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THE LAND TENURE CENTER ANNUAL REPORT 1966

A cooperative research and training program of the American Nations, the Agency for International Development, and the University of Wisconsin.

Submitted January 1, 1967 By The Land Tenure Center

310 KING HALL
UNIVERSITY OF WISCONSIN
MADISON, WISCONSIN

LAND TENURE CENTER

310 King Hall
University of Wisconsin
Madison, Wisconsin 53706

January 1967

John M. Curr ef
Contract Ser . ivision
Agency for International Development
Washington, D. C. 20523

RE: AID/repas-3
University of Wisconsin

Dear Mr. Curran:

I enclose two copies of the Land Tenure Center's annual program report for calendar year 1966. This is in accordance with procedures outlined in Amendment No. 3 of the Wisconsin contract.

Sincerely yours,

Don Kanel

Don Kanel
Director

DK/jk

cc: Dr. Douglas Caton, Chief, Agriculture and Rural Development Service, Office of Technical Cooperation and Research, AID Washington
Dr. Robert McMillan, ARDS/TCR, Contract Monitor

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PREFACE

Amendment 3 (Contract AID/repas-3, establishing the Land Tenure Center at the University of Wisconsin), page 11 (Article I-E-1-c) contains the following points on reporting procedure:

> The annual program reports shall elucidate all research findings during the year, all modifications or additions to findings of previous years, and principal hypotheses or inadequately tested findings of the year which require further study. Each year's annual program report shall be accompanied by a work plan for the following year. The work plan, though permitting flexibility, shall specify principal problems to be investigated and general lines of approach to such problems. The reports shall be so designed as to, cumulatively, provide AID with the principal findings of the research undertaking financed under this contract.

In accordance with the above requirement, this 1966 annual program report draws conclusions from the Land Tenure Center's first four years of research and provides current information on projects now under way.

A summary of Land Tenure Center research findings and their policy implications makes up the first section of this report. It is a summary of Professor Peter Dorner's interpretive synthesis of LTC research findings which can be found in its entirety in an appendix to this document. Dorner, director of the Land Tenure Center, summarizes and synthesizes research findings of the Center as well as research on land tenure and related problems conducted by other organizations.

Dorner's paper reviews research on three major aspects of the agricultural development process: 1) tenure systems and their present performance, 2) means other than distributive reforms which might be used for realizing agriculture's potential, and 3) possibilities for change within the present system. The paper ends with policy implications in which Dorner concludes that distributive reforms are necessary for the economic and social development of agriculture.

Another paper by Dorner, "Land Tenure Reform and Agricultural Development in Latin America," is also included in the appendix. This paper provides a theoretical argument for land tenure reform in Latin America. Although not a summary of research, as is the interpretive synthesis paper, the conclusions are based on Dorner's experience with the Land Tenure Center program in Chile and as director of the Center during 1966 and part of 1965.

In both papers, Dorner stresses the important role which voluntary organizations have played in bringing agrarian reform and change in Latin America. The importance of these groups has been found in many of the Center's studies, but the most detailed study was that conducted by John Powell concerning Venezuela's Federación Campesina. A summary paper of Powell's complete report, therefore, is also included in the appendix. Powell's study documents the role which the campesino federation played in Venezuela's agrarian reform and details the internal mechanisms of the group and its alignment with political parties which have been instrumental to its success.

In addition to its research program, the Center also provides many other important services and functions which are detailed in section II, "Activities, Services and Functions of the Land Tenure Center." This section details the general service, training and communication program at Madison and the Latin American field centers during the LTC's first four years. And it concludes with a detailed report of these programs during 1966.

Section III consists of field reports written by country directors and researchers describing the progress and preliminary impressions from LTC studies now under way. These reports also detail the cooperation LTC researchers have received from AID mission personnel and local research organizations and universities.

Section IV consists of an updating of personnel at field centers in Latin America and the projects now being conducted and being planned for the coming year.

