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**LAND REFORM
IN
COLUMBIA**

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AGRARIAN REFORM
in
COLOMBIA

by

INCORA
Bogota, Colombia

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AGRARIAN REFORM IN COLOMBIA

The following paper was prepared in Spanish by the Colombian Agrarian Reform Institute, INCORA. The USAID Mission to Colombia reviewed drafts of the paper, made some suggestions which were accepted by INCORA, and prepared this unofficial and informal translation. The USAID Mission considers that the paper accurately depicts the Colombian Agrarian Reform program. The information, analysis, and opinions contained therein, however, are INCORA's.

AGRARIAN REFORM IN COLOMBIA

Prepared by: The Colombian Agrarian
Reform Institute, INCORA

I. Summary

The years 1960 and 1961 mark the emergence of a broad policy and program for the development of Colombia's agricultural sector. Colombia's only agricultural census was taken in 1960, and INCORA was created in 1961.

Prior to and during the decade of the 1960's, adequate attention was given to the problem of expanding agricultural production. Incentives were provided to commercial agriculture, which responded effectively. Research, extension and credit were directed toward the needs of the commercial sector, and available to those who could buy these services, and service debt at market rates. The 1960 census, however, revealed that the dispossessed campesino population was larger than had been realized and that its economic and social situation, which had always been one of deprivation, was deteriorating.

Previous attempts to ameliorate the conditions under which the campesinos lived consisted almost entirely of political responses to periodic outbreaks of unrest. Agrarian laws were enacted, but they were not effective.

Law 135 of 1961 established Agrarian Reform in Colombia. With this legal mandate, the Colombian Government proceeded to create the means of implementing the Reform. An institution, INCORA, was founded and its funds and staff were systematically built up to levels which enabled it to invest substantially in land tenure modifications, land improvements, credit, and other services for a new class of campesino land-owners.

Agrarian Reform is now accepted policy in Colombia. Its benefits in reducing social inequity are accompanied by gains in agricultural production, employment, and demand for goods and services. There appears to be consensus that the Reform will continue. The only major political issue currently is whether to accelerate and strengthen the program.

II. PRE-REFORM PERIOD

A. INTRODUCTION ECONOMIC AND POLITICAL BACKGROUND

Colombian Agrarian Reform is not a phenomenon which appeared abruptly in recent years as a result of a sudden desire for social justice or as a response to external agreements or pressures. Nor has it been the result of demagogic opportunism designed to obtain support for a given political regime.

On the contrary, the desire to correct the situation of backwardness and misery of the campesinos has existed for a long time, and under different governments. This is demonstrated by earlier and successive laws which were oriented toward modifying the bad land tenure structure and use of rural property, as well as laws directed toward development and regulation of private parcels and in support of colonization. Moreover, before the Agrarian Reform, there were also governmental measures designed to provide wider agricultural credit, alleviate deficiencies in the marketing of farm products, and initiate research and extension programs.

The promulgation of the Law on Colombian Agrarian Social Reform, in December 1961, and the creation of INCORA as the executing agency was, therefore, a decision taken freely by the principal political groups, and supported by Colombian leaders as a major effort to improve the social and economic condition of the masses of campesinos.

In taking this decision, however, the authors of the Reform desired to give it a completely national character, corresponding to the real necessities and possibilities of the country. They wanted it to be carried out with respect for democratic institutions, and without violence against the legitimate rights of citizens or traumatic damage.

In the period before the Agrarian Reform Law, knowledge of the defective rural structure was, in general, vague, confused and often contradictory. In such conditions, it was difficult to seek solutions to problems whose effects were widely known but whose causes and interrelationship were little understood.

Thus one of the first activities of INCORA was to define the real magnitude of agrarian problems and identify their determinants as a necessary point of departure.

The studies made, and the results of the 1960 agricultural census, showed the seriousness of rural problems. Among these were natural barriers which made it impossible, to achieve rational exploitation of a large part of the Colombian territory. The studies also revealed the inequitable distribution of rural property, the defective forms of land tenure and use, low production and productivity, scarcity or poor use of credit, increasing rural unemployment, and low or badly distributed income.

Of the 1,138,836 sq. Kms. of Colombian national territory, only one fourth was in developed agriculture, principally along the three large cordilleras, in the Andean valleys, and the Caribbean plains. In the remaining areas, Pacific coast, the Eastern Plains, the forests of the Orinoco and the Amazon, agricultural activity was insignificant and virtually limited to extensive grazing, a few timber enterprises, and small subsistence farming by Indians and colonists.

Ninety six percent of the Colombian population was congregated in this one-fourth of the country, causing strong pressure on the land and anti-economic fragmentation of rural holdings. This phenomenon was becoming increasingly acute, due to the rapid population growth, which is one of the world's highest.

Cadastral studies, and the rural census, demonstrated the most serious social problem was the predominance of the minifundios, caused by the large number of landless families which were seeking land, through the systems of renting, sharecropping, colonization and other forms of tenure. In addition, there was a large mass of rural workers whose families depended on low seasonal wages.

On the other hand, while some of the large farms with good soil and infrastructure were found not to be serving their true economic and social functions, others with good potential for intensive exploitation were hampered by natural limitations which required large investments in reclamation works, etc. In most cases, the owners did not have the capability to make such investments.

Previously, private enterprise had carried out such efforts as were made to bring new land into cultivation and improve it. The State had no defined policy or significant programs in this regard.

The only substantial works, prior to INCORA, were in the Coello and Saldaña irrigation districts, stimulated by the Caja Agraria in Tolima; the

irrigation systems in Samacá and Sogamoso, constructed by ELECTRAGUAS; and the initiation of the Roldenillo District by the Cauca Valley Corporation . (The latter was turned over by the Government to INCORA to be completed).

Soils and agronomic studies on some 50% of the national territory, including lands already incorporated into the economy and adjacent thereto, revealed a scarcity of lands of high productivity or potential. These studies disabused Colombians of the happy belief that natural resources were limitless, and that most soils were of good quality.

Moreover, in addition to the small amount and inequitable distribution of cultivated land, the high population growth, and various ecological limitations, there were other negative factors at work , as follows.

