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**THE COMPLEX LEGACY OF  
LATIN AMERICA'S AGRARIAN REFORM**

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# The Complex Legacy of Latin America's Agrarian Reform

## Cristóbal Kay<sup>1</sup>

With the spread of neo-liberal policies throughout Latin America in recent years it is argued that the era of agrarian reforms which started with the Mexican revolution at the beginning of this century has come to a close in the continent. It is thus opportune to attempt a general overview of the causes and consequences of the agrarian reforms which were implemented in most countries of the region. The agrarian reforms are evaluated in terms of their impact on agricultural production, income distribution, employment, poverty, gender relations as well as from a social and political perspective. Governments have often underestimated the complexities of transforming the land tenure structure. They have also misjudged the complex dynamic processes set in motion by the agrarian reform which frequently had unexpected and unintended consequences. Agrarian reforms often provoked dramatic counter-reforms and neo-reforms following the social and political struggles they unleashed. Thus the outcome of Latin America's agrarian reform has been varied and has given rise to a more complex and fluid agrarian system. While initially some agrarian reforms were intended for the benefit of the peasantry, the predominant outcome has favoured the development of capitalist farming. The recent shift to neo-liberal economic policies as well as land policies has given an additional impetus to capitalist farming while further marginalising peasant farming.

### 1. INTRODUCTION

The era of agrarian reform seems to have come to a close in Latin America with the exception perhaps of Brazil. This does not necessarily mean that the land question has been resolved in Latin America but that it no longer commands the political support that it did during the 1960s and 1970s when cold war concerns arising from the Cuban revolution and an emergent peasant movement put agrarian reform firmly on the political agenda. In recent years neo-liberal land policies have shifted priorities away from expropriation issues which typified the populist agrarian reform period towards privatization concerns, decollectivization

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and land registration and titling.

The most significant symbol of the neo-liberal winds sweeping through Latin America has been the change in 1992 of Article 27 of Mexico's Constitution of 1917 which had opened the road to Latin America's first agrarian reform and which enshrined a principal demand for 'land and liberty' by the peasant insurgents during the Mexican revolution. No government had dared to modify this key principle of Mexico's Constitution but the forces of globalisation and neo-liberalism proved too strong to resist and the government took the risk of tackling this hitherto sacred cow. This new agrarian law marks the end of the redistribution of land, allows the sale of land of the reform sector and the establishment of joint ventures with private capital including foreign capitalists, thereby indicating Mexico's commitment to NAFTA - the free trade agreement with the USA and Canada (DeWalt and Rees, 1994). It is thus an opportune moment to reflect on the achievements and limitations of Latin America's agrarian reform as well as to explore the prospects of the neo-liberal land policies.

The Latin American agrarian reform experience has also lessons for countries which have recently embarked on, or intend to introduce, a programme of land expropriation and redistribution (such as South Africa) as well as for those - admittedly singularly few countries - planning to intensify and extend the expropriation process (such as Zimbabwe) or where NGOs and other actors are seeking to find ways of reviving the agrarian reform issue, as in the Philippines (Borras, 1997). The pursuit of neoliberal policies by most Latin American countries has resulted in the privatization of the collective agrarian reform sector. Thus the Latin American case also has lessons for the former communist countries which are in transition from a centrally planned economy to a market-oriented economy and particularly those countries which are decollectivizing their agricultural sector (Spoor, 1997) as well as for those countries committed to privatization of communal areas as in some African countries and elsewhere (Nsabagasani, 1997).

The paper begins by discussing Latin America's agricultural economic performance from the end of World War Two until the beginning of the agrarian reform period in the 1960s. Agriculture's dismal record during those years led to a lively debate between structuralists and neoclassical economists as to the causes of this state of affairs. While structuralists stressed the unequal and bimodal land tenure system, neoclassicals emphasized public policy which in their view discriminated against agriculture. Subsequently the paper analyzes the causes and objectives of agrarian reform. While governments often used agriculture's dismal growth record for justifying agrarian reform legislation they were mainly driven by internal as well as external pressures. Social conflicts escalated in the countryside as peasants and rural workers were less willing to tolerate poor living standards, exploitative working conditions and a marginal position in society. The spread of urban influences into the

countryside had began to undermine patron-client relationships and increased the influence of political parties and other urban groups willing to support the organization of peasants and rural workers into trade unions and other associations which felt confident enough to challenge the landlords' domination.

The collectivist character of the more significant agrarian reforms in Latin America are then highlighted. Subsequently the impact of the agrarian reforms on production, income distribution, employment, poverty, gender relations and socio-political integration is discussed. In a paper of this kind it is only possible to provide a general analysis of these issues as the situation differed between countries. Furthermore, methodological problems and the inadequacy of the available statistical data make this a difficult task even when undertaking specific country studies. Finally, the paper explores the impact of neoliberal land policies in those countries where these had been followed for a significant period. As for countries which are recently following down this path, it is only possible to make informed guesses as to the likely outcome by drawing on the results of the neo-liberal pioneers.

## 2. AGRICULTURE'S PERFORMANCE PRIOR TO AGRARIAN REFORM

The agricultural growth record of Latin America in the post-war period is poor, especially with respect to domestic food production. Agricultural production<sup>2</sup> grew at an annual rate of 2.6 per cent<sup>3</sup> between 1934-38 and 1958-60, and 3.8 per cent between 1948-52 and 1958-60 (CEPAL, 1963: 2). However, high rates of population growth mean that agricultural production per capita grew only marginally. While agricultural production grew by 3.2 per cent per annum between 1950 and 1964 it did so by only 0.3 per cent in per capita terms (ECLA, 1968: 314). Not until the late 1950s did agricultural production per capita reach pre-war levels (CEPAL, 1963: 127).

Although agricultural exports grew faster than domestic food crops, Latin America's position in the world agricultural market deteriorated. Food imports increased by 44 per cent between 1948-52 and 1965 compared to an increase of only 26 per cent for agricultural exports, placing an additional strain on Latin America's balance of payment problems (ECLA, 1968: 330). By comparison, world agricultural exports grew by 50 per cent in the same period, indicating Latin America's relative decline in world markets (*idem*).

Latin America's agriculture was inefficient and wasteful of resources, mainly land and

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<sup>2</sup> Agricultural production includes crops and livestock but excludes forestry.

<sup>3</sup> When sugar, cotton and banana export crops are excluded the agricultural growth rate falls to 2.2 per cent per annum (1934/38 to 1958/60).

labour. A highly unequal land tenure system was largely to blame for this state of affairs but inadequate government support for agriculture was also a factor. Most of agriculture's growth stemmed from an increase in the area cultivated rather than an increase in yields. Extensive growth without major technical and social transformations clearly predominated over intensification of agriculture. The contrast with the developed world is striking. In Latin America the area cultivated increased by 24 per cent and yields by 7 per cent between the years 1948-52 and 1957-59, whilst in Europe the corresponding figures were 3 and 24 per cent respectively (CEPAL, 1963: 33).

From the 1850s to the 1930s the hacienda system (often referred to as the latifundio-minifundio complex) expanded and achieved a dominant position within Latin America's agrarian structure. This expansion was often achieved by displacing the rural indigenous population to marginal areas. This was the golden age of the hacienda system; landlords being at the height of their economic power, political influence and social prestige. Only in Mexico was this dominance successfully challenged by the revolutionary upheavals of 1910-17. However, it was not until the populist government of Cárdenas during 1934 to 1940 that the hacienda system finally lost its predominant influence in Mexico. The Bolivian revolution of the early 1950s also dealt a major blow to the landlord system with the implementation of an extensive agrarian reform programme.