I

A SUMMARY OF LAND TENURE CENTER RESEARCH

A SUMMARY OF LAND TENURE CENTER RESEARCH

This statement is a condensation of the "Interpretive Synthesis" paper in the appendix of this report. The appendix paper in turn is based on many individual research projects and papers. This summary concludes with some tentative policy recommendations suggested by this research.

I. Land Tenure Systems and Evaluation of Present Performance

A. In Latin America the size dimension dominates any other tenure consideration. Yet, to build all analysis around land ownership concentration without recognizing the fundamental problems which are less measurable but closely associated with size results in misplaced emphasis. Indices can be devised which show high concentration ratios in certain regions of the United States, but the same index of land ownership concentration is much less relevant here than, for example, in Ecuador. Without other employment alternatives or without effective collective action with which to confront the landowner, the ownership of land is also the virtual ownership of labor. Resource ownership is the basis of social class distinctions and the basis of power--power to command others to do one's bidding on terms fixed to a large extent by the possessor of power. It is true that this power has been eroding with increasing labor mobility, some industrialization, and in some instances more effective rural labor organizations than in the past, but it remains one of the key issues in rural Latin America and it is the root issue in reform.

Farm size and land ownership concentration is significant in Latin America because alternatives do not exist for the mass of people who have no firm connection to the income stream. If these large farms could be transformed into a system of small farms with secure tenure (or, in some cases, cooperative enterprises for certain areas or types of farming), it would help to create political stability in the countryside. It would also improve the distribution of income. Greater stability in the countryside may also lead to political stability in the nation; or, at least, the political turnover at the center of government at the national level would not likely disrupt the process of rural development once the land is firmly and securely in the hands of operating farmers.

B. Productivity per se is not the real issue. It is possible to achieve increased agricultural productivity and to show indices of agricultural production that are advancing

rapidly. But in spite of this, if the locus of power remains unchanged the situation will likely remain very explosive and tense; the stability sought cannot occur. Experience in Guatemala over recent months illustrates this situation. Without minimizing the need for increased farm production as population expands, lasting positive results depend on how this production is brought about. If most people have no stake in it, the increased production will not produce either the desired stability or long-run development.

Increased production must be achieved through creating widespread opportunities for local people. It may be possible to bring in companies from the developed countries and to make a major impact on production. But if the local people do not share fully in this development (given present population pressures and the need for employment opportunities) this impact on production alone will not achieve the desired results of rural development.

C. The current patterns of income distribution are, of course, closely related to the land ownership distribution referred to above. Land ownership distribution and the power associated with it set the pattern for the distribution of income in the rural sector. As with land concentration ratios, one should not overemphasize the skewness in the income distribution per se. Two qualifications need to be made.

First, the absolute level of income of the large mass of the population is an important consideration. If this level is so low that most income is required for food and the barest necessities of clothing and shelter, there can be little demand stimulus for local industry from the large rural population.

The second important consideration is the manner in which those at the top of the income scale dispose of their income. If they invest in directly productive capital or make funds available for the construction of social overhead, the impact will be much greater than if they spend largely for consumption purposes, especially if they are inclined toward consumption of imported goods.

Although indisputable evidence and proof is not possible, much of our research strongly suggests that high rates of economic growth cannot be sustained given present inequalities in the distribution of property, power and income. The fundamental issue in Latin American development is not adequacy of resources and productivity; the key question seems to be how to build more adequate institutions for income distribution,

D. Rapid growth in population, more than any other single factor, has dramatized the need for development. Much of the population increase is occurring in the large cities as a result of high rural to urban migration. In the seven countries studied by CIDA for the period 1952-60, 11 million people, of a total natural increase of 19 million in the rural areas, migrated to the cities. It is a measure of the failure of the land tenure systems in Latin America that more of these people are not provided with gainful employment in the rural areas. Industrial jobs have not grown as rapidly as population, and only at about one-half the rate of increase in urban populations. Opportunities could be created for a much larger agricultural population without necessarily moving people into frontier areas.