Although Colombia was doing some agricultural research, the results usually remained unavailable to farmers due to poor communications between research institutions and extension and development agencies.

Agricultural credit was largely concentrated among prosperous farmers and directed to commercial crops. The mass of small farmers lacked credit.

Furthermore, although the Ministry and Departmental Secretariats of Agriculture carried out extension programs, there were few results due to resource limitations and lack of qualified personnel.

Technical assistance was provided mainly by development agencies and banks for the purpose of assuming repayment of their loans. Only the large agricultural entrepreneurs could afford to pay for such technical assistance.

The defective market system, lack of minimal infrastructure, deficient and high-cost transport, and limited processing and storage facilities, all were obstacles to efficient access to the consuming centers. Moreover, most products were not supported by an effective policy of minimum prices. In such circumstance, the farmers' efforts were not fairly rewarded, due to the chain of speculators who grew rich at the expense of producers and consumers.

On the small farms, production was oriented more toward home consumption requirements than to market demand. Farming practices were rudimentary. Only medium sized farms and a few large haciendas were beginning to use machinery, fertilizers, and improved seeds.

All these interrelated factors have worked to keep the Colombian campesino backward and poor.

In spite of the Government's action seeking to raise the level of living and alleviate the effects of the agrarian structural deficiencies, the campesino masses had continued poor, illiterate, undernourished, and sick.

The growing unemployment of landless rural workers, and the excess of manpower on the minifundios has made the rural situation more acute. The underutilized latifundios, and those large properties dedicated to extensive exploitation, used only a small part of the available labor force, thus causing the growth of a jobless and dispossessed population, whose only chance of escape from its misery was to leave the rural areas in search of better opportunities.

This unemployed population became a significant factor in the social situation of Colombia wherever it settled.

Some found temporary employment in the agricultural sector, mainly in harvest seasons. Others, more determined, and hoping to acquire a piece of land, struck out without resources for remote unsettled areas, which were inhospitable, and far from markets. But most of the migrants, especially the young, went to the cities looking for a salary. As a result the rural sector lost its best potential workers, and the cities, with limited industrial activity, were unable to accommodate this permanent flow of unskilled labor, which expanded the belts of poverty around them and increased the unemployed population, with dangerous consequences for social order.

The low cultural level of the campesinos, and the isolation in which they traditionally lived, permitted only a minimal organization of them. Thus they had remained passive in formulation of major national decisions and in the defense of their own rights.

It was within this context, that the Colombian Government promulgated Law .35 of 1961, which encompasses a broad concept of the social function of property and an integral program of agrarian reform, and created NCORA as the executing agency.

B. Structure of Rural Property

One of the major difficulties in identifying the real distribution of property, was the lack of data to indicate precisely the number of persons who possessed legal title to land, and the area and number of properties owned by each one.

The cadastral tabulations made by INCORA in a total of 795 municipalities, based on data provided by the Geographic Institute, or through direct examination of the cadastral lists in each municipality, showed that 62% of the properties were of 5 hectares or less, and occupied less than 5% of the area studied. By contrast, less than 2% of the properties occupied 55% of the land areas.

Between these extremes, medium sized farms accounting for 36% of the properties were found to occupy around 40% of the total area studied.

Thus, it was evident that the minifundio was characteristic of rural property distribution in Colombia. This fact, together with the large number of landless rural workers, demonstrated that the land tenure system was deficient.

1. Characteristics

The predominant land tenure regime in Colombia was private property. This is shown by DANE figures, which indicate that 3/4 of the land area, and slightly less than 2/3 of the farms were operated by the same owners. Moreover, the larger farms frequently were run by administrators.

According to the results of the 1960 agricultural census, 1/3 of the farming and livestock lands were managed directly by administrators, and only 45% of the land could be considered as owner-operated.

Other forms of tenure, such as share cropping, renting, and squatting, constituted a minority in terms of land areas and number of farms, in comparison with private property.

Sharecropping accounted for 12% of the farm enterprises, and was located in the minifundio zones and the most densely populated areas of the country. Renting was the next most significant form of tenure, being most frequent in regions of commercial farming, with flat and good soils and irrigation and technical assistance.

Finally, squatting was found to be limited to the areas with potential for incorporation into the economy, principally in the regions of Ariari, Chocó, Meta, Caquetá, Putumayo, and Carare, where the Governments directed colonization effort was only beginning, and where most colonization was spontaneous.

Although sharecropping, renting and squatting constituted a small part of total land tenure, there were still 450,000 farms under these categories, including a large number of families whose problems required the immediate attention of the Government.

2. Evolution of Law on Property

The law on property in Colombia derives from Spanish law and the Papal Bulls of Pope Alexander VI, which gave Spain possession of discovered lands. Spain, exercising such rights, began the division of these lands among the conquistadores established in America, together with the indigenous people necessary to work them. This policy, imposed by the Crown, initiated the process of concentration of land ownership among a few, on one hand, and the growth of a working class without access to land, on the other.

No change in structure of tenure occurred when Colombia became independent from Spain. For the population as a whole, independence meant simply a transfer of political power; for the landowning minority, it meant a ratification of its privileges.

Nor was the agrarian policy changed upon the advent of the Republic. The power groups expanded their property by receiving large land grants as guarantees on the loans they had made to finance the wars of independence.

Thus, the Spanish policy of rewarding its benefactors with land grants was continued under the Republic.

Subsequent attempts to legislate more equity into the system came to little. Some well-intentioned laws in fact were counterproductive in terms of helping the landless.

Not until the enactment of Law 135 of 1961 did Colombia have an effective base for agrarian reform.

C. Land Reform Information

1. Land availability

The total area of Colombia is 113,835,500 hectares of which 27,000,000 hectares (24% of the total) were used for agriculture or livestock. Of the land used for agriculture and livestock 20,850,000 hectares (77%) were in natural or artificial pasture and 6,150,000 hectares (23%) were cultivated for crops. Lands not used account for 78,215,000 hectares (69% of the total) and cities, towns, rivers, lakes and swamps occupy the remaining 8,620,000 hectares (7% of the total).