The Cuban revolution of 1959 signalled the final demise of the hacienda system in most Latin American countries. Fearful of the spread of revolution to other countries in the region and the spectre of socialism, the US government launched the Alliance for Progress initiative. This encouraged governments throughout the region to implement agrarian reform programmes by providing economic aid. Consequently, from the 1960s to the 1970s a spate of agrarian reforms took place in Latin America among them Chile, Peru, Ecuador and Colombia. In the late 1970s and 1980s following the Sandinista revolution in Nicaragua and the civil war in El Salvador agrarian reforms were also carried out in those countries. Only in Argentina has agrarian reform been completely absent. In Brazil strong opposition from landlords stalled any significant agrarian reform but there has been some minor land redistribution since the restoration of democratic rule in the mid-1980s.

Prior to agrarian reform Latin American governments had adopted policies encouraging the modernization of the hacienda system. The introduction of import-substitution-industrialization policies in the post-war period, had already begun to transform the traditional hacienda system. Such government measures as subsidized credits for the purchase of agricultural machinery and equipment, improved quality of livestock, fertilizers, high-yielding-variety seeds and technical assistance programmes aimed to stimulate the technological modernization of large landed estates. The social relations of production had also begun to change. Labour-service tenancies and to some extent sharecropping began to

give way to wage labour. Some landlords sold part of their estates to finance improvements on the remainder of their property, thereby advancing a landlord process of 'transformation from above'. This process paradoxically gained momentum with the agrarian reform. It is ironic that many agrarian reforms in Latin America resulted in the modernization of the hacienda system and its transformation into capitalist farms rather than its elimination from below by redistributing hacienda land to peasants. In this sense many agrarian reforms initially accelerated an already established landlord path to agrarian capitalism rather than the development of peasant farming (de Janvry 1981, Kay 1988). However, as will be seen later, the subsequent unravelling of agrarian reforms has opened up the possibility of a peasant road to agrarian capitalism, albeit one subordinated to agro-industrial capital.

In explaining Latin America's poor agricultural performance structuralists emphasize the high degree of land concentration while neoclassical and monetarist interpretations stress government policy, in particular price and trade policy which allegedly discriminated against agriculture. Government price controls on some essential food commodities and an exchange rate policy which overvalued the local currency and thus made food imports cheaper acted as a disincentive to agricultural exports. While it is generally accepted today that the import-substitution industrialization policy adopted by most governments in Latin America discriminated against agriculture, the fact that large agricultural producers were often compensated -at least to some extent- by countervailing policies is generally ignored. For example, landlords received highly subsidized credits and benefited from cheap imports of agricultural machinery and inputs as a consequence of the above-mentioned trade policy and from special technical assistance programmes. Thus government policy was biased not just against agriculture but within agriculture against peasants and rural workers. While landlords no longer dominated the political system in the post-war period in many Latin American countries, they still exerted a major influence on government policy and could swing the power of the State in their favour regarding relations between landlords and peasants. Tenants had to pay high rents (either in money, kind or labour-services) and agricultural workers were paid low wages and had poor working conditions. Rural labour was largely unorganized and confronted a series of legal obstacles to unionization. Working conditions throughout rural Latin America were exploitative and repressive.

Structuralists and liberal reformists (largely from the US) made a powerful case for agrarian reform. Latin America's bimodal agrarian structure was seen as inequitable and inefficient and as having detrimental social and political consequences. While structuralists tended to favour cooperative or associative type farming organizations, liberals championed family farming. Agrarian reform, by modifying the uneven income distribution, would widen the domestic market for industrial commodities, strengthen the industrialization effort by increasing the supply of agricultural commodities and have a beneficial impact upon foreign

exchange.

Structuralists stressed that the high degree of land concentration was an inefficient use of resources. Large farms used land in an extensive manner, resulting in low land productivity, and much land remained uncultivated. Monoculture, which was generally adopted by plantations in areas of export agriculture, had deleterious effects on the environment. Extensive land use also limited employment opportunities and contributed to low labour productivity. The relative abundance of agricultural workers and the high degree of land concentration meant that landlords could continue to pay low wages even where labour productivity had increased through investments. Structuralist also held that land concentration hampered the adoption of modern technology; landlords could obtain high incomes without intensifying production given the large amount of land they owned. Land was also considered as a useful hedge against price rises in countries with endemic inflation. Ownership of a large landed estate also conferred high social status and political power. Thus farming efficiency was not always a priority for landlords. Last, but not least, structuralists blamed land concentration for the social inequality, marginalisation and poor living conditions of the majority of the rural population in Latin America.

With respect to prices, structuralists were the first to highlight the deterioration of Latin America's terms of trade. The decreasing purchasing power of agricultural exports in terms of industrial imports was a disincentive. With regards to the emphasis placed on price incentives by the neoclassical economists, structuralists argued that these were unlikely to improve agriculture's efficiency and growth rate as latifundistas reacted slowly to price incentives and these did not often induce the modernization of the enterprise. Minifundistas also failed to react positively to price incentives but for different reasons, such as lack of resources and technical knowledge. Although, later studies show that structuralists may have underestimated their positive effect, this does not mean that price incentives would have been a better policy tool than agrarian reform for achieving growth with equity in the countryside. Furthermore, many studies which found farmers to be more responsive to market mechanisms than had been allowed for by structuralists were undertaken after agrarian reform measures had been introduced. Just as it can be argued that structuralists underestimated the dynamic potential of landlords, so it can be argued that neoclassical economists underestimated the negative effects of Latin America's agrarian structure for economic development. While structuralists pinned their hopes on agrarian reform, neoclassical thinkers placed theirs in free markets. Following the implementation of agrarian reform and the more recent experiments with free markets, a consensus is emerging that both are needed to attain growth with equity.

### 3. THE BIMODAL LAND TENURE SYSTEM

The Alliance for Progress prompted a comprehensive study of Latin America's agrarian structure during the first half of the 1960s. The CIDA<sup>4</sup>, Inter-American Committee for Agricultural Development, studies represent the most ambitious collective study to date of Latin America's land tenure. In the mid-1960s reports on seven countries were published: Argentina (1965), Brazil (1966), Colombia (1966), Chile (1966), Ecuador (1965), Guatemala (1965) and Peru (1966) followed subsequently by two or three other country reports. The CIDA studies had a major influence on shaping a certain view of the Latin American agrarian question as well as on the design of agrarian reform policies.<sup>5</sup> They conveyed a bimodal view of Latin America's land tenure system and were used by governments to lend scientific weight to the case for agrarian reform legislation.

Latin America had one of the most unequal agrarian structures in the world. At one extreme were the minifundistas who owned minifundios (very small landholdings) and, at the other were the latifundistas who owned latifundios (very large landholdings) in the form of plantations, haciendas and estancias. By 1960 latifundios constituted roughly five per cent of farm units and owned about four-fifths of the land; minifundios comprised four-fifths of farm units but had only five per cent of the land (Barraclough 1973: 16). The middle-sized farm sector was relatively insignificant. Subsequent studies have shown this bimodal characterization to be over-exaggerated; tenants had a significant degree of control over resources within the estates and medium farmers had access to better quality land and were more capitalized, thereby contributing more to agricultural output than originally estimated. Despite this evidence of greater heterogeneity, Latin America still had one of the most polarized agrarian systems in the world.

Peasants holdings were the main providers of employment, accounting for about half of the agricultural labour force, four-fifths of whom were unpaid family workers. Large estates employed less than one-fifth of the agricultural labour force (op.cit.: 22). In 1960 an estimated one third of the total agricultural labour force was landless and a variety of tenancy arrangements were widespread, an estimated one-quarter (or more) of agricultural workers being tenants or squatters (op. cit.: 19-23).