Present land holding patterns and the unequal distribution of power and income, which are the inevitable consequences, are not conducive to economic development in Latin America. Increased agricultural production is not the overriding question. Efforts to increase productivity cannot have their full impact until the institutional arrangements of control and distribution are altered. The creation of new opportunities for the underprivileged in the rural sectors could both increase agricultural productivity and provide the extension of markets needed for industrialization. And the longer institutional reforms are delayed, the more difficult it will become to change the system through orderly means.

II. Alternative Routes for Realizing Agriculture's Potential

A. The potential of rural Latin America as elsewhere is to be found in the rural people themselves. From a historical perspective one would have to conclude that the rural populations of Latin America have been exploited for centuries. They have worked to produce goods which could not be retained by them in sufficient quantity to raise their level of living. Few investments were made in their behalf by the government. Present levels of literacy, health, social development, and the growing gap between rich and poor support this interpretation. Thus, the people who could and must provide the real potential for development have been bypassed. Today, they provide the rationale for reform.

Required investments are difficult to introduce under present institutional arrangements. Few rural people have resources to commit to their own improvement. Rural community development programs assume economically independent decision makers who have secure control of some resources, however meager, which can be put at the disposal of development programs

and from which efforts they stand a reasonable chance of realizing the benefits.

Land must be utilized to develop the human capacities (judgment, decision making, and creative abilities). This is not a task of one or two years, or even of 10; a generation or two is involved. But even today, viable employment and production opportunities clearly exist for many more people than now enjoy them.

B. There is much discussion of the appropriate size of farm unit. In general this is a false issue. Size of farm can be important when the existence of very large farms implies control over the essential resources and opportunities available to people. And there is some level below which farms should not be divided. This will depend on the type of farming, the soil, etc. Generally, one would hope that a family could have sufficient land to provide employment for its members and a reasonably acceptable income level.

Beyond this, the issue is academic. If the appropriate services and institutions exist, small farms can be highly productive. Land, labor and capital can be combined in many ways and proportions, depending on their cost and productivity. There are very efficient small farms in Japan; some are not so efficient. There are some very large farms in Latin America that are extremely well managed and highly productive, but many are not. This holds also for the United States.

Focusing on the question of farm size diverts attention from the key issues of distribution and access to economic opportunities--the critical questions underlying controversies over reform. All the evidence in the world showing higher productivity of small farms would not convince large landowners to divide up their farms and offer land for sale at bargain prices. Neither would the reverse evidence be convincing to those pressing for reform.

C. The level of farm prices is frequently cited as being too low or unstable. Or, it is claimed, prices of inputs needed in farming are too high. Because yield increasing inputs do not pay, it is maintained, farmers resist innovation and development is retarded. Reasonably adequate prices and their stability are important incentives. But merely changing the price level cannot change the central issues discussed in Section I. And the evidence available, though sketchy and incomplete, does not indicate a major imbalance between prices received and production costs on existing farms.

The wide variation in the economic performance of large farms shown by our research throws considerable doubt on the assertion that production would increase substantially with higher prices. There may be bottlenecks caused by unavailability of certain inputs. Furthermore, small farmers may be reluctant to try new techniques if they are uncertain of the results.

However, it is our hypothesis that price levels and ratios per se do not appear as inhibiting as much of the literature on the subject would indicate. And all these factors--unavailability, distribution bottlenecks, uncertainty, etc.--are of little relevance in explaining the unresponsiveness of owners or managers of large farms when some of them have overcome these problems. All of them have the ability and the means to overcome them to a much larger degree than they have demonstrated in the past.

D. Agricultural research and extension functions are not well developed in much of Latin America. Their development offers promise and is indeed a requisite to more rapid growth in agricultural output. There is much need for intensifying research efforts in the agricultural sciences. But there is a tendency for these efforts to be scattered in several governmental ministries, universities and an increasing number of autonomous institutes. There is a similar tendency for the extension function to be dispersed and there is frequently no contact between research and extension institutions. And the results of research are more readily available generally to the large farmer than to the small.

One arrangement that has been found to be quite successful for small farmers is to provide a package of services through some type of contract farming. Our studies in Chile and Colombia have been especially convincing on this point. Chile provides three examples of highly integrated service organizations which are organized on a commodity basis. They give credit, distribute inputs, provide technical information, control the use of technology, and provide a firm marketing contract with the price fixed before planting time.

Where service institutions are absent or geared to the needs of very large farms, this approach of integrated services on a commodity basis appears to be a fruitful one. This approach may be especially useful in an agrarian reform situation. Contracting the production of certain key crops with new landowners would seem to have several advantages. Colonists would have much needed security during the crucial first years. A more conventional extension program, even if it succeeded in raising production, would not provide a secure market. By concentrating

on a single crop within a given area, extension agents are able to give better advice and develop better rapport with their clientele.

E. Credit improvements and the establishment of cooperatives are frequently listed as needed developments for getting agriculture moving. Again, this is not to be denied. It has been found in the credit programs studied that there is very little supervision and guidance actually offered by the agency in charge. In a Colombia field study, data on a control group showed that users of supervised credit were younger, better educated and had more experience in the use of credit. Although the program resulted in measurable improvements in production and capital acquisition, a general shortcoming was that very small numbers were reached through this program. This is also true of the Chilean program studied.

In a number of our studies we have been able to evaluate the functioning of cooperatives. There are some efficiently operating cooperatives in Latin America. But in those cases where they have been introduced in connection with settlement or colonization projects, they have generally failed. Poor administration, lack of capital, lack of member understanding of the cooperative's possible functions, distrust, unwillingness to sell through the cooperative where payments from marketings are delayed, and preferring rather to sell to country buyers where immediate cash is obtained even though the price may be lower, etc.--these are common findings.

Considered above were some of the more conventional policy prescriptions for agricultural development--research, extension, credit, price programs, cooperatives, etc. These assume an elaborate administrative structure manned by large numbers of technically trained people. And they also assume a free, literate, opportunity-oriented, profit-seeking family farm population with alternatives and the capacity to exploit them and to change the course of events if they are given appropriate support through public services. But such assumptions are currently unrealistic for most of Latin America with its mixed system of very large and very small farms.

Lack of the professional and administrative machinery and the existing economic and social structure in the countryside yield results quite different from those expected on the basis of U. S. experience.

III. Possibilities Within the Present Context

A. Much of the land reform carried out in Latin America has been accomplished through colonization or resettlement, either on new virgin lands, on public lands, or on farms expropriated from private owners. The cost of these efforts has been very high. In many cases expropriated land has been paid for in cash and complete farmsteads established for the new settlers. Means must be found to delay land payments through issuance of bonds, and much of the construction on new units will have to be left to individual settlers if any significant progress is to be made.

Costs of US $3,000 to $4,000 per settler, which have been the common experience, are much too high in view of the magnitude of the task. Even the most conservative estimates indicate that over a half million families should be benefited annually if progress is to be made. This assumes that present migration rates to cities will continue and that the magnitude of the problem will be reduced by only half after a decade. At present cost experience, this means expenditures of $1.5 to $2 billion annually, which is substantially more than is now provided through U. S. assistance for all development programs in Latin America.

B. Clearing up land titles has been another important activity in some countries attempting agrarian reform. Some of our research indicates that title insecurity is perhaps one of the most inadequately recognized aspects of land tenure problems in Latin America. In Colombia alone, it is estimated that about 47,000 farms are exploited either without a title or where there is an ownership conflict. The number of titleless cultivators throughout Latin America may run in the hundreds of thousands. Tenure insecurity has repercussions on the amount of investments operators are willing to make on their lands. Lack of a clear title also means that they are unable to borrow on their lands and hence cannot receive a dependable line of credit.