Of the total of lands not used, an estimated 10,000,000 hectares could be developed for agriculture with irrigation, drainage, flood control or clearing. Lands in the marginal regions (the Eastern Plains, and parts along the Pacific Coast) lack services, centers for marketing and means of communication which are strong obstacles to development and slow their incorporation into the economy.

2. Soil Classification

From the point of view of soil quality, studies made over a total of 52 million hectares (which was all the land area incorporated in the economy) show that 1.5% of the area is suitable for intensive agricultural or livestock production.

Plains with good quality soils represented 14% of the total but productivity was limited by climatic conditions. About half of these lands if adequately improved could be used for intensive agricultural or livestock production.

About 78% of the 52,000,000 hectares were broken and hilly. These lands are susceptible to erosion and require intensive systems of soil conservation if their use is to be upgraded.

The remaining 6.5% of the study lands either cannot be developed or if developed the investment cost could not be economically justified. From the foregoing it is clear that there are strict limitations on the amount of top quality lands. However upgrading the quality of the lands through appropriate improvements could result in substantial productivity increases.

D. AGRICULTURAL PRODUCTION AND PRODUCTIVITY

Traditionally the agricultural sector contributed the highest percentage to the internal gross product; in 1960, 34.7% of it originated in this sector.

While agriculture was very significant as a source of income, it was even more significant as a major source of employment, since about half of the population was still dedicated to agriculture in spite of the accelerated urbanization process.

Even though, in absolute numbers the volume of the agricultural production was increasing, its growth trend was slower than in other sectors. The agricultural product decreased from 40% to 34.7% of total production between 1950 and 1960,

The annual rate of growth of the agricultural product was less than the rate of population growth, which when combined with a stagnation in production of food crops and expansion of areas producing products used by industry, upset the desired equilibrium between the increase of food products and population.

In regards to productivity, production increases occurred more as a consequence of adding new land areas than from more intensive use of other production factors.

Another aspect of productivity is that in terms of farm size, productivity per hectare was greater in the sub-familial and familial units than it was in the multi-familial size.

Analysis showed that the families that controlled the latifundios obtained as an average, a gross income equivalent to 45 times the gross income obtained by the minifundia family.

However, compared to the average productivity level per unit area across the country, productivity of sub-family farms was 380% of the average; for family farms it was 185% of the average, and for large farms it was 30% of the average. So the small farmers more effectively used their land.

That demonstrated that carrying out an agrarian reform would be compatible with the objective of increasing national agricultural production. Far from raising the threat of a decrease in productivity because of agrarian reform, the income redistribution sought by such a program would be a result of gains in production.

E. POPULATION, EMPLOYMENT AND UNEMPLOYMENT

The present population of Colombia is approximately 21 million people, in 1964 it was 17.5 million and in 1951 it was 11.5 million.

The four censuses carried out in this century show that population has quadrupled in the period 1905-1964, reaching an annual growth rate of 3.2% in the last part of this period. Up to 1938 population growth was relatively slow and since then it has accelerated.

However, the increment in population shows outstanding differences between urban and rural sectors. While the urban sector shows a 5% annual growth rate, the rural has only 1.2% rate of increase.

Agricultural activities traditionally have been the main source of employment. It is estimated that in 1964 a total of 8 million people depended upon agriculture for living, and 2.4 million of this total were economically active in the sector. Of those economically active an estimated 1.2 million had employment during the 12 months of the year.

Unemployment has been a characteristic of the Colombian economy. The minifundio has been considered, at times in a somewhat romantic way, as an expression of the campesino fondness for the land. In reality, minifundio has been a manifestation of disguised unemployment or sub-employment and it prevails because the farmer could neither convert his exploitation into a family agricultural unit nor move into other sectors of the economy with full time employment. Sub-familiar exploitation has the same characteristics as the minifundio, differing only in the magnitude of the problem.

Unemployment, whether disguised or not, affected laborers working for salary in the agricultural sector during the harvesting season and for other agricultural activities. This sector was at the lowest economic, cultural and social levels of the country. Their wages or returns were the lowest among all economic activities.

F. INCOME DISTRIBUTION

Income distribution was deficient in three major aspects:

1. Poor distribution of income between the agricultural sector and other sectors of the economy.

2. Poor income distribution resulting from unequal distribution of ownership among farms of different sizes.

3. Poor income distribution within the agricultural sector between owners and laborers.

G. SUPPLEMENTARY SERVICES AND SUPPLIES

1. AGRICULTURAL EXTENSION

The agricultural extension was carried out in 1960 by the Ministry of Agriculture through an Extension Division with headquarters at Bogota and regional offices throughout the country attached to the agricultural zones (Zonas Agropecuarias).

The Cotton Development Institute, the Tobacco Development Institute, and the Coffee Federation, worked also in specific extension programs limited to specific crops, duties which have been attached to ICA under the new reorganization of the agricultural sector.

Extension activities were also carried out at the state level by several Departments. In general, extension was completely inadequate.

2. AGRICULTURAL RESEARCH

Before 1950, agricultural research made little progress in Colombia with the exception of some improvements in coffee, sugar cane, rice, tobacco, and one variety of pasture.

In 1950, the Colombian Government and the Rockefeller Foundation signed an agreement for the establishment of a Special Research Office with the objective of "increasing production, and improving basic crops for feeding the Colombian people".

The Ministry then established several experiment stations which have done important work on corn, wheat, barley, and pastures. Production of improved seeds, primarily wheat, corn and potatoes was also initiated.

Agricultural research is now under the Instituto Colombiano Agropecuario, which also has responsibility for higher agricultural education and extension, and various other functions. It is carrying out significantly increased research programs, with the assistance of the University of Nebraska.

3. AGRICULTURAL CREDIT

The first attempt to institutionalize agricultural credit in Colombia occurred in 1924 with the creation of the Agricultural Mortgage Bank. It was not very effective.

In 1931, the Caja de Credito Agrario was created as a subsidiary of the Mortgage Bank, with capital subscribed to by the Government, national and foreign banks, the Coffee Federation, and some individuals.

In 1932, the Caja was made independent of the Mortgage Bank, and it absorbed the latter in 1945.

The Caja gave a major stimulus to agricultural credit. Its initial capital had increased from 2.5 million pesos to 250 million in 1960, and its portfolio grew from 1.2 million to 810 million pesos in the same period. The Caja is now the principal agricultural credit agency in Colombia.

Other measures which have tended to develop agricultural credit have included creation of development banks designed to assist certain agricultural sectors, and the legal obligation imposed on commercial banks to invest at least 15% of sight and time deposits in agricultural activities.

In 1953 the Banco Cafetero was created for the coffee sector, and in 1956, the Banco Ganadero was established for livestock finance.

In addition, various private or semi-public organizations provide crop loans to rice, cotton, and tobacco growers, and others.

In recent years, the number of entities dedicated to agricultural credit has grown notably, service has expanded to a large part of the country, and major increments in volume of funds invested in agriculture have been achieved.

Nevertheless, and in spite of the evident progress, the requirements of the sector are still far from being satisfied. Credit for poor farmers continues to be restricted by the various conditions and guarantees imposed by the lending institutions, and concentration of credit among those few who can meet such requisites is still prevalent.

4. INPUTS

Before the Agrarian Reform Program was started the Caja de Credito Agrario was the main official entity in charge of sale and distribution of agricultural inputs to the farmers. To perform these activities there were 12 distribution zones and 338 stores throughout the country which made available to agricultural sector improved seeds, fertilizers, farm supplies, pesticides, machinery, etc. Private industry also participated to a certain extent in the sale of agricultural inputs but their fields of activity were limited to specific areas of production.

5. INFRASTRUCTURE

Activities related to infrastructure were carried out mostly by State Governments and some entities specifically designed to provide public services, such as the Instituto de Fomento Municipal (Institute of Municipal Development), the Instituto de Fomento Electrico (Institute of Electric Development), and regional corporations which constructed and administered water supplies and electric networks. The Ministry of Public Works had a Division in charge of the construction and maintenance of penetration roads. The Caja Agraria also administered a rural housing program and road construction program within the colonization areas.

6. CROP PROCUREMENT AND MARKETING

The National Institute of Supply , INA, an agency created by the Government to serve as the price support agency for agricultural commodities had operated since 1944, and in carrying out this function it maintained commodity storage facilities in the principal consumption centers. INA also occasionally influenced agricultural commodity prices by engaging in direct retail marketing. The individual crop federations such as these for tobacco, rice, cotton, and coffee , have also actively participated in agricultural products marketing.

H. ASSOCIATIONS AND POWER OF THE CAMPESINO

1. COOPERATIVES AND OTHER ASSOCIATIONS

Cooperativism in Colombia has had a slow rate of growth, It has been hampered by periods of opposition due to the limited success obtained by frequently badly managed cooperatives, by lack of capable administrators and inadequate orientation of members. From 1933, when the movement was initiated with the establishment of 4 cooperatives, until 1962, only 798 cooperatives were founded. Many of these exist but do not function. The rural cooperatives suffered a worse fate;

from 1933 until 1960 a total of 100 were founded of which in 1960 only 46 survived with 26,000 members, most were simply consumer cooperatives. From the foregoing it is evident that in the period before Agrarian Reform, Cooperativism had failed in the rural sector. The failure is explained by the fact that cooperatives must be based on two requirements which are scarcest among campesinos: education and capital.

With other agrarian associations something similar occurred. From the beginning of the century until 1960 such associations were few, and limited to a few parts of the country. They were isolated and made limited progress toward their individual objectives. The majority were organized with the legal structure of labor unions but they were formed by campesinos without permanent assets and without land. In view of the minimal development in the rural zones, these unions of dependent workers have had a very precarious existence. In the few areas of the country where some agro-industrial business exist, they survive, but the frequent violent repressions that the unions suffered has impeded their development. In the "banana zone" for example, the campesinos still lived in fear, accordingly they rejected unionization, recalling the strike against the United Fruit Company in 1928 that ended tragically in the death of several workers. With the industrialization of the urban zones the proportion of farmer unions has been decreasing. In 1939 there were 153 rural unions in a total of 571. In 1965, of 3781 unions, only 590 were rurals, thus reducing the proportion of rurals from 27% to 15%. Moreover, many of these unions appear to be simply legal "persons" without active members.

Although the agro-industrial unions were not able to exert significant influence on the life of the rural population, the associations formed by independent farmers have succeeded in making modifications in land tenure. These associations of farmers had their origin in 1929 when, as a result of the depression, the workers had to return to the country and did not want to accept again the archaic relationship of renter that was the rule of Colombian latifundios. They formed campesino leagues with the object of invading the large farms and consolidating their rights over the lands taken. The most important leagues operated in Cundinamarca, Tolima, Valle and the Atlantic Coast; the most famous was Viota in Cundinamarca, which over 20 years succeeded in establishing, in fact, an independent republic of 50 square kilometers. Although these leagues had a communist origin, the tactic of land invasion has been accepted by all the main labor unions, creating conditions that forced the owners or the Government to parcel the invaded farms.

2. POLITICAL POWER

The limitations of the agrarian reform associations prevented significant growth of political power among campesinos. They had little or no influence in the preparation or enforcement of laws. The land owners, however, built powerful associations like the National Coffee Growers Federation, the Colombian Farmers Association, the National Livestock Growers Federation, etc. Accordingly, when the Government formed the first committee for the study of Agrarian Reform Legislation, the campesinos were represented by the central unions UTC and CTC who merely acted as witnesses.

III. AGRARIAN REFORM PROGRAM

a) Legislation

The Agrarian Reform has an antecedent in Law 200 of 1936, called the lands law, which established that lands not used for 10 years would be deprived of property rights, and that settlers could obtain completely unused lands through rapid procedures. However, that Law, whose primary goal was to accelerate economic exploitation of the land, was useless. On one hand, the Government did not have the adequate means to enforce it, and on the other hand, the leading classes of the country influenced by and tied to the rural owners, did not show interest in having it enforced.

Then Social Agrarian Reform was established by Law 135 of 1961 which regulates its objectives, ~~means~~ and norms. These norms were improved in some aspects, by Law One of 1968.

b) Institutional Measures

The Social Agrarian Reform Law is integral, since it established not only the legal basis for the reform, but also constitutes a complete system ranging from the legal, economic and financial measures to the creation of the executive entity, the Colombian Agrarian Reform Institute, INCORA. This is a decentralized public agency, with legal being, administrative autonomy and, its own net worth. Its maximum authority is vested in the Board of Directors and the General Manager. The Board of Directors, composed by 17 members, has two representatives from the owners associations (farmers and livestock men), two representatives of the rural workers, one of the agricultural cooperatives, and one of the Catholic Social Action Organizations. Thus far, however, the four members of the Congress who also belong to the Board of Directors, have

acted as representatives of the land owners. The remaining members represent public entities (Ministry of Agriculture, other Institutes, and the Army).

Operations are decentralized to the Project Directors who act under delegation from the Administration. Central staff provides functional advice. Procedures are regulated by Law, Regulatory Decrees and internal regulations. Operations must be absolutely legal, in substance and in form, and may be audited by the Council of State or Administrative Tribunals.

c) Program Objectives

Based on the necessity to extend private property rights to increasing numbers of the rural population and accepting this right as natural, Law 135 of 1961 sets forth in 6 points the objectives of Agrarian Reform.

1. Economic Objectives

The economic objectives are as follows:

- a) To reform the social agrarian structure through the elimination and prevention of unequal concentration of rural property or its non-economic subdivision.
- b) To create adequate farming units in minifundio areas.
- c) To increase gross agricultural output through the use of effective techniques.
- d) To increase farm productivity through the use of effective techniques.
- e) To promote the adequate and economic use of uncultivated or inefficiently utilized land.
- f) Conservation, protection, improvement and adequate utilization of natural resources.
- g) Improved marketing, storage and conservation of products, and development of cooperatives.

2. Social and Political Objectives

Although social benefits depend on achievement of the economic objectives, the Law emphasizes the following social aspects which Agrarian Reform seeks to attain:

- a) To increase the standard of living of the campesino, as a result of the above mentioned measures, and establish coordination and promotion of technical assistance, credit and other services.
- b) To provide land to the landless, who will work personally on their holdings.
- c) To establish conditions under which the small renters and sharecroppers enjoy better guarantees and also give agricultural workers easier access to land ownership.
- d) To coordinate and promote services related to housing facilities, health and social security.

From the foregoing, it is evident that the political purposes of Agrarian Reform are: to extend traditional legal institutions of private ownership to a greater number of campesinos; forming a rural middle class composed of small owners; to increase productivity of the rural lands and farmers through land reclamation projects, supervised credit and technical assistance, and to prevent the turbulence of a defacto agrarian reform by making legal land redistributions in areas where demographic pressure coincides with land shortage.

D. EXECUTION OF THE PROGRAM

The Agrarian Reform Programs, with the exception of the specific program for renters and sharecroppers, are executed through project zones and "work fronts". At the present time there are throughout the country 34 projects and 4 sub-projects, which cover almost all the Departments and the three Intendencias (Arauca, Caqueta and Putumayo).

1. Redistribution of Land

The Agrarian Reform law provides for the redistribution of land ownership in the minifundio areas through the system of concentration of parcels, which consists of acquisition of minifundio and surrounding areas and redistribution to small owners in a size sufficient to form

agricultural family units. Although restructuring of the minifundio system is one of the primary objectives of the agrarian reform, its practical execution has been delayed by several problems with the law itself, by the land shortage in the areas surrounding the minifundio, by demographic pressure and, basically, by the idiosyncrasy of the campesinos. While the law allows the restructuring of the minifundio through mutual agreement of the owners when they represent at least 50% of the respective area, in fact, implementation usually requires the transfer of a considerable portion of the population, due to land scarcity. Such displacement causes a conflict between the customs and character of campesinos, on one hand and the program needs on the other. The campesino's love for his land and his low cultural level prevents his understanding the program and the benefits to be derived from the proposed solutions. Consequently, INCORA's most important task has been research within the zones, and organization of the campesinos in order to obtain their agreement to the redistribution of land ownership.

2. Changes in the Land Tenure System

Colombian Agrarian Reform, which is designed to produce a modification in land tenure, is based fundamentally on the distribution of lands, both public and private.

A. Unoccupied Lands

INCORA has responsibility for the administration and adjudication of the unoccupied lands of Colombia, which are those properties that passed from the Spanish Crown to the Colombian State and were never adjudicated to individuals or which, having being adjudicated, returned to the national domain by reversion of title, because of the failure to meet the legal obligations of the owners, or by extinction of title, when the private property remained uncultivated for 10 years or more.

B. Lands Under Private Ownership

INCORA may acquire lands under private ownership or from public entities through voluntary sale or expropriation, in an order of precedence beginning with uncultivated lands or those inadequately exploited and ending with lands adequately exploited. The latter can only be expropriated in very concrete cases as defined with the law. Another limitations to the acquisition of lands results from the right of exclusion, which is the power of the owner to reserve to himself a certain amount of land which may vary in accordance with three programs;

100 hectares when the property taken is destined for possible subdivision, from 50 to 100 hectares within irrigation districts and a "family agricultural unit" in the program converting small renters into owners. Up to February 1970, INCORA has acquired 3,715,836 hectares on 1,664 farms and had adjudicated 2,986,769 hectares to 99,698 campesinos.

One of the most important changes in the system of land tenure is the conversion of small renters, sharecroppers and "similar" into owners. Although Law 135 of 1961 envisaged such conversion among its objectives, the program could only be initiated when Law No. 1 of 1968 came into effect. The latter introduced some modifications into the agrarian reform law which tended to facilitate this program. According to the new norms, all the lands exploited under the systems of small renters and sharecroppers are subject to expropriation. Moreover, parts of these lands not so exploited, but which are required for the formation of "family agricultural units" are also subject to expropriation. When the available land is insufficient even adjacent lands may be expropriated regardless of whether they are adequately exploited or not. The program began with a base of 76,497 campesinos enrolled, of which it was possible to prove legally that 43,473 of them were in fact small renters or sharecroppers. In March of 1970, INCORA had acquired 34,074 hectares on 76 farms while 77 properties were in the process of expropriation.

3. Colonization

Although colonization is not the principal objective of agrarian reform, INCORA has always considered it as an important complement to agrarian reform and has been supporting it for the purpose of incorporating a large amount of land into production and to resettle the new surplus campesino families from the already settled parts of the country.

One type of colonization which has been carried out is the so called "support for spontaneous colonization". which gives assistance to the colonists who voluntarily migrate to the zones of colonization. This support consists of giving title to the land already exploited by the colonists, the construction of penetration roads, provision of supervised credit, technical assistance and the organization of cooperatives.

Currently nine colonization projects are in operation in which INCORA has adjudicated 617,000 hectares benefitting 15,330 campesino families and providing credit totalling 200 million pesos to 7,000 of these families. The rest are obtaining credit from commercial banks.

Law 135 of 1961 provides for "directed colonization" in zones which have adequate communications or where roads are either under construction or will be constructed.

The main difference between the two programs is that with "directed colonization" INCORA organizes the settlement pattern assuring that neither latifundios nor minifundios will be created and arranging parcel boundaries so that access to roads, rivers or other features is available to all parcels. This prevents monopolization of water rights, access rights etc. which could occur with "spontaneous colonization." In both cases the colonist is "spontaneous" because it is considered that this is the best type possible for selection under the program.

4. Classification, Identification and Titling

For the purposes of Agrarian Reform, lands are classified as uncultivated, rented, inadequately exploited and adequately exploited. The order of precedence for acquisition and the form of payment depend upon this classification.

The procedures which INCORA uses vary in accordance with the programs and the classification of lands. Uncultivated lands generally are investigated for the purpose of establishing if they can be subject to extinction of title, in which cases the law requires adherence to a strict system of proof.

Acquisition for the purpose of improving and parceling the lands requires previous technical studies to establish the viability of the project. On the other hand, acquisition for the program of converting small renters and sharecroppers into owners, is based on a prior report on the existence of tenants on the properties, which is proved by the campesinos themselves through enrollment in the program.

This procedure has two phases: The initial one of investigation and legal proof of the existence of small renters and sharecroppers on the property, which culminates in the acceptance of the proof and the granting of guarantees to the tenants; the second phase consists of negotiation of sale or the process of expropriation if a voluntary sale can not be arranged. Lands acquired from individuals are used for the formation of "family agricultural units", which are those pieces of land necessary and sufficient to provide a normal family with an income adequate for its subsistence, for a progressive improvement in its general level of living, and which normally do not require for exploitation more than the work of the owner and his family. Consequently, the "family agricultural

unit" varies in accordance with the nature of the soil, the ecology of the zone and other physical characteristics, and is determined for each project of subdivision.

The adjudication of these lands in some cases is done over a probationary period during which the campesinos demonstrate their capacity and motivation. The property is transferred through a public writ or inscription in the Registry Office.

The property resulting from adjudication of "family agricultural units" is protected under a special regime tending to avoid speculation, the displacement of poor campesinos and the breaking up of property.

For these purposes, INCORA, in the case of death of the title holder, acquires the property at the market price through a special system of insurance and adjudicates it again to an heir who fulfills the conditions to become an owner. The "family agricultural unit" cannot be alienated without the intervention of INCORA, which gives permission if the buyer meets the conditions required to be an owner under the project, or, if he does not, INCORA has a preferential right to buy it.

C. Financial Aspects

1) Appraisal Procedure

Decree No. 2895 of 1963 sets forth the procedure for appraising farm real estate. The Decree provides that the value of the property and therefore the amount of compensation for expropriated property shall be the value established by a technical appraisal entered on the property rolls as of the date of first notification that a public entity intends to acquire it. A national agency, the Agustín Codazzi Geographic Institute, makes such appraisals. However, a majority of farms in Colombia still have not received a technical appraisal. For this reason, the same Decree also requires that land owners make an estimate of the value of their property every two years. This estimate determines the amount of taxes to be paid on the property, and also sets the upper limit of its price, or of the amount of compensation due in the case of expropriation. The definitive price or amount of compensation results from a comparison between the self-appraised value and an ad hoc "administrative appraisal" made by the Geographic Institute, whichever is lower. (Thus if an owner undervalues his property, he will be under compensated.)

2) Program Financing

INCORA has the following resources to finance its land reform programs.

1) The funds available from the National Budget which according to the first law of 1968 must not be less than \$300 million pesos annually.

2) The funds from internal and external loans which INCORA has borrowed for land reform purposes.

3) The funds from amortization by the Colombian Government to INCORA of Agricultural Bonds issued by the Colombian Government. These bonds have the following characteristics:

a) Class A bonds, which have been issued in amounts of \$200 million pesos annually since 1962 and will be issued up to a total of \$2 billion pesos. These bonds have a repayment period of 15 years at 7% interest annually.

b) Class B bonds, which are issued by request of INCORA up to a total of \$600 million, with a repayment period of 25 years at 2% interest annually.

INCORA has the option of holding such bonds as a source of income or, may use them directly as payment for land according to the stipulations of the law, as explained later.

4) The additional taxes on real estate which the law authorizes for these purposes.

5) The donations and help given by national and international agencies.

6) The monies which INCORA receives on payment for lands which have been transferred and on services which it provides for payment.

7) The income from the valorization tax which INCORA can legally collect according to the Law.

8) The value of all property which INCORA acquires by title.

a) Compensation to Land Owners

The compensation to land owners for land acquisition is made according to the use of the land, as classified in three major categories: 1) Uncultivated land is paid with Class B agricultural bonds, 2) Land inadequately utilized is paid 20% in cash up to 100,000 pesos, and the balance in 12 years, or in 8 years if the real estate represents half of the owner's net worth and if he received more than 70% of his net income from the land in the last three years. The interest is 4% annually. 3) For land farmed by small renters, sharecroppers, etc., and land on which more than a third is farmed by renters or sharecroppers, half is paid in Class B bonds and the other half in 15 years at 7% annual interest. 4) Land which is adequately farmed is compensated 20% in cash up to 300,000 pesos and the rest in five years at 6% interest annually.

b) Repayments from Small Farmers

The adjudication of public land is free. The farmers of parcelled land acquired by INCORA must pay a price for the land no greater than what INCORA paid unless the land has been improved by INCORA. The small farmers have 15 years to pay with the first payment due at the beginning of the third year. The interest is 2% annually for the first 2 years and 4% annually thereafter.

For special programs such as the conversion of renters and sharecroppers to land owners, the loan terms are eased according to the circumstances.

In the land improvement program, the price paid by the purchasers is the aggregate of the acquisition value, the proportional cost of the works and improvements made, and the costs of measuring and staking out the land.

c) Operating Costs

In addition to land acquisition and land improvement costs, INCORA must pay for costs of its employees and the expenditures related to development and execution of all its different programs such as: research and analysis, prior to zoning, of socio-economic conditions, soils, transport and communication network, land tenancy in the various regions; examination of real estate, land measurement, land elevations, administrative services, credit and other services.

d) Complementary Measures

1) Information

INCORA has an Office of Information which utilizes various media to inform the public about objectives, programs and accomplishments of INCORA in land reform. The information is presented at different levels of sophistication depending upon its audience: rural, general public, government officials, etc. By 1968, the information office had published some 3 million copies of reports, bulletins, and newsletters, etc. The 8 page newspaper Campesino Progress has been published since 1966, in 30,000 copies per edition. It provides campesinos with practical information on crops, livestock, hygiene, legal rights and other information. News casts and special programs are also presented by radio. The information unit has produced 22 documentary films which are shown in rural areas by mobil projection units. Every two weeks INCORA presents a television program called "Twelve Minutes with the Land" as well as news and informative notes. At the project level, information specialists keep the campesinos informed on the objectives of land reform and its accomplishments.

2. CREDIT

Since the beginning of INCORA operations, it was evident that a basic requirement for the success of the agrarian reform was the adequate and timely supply of credit for the farmer beneficiaries. It was also evident that credit in the form required by the beneficiary could not be obtained under the existing banking systems of the country, and therefore, beginning in 1964, a supervised credit program was started with AID assistance. This program provides credit in a timely fashion, and with minimal red tape, to recipients of land, settlers, and even to established small owners. The loans are based on farm plans jointly prepared by the farmer and INCORA technicians, with the objective of achieving optimum productivity of the farm. In addition, INCORA provides technical assistance and periodic surveillance of performance of the borrowers. Since INCORA must attend increasing numbers of borrowers and evaluation has shown considerable borrower progress in production, income and net worth, a "graduation" feature has been added to the program. Three to five years under supervision with credit raises many of the farmers to a small commercial farmer status capable of obtaining credit at normal rates and operating with minimal supervision. This process allows INCORA to replace graduates with new and needy borrowers to be taken through the developmental process.

In 1967, with the collaboration of the Livestock Bank, a Supervised Credit for Livestock was initiated for small farmers. Recently, INCORA has created a Rural Feminine Credit Program, designed to finance small rural industries for the wives of farmers receiving credit, such as poultry, horticulture, handicraft, etc. Within these credit systems a total of 37,000 families were benefitted up to March 1970 with a total investment of over 1 billion pesos, in loans.

3. INPUTS

One of the major concerns of INCORA has been the provision of adequate inputs to obtain optimum production. For this purpose cooperatives developed by INCORA have been given responsibility for the distribution of improved seeds, fertilizers, pesticides, etc., which are made available to the beneficiaries of Agrarian Reform at lower than commercial prices and in coordination with the Supervised Credit program.

4. INFRASTRUCTURE

In addition to the construction of penetration roads in colonization areas, INCORA has made a great effort in land reclamation works which have brought into production lands which were formerly unexploited due to their poor physical conditions. These programs are developed in flat lands with good soils and near centers of consumption. Irrigation and flood control works covering approximately 300,000 hectares have been constructed. They are located mainly on the Atlantic Coast, an area which formerly was affected by periodic drought and floods. These investments have permitted the introduction of intensive farming and livestock production, at internationally competitive prices, thus encouraging exports and contributing to the balance of payments. There are 14 irrigation districts under construction throughout the country.

5. MARKETING

One of the biggest bottlenecks to agricultural development is the difficulty for the marketing of agricultural products. Since individual farmers are unable to solve this generalized problem, INCORA has encouraged cooperative development as one approach to a solution. In 1969 the 30 cooperatives developed by INCORA joined together to form the "Central Cooperative of Agrarian Reform", an entity which is seeking broadly to improve the marketing of inputs and agricultural products, and more recently, the industrialization and processing of those products. At the present time, the annual sales of agricultural products and inputs of cooperatives having more than 21 members are some 250 million pesos.

G. MOBILIZATION OF CAMPESINOS

In almost all countries in which agrarian reform programs have been carried out, they were initiated by a few persons, such as politicians or intellectuals with a view toward the future. It was quickly evident, however, that the desired change could only continue with the active and conscious participation of the farmer beneficiaries, and with their support as an organized group. This has also been the Colombian experience. At the beginning of the decade of the 1960's, the process of change was stimulated by Colombian and foreign leaders, among which the President of the Republic, Dr. Carlos Lleras Restrepo, is especially worthy of note as the author of Law 135 of 1961. During the early years of its existence, INCORA developed the capability to execute that Law, and was able to begin the modification of land tenure to the extent permitted by its resources and the legal means provided in the Law. The legal means were broad, but not complete in all technical details.

With the promulgation of Law One of 1968, INCORA's powers were broadened significantly. The Law's provisions for conversion of renters and sharecroppers into owners extended the scope of action of Agrarian Reform throughout the country and closed an important gap in INCORA's ability to affect land tenure in its various forms. Prior to the enactment of Law One, the Government had initiated in 1967 the "Campaign for Campesino Organization". This movement became an effective force in support of the Government when vested interests prejudiced by the new Law reacted against it. As a result of these stimuli, campesinos since 1968 have been increasingly mobilized into the process of Agrarian Reform as actors and promoters, not merely spectators. Their role is not limited to supporting the program as it is carried out. They also are demanding more rapid and effective action to help solve their problems and become part of the country's development. It appears certain that when the Government presents additional modifications of the Law to better meet the needs of the Campesino masses, they will make their presence felt for the approval of such changes, through democratic channels.

H. THE POLITICS OF IMPLEMENTATION

Agrarian Reform in Colombia was initiated under the "National Front" system of Colombian politics, whereby the two dominant parties alternate in the Presidency and have equal representation in all elected bodies. Law 135 of 1961 was enacted under the Liberal Party President, Alberto Lleras Camargo. It became operationally effective under the Conservative Party President Guillermo Leon Valencia. It continued to expand, and its legal powers were broadened, under Liberal Party President Carlos Lleras Restrepo. As a political act, Agrarian Reform has been eminently bipartisan.

Budgets for INCORA show a steady growth through both Conservative and Liberal administrations. Budget allocations among major programs, such as credit, land improvement, and land acquisition, are made on the basis of technical criteria (e.g. cost/benefit analysis). INCORA's position within the Government has been strengthened by a systematic build-up of its administrative capability. The political viability of Agrarian Reform appears to be firm, and the major hard political issue with which INCORA now must contend is the proposed broadening of its power to expropriate adequately utilized lands. New legislation to accomplish this may be introduced this year.

IV. EFFECTS OF LAND REFORM

A. The land tenure structure has been modified by the granting of 100,000 farm unit titles or guarantees covering 7.3 million acres. In addition, provisional guarantees of tenure have been given to some 45,000 renters and sharecroppers, who will receive permanent title when they meet certain performance requirements. Thus, 145,000 new land owners, or farmers in process of becoming owners, have been created since 1962. One measure of the impact of this achievement is to compare it with the 694,000 farm families which, according to the 1960 census, were owners of less than 50 hectares. By this comparison, there has been an apparent increase of over 20% in small owners due to Agrarian Reform. The transfer of ownership has been effected legally and without violence.

Colonization of virgin lands does not modify existing land tenure, but it creates new land tenure and is therefore a legitimate function of Agrarian Reform to the extent it can be made economically profitable for the nation and for individual colonists. The presence of INCORA in areas suitable for colonization induces migration to virgin lands even though INCORA's capability for providing basic infrastructure and services still lags behind the moving frontier of settlement.

More precise quantitative data on the effects of land distribution and redistribution will be available upon completion of the 1970 agricultural census.

B. Effects on Production and Productivity

In terms of per capita food production Colombia continues to feed itself as well or better than in the 1957-59 period. Since the economically active rural population has been declining as a proportion of total population, while the food-consuming population has been increasing, it is evident that food production and productivity are rising.

Moreover, the steady growth of exports, predominantly agricultural, indicates rising production. The contribution of land reform and related activities to this trend cannot be accurately segregated from that of large and medium commercial farming, but it is clear that reform and increasing production are being achieved simultaneously.

One specific measurement of increasing production and productivity shows that a representative cross section of the 37,000 credit clients have increases in gross product value in constant pesos of 13% per year.

C. Effects Upon Unemployment and Underemployment

The sample data on credit show increased expenditures by the borrowers for hired farm labor averaging more than 10% per year in constant pesos. This implies an increase in on-farm employment. Effects on off-the-farm employment are not yet quantifiable but steadily increasing volume of production (See B above) and higher levels of input purchases (See E below) must tend to increase such employment.

D. Effects on Income Distribution

Colombian land reform provides resources to its beneficiaries to generate additional income, and deprives former land owners of such resources. This introduces more equity into national income distribution, but it is doubtful that much redistribution of income takes place because the property that is transferred, generally speaking, has been unutilized or inefficiently utilized. What is happening is that more income is now derived from the same lands, or from new lands, than in the pre-reform period, and the income is received by owner-operators rather than absentee owners. Although data on income performance of all INCORA beneficiaries are not available, the sample credit study mentioned above shows that borrowers have been increasing their cash receipts, and their net worth has been rising at rates of 5% to 13% annually in real terms. The new owners also contribute to improved income distribution among non-owners, since they hire more labor. The sample study shows that owner-borrowers were hiring an average of .38 man-years of labor during their first year in the program. After four years they were employing .58 man-years, an increase of 53% or about 13% per year. By utilizing lands once unused or badly used, they are generating new employment and new income.

E. Effects on Supplies and Services

Borrowers in the Supervised Credit Program have been increasing their purchases of inputs at a rate of about 6% annually in real terms. Their demand for technical services is also growing, and they are procuring such services increasingly through contracts with private companies. INCORA's 30 cooperatives with 20,000 members require the services of managers, accountants, and other employees. Community services, such as health posts, rural access road construction, and other projects increase the demand for specialized personnel to build, operate and maintain them.

F. Effects on Farmer Participation in Decisions

INCORA basically favors the greatest degree of decentralization in administration. In practically all community action and cooperative efforts the farmers decisions prevail to the extent that INCORA project directors feel their expressed needs are sound, and their means for filling these needs are adequate. Production and operation decisions in farm planning are reached jointly, usually between the farmer and credit supervisor. Proposed modifications of the credit program will use credit personnel more in the training of farmers to make operations and management decisions, leaving the technical assistance for cropping problems to contracted technicians.

G. Effects on the Character of Rural Society

The campesino is now more visible to Colombians in general and his ability to articulate his needs is growing. In colonization areas there is evidence of a pioneering spirit and personal independence and confidence, together with a willingness to share good or bad fortune. The campesinos are responsible borrowers, as evidenced by the very low delinquency rate of the credit program. Some tend to be initially suspicious of governmental contacts but in a reasonable time, they accept participation in the agrarian reform programs.

H. Broad Effects on Economy, Society and Politics

As noted above, the effects of Agrarian Reform on the economy are positive, Production is growing, new employment has been generated and demand for inputs, consumer goods, and services is rising. The INCORA budget has increased steadily and its expenditures probably have a more immediate multiplier effect than most public investments. On balance, the programs are oriented toward productivity, and therefore

have minimal inflationary results, if any. Agrarian Reform is accepted policy, and it is a distinctively Colombian policy. Politically, it offers the hope of reducing the threat of instability in the countryside, thus permitting Colombia to devote more attention and resources to the critical problems of its cities.