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<sup>4</sup> CIDA was set up in 1961 by the following five international organizations: the Organization of American States (OAS), the Inter-American Development Bank (IDB), the Inter-American Institute of Agricultural Sciences, known today as the Inter-American Institute for Cooperation on Agriculture (IICA), the Food and Agriculture Organization of the United Nations (FAO), and the United Nations Economic Commission for Latin America (ECLA which later changed its name to ECLAC by adding the Caribbean).

<sup>5</sup> An excellent summary of these reports is edited by Barraclough (1973) who, together with Domike, published a seminal article (1966).

This agrarian system was inefficient. On the one hand, latifundios underutilized land by farming it in an extensive manner and leaving a significant proportion uncultivated. On the other hand, minifundios were wasteful of labour, using too much labour on too little land. Not surprisingly, while labour productivity was much higher on latifundios than on minifundios, the reverse was the case regarding land productivity. Average production per agricultural worker was about five to ten times higher on latifundios than on minifundios, while production per hectare of agricultural land was roughly three to five times higher on minifundios relative to latifundios (*op. cit.*: 25-27)<sup>6</sup>.

Given that much rural labour was unemployed or underemployed and land was relatively scarce, it was more important from a developmental perspective to raise land productivity than to increase labour productivity. Proponents of agrarian reform argued that land productivity could be increased more easily by redistributing land rather than by making costly investments in modern technology which, in addition, might be labour-displacing. Furthermore, agrarian reform was likely to have a far more favourable impact on income distribution than an exclusive emphasis on modern technology.

The land tenure and labour structure had begun to change prior to the implementation of agrarian reforms. In the changing political climate of the 1950s and 1960s, landlords foresaw the prospect of agrarian reform legislation and took evasive action. In order to avoid expropriation, some landlords reduced the size of their estates by subdividing it among family members or by selling some land. In addition, they attempted to reduce the internal pressure for expropriation from rural labour by reducing the number of tenants and replacing permanent workers with seasonal wage labourers. Through these actions, landlords aimed to reduce the internal pressure for land from tenants who, as agricultural producers, were keen to expand their tenancy and reduce rent payments. Compared to permanent wage labourers, seasonal workers had fewer legal rights and could be more easily dismissed or laid off as the situation demanded. Mechanization allowed landlords to reshape the composition of their labour force and to reduce it substantially, thereby further weakening internal pressures for land redistribution and higher wages.

As noted above, the mere threat of an agrarian reform can precipitate the break-up and capitalization of the hacienda. Agrarian reform legislation generally exempted farms below a certain size and in some cases modern and efficient farms which exceeded this limit. Landlords attempted to evade expropriation by subdividing and modernizing their estates. The criteria of efficiency employed often referred to the existence of machinery and the use of wage labour rather than tenant labour. Tenancies were particularly frowned upon as they were considered to be part of a feudal and oppressive labour regime.

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<sup>6</sup> The data reflects the situation during the 1950s and very early 1960s.

The medium sized capitalist farm sector also expanded especially in those countries where agrarian reform legislation allowed landlords to retain part of their estate after expropriation, i.e. when they had the right to a 'reserve' (*reserva*). Landlords generally retained the heart of the hacienda which encompassed the best quality land and the main farm buildings. In addition, landlords often retained their livestock and agricultural machinery which, being concentrated on a smaller-sized farm, improved both the capital-land ratio and the capital-labour ratio.

#### **4. CAUSES AND OBJECTIVES OF AGRARIAN REFORM**

The most far reaching agrarian reforms have tended to be the outcome of social revolutions. Such was the case in Mexico (1917), Bolivia (1952), Cuba (1959), and Nicaragua (1979). However, radical agrarian reforms were also undertaken by elected governments, as in Chile during the Frei (1964-79) and Allende (1970-73) administrations, or even by military regimes as in Peru during the government of General Velasco Alvarado (1969-75). Less wide ranging agrarian reforms in terms of the amount of land expropriated and the number of peasant beneficiaries were carried out largely by civilian governments in the remainder of Latin America. The major exception is Argentina where to date no agrarian reform has taken place and agrarian reform has not formed part of the political agenda. The uniqueness of the Argentinean case is explained in part by the relative importance of family farming and middle capitalist farms as well as by the relatively high degree of urbanization. Paraguay and Uruguay had colonization programmes but in neither country has a significant agrarian reform taken place.

Agrarian reforms have generally been the outcome of political changes from above. Although in some instances these were responding to social pressures from below, few agrarian reforms in Latin America were the direct result of peasant uprisings. Urban social forces and even international forces, as in the case of the Alliance for Progress, played an important role in bringing about agrarian reform. While the peasantry was not an important social force behind agrarian reform legislation, it did significantly influence the process itself. Thus those areas where rural protest was strongest tended to receive the most attention from agrarian reform agencies.

Agrarian reforms were largely initiated by technocratic and reformist governments seeking to modernize agriculture and integrate the peasantry. Not surprisingly agrarian reforms have confronted opposition from landlords who, in some instances, succeeded in blocking or reversing it. Agrarian reforms are social processes whose unintended consequences may redirect the initial purpose of the agrarian reform along radical or

conservative lines (but usually the latter) or in some instances derail it completely.

In Guatemala President Arbenz's agrarian reform of 1952 was brought to an abrupt end in 1954 when he was overthrown by an armed invasion which received support from the US government. Arbenz's agrarian reform measures which had expropriated about one-fifth of the country's arable land and benefited close to one-quarter of the peasantry were quickly reversed (Brocket 1988: 100). In Chile Frei's moderate agrarian reform of 1964-1970 fuelled demands from the peasant movement for intensification of the reform process. The radicalization of the peasant movement was a factor helping Allende to win the presidency in 1970. Peasant radicalism in turn pushed Allende's democratic socialist programme for expropriations beyond what was originally intended. The subsequent military coup of 1973, which repressed and disarticulated the peasant movement, returned only a proportion of the expropriated land to former owners. Despite the political power of the military government, they did not dare to undo the agrarian reform completely.

In espousing agrarian reform, governments were pursuing a variety of objectives. A major objective, and the primary one of the more technocratic types of agrarian reform, was a higher rate of agricultural growth. Thus only inefficient estates were to be expropriated and more entrepreneurial-minded estates were encouraged to modernize further. It was expected that less land would be left idle and that land would be cultivated more intensely thereby increasing agricultural output. Another economic (and social) objective was equity. A fairer distribution of income was regarded as facilitating the import-substituting-industrialization process by widening the domestic market for industrial goods. A more dynamic agricultural sector would lower food prices, generate more foreign exchange and create more demand for industrial commodities. Thus the underlying economic objective was to speed up the country's industrialization process.

Agrarian reforms also had social and political objectives. By distributing land to peasants, governments hoped to ease social conflicts in the countryside and to gain the peasantry's political support. By means of land redistribution and measures assisting the creation or strengthening of peasant organizations, governments aimed to incorporate the peasantry into the social and political system. Giving peasants a stake in society would strengthen civil society and the democratic system. More radical types of agrarian reforms were particularly keen to organize and mobilize the peasantry in order to weaken landlord opposition to expropriation.