Title problems cannot be resolved without cost. Conflict and violence between those claiming ownership and those occupying and working the land are not uncommon. This is why these problems frequently cannot be resolved unless there is a more far-reaching distributive reform which applies new criteria for the holding of land. Since new criteria have been applied in Bolivia, clarification of titles has become more of a technical problem than is the case in most other countries.

C. Taxation and labor legislation and the regulation of tenant contracts is also frequently advocated as a means of bringing about agrarian reform and development. There is very little evidence, however, that tax policy has anywhere served as an alternative to land reform in this century. There is also little evidence that taxation has been useful in extracting wealth from the agricultural sector before reform, with the exception of taxes on exported commodities (bananas, cotton, sugar), which can be easily controlled at the port. In most of Latin America present tax laws and collection systems are definitely not designed to raise the added revenue needed for land reform or any other substantial new programs.

The bulk of the government revenues now derived from agriculture come from taxes on sales, turnover, or exports and wage payments. Farmers with most production carry the burden. Meanwhile, the tax take is negligible on land, capital, net income and inheritance.

Social welfare laws in Latin America have not been of great benefit to the campesinos. The same problem of enforcement that exists with taxation is also prevalent here. Likewise tenancy contracts are insecure. So long as the supply of labor is great and enforcement can be controlled by the influential few, these measures cannot be effective. In some cases where these laws have been enforced some of the work force was simply laid off or tenants' contracts not renewed in order to avoid the consequences of the legislation.

The point at issue in these observations is enforcement of rules and legislation. We must again recall the situation that exists in the rural countryside with respect to the inequality of power. This is not an absolute power but a qualified one which nevertheless enables one party to get from another more than might be expected if that degree of power did not exist. It is not an absolute power such as that exercised by a despot over subjective people, and this is why its presence is so difficult to demonstrate. But it, more than legal doctrine, determines the actual workings of the system.

D. Most agrarian reform laws in Latin American countries have a dual focus: (1) small parcel consolidation, and (2) parcellization of large holdings and settlement in new land areas. Consolidation in areas of dense population leaves the problem of what to do with the excess people unresolved. None of the commonly suggested remedies is adequate by itself to treat the diversity of conditions encountered. It is very likely that with present rates of population growth and lagging industrialization, minifundio areas will exist for many years.

In some areas there is potential for some increases in production and thus improvement in the living conditions of the people. In fact, some communities have introduced new techniques and have become quite progressive; others have lagged behind and the people try to eke out a living on very small parcels by the most traditional methods.

E. All the specific methods discussed above under the headings of "alternative routes" and "possibilities within the present context" seem inadequate to get the system moving in new directions. None of them make contact with the basic issue of power and the redistribution of opportunities. This issue can be confronted only as an alternative source of power develops to challenge the position of those in whom this power now resides.

In countries where local farmer organizations have played a key role, reform has moved ahead and the ground work seems to have been laid for a more rapid development in the future. The patronizing attitude of governments and resource owners toward agricultural workers must be fundamentally altered. Confidence and self-respect among the underprivileged rural classes can be built only through organizations which provide them with a vehicle for expressing their needs and desires and for releasing their creative energies in self-help programs. This requires a long-run effort. Unschooled and deprived peasants will not change quickly. But unless serious efforts are made in this direction, there may well be more bloodshed and revolution.

IV. Conclusions and Policy Suggestions

A. Whether or not there will be any effective program of agrarian reform is a decision for the government of each nation. But governments should recognize that the political and social stability needed for development cannot be achieved without a much more widespread and open structure of opportunities for the masses who now find themselves either without work or land, or who work without having substantial claim to the products and the income which they helped to produce. Thus a basic criterion for reform and for all other efforts of agricultural development should be the opportunities which can be provided for rural people who are now without them.

B. The above also implies participation by local farm people in the planning and decision making leading to the creation of such opportunities. No one is wise enough to know what local people want and need. They may themselves not know this until they are treated with trust and respect and have real choices and the prospect of some means by which to implement

them. If local people are to engage in responsible action they must have some authority to initiate action. A frequent criticism of the Alliance for Progress is that it does not reach the people and provide them opportunity to participate in its programs.

C. This will not be easy. Emphasis today is on the development of national and regional plans to be formulated and carried out by the ministries of central governments. This procedure implies that wisdom resides in the educated planner and that nothing can be learned from the ignorant farmer. On the other hand it seems rather futile to create new agencies and a new bureaucracy (which would actually use the same people, pulling them from one agency into a new one, and disrupt the effective programs which the present agencies are carrying out).* Perhaps there should be some way for the United States to respond more directly to the needs and requests from local groups.

D. It appears very difficult if not impossible for a central government bureaucracy to respond adequately to the needs of the mass of farm people unless these people have strong local leadership and organizations. Thus strengthening these organizations may be the only way of making the present bureaucracy more responsive. Closer contact and better understanding between researchers, officials and the rural people should be encouraged.

E. The above conclusions all require a determined political leadership in the nation which is sympathetic to the objectives of reform and the creation of new opportunities for the rural masses. Where this leadership does not exist and where prospects for its emergence are poor, the United States should carefully evaluate whether or not to withdraw from supporting agricultural development efforts in that country.

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*We certainly do not imply a blanket indictment of existing agencies and ministries. Some of their present programs are very good. However it does seem that historically most of them were organized (and have since responded accordingly) to work with farm owners and administrators in the large, commercial farm sector. The above proposals require effective two-way communication between the bureaucracy and small farmers, new landowners, sharecroppers, etc. This is the adjustment that will be difficult.

II

PROGRAM ACTIVITIES AND SERVICES

ACTIVITIES, SERVICES AND FUNCTIONS OF THE LAND TENURE CENTER UNIVERSITY OF WISCONSIN

General Policy and Programs

The Land Tenure Center was established in May 1962 under a research and training contract between AID Washington and the University of Wisconsin. Although research on various dimensions of land tenure and related problems of agricultural development in Latin America is the major focus of this program, other activities and service functions of this Center have become increasingly important. This, we believe, is a desirable and inevitable evolution inherent in the very concept of "centers of competence" which are built around major problem areas.

The Land Tenure Center is not a curriculum or department. It is a coordinating and service facility that aids the University in carrying on an integrated program of research and training. All staff appointments are made within academic departments, and no formal courses are offered by the Center outside regular departments.

This Center's program provides an important vehicle with which individual staff members from several University departments can associate and thus continue to build their knowledge and skills in the study of land tenure and agricultural development in Latin America. Without such an institution as the Center, a professor, after spending several years in a developing country, may again on his return become fully involved in domestic issues and find it difficult to use and to build upon his work abroad. Over the past four years, more than fifty staff members actively participated in this program. About half of these were senior staff members from the University of Wisconsin; some were from other U.S. universities or from universities in Latin America.

The experience gained is not confined to the staff. A major contribution of the Center has been training new professionals, both Latin American and from the United States, through the participation of students in research projects. This is an important function. Study of land tenure institutions and their relation to development has not been emphasized in Latin America until very recent years. Yet it is the professionals from the countries in Latin America who must develop the competence to formulate and guide policies of

their governments in this area. In addition to the concrete research results available, the experience gained by Wisconsin staff greatly strengthens the teaching program at Madison for the many students interested in this area of work. The active participation of students, both Latin and U.S., working with professors on research, has added to the trained manpower available.

It is not a simple matter to provide estimates of numbers because of the varying degrees and intensity of participation by students. We would estimate that about 200 students have been associated with the Center for various periods of time. This would include U.S. and Latin students who have studied in Madison, participated in field research, or both. A conservative estimate is that more than fifty students have had extensive field research experience including design of projects, data gathering, analysis and report writing.

Many of these participants now hold posts with government agencies, with Latin American or U.S. universities, with AID missions, with international agencies, etc. The Land Tenure Center receives numerous requests for trained personnel to fill positions in the above-mentioned agencies. As a result of this program to date, the professional competence in this area of work has been greatly expanded. The present shortage of professional personnel will be much reduced as this program continues into the future.

The ability of the Center to muster a competent and growing professional staff with a strong research base has been of great interest to directors of development programs, not only in Latin America but also in other regions of the world. There have been many requests to increase the number of field centers in Latin America and to expand the work of this Center to Asia and Africa. The Center's facilities and service functions for Latin America, which people from other areas would like to see expanded by adding to the research and training staff, are detailed below.

1. <u>The Madison Center</u>

The Center at Madison has become the focal point for people interested in land tenure and agricultural development questions. In 1966 alone, more than 110 groups of one or more persons visited the Madison Center to gather information for Latin American work. In the past visitors have included representatives of AID Washington, country AID missions, other U.S. government agencies and departments,

U.S. universities, Latin American universities, foundations, and international agencies. Several special training programs are sometimes held for off-campus visitors. These programs range from a few days to a week or more, and consist of individual consultation with Land Tenure Center staff members, independent work and study of materials in the Center's library, and briefing meetings in small seminar groups.

The Center's library continues to concentrate on collecting materials dealing with agrarian reform and social and economic development in Latin America. Between 500 and 700 books are added to the collection each year. The library now subscribes to over 140 periodicals, many of them in Spanish and Portuguese, and collects series on development, land reform and related subject areas. About the same number of periodicals are received on a gift or exchange basis from various agencies. The collection of audio-visual materials is also being expanded. Included are tapes, slides and maps. Many non-book materials give the library a unique quality and special usefulness for research workers. These materials are kept in vertical files and include government documents, statistical reports, newspaper clippings, unpublished research and similar materials. Such materials are gathered by overseas staff and students and ordered directly from Latin American government agencies.

Use of the library has increased continuously over the past four years. The library serves staff members and students, both on the Wisconsin campus and in the field. Information requests from professors and students on other campuses are becoming more frequent. Materials have been sent out of state on loan to be used in training programs and conferences.

The library staff has begun the work of changing to a cataloging system in which all reference card information will be on IBM cards and tapes, and up-to-date listings of library holdings will be printed at regular intervals. With the use of this system, country and subject-matter bibliographies and publication lists will be readily available.

Within the past year there were four separate requests for staff assistance and consultation from country AID missions in Latin America, and several from regional bureaus of AID Washington. We were able to fill three of the mission requests, and each involved one or more Center staff for periods ranging from several days to more than two months.

It is these facilities and services, backed up by research experience of increasing numbers of staff, which attract many professionals to the Madison Center. It is to develop similar services and staff competence for other world regions that the Center has been requested to expand its geographic scope. And, equally important, professionals working in these other regions would like to be able to get students trained and have them participate with staff members in research in this area of agrarian reform and development.

2. The Field Centers

The field research work in Latin American countries is always conducted in cooperation with professionals at universities, research institutes or government agencies in the host country. Virtually all projects supported by the Land Tenure Center take the research staff and assistants into the field for the collection of primary data. For many of the local students and professionals, as well as for those from the United States, this provides an opportunity to gain first-hand knowledge and insight into the working of rural institutions. In the United States, most professionals working in the agricultural and rural social sciences have a farm background or have been closely associated with rural people and institutions. This is not the case in Latin America. Consequently, this field research experience has great training value.

The two field centers with the most active programs for more than three years are in Chile and Colombia. In 1965, a center was established in Bolivia. There is in process an active program in Brazil, and research has been undertaken or is in progress in Venezuