três Barras*, 24th of April 1948; Employment Lawsuit: *Sizenando Naizer* versus SBLCC Incorporated. *Três Barras*, 07th of July 1948; Employment Lawsuit: *Estefano Schlapak* versus SBLCC Incorporated. *Três Barras*, 20th of October 1948. Municipal History Archive of *Canoinhas*.

accidents were not recognized nor granted. In the end, the cases brought forward resulted in favorable decisions for the workers, assuring medical treatment and compensation payments.

The inquiry of the Polish worker *Estefano Schlapak* is emblematic. Estefano “at first worked in the company’s forests, exposed to the weather, never ceasing his work even in case of rain”. As a result of the arduousness of this work, he fell ill. Struggling with unbearable abdominal pain, Estefano was then working as a tow truck driver until he eventually had to leave his job. By that time, Estefano had already devoted 25 years of his life to the company, having started working there at the age of 15. However, when he was in need of assistance and compensation due to his health issues, he was abandoned by the company without any support (Municipal History Archive of Canoinhas, 1948).

Considering the contemporaneity between the dates of the mentioned accidents’ occurrence and the evaluations by the Justice, it is evident that there was no compliance with labor legislation, a situation that highlights the abandonment of the injured workers, leaving them at the mercy of fate itself, without even receiving the necessary medical treatment. The fact that Lumber Incorporated refused to either acknowledge the rights of the victims or provide basic care by law was embodied in the way Lumber's workers would be treated by the new management. Workers would need to continue to resist.

3.1.1 The Public Bidding Notice

In the year of 1949, a Public Bidding Announcement was published with the objective of the sale of Lumber Incorporated’s assets. Initially, no proposals were presented, however, in December 1950, three firms acquired the collection. Those companies, *Cia. Terra e Pinho Ltda.*, *Groppe S.A.*, *Cia. Madeiras Del Alto Paraná* belonged

to the same individual, *Alberto Dalcanale*¹⁴, a businessman who operated in the colonization of southwestern *Paraná* and western *Santa Catarina* (BRAZIL, 1953, p.4374).

The collection consisted of an extensive list of assets, including: a property in *Calmon*, with fifteen thousand bushels of land and three hundred and fifty thousand mature pines; in the region of *Espigão Highlands* that belonged to the municipality of *Canoinhas* at the time, another two hundred thousand adult pines; remnants of 'allotted properties', amongst which many lots were sold between the railway stations of *Canivete* and *Valões* (currently *Irineópolis*); a portion of land with more than ten thousand square meters, in *São Francisco do Sul*; a "palace", four smaller houses and a land with ten thousand square meters in *Barra Funda* region, *São Paulo*; a property with six hundred and fifty bushels in the district of *Papanduva* which, at the time, belonged to *Canoinhas* (current municipality of *Papanduva*); a piece of land with about nine bushels where the sawmill, box factory, rolling mill, workshops, houses, warehouses, and hospital were installed; approximately forty-three kilometers of laid railway line, in addition to wood industry machinery, locomotives, about forty wagons, and platforms for transporting wood by rail¹⁵.

Although the sale of the collection was carried out, there appeared to be irregularities, either in the public bidding notice or in the subsequent sharing of Lumber's assets. The winning proposal was the only one that consigned higher price to the minimum stipulated at the Public Bidding Notice, which corresponded to fifty million of *cruzeiros*, although the exceeding was of only Cr\$ 100,000.00 (One Hundred Thousand *Cruzeiros*). Despite the division of the Public Bidding Notice forbidding the division of Lumber's assets, soon after the negotiation, a portion of the assets was quickly registered in the name of third parties.

¹⁴ Brazilian National Congress Diary. *Brasília*, May 23rd of 1953. Page 4374

¹⁵ One bushel represents, in the region under analysis, 2.42 hectares.

In this context, it is essential to take into account the Ministry of War's interest in establishing a Maneuvering Field in the 5th Military Region, a move that aligned with acquiring the assets of the former Lumber company following its nationalization.

Another significant factor was the performance of the government of the State of *Santa Catarina*, led by *Irineu Bornhausen*, who played a decisive role in the establishment of the military field in *Três Barras*. *Bornhausen's* government not only contributed significantly to the process but also took on the responsibility of transferring land, totaling ten thousand hectares in the *Papanduva* region, adjacent to Lumber's perimeter, after the necessary expropriations were completed.