Governments also aimed to increase their support among the industrial bourgeoisie whose economic interests could be furthered by agrarian reform. However, this was more problematic as industrialists often had close ties with the landed class and were fearful that social mobilization in the countryside could spill over into urban areas. Political links between landlords and the urban bourgeoisie were far closer than commonly thought and the

bourgeoisie generally placed their political interests before short term economic gains. They were well aware that agrarian reforms could gain a momentum of their own and spill over into urban unrest. This would intensify workers' demands for higher wages, better working conditions and even lead to demands for the expropriation of urban enterprises. The Chilean agrarian reform experience is a good illustration of just such a situation. The increasing demands and mobilization of rural and urban workers strengthened the alliance between the rural and urban bourgeoisie, including some middle class sectors. In Peru the progressive military government of Velasco Alvarado undertook a sweeping agrarian reform in the expectation that this would help the country's industrialization process. However, it also failed to win the industrial bourgeoisie's support for such a development project and was unable to persuade expropriated landlords to invest their agrarian reform bonds, paid out as compensation for expropriated land, in industrial ventures. Such reluctance was not surprising given that the government was creating a social property sector in which the state controlled all major industrial and commercial firms and allowed a degree of workers' participation.

Although agrarian reforms were largely imposed from above, once expropriation was underway conflicts in the countryside often escalated. Peasants demanded a widening and deepening of the agrarian reform process; landlords opposed such demands and pressurized the government, and in some instances the armed forces, to suppress the increasingly bold actions of the peasants. This was particularly the case in countries where political parties and other organizations used the reformist opening in the country's political system to strengthen peasant organizations and assist their social mobilization. Support, or lack of it, from urban based political parties and urban social groups was often crucial in determining the outcome of the reform process.

## **5. SCOPE OF AGRARIAN REFORM EXPERIENCES**

The scope of agrarian reform in Latin America varied greatly both as regards the amount of land expropriated and the number of peasants beneficiaries. The agrarian reforms in Bolivia and Cuba were the most extensive with respect to the amount of land expropriated: about four-fifths of the country's agricultural land being expropriated. In Mexico, Chile, Peru and Nicaragua almost half the country's agricultural land was expropriated. In Colombia, Panama, El Salvador and the Dominican Republic between one sixth and one-quarter of the agricultural land was expropriated (Cardoso and Helwege, 1992: 261). A smaller proportion of agricultural land was affected by agrarian reform in Ecuador, Costa Rica, Honduras and Uruguay (CEPAL and FAO, 1986: 22). In Venezuela about one-fifth of the land was affected by the agrarian reform, but almost three-quarters of this had previously belonged to the state

and was largely in areas to be colonised. Thus Venezuela's agrarian reform was mainly a colonisation programme.

Cuba, Bolivia and Mexico had the highest proportion of peasants and rural workers who became beneficiaries of the agrarian reform. In Cuba and Bolivia about three-quarters of agricultural households were incorporated into the reformed sector, while in Mexico it was less than half. In Nicaragua, Peru and Venezuela the proportion of beneficiaries was about one-third, in El Salvador one-quarter and in Chile one-fifth. In Panama, Colombia, Ecuador, Honduras and Costa Rica the percentage of agricultural families who benefited from land redistribution varied from slightly less than one-tenth to over one-tenth of the total number of agricultural families (Cardoso and Helwege, 1992: 261 and Dorner, 1992: 34). In other countries the proportion was even lower.

The fact that agrarian reforms with the widest scope were the outcome of revolutions indicates the importance of the question of political power. Where landlords were defeated and displaced from power, the wider was the scope of the agrarian reform. But in some instances landlords have been able to reverse some or all of the gains of the agrarian reform following a major political upheaval such as a counter-revolution or military coup d'etat.

Once initiated peasants have sometimes been able to push the agrarian reform process further than intended or redirect it according to their interests. For example, peasant communities in Peru who had been excluded from land in the reformed sector and who could only benefit from the profits generated by the reformed enterprises, later gained direct access to land from the reformed sector. As few reformed enterprises made any profits and given the shortage of land in peasant communities and their historical claims (real or imagined) to the land of the expropriated haciendas, their claim to a share of the former estate is understandable. After violent clashes between comuneros and the police, significant amounts of land were transferred from the reformed enterprises to peasant communities.

In Nicaragua peasants succeeded in pressurizing the Sandinista government to adopt a less state-centred agrarian reform policy than the one which had privileged state farms since 1979. After 1984 some reformed enterprises were transferred directly to peasant beneficiaries in either cooperative or individual ownership. This shift in policy was also provoked by the desire to reduce the influence of the 'contras' among the peasantry and to stimulate food production (Utting, 1992). Following this policy change, the amount of expropriated land redistributed to peasant beneficiaries in individual ownership trebled from 8 per cent in 1981-84 to 24 per cent in 1985-88 (Enríquez, 1991: 91-92). Peasant beneficiaries also gained more favourable access to scarce inputs, modifying the earlier advantageous treatment given to state farms. However, civil war and the resulting economic deterioration of the country meant that peasants still faced a difficult situation. In Colombia, Ecuador and currently in Brazil, peasants have also resorted to land invasions which resulted in expropriation and

access to land. Nevertheless these land invasions lacked the scope and significance of those in Mexico, Chile and Peru.

In many Latin American countries, however, peasants were not able to extend the expropriation process or prevent landlords from blocking or reversing the process. In most Latin American countries agrarian reform remained limited in scope in terms of land expropriated and peasant beneficiaries. Despite an explicit commitment to agrarian reform and peasant farming, a large majority of Latin American governments implemented timid agrarian reforms and failed to support peasant farming to any significant extent. Rhetoric prevailed as governments were either too weak to implement a substantial agrarian reform or had the underlying intention of promoting capitalist farming. William Thiesenhusen (1995), the doyen among Latin Americanist agrarian reform experts, captures this reality well in the title of his recent book: 'Broken Promises: Agrarian Reform and the Latin American Campesino'.

## 6. COLLECTIVIST CHARACTER OF THE REFORMED SECTOR

Collective and cooperative forms of organization within the reformed sector were surprisingly far more common than the capitalist context of Latin America, with the exception of Cuba, would lead us to expect. In Mexico, particularly since the Cárdenas government of the 1930s, the ejido has dominated in the reformed sector. Ejidos are a collective type of organization, although farming is largely carried out on a household basis. Until recently it was illegal to sell ejido land. In Cuba state farms predominated since the early days of the revolution and by the mid-1980s most individual peasant farmers had joined production cooperatives. Production cooperatives and state farms were the dominant farm organization in Chile's reformed sector during the governments of Frei and Allende (1964 to 1973). This was also the case in Peru, during Velasco Alvarado's agrarian reform of 1969 until their gradual dissolution in the 1980s, in Nicaragua during the Sandinista revolution of 1979 until 1990, and in El Salvador during the Christian Democrat regime of 1980-89. Only a small proportion of the expropriated land was distributed directly as private peasant family farms.

An important explanation for the statist and collectivist character of Latin America's most important agrarian reforms lies in their inherited agrarian structure. Prior to reform large-scale farming prevailed in the form of plantations, haciendas and estancias. Governments feared that subdividing these large landed estates into peasant family farms might lead to a loss of economies of scale, reduce foreign exchange earnings as peasant farmers would switch from export-crop to food-crop production, impair technological improvements, limit the number of beneficiaries and reproduce the problems of the

minifundia. Furthermore, a collective reformed sector reduced subdivision costs, allowed more direct government control over production and, in some instances, marketing and could foster internal solidarity. In those countries pursuing a socialist path of development as in Cuba, Allende's Chile and Nicaragua under the Sandinistas a collectivist emphasis was also underpinned by political and ideological factors. In some instances collective forms of organization were regarded as transitory. As beneficiaries gained entrepreneurial and technical experience a gradual process of decollectivisation was envisaged.

Agrarian reform policy makers throughout Latin America greatly underestimated the relative importance of peasant farming, such as sharecropping and labour-service tenancies, within large landed estates. National census data generally failed to record, or to record accurately, the number of peasant tenant enterprises within the hacienda system (the 'internal peasant economy'). This led them to underestimate the difficulties of organizing collective farming and the pressure which beneficiaries would exercise within the collective enterprise for the expansion of their own family enterprise. The new managers of the collective type reformed enterprises, generally appointed by the State, had far less authority over the beneficiaries than landlords had and were unable to prevent the gradual erosion of the collective enterprise from within.

The enduring influence of these pre-reform large landed enterprises on the post-reform situation is startling. In this sense the collectivist character of the reformed sector should not be overstated as it was often more apparent than real. For example, in Peru about half the agricultural land of the reformed sector (collective and state farms) was cultivated on an individual basis. In Chile and El Salvador the figure was about a fifth and only in Cuba was it insignificant. This reflects the varying degrees of capitalist development and proletarianization of the agricultural labour force in each of these countries before the agrarian reform.

The differences between types of estates, such as plantations and haciendas, were also reflected in the character of post-reform enterprises, as illustrated in the case of Peru. Prior to expropriation, the large coastal sugar plantations were capitalized and employed largely wage labour whereas the domestic-market oriented haciendas of the highlands relied much more on tenant labour. It was far easier to set up centralized and collective management systems on the expropriated sugar plantations than on the highland haciendas and this had an important influence on the subsequent process of decollectivization.

One feature of Cuba's agrarian reforms (1959 and 1963), which is not often mentioned, is the fact that Castro's government greatly extended peasant proprietorship, giving ownership titles to an estimated 160,000 tenants, sharecroppers and squatters. Before the revolution peasant farmers had only numbered about 40,000 (Ghai, Kay and Peek 1988: 10, 14). Cuba's agriculture was dominated by sugar plantations and the agricultural labour force

was largely proletarian. A large proportion of seasonal sugar cane cutters came from urban areas. The plantation sector was taken over by the State without much difficulty. Over time state farms were amalgamated into even larger units, becoming giant agro-industrial complexes under the direct control of either the Ministry of Agriculture or the Ministry of Sugar. Cuban policy makers were great believers in 'large is beautiful'. It was not until almost two decades after the revolution that the Cuban leadership launched a campaign for the cooperativization of peasant farmers. They were encouraged to form Agricultural and Livestock Production Cooperatives (Cooperativas de Producción Agropecuaria or CPA), having resisted joining state farms, and within a decade over two-thirds of all peasant farmers had done so. CPAs were clearly outperforming state farms (Kay 1988) and they became an example to state farms eventually leading to their transformation as will be discussed later.

## 7. IMPACT OF AGRARIAN REFORMS

The success or failure of agrarian reforms is a subject of much controversy. Few comprehensive evaluations of agrarian reforms have been undertaken to date and even then the answers are not always clear cut reflecting the complexity of the task. Evaluations vary according to the criteria used, the weight given to each of these criteria and the time period considered. A long term evaluation can lead to a completely different assessment than one carried out sooner. As the agrarian reform process is itself protracted, a long term evaluation can only be undertaken three or more decades from the start. While a longer term perspective might be more appropriate, it is not without its difficulties as other factors intervene to influence the outcome of an agrarian reform. It is notoriously difficult to attribute a particular outcome to the agrarian reform, let alone to make any precise measurement of its impact. Thus any evaluation should be treated with caution.

Agrarian reforms can be assessed in narrow economicistic terms or in broader systemic and institutional terms. They can be evaluated in terms of their impact on growth, employment, income distribution, poverty, and socio-political participation as well as on the wider development context. More recent evaluations have included the impact of agrarian reforms on gender divisions and on the environment.

While agrarian reform may be a pre-condition for sustainable development, it is not a sufficient condition. Agrarian reform should not be regarded as a panacea for all the ills afflicting Latin American rural economies and societies, yet the enthusiasm of the initial campaigns and proposals for agrarian reform were often seen in this light. Agrarian reforms were perceived as a way of liberating the peasantry from landlordism with its associated feudal and exploitative conditions. They were seen as a way of achieving equitable rural

development which would reduce rural poverty. They were also considered important for facilitating Latin America's struggling industrialization process by expanding the domestic market and easing foreign exchange constraints.

Given that agrarian reforms were seen as a panacea, it is paradoxical that governments failed to provide the financial, technical, organizational and other institutional support needed to ensure their success. In many instances the continuation of import-substitution industrialization policies and the persistent discrimination against agriculture in terms of price, trade and credit policy, made the task of creating a viable agrarian reform sector impossible. Clearly, mistakes in design and implementation of agrarian reforms also contributed to their eventual unravelling.

Most agrarian reforms failed to fulfil expectations for a variety of reasons. In some instances, agrarian reform was implemented in a half-hearted fashion by governments which paid lip service to agrarian reform for domestic or foreign political purposes, be it to gain votes from the peasantry or aid from international agencies. In other instances fierce political opposition from landlords, sometimes with the support of sectors of the bourgeoisie, restricted reforms.

## 7.1 Agricultural Production

The impact of agrarian reform on agricultural production has been mixed. Most analysts agree that results fall well below expectations. In Mexico agricultural production increased by 325 per cent from 1934 to 1965, the highest rate in Latin America during this period but this was the result of the impetus given to agrarian reform by the Cárdenas government and the supportive measures for agricultural development. Thereafter, Mexican agricultural performance has been poor (Thiesenhusen, 1995: 41). Nevertheless, research has shown that farming within the ejido reform sector, which is overwhelmingly farmed as individual family-plots, is as productive as on farms of equivalent size in the private sector (Heath, 1992). However, the most dynamic sector in Mexican agriculture is formed by private middle and large scale farmers. During the past few decades these have been the main beneficiaries of government policy which has favoured commercial agriculture and given little support to reform beneficiaries. Major government investment in irrigation and provision of subsidised credits have principally favoured large farmers and export agriculture while neglecting the ejido food producing sector.<sup>7</sup>

In Bolivia, marketed agricultural output in the years immediately after agrarian reform

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<sup>7</sup> It was only during 1980/81 that the Mexican government attempted to reinvigorate peasant agriculture and the ejidos by pursuing a food self-sufficiency policy (Sistema Alimentario Mexicano or SAM) financed by the influx of petrodollars and the boom in Mexico's oil export earnings.

declined as reform beneficiaries increased their own food consumption. With respect to production, some maintain that production levels were maintained while others argue that it took almost a decade for production to reach its pre-revolutionary level (Thiesenhusen, 1995: 64). Subsequently much of agriculture's growth was achieved through the colonisation of the eastern lowlands, a process encouraged by the State and designed to boost commercial farming and export agriculture.

In Chile, agrarian reform initially had a very favourable impact on agricultural production. This increased by an annual average rate of 4.6 per cent between 1965 and 1968, three times faster than in the previous two decades (Kay, 1978). However, growth slowed down in the last two years of the Frei (sr.) administration. Under the Allende government production increased significantly in the first year, stagnated during the second year and declined sharply in 1973 as a result of socio-political upheavals and input shortages (*ibid.*). It is estimated that much of the initial increase in agricultural output came from the commercial farm sector, especially the reservas. This is not surprising given that landlords often kept the best land and farm equipment enabling them to intensify production. The reformed sector performed reasonably well at first, receiving much government support in the form of credits, technical assistance, marketing facilities, mechanisation, and so on. This is no mean achievement given that landlords had decapitalized their estate before expropriation. However, as the expropriation process escalated and strained the administrative and economic resources of the State, the reformed sector faced increasing problems. Internal organisational problems began to arise as beneficiaries devoted more time to their individual plots than to the collective enterprise.

In Peru the agrarian reform did not increase agricultural production from its low level. The growth rate of 1.8 per cent from 1970 to 1976 was similar to the average pre-reform rate of the 1960s (Kay, 1982: 161). During the period 1970 to 1980 the average annual growth rate of agriculture was negative, i.e. -0.6, the country being affected by drought in 1978 and by a severe economic recession in the late 1970s with negative consequences for agriculture (ECLAC, 1993: 76). During the 1980s agriculture recovered, growing by 2 per cent yearly but this was still below population growth which increased by 2.2 per cent yearly (IDB, 1993: 261, 267). The reformed sector, plagued with internal conflicts between government-appointed managers and beneficiaries, was partly responsible for this poor performance. The State exacerbated matters by its failure to provide resources or adequate technical training to beneficiaries and by its continued adherence to a cheap food policy which reduced the reformed sector's profitability. Furthermore, reformed enterprises experienced land invasions by highland peasant communities as well as the violent activities of the Shining Path guerrilla movement in the 1980s.

In Nicaragua a series of factors conspired against the economic success of the 1979

agrarian reform. In the decade before the agrarian reform agriculture had been stagnant. After agrarian reform in the 1980s agricultural output declined on average by -0.9 per cent yearly (IDB, 1993: 267). The armed conflict between the 'contras' and the government severely disrupted production. Other contributing factors were the insecurity of tenure which inhibited investment by private farmers, the mass slaughter of livestock by farmers fearful of being expropriated, shortages of labour, disruption of the marketing system and, last but not least, mismanagement of the reformed enterprises (Thiesenhusen, 1995; Enríquez, 1991).

In El Salvador the 1980 agrarian reform was implemented during a period of civil war which came to an end in 1992. Gross domestic product declined by -0.4 yearly while agriculture fell by -0.7 yearly in the 1980s (IDB 1993: 263, 267). The commonly held view that individual farming is superior to collective farming is not born out in El Salvador. Yields achieved on the collective land of the producer cooperatives of the reformed sector were often higher than those obtained on family plots either within or outside the reformed sector (Pelupessy, 1995: 148).

## 7.2 Income Distribution, Employment and Poverty

The gains in income distribution deriving from agrarian reforms are also less than anticipated. The redistributive effects are greater if more land is expropriated and distributed to a larger proportion of the rural population, especially the rural poor. The less paid out in compensation to landlords and the less the beneficiaries have to pay for the land, especially if they include a majority of the rural poor, the greater will be the redistributive impact. Similarly, an agrarian reform has a greater redistributive effect in countries with a relatively large rural economy and population. The redistributivist impact is also much influenced by social policy and by the performance of the economy as a whole. In Cuba, for example, the redistributivist impact of the agrarian reform was much higher than in Ecuador. This was not only because agrarian reform was far less significant in Ecuador but because health and educational policies in Cuba targeted the rural poor. In Peru, it is estimated that Velasco's agrarian reform redistributed only 1-2 per cent of national income through land transfers to about a third of peasant families (Figueroa, 1977: 160). Sugar workers on the coast, already the best paid rural workers, benefited most whilst comuneros, the largest and poorest group amongst the peasantry, benefited least (Kay, 1983: 231-32).

The initial positive redistributivist impact of many agrarian reforms in Latin America was often cancelled out by the poor performance of the reformed sector (collective or private) and by macroeconomic factors such as unfavourable internal terms of trade and foreign exchange policy. If agriculture and the economy are stagnant, all that has been redistributed is poverty. In addition by excluding the poorest segments of the rural population - members of peasant communities, minifundista smallholders and seasonal wage labourers -

from land redistribution many agrarian reforms increased socio-economic differentiation among the peasantry. Tenant labourers and the permanent wage workers, who generally became full members of the reformed sector, sometimes continued the landlord practice of employing outside seasonal labour for a low wage or renting out pastures or other resources of the reformed sector to minifundistas and comuneros. They could thus be perceived by non-members as the new landlords. This was particularly the case in Peru and El Salvador but also elsewhere in Latin America.

The income distribution effect of agrarian reform also depends on its influence on employment. In Peru it is estimated that the rate of male agricultural employment trebled in the decade following the Peruvian agrarian reform but it was still growing only at a modest 0.9 per cent per year (Kay, 1982: 161). The net employment effects of the Chilean agrarian reform were also modest as rural outmigration continued unabated. The reservas used less labour per hectare than the former haciendas owing to their higher degree of capitalization. However, a countervailing tendency existed in the reformed sector which employed more labour per hectare, particularly family labour, than the former estate. But in some reform enterprises the amount of land cultivated declined due to capital and input shortages thereby reducing the employment effect.

Given the disappointing record of agrarian reforms with respect to agricultural production, income distribution and employment, their impact on poverty alleviation is likely to be marginal. While standards of living generally improved for the direct beneficiaries of agrarian reform, these were not generally the poorest section of rural society. As mentioned earlier, the beneficiaries of agrarian reforms, with the exception of Cuba, did not include the minifundistas, seasonal wage labourers and comuneros or members from the indigenous communities who account for the largest share of the rural poor and, particularly, of the rural destitute. However, the Mexican and, to some extent, the Bolivian agrarian reforms did redistribute land to indigenous communities. In Peru after a decade of protests and land invasion of the reformed sector by comuneros some land was transferred to indigenous communities. Any gains are easily eroded in periods of economic crisis. For example, whatever meagre improvements may have benefited the rural poor in the agrarian reform period of the 1960 and 1970s were partially cancelled out during the so-called lost decade of the 1980s provoked by Latin America's debt crisis. Estimates of rural poverty vary because of the inadequacy of the data, and the different methodologies and definitions employed. At best rural poverty remained constant during the 1980s, arresting the improvements made in the previous decades (Feres and León, 1990: 149-50), while the incidence of destitution increased from 28 to 31 per cent of rural households (Altimir, 1994: 22-23). At worst rural poverty rose from 45 per cent to over half of Latin America's rural population (The Economist 1993: 43).

### **7.3 Gender Relations**

In terms of reducing gender inequalities the assessment is rather negative. Most land reform legislation ignored the position of women, failing to include them explicitly as beneficiaries, to give them land titles, or to incorporate them into key administrative and decision making processes in the cooperatives, state farms and other organizations emanating from the reform process. Even in Cuba, women made up only one-quarter of production cooperative members and were even fewer on state farms (Deere 1987: 171). In Mexico women comprised 15 per cent of *ejido* members, in Nicaragua and Peru women were only 6 and 5 per cent of cooperative members respectively (*idem.*). Women were excluded as beneficiaries due to legal, structural and ideological factors. The stipulation that only one household member can become an official beneficiary, i.e. a member of the cooperative or receiver of a land title, tended to discriminate against women given the assumption that men were head of the household (Deere, 1985). The agrarian reform in Chile reinforced the role of men as main breadwinners and only gave limited opportunities for women to participate in the running of the reformed sector, despite some legislation to the contrary as during the Allende government (Tinsman, 1996).

### **7.4 Socio-political Integration: Participation and Stability**

The greatest contribution of agrarian reforms may lie in the stimulus given to institution building in the countryside. Governments facilitated the organization of the peasantry into trade unions and cooperatives of various kinds, such as producer, marketing and credit associations. This brought about a considerable degree of integration of the peasantry into the national economy, society and polity. Prior to reform, insurmountable obstacles lay in the way of peasants creating their own organizations. Political parties began to vie for the peasant vote and extended their networks to rural areas where in the past reformist and left wing political parties in particular had often been excluded by the landed oligarchy. With the agrarian reform peasant participation in civil society was much enhanced. Many peasants, especially when granted a land title, felt that only then had they become citizens of the country. By weakening the power of landlords and other dominant groups in the countryside, agrarian reforms encouraged the emergence of a greater voice for the peasantry in local and national affairs. However, the peasantry's greater organizational and participatory presence did not embrace all categories of peasants and all regions of the country. There were also setbacks from which, in some instances, peasants have been unable to recover until today.

Agrarian reform programmes were usually accompanied by legislation or other measures to promote peasant organizations. Governments often sought to establish peasant organizations which would extend and consolidate their influence in the countryside. Governments were more successful in gaining the allegiance of peasants from the reformed

sector who were the direct beneficiaries of government patronage. However, they were not always able to keep their allegiance. Some peasant organizations came to regard government patronage as a hindrance to the pursuance of their aims and sought a degree of autonomy by breaking free from the government's co-optation.

In Mexico, agrarian reform clearly contributed to the stability of the political system (although not necessarily to its democratic development). For many decades the PRI successfully co-opted the peasantry but in recent years their hegemony is being challenged by a variety of political forces and its grip over the peasantry has loosened, as evidenced by the Zapatista rebellion in Chiapas in southern Mexico. In Cuba the agrarian reform certainly strengthened the Castro regime as the reform was popular and benefited a large proportion of the rural labour force. In Bolivia the agrarian reform, by granting land to Amerindian peasants, reduced social conflicts in the countryside. The threat to political stability largely came from other social forces.

In the short term, however, agrarian reforms have tended to intensify social conflicts in the countryside and society at large. In Chile strikes and land seizures by farm workers escalated as peasants became organized, gained in self-confidence and had less to fear from repression. Landlords could no longer so easily dismiss striking farm workers nor count on swift retribution from the state against a peasant movement which was demanding an acceleration and extension of the expropriation process. The intensified conflicts in the countryside contributed to the military coup d'état which led to the violent overthrow of the Allende government and brought an end to the democratic system which had distinguished Chile from most other Latin American countries.

The agrarian reform in Chile brought about a major organizational effort. While in 1965 only 2,100 rural wage workers were affiliated to agricultural trade unions, this figure increased to 140,000 in 1970 and to 282,000 by the end of 1972 (Kay, 1978: 125). This meant that about four fifths of all rural wage workers were members of trade unions, an unusually high figure within the Latin American context. Following Allende's overthrow peasant organizations were weakened to such an extent that they have found it very difficult to rebuild their organization and recover their influence since the end of Pinochet's dictatorship in 1990.

In Peru the military government of Velasco Alvarado set up the peasant organization Confederación Nacional Agraria (CNA), through the Sistema Nacional de Apoyo a la Movilización Social (SINAMOS) as a rival to the autonomous peasant organization Confederación Campesina del Perú (CCP) which was founded in 1947. However, CNA became increasingly independent of government tutelage, demanding a more radical expropriation process and a greater say in the running of the reformed enterprises which were largely managed by the state. As a result of CNA's growing independence and strength

- at one point CNA had twice as many members as CCP - the government dissolved it in 1978. Conflicts between agrarian reform beneficiaries and peasant communities, whereby comuneros invaded the land of the reformed sector, subsided when the government transferred some of the land of the reformed sector to the peasant communities. Although the Shining Path guerrilla movement was partly spawned by the agrarian reform, it failed to root itself in the countryside and even less so in those regions with the greatest agrarian reform activity.

In Nicaragua the Sandinista agrarian reform also provoked a major organizational effort of the peasantry. The government helped to set up the Unión Nacional de Agricultores y Ganaderos (UNAG) in 1981 and by 1987 one-fifth of all agricultural workers had joined (Blokland, 1992: 154). UNAG also managed to wrench a greater degree of autonomy from the State over time and has remained the most important peasant and farmer organization in the countryside to this day.

Agrarian reforms were often restricted in scope and thwarted in their aims by opposition forces or by government mismanagement. However, in those countries where agrarian transformation went deeper and where poverty and social exclusion were significantly reduced, social stability and political integration are taking hold and facilitating economic development. Hence it is possible to argue that, from a longer term perspective, agrarian reforms have promoted if still a precarious social stability and made a major contribution to the democratization of society. Whilst agrarian reforms marked a watershed in the history of rural society in many Latin American countries, the root causes of social and political instability will remain as long as relatively high levels of rural poverty and peasant marginalization persist.

It can be concluded from the above that agrarian reforms provide a framework for growth, equity and sustainable development in rural society only when accompanied by complementary policies and appropriate macroeconomic measures. Whilst clearly facilitated by a favourable external environment, internal transformations remain critical for determining the outcome of the agrarian process. Rather than regarding agrarian reform as a panacea, it is best seen as an instrument of transformation, albeit an important one, for the achievement of these objectives.

## **8. LAND POLICY IN THE NEO-LIBERAL PERIOD**

The neoliberal winds sweeping through Latin America (and indeed the world) since the 1980s have had major consequences for the rural sector. Agro-industrial, marketing, technical assistance, banking and other state enterprises which had provided a series of subsidized

services to farmers and peasants have been privatized. Reforms in the foreign trade regime and removal of price controls changed relative prices giving an incentive to agricultural exports. Commercial farmers were best able to adapt to the changing circumstances and to exploit some of the profitable export opportunities, particularly in non-traditional agro-exports. By contrast, peasant farmers were ill-equipped to meet the neoliberal challenge given their traditional disadvantage in the market which was far from being a level playing field. However, a minority of peasant groups with better resource endowment, entrepreneurial skills, locational advantages (to markets and agro-climatic conditions), or access to development programmes of NGOs, have adapted successfully.

In place of agrarian reform, neoliberalism favours a land policy which emphasises free markets and security of property rights. An active and free land market is seen to result in the allocation of land to the most able producers. Security of tenure would stimulate long term investment. A large proportion of peasant farmers, especially in regions of colonization, had insecure or no titles. International agencies such as the World Bank and NGOs financed programmes of land registration and titling throughout Latin America. It was argued that secure and transparent property rights would facilitate land transactions and give producers access to credit in the formal financial market by using their property as collateral.

Neoliberals also favour individual property rights over collective or communal systems. They thus encouraged governments to introduce measures to facilitate the privatization of indigenous peasant communities' communally held land as well as the break up of the collective reformed sector. In some cases these neoliberal measures formalized an ongoing unravelling of the collectivist reformed sector (and of communal arrangements within peasant communities). As a result of mismanagement and inadequate state support, the beneficiaries began to look for individual solutions to the collective's problems. This generally meant expanding their own peasant economy within the reformed sector. Collective agriculture encountered the familiar problems of inadequate individual work incentives and free-riders. Beneficiaries were generally paid the same wage regardless of work performance. Some members did not even bother to show up for work and many began to work for less than five hours per day. Management controls were often lax and collective resources and inputs were often misused or privately appropriated. Profits, if they did materialize, were often redistributed instead of being invested. At times management was too remote, failing to consult or involve members of the collective in the decision making process. This pressure on collective agriculture was exacerbated by land seizures from peasants living in indigenous peasant communities or in smallholder (minifundia) areas who had been left out of the agrarian reform process.

With the installation of neoliberal governments, be they democratic or military, cooperative, collective and state farms were broken-up. Under the neo-liberal reforms and

the parcellization of the reformed sector, the former internal peasantries of the hacienda who had become land reform beneficiaries now became the new owners of a plot of land. The growth of this new group, known as parceleros after the plot of land or parcela, has greatly expanded the peasant farm sector in many Latin American countries. Chile was the first to initiate this process in late 1973, Peru followed in a more gradual manner since 1980, Nicaragua since 1990 and Mexico and El Salvador since 1992. Some expropriated land has been returned to former owners (particularly in Chile) but most was distributed as parcelas in private property to members of the reformed sector. In some countries a significant proportion of reform sector members were unable to secure a parcel and joined the ranks of the rural proletariat. This process of parcellization doubled or even trebled the land area under the ownership of the peasant farm sector. The extent to which this will lead to the development of a peasant road to agrarian capitalism remains to be seen. A fair proportion of peasants who initially gained access to a piece of land were unable to keep up their repayments or finance their farm operations and had to sell. The process of peasantization has turned sour for many who face 'impoverishing peasantization' or complete proletarianization.

In Chile, under the counter-reform of Pinochet's military government, about 30 per cent of expropriated land was returned to former owners, almost 20 per cent was sold to private individuals or institutional investors, and about half remained in the reformed sector (Jarvis, 1992: 192). The reformed sector itself was subdivided into parcelas or unidades agrícolas familiares (agricultural family units) through a process of parcellization. Under half of the original beneficiaries were unable to obtain a parcela because the size of the reformed sector was reduced by half through the counter-reform and because parcelas were relatively generous, averaging about 9 basic irrigated hectares. A basic irrigated hectare (b.i.h.) is a unit of good quality land so parcelas with poor quality land were larger than 9 physical hectares and commonly varied between 11 and 15 hectares in size. Parcelas were, on average, roughly nine times larger than minifundias (smallholdings). In the allocation of parcelas there was clear political discrimination against peasant activists who were expelled from the reformed sector. Parceleros had to pay for the land which was sold to them by the state for about half its market value. Furthermore, in subsequent years about half of parceleros lost their land as they were unable to repay their debts (incurred to purchase the parcela), or lacked capital, management and market experience.

A notable difference between pre-reform (1965) and post-counter-reform (1986) land tenure structure in Chile is that the 5 to 20 b.i.h. farm sector more than doubled, while the over 80 b.i.h. farm sector was reduced by more than half (Kay, 1993: 21). This sizeable growth of the 5-20 b.i.h. farm sector, which presently comprises about a quarter of the country's agricultural land, is largely due to the parcellization process. It is composed of

middle and rich peasants as well as by small capitalist farmers. The formation of reservas and the partial restoration of expropriated estates to former landlords has also led to a significant expansion of the middle and medium-to-large capitalist farmers (i.e. the 20-80 b.i.h. farm sector) which comprises almost a third of the country's land. Large farms of over 80 b.i.h. have little in common with the former hacienda and comprise about a quarter of the country's land. Average farm size in this sector is far smaller than the hacienda having been reduced from 235 to about 125 b.i.h. (Jarvis, 1992: 201). More importantly, the social and technical relations of production have been completely transformed and today they are thoroughly modern large capitalist farms. Many middle and large capitalist farms shifted their production pattern to non-traditional agricultural exports which have formed the backbone of Chile's agro-export boom of the last two decades. Few parceleros, let alone minifundistas, have been able to engage in agro-export production and reap any benefits of this boom (Murray, 1997).

In Peru, agricultural production cooperatives on the coast, with the exception of the sugar cooperatives, were subdivided into parcelas or family farms and transferred to members of the cooperative. Parcelas were typically between 3 to 6 hectares in size and averaged 4.5 hectares. In the highlands part of the cooperatives' land was transferred collectively to adjacent peasant communities (a process referred to as redimensionamiento) and part was distributed to individual members of the cooperative as parcelas.<sup>8</sup> It has taken many years to legalize this land transfer and titling process and is still ongoing. The Peruvian parcellization process is the largest to date in Latin America. The under 10 hectares farm-size sector, of which a significant part is parcelas, currently controls about one-half of Peru's agricultural land and about two-thirds of the country's livestock (Eiguren, 1997: 132). But lack of finance, among other factors, greatly hamper the development of the parcelero-farm sector.

Agrarian reform and the subsequent unravelling of the reformed sector has thus given rise to a more complex agrarian structure. It reduced and transformed the latifundia system, and enlarged the peasant sector and the commercial middle- and middle-to-large-farm sector. Decollectivisation also increased heterogeneity among the peasantry as the levelling tendencies of collectivist agriculture have been removed. Following the introduction of neo-liberal policies the commercial-farmer road to agrarian capitalism is gaining the upper hand. Capitalist farmers are the ones to benefit from the liberalization of land, labour and financial markets, the further opening of the economy to international competition, the new drive to exports and the withdrawal of supportive measures for the peasant sector. Their greater land,

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<sup>8</sup> However, some of the large scale livestock cooperatives in the Central Highlands have not yet been subdivided.

capital and technical resources, their superior links with national and especially international markets and their greater influence on agricultural policy ensure that they are more able to exploit the new market opportunities than peasant farmers.

Cuba has not remained unaffected by the neoliberal consensus. The demise of the Soviet Union and the transition of the former socialist countries from a planned to a market system means that Cuba has also had to make some adjustments, though still within its socialist system. Greater opportunities and economic incentives have been provided for peasant farmers and producer cooperatives. In 1994 private agricultural markets were introduced in which prices are not controlled by the State and where producers can sell any surplus production which remains when they have met their quota to the State market. Given the higher achievement of the cooperative sector since late 1993 the enormous state-farm sector is being decentralized into cooperative type management units through the creation of Basic Units of Cooperative Production (Unidades Básicas de Producción Cooperativa or UBPC). The UBPC members negotiate their production plans with the State but they are owners of what they produce and can distribute any profits among themselves. The cooperative-farm sector is now far more important than the state-farm sector which once owned four-fifths of Cuba's land. Indications are that UBPCs have significantly improved the performance of the former State farms (Deere, 1995).

## 9. CONCLUSIONS

The impact of agrarian reforms on agricultural output, rural poverty, income distribution and social and political participation is at best mixed. However, the institutional changes they involved have undoubtedly contributed to capitalist development. Land and labour markets have become more flexible and investment opportunities in agriculture have improved, thereby enhancing agriculture's responsiveness to macroeconomic policy and global market forces. The main legacy of agrarian reform is its part in hastening the demise of the landed oligarchy and in clearing away the institutional debris which prevented the development of markets and the full commercialization of agriculture, albeit after the unravelling of the reformed sector. Thus the main winners have been the capitalist farmers. Although a minority of campesinos gained some benefits, for the majority the promise of agrarian reform remains unfulfilled.

Poverty, exclusion and landlessness or near landlessness are still far too common in Latin America. The land issue has not yet been resolved as the Chiapas uprising in Mexico and the contemporary struggle for a piece of land by the mass of landless peasants in Brazil, spearheaded by the Movimento sem Terra (MST), so clearly illustrates. The Cardoso

government has promised to grant land to 280,000 peasant households. To date land has been distributed to over 100,000 under pressure from the MST and its campaign of selective seizure of estates and massive demonstrations (The Economist, 1997). However, the era of radical type agrarian reforms is over. Future State interventions in the land tenure system are likely to be confined to a land policy which focuses not on expropriation but on progressive land tax, land settlement, colonization, land transfer and financing mechanisms, land markets, registration, titling and secure property rights. While the search for agrarian reform continues (Thiesenhusen, 1989) issues like prices, markets, credit, technical assistance, wages, regionalization and globalization currently exercise a major influence on agriculture's performance and the peasants' well-being. It is vital for peasants and rural workers to organize and strengthen their representative institutions so that they can shape and secure their future survival in a world increasingly driven by globalizing forces.



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