In March 1951, a representative of the 5th Military Region, whose command headquarters was in *Curitiba*, approached the government of *Santa Catarina* to obtain support to identify an area of land between three and four thousand bushels. Such an area should be located near *Lumber*, in *Três Barras*, encompassed by the *Canoinhas*, *São João*, and *das Antas* Rivers. Corresponding to the at the time, commander of the 5th Military Region, General *Tristão de Alencar Pires*, the governor of *Santa Catarina*, *Irineu Bornhausen*, an *Udenista*¹⁶, enthusiastically welcomed the idea, stating that it aimed at the progress that would come to *Três Barras* with the establishment of a National Army Unit in the region¹⁷. The governor sent instructions to the mayor of *Canoinhas* instructing him, together with the representative of the *Companhia de Madeiras Del Alto Paraná*, the company that purchased Lumber's collection, to compose a commission with the objective of locating an area of land that would meet the requirements of military interests.

Approximately one month later, in a subsequent communication from the government of *Santa Catarina* directed to the command of the 5th Military Region, the

¹⁶ Member of the conservative party UDN – National Democratic Union.

¹⁷ Official Letter number 85 – *Florianópolis Santa Catarina*, March 12th of 1951. From the Governor of the State of *Santa Catarina* to the Comander of the 5th Military Region Battalion Letters and Minutes from the Palace of Government of *Santa Catarina* to the Ministry of War. Public Archive of *Santa Catarina*.

state's executive leader officially reaffirmed his intention to actively cooperate with the military authorities regarding the establishment of the maneuvering field within the jurisdiction of *Canoinhas*. *Irineu Bornhausen's* fervent enthusiasm for the project prompted him to express deal, led him to declare that he was "[...] willing to take all measures to expropriate the land necessary for the installation of the Instructions and Maneuvers field of the 5th Military Region in the designated area within *Canoinhas* municipality, as chosen by the Commission"¹⁸. Hence, the incumbent governor of the State of *Santa Catarina* delegated the task of selecting a suitable area of land to a commission comprising delegates from the Ministry of War and the controllers of companies that had acquired assets from the former Lumber enterprise. Given this circumstance, it is intriguing that the responsibility for land selection and expropriation was entrusted to a commission that included representatives from private enterprises among its members.

In the aforementioned communication, governor *Irineu Bornhausen* put forth a proposition with the objective of "minimizing the expenses related to compensation" arising from expropriations. This proposal entailed an exchange of newly expropriated land by the state of *Santa Catarina* with land areas previously owned by the former Lumber company, subsequently transferred to the Ministry of War following the company's nationalization. General *Tristão*, astonished, stated that he did not understand the proposal, after all, according to him, Lumber's total assets, including land, facilities and forest reserves, would value Fifty Million *Cruzeiros*, while the land areas that the army would receive, if he acquiesced to the exchange, "though more extensive, they are however, of incomparably much lesser value than those lands of Lumber"¹⁹. The endeavor undertaken by the governor of *Santa Catarina* to employ a

¹⁸ Free translation of the Official Letter number 161 – *Florianópolis, Santa Catarina*, April 20th of 1951. From the Governor of the State of *Santa Catarina* to the Commander of the 5th Military Region. Letters and Minutes from the Palace of Government of Santa Catarina to the Ministry of War. APESC.

¹⁹ Free translation of part of the Official Letter number 93 SER/5^a R. M. *Curitiba/PR*, April 27th, 1951. From the Commander of the 5th Military Region to the Governor of the State of *Santa Catarina*. APESC.

clever land exchange proposal to deceive the Ministry of War was swiftly met with refusal from the military command. Nevertheless, this setback, which hindered the utilization of Lumber's assets in favor of private interests, did not signify the abandonment of the project.

On May 29th, 1951, a meeting of the Regional Commission for Property Selection for the Ministry of War was held at the headquarters of the Lumber Company in *Três Barras*, municipality of *Canoinhas* at the time²⁰. Among those presents were the military members of the Commission²¹, delegates from the Superintendence of Companies Incorporated into the National Heritage, and representatives from *Del Alto Paraná Timber Company*²²

Businessman *Alberto Dalcanale* declared his relinquishment of control over the area belonging to the *Del Alto Paraná Timber Company* in favor of the Ministry of War. This area was situated in the region encompassed by the *Canoinhas*, *Jangada* and *Papanduva* Rivers, as well as the lands located in *Valões*, *São João da Barra*, and *Toldo de Cima*, except for the reforestation area of the *Valões*. Furthermore, *Dalcanale* agreed to a complete transfer of the existing facilities and machinery at Lumber's headquarters in *Três Barras* to the Ministry of War²³. Notably, the disposition of assets by *Dalcanale* was not primarily driven by an excessively patriotic sentiment.

²⁰ Minute of the Meeting held by the Regional Property Selection Commission for the Ministry of War. *Três Barras*, municipality of *Canoinhas*, May 29th, 1951. APESC

²¹ General *Sady Martins Vianna*, Lieutenant-Colonel *Carlos Queiros Falcão* and *Murat Guimarães*, Captain *Basílio Marques dos Santos Sobrinho* and Dr. *José Alvarenga Moreira*, under the presidency of the first cited Captain.

²² *Hortencio Alcantara Filho* and *Ary d'Leary Paes Leme*

²³ Official Letter number 913. *Florianópolis – Santa Catarina*, July 31st, 1957. From the Governor of the State of *Santa Catarina – Jorge Lacerda* – to the Commander of the 5th Military Region– general *Aurélio Lyra Tavares*. In addition to the Superintendent of Companies Incorporated into the Union's Heritage, the transfer meeting was attended by a representative from the Ministry of War, members of the Survey and Evaluation Committee, a representative from the government of *Santa Catarina*, and the buyers of Lumber's assets, all in accordance with the understandings reached between the Ministry of War, the Superintendent, the acquirers of Lumber's assets, and the State of *Santa Catarina*.

The transfer of the aforementioned areas (excluding those populated by pine trees) was a stratagem aimed at disentangling assets of lower value and relocating former Lumber workers to a public institution – in this case, the Ministry of War – thereby absolving *Dalcanale's* companies from responsibilities related to wages, labor charges, and contingencies arising from compensations to the workers of the incorporated company.

Following the successful completion of the transfer, negotiations persisted regarding the donation of additional land by the government of *Santa Catarina*. This land donation was intended to complement the area required for the establishment of a military field. The Governor of *Santa Catarina*, *Irineu Bornhausen*, proposed a solution, accepted by the then Minister of War, General *Henrique Teixeira Lott*. This solution entailed the utilization of resources allocated in amendment number 157, amounting to Cr\$ 40,000,000.00 (Forty Million *Cruzeiros*), to supplement the budgetary allocation of the Ministry of War. The objective was to provide funds for the payment of compensations resulting from the expropriation of lands required for the establishment of the military field in *Três Barras*²⁴. Hence, *Bornhausen's* decisive role was instrumental in establishing the military camp, as he displayed a willingness to expropriate additional areas of land required for its composition. This commitment, although formally undertaken, did not entail any costs for the government of *Santa Catarina*. Employing a shrewd yet enigmatic strategy, the labor charges, political burden, and inherent complexities associated with the land expropriation process in *Três Barras* region were effectively shifted to the Ministry of War. The impediments hindering the maximization of profits for the companies under *Dalcanale's* control were eliminated, thereby intensifying the anticipation of gaining advantages, whether lawful or otherwise, for those who provided support or played a decisive role in the success of the enterprise.

²⁴ Ibid.

After the meeting held in *Três Barras* and the subsequent conclusions of the legal proceedings, on September 11th, 1952, the area where the Southern Brazil Lumber and Colonization Company had previously operated, was transferred to the control of the Brazilian Army.

In the subsequent Years, the area of the former Lumber remained under the control of the military. However, the configuration of the military field remained undefined due to the necessity of expanding the total area. This expansion would only become feasible after the land expropriation processes affecting the peasants located in the adjacent areas to the former sawmill's headquarters, which would also house the command of the future military camp.

3.1.2 "The one who divides, and splits, keeps the best share"²⁵

The former Lumber collection was a target of spurious deals. The expropriation process of the assets belonging to the Lumber Company was involved in irregularities, scope of stratagems that aimed at the division of assets. The assets comprising the collection were sold through a public bidding process at significantly lower values than those prevailing in the market, in contravention to the terms stated in the public notice. Those assets with substantial market value underwent dismantling, rendering the *Três Barras* sawmill, once the largest in South America and among the world's largest, obsolete. Moreover, the Sawmill faced raw material shortages in its vicinity. Therefore, Lumber turned into a "Trojan Gift" for the National Army²⁶.

Those assets with potential to optimize profit generation – among them a vast property in *Calmon*, the *São Roque* farm, with two sawmills, railway sidings, three hundred and fifty thousand pine trees, *imbuia* trees etc., buildings in *São Paulo* and

²⁵ National Congress Diary. May 23rd, 1953. Page 4391.

²⁶ *Barriga Verde*. Year XVI. Number 839. *Canoinhas*, March 24th, 1954. Public Library of the State of *Santa Catarina*.

Paraná, and extensive pine forests in the *Espigão do Bugre* Highlands, in *Santa Catarina* – remained under the control of the acquiring companies controlled by *Alberto Dalcanale*, and their economic exploitation generated a strong economic and financial return. On the other hand, the *Três Barras* sawmill – transferred by Dalcanale to the Ministry of War – remained practically immobilized, similarly to the group of former Lumber workers, which had been under the responsibility of the army. The estimated costs for the amortization of charges arising from possible dismissals of workers could reach up to fifteen million *Cruzeiros*²⁷.

Still in the course of 1953, the then federal deputy, *Saulo Ramos*, presented a report – which had been submitted to a Parliamentary Commission of Inquiry – in which he detailed the irregularities involving Lumber Company. The report stated that the company *Pinho e Terras Ltda.*, which owned property *Calmon*, with approximately 350 thousand pine trees, in addition to three buildings in the *Barra Funda* region in *São Paulo* (which the prices, right after the completion of the negotiation reached up to Cr\$8.500.000,00 - Eight million and five hundred thousand *Cruzeiros*), proceeded the selling of the properties located at *Barra Funda*, receiving the amount of C\$ 10.000.000,00 (Ten Million of *Cruzeiros*). Undoubtedly an excellent deal. In addition, the hundreds of thousands of pine trees had an estimated value between CR\$ 100 and CR\$ 200 (One Hundred and Two Hundred *Cruzeiros*) per unit, that is, after being cut and sold they could also earn dozens of millions *Cruzeiros* of profit²⁸.

The industrial portion of the assets, as well as strips of land bordering the *Paraná* and *Santa Catarina* Railway, were assigned to *Groppe S.A.* These comprised the items from the assets that later were transferred to the Ministry of War. The third company that was part of the consortium, *Cia. De Madeiras Del Alto Paraná S.A.*, obtained the pine forests of *Espigão* Highlands, a property at Felipe Schmidt locality, in *Canoinhas*, and

²⁷*Barriga Verde. Canoinhas*, March 24th, 1954. Ibid.

²⁸Diary of the National Congress. May 23rd, 1953. Page 4390.

an area of ten thousand square meters, in *São Francisco do Sul* (CARVALHO, 2010, p. 85).

The said report estimated that the real value of Lumber's assets and rights would reach the amount of Cr\$ 100.000.000,00 (One Hundred million Cruzeiros). However, the basic price was set at Only Cr\$ 50, 000,000 (Fifty Million Cruzeiros). According to the report, the price of pine trees and properties was undervalued, with values below market quotations, at the same time and in the same locations (CARVALHO, 2010, p. 23).

Upon learning of the Ministry of War's interest in establishing a military base in *Três Barras* region, the owner of the three consortium companies that acquired Lumber's assets, *Alberto Dalcanale*, volunteered to transfer the ownership of six hundred and fifty bushels, in addition to the industrial facilities, machinery, railway, buildings, and some properties in *São Francisco do Sul*. Undoubtedly, a renowned entrepreneur in the real estate, timber and colonization sectors did not amass his wealth by making donations driven by his patriotism. Along with part of the asset, of interest of the army, *Dalcanale* transferred the two hundred and sixty-four Lumber workers and the correspondent labor liabilities. The newspaper *Barriga Verde*, in March 1953, reported what was defined as "one of the darkest maneuvers to loot the National Treasure"²⁹. According to the newspaper, the owners of the Companies Incorporated into the Union's Patrimony and the buyers of Lumber Company's assets, including *Irineu Bornhausen*, who was then the governor of the state of *Santa Catarina*, exerted pressure on the Ministry of War to assume the labor liabilities with the aim of exempting the asset buyers from such responsibilities³⁰.

²⁹ Free translation

³⁰ *Barriga Verde*, Year XVI. Number 752. Canoinhas, March 19th, 1953. BPESC.

On February 4th, 1954, *Alberto Dalcanale's* daughter, *Ivete Terezinha*³¹, and the governor *Irineu Bornhausen's* son, *Paulo Konder Bornhausen*, got married. Meanwhile, the two families Dalcanale e Konder Bornhausen were celebrating their union through the marriage of *Paulo* and *Ivete*, the two hundred and sixty-four workers of Lumber and their families, totaling approximately one thousand and two hundred people, were suffering from the second period of salary delays. Thus arose the “victims of *Três Barras*”.

3.2 “THE VICTIMS OF TRÊS BARRAS”³²

The two hundred and sixty-four Lumber Company's Workers who were employed at the time of the company's nationalization were turned into bargaining chips by the Union Superintendence, the Ministry of War, and especially the buyers of the company's assets. Both parties involved in the negotiation did their utmost to rid themselves of the responsibility for the workers, their labor liabilities, and any compensations arising from potential dismissals (TOMPOROSKI, 2013, p. 56).

After the transfer of Lumber's industrial segment to the Ministry of War in July 1952, an agreement was reached between the parties involved, in which they agreed that the salary obligations of Lumber's personnel would be covered by the Union Superintendence until the Ministry of War had funds available for this purpose (CARVALHO, 2010, p. 89).

However, starting from September 1952, salary payments ceased, and from that moment on, the two hundred and sixty-four families of Lumber Incorporated workers began a long and distressing journey, with the first stage lasting fourteen months! The

³¹ *Ivete's* name received significant attention in the year 2003 when an investigation pointed to money laundering activities involving *Banco Araucária*, located in *Paraná* state, which was controlled by her brother and nephews.

³² *Barriga Verde*. Year XVI. Number 751. *Canoinhas*, March 15th, 1953. BPESC.

retroactive payments were only made in December 1953, after a tough battle fought by the workers and their organization, the “Worker’s Union Society³³” with the support of the “Carpenters, Timber and Furniture Industry Workers of *Canoinhas*³⁴”, in alliance with Lumber’s lawyer and regional politicians (VALENTINI, 2009, p. 12).

The majority of Workers received salaries in the range of Cr\$ 600,00 (Six hundred *Cruzeiros*) and Cr\$ 900,00 (Nine hundred *Cruzeiros*) (TOMPOROSKI, 2006, p. 112).

The overdue salaries were settled after delicate negotiations, which involved the participation of the Minister of Labor, *João Goulart*. The salaries paid covered the period from September 1952 to December 1965. Unfortunately, further instances of salary payment delays would afflict the workers of Lumber Incorporated and their families in subsequent periods. However, in addition to the labor issues, the expropriations that were to be carried out around the former sawmill, aiming at establishing the military base, would also cause hardships for the peasants who cultivated the lands adjacent to Lumber Incorporated.

3.3 THE EXPROPRIATIONS

Decree number 50,570 of December 18th, 1956, authorized the expropriation of 7,614 (Seven thousand six hundred and fourteen) hectares, affecting eighty-nine plots of small farmers, totaling sixty-eight families.

The expropriation decree presented several technical falws. For instance, it did not specify the location of the expropriated area, merely referencing lands situated in the State of *Santa Catarina*. Moreover, it did not describe the boundaries of each property according to the details provided in the deeds, and lastly, it also lacked a

³³ Free translation. The original: *Sociedade União Operária*

³⁴ Free translation. The original: *Sindicato dos Oficiais Marceneiros e Trabalhadores nas Indústrias de Serrarias e Móveis de Madeira de Canoinhas*

provision that would allow verifying the evaluation criteria and validating the calculations of compensation funds. During the inventory of the assets stage, the army commission did not include pastures and grasslands in the composition of compensation funds, only considering the improvements made on the land. As a result, essential resources for the subsistence of those peasants were abruptly taken away without fair compensation. Furthermore, the compensation amounts stipulated in the decree were significantly outdated, as they referred to the period when the survey of the expropriation area was concluded. Considering the accumulated inflation rates of 22.6% and 12.7% in the years 1956 and 1957, respectively, it becomes evident that the established compensation values rapidly lost purchasing power. By the year 1960, the amounts specified in the decree did not even represent 3% of the market value of those lands (SCHIOCHET, 1988, p. 86).

During this same period, the military worsened their treatment of the peasants who continued to reside on the expropriated lands. They prohibited the removal of wood and yerba-mate, essential resources for the subsistence of small farmers, and even formed a commission to investigate potential transgressions of this mandate. Additionally, military operations and maneuvers were initiated, compelling the expropriated farmers to periodically leave their homes, an evident strategy to force them to vacate the area permanently.

In 1963, the judiciary granted temporary possession titles of the expropriated lands to the army, enabling them to assume ownership, even though the compensation payments had not yet been made, and the values would be reassessed in a revision process. Notwithstanding the process of compensation revision, the army's actions during the removal of the expropriated families left an indelible mark on those individuals. Incidentally, this aspect represents a fruitful vector for expanding research.

In the 1980s, the expropriated individuals and their heirs organized themselves in the “Movement of the Expropriated of *Papanduva*³⁵”. Their actions were branded, from the outset, by the filing of various lawsuits, hunger strikes, and the establishment of a camp in *Poço Grande* locality, adjacent to Marshal Hermes Instruction Field. The camp was named *João Maria*. The movement also occupied the headquarters of INCRA (National Institute of Colonization and Agrarian Reform) in Florianópolis for a year, between 1986 and 1987. In 1987, the second *Terra Pilgrimage/SC*³⁶ was held, gathering around twenty thousand people (FAVARIN, 2009, p. 114). In 2007, the MST (Landless Rural Workers Movement) carried out an occupation and initiated a debate about the military field’s lands being unproductive and underutilized (due to the limited number of military maneuvers conducted in the area). Additionally, there were reports of the army leasing portions of the field to local farmers for cultivating soybean crops³⁷.

The expropriation process generated significant social tensions as the disposed settlers felt aggrieved due to the federal government’s establishment of an excessively low price for the expropriated lands, lacking in equity, since lands of comparable quality were assessed with fluctuations of up to 100% per hectare.

4 CLOSING REMARKS

The presence of Lumber Company directly and indirectly affected various aspects and different periods of the region under its influence in the Contestado territory. Whether under foreign capital control, expanding its landholdings, displacing thousands of small settlers from their lands, depleting precious wood resources, influencing events in the Contestado War (1912-1916), or in the years

³⁵ Free translation. The original: Movimento dos Desapropriados de Papanduva

³⁶ Free translation. The original: Romaria da Terra/SC

³⁷ *Correio do Norte*. Year 65. Edition number 3033. *Canoinhas*, April 13th, 2012.

following the war, co-opting authorities, and stealthily evading its responsibilities concerning workplace accidents.

Similarly, under government control, after its nationalization from 1940 onwards, there arose suspicion regarding the process of selling the company's assets, as certain public authorities acted partially, using it as a ruse and eventually yielding it to military control from 1952 onwards. It was at this point that, hundreds of its workers and their families began a long and distressing period without receiving salaries until its surprising conclusion, in which the company's headquarters were transformed into a military training field. This, in turn, influenced – once again! – the expropriation of adjacent lands, generating a new wave of injustices that continue to resonate to this day.

Undoubtedly, the presence of Lumber Company – a corporation – has greatly influenced, both in the past and in contemporary times, the course of events, directly and indirectly, in the region under its influence, impacting regional development process, not only in the economic dimension but also giving rise to social discontent and conflicts, thus leading to situations of socioeconomic marginalization.

Regarding its indirect influence, even in its final moments, that is, the expropriation of lands carried out to complement the area needed for the military training field, whereof headquarters coincided with the company's installation site, many descendants of the former landowners still engage in legal disputes today. Their aim is to reclaim the lands or, at the very least, obtain fair compensation for the outdated indemnity funds paid to their ancestors. Many incurred additional debts by taking out loans to cover legal fees, and upon receiving their compensations, they realized that inflation had eroded the values, making it impossible to acquire other areas similar to those from which they were displaced.

Consequently, in retrospect, both the two hundred and sixty-four Lumber Company workers (and their families), linked to the Ministry of War - who suffered from recurrent non-compliance with salary obligations - and the expropriated

individuals from the military training field and their heirs, embody some of the most unjust chapters of the actions of the ruling classes, exacerbated by the State's complicity at the expense of the interests of the less fortunate.

It must be considered that many forceful processes of exclusion of the impoverished remain in effect throughout the Contestado region. However, from a boarder perspective, one can discern a long history of exploitation and exclusion; a diametrically opposed interpretation allows us to glimpse that the resistance, organization and struggle of the marginalized, in pursuit of the recognition and fulfillment of their rights, constitute a robust tradition that reached its peak in the "Contestado Peasant Movement"³⁸ (1912-1916). In the subsequent decades, this tradition has been dynamically and uninterruptedly reinvented.

These are challenges that still need to be confronted in order to mitigate the impacts of historical processes of exploitation and social marginalization of the people of Contestado, aiming for the necessary advancements in the development process of the affected regions.

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³⁸ Free translation. The original: *Movimento Sertanejo do Contestado*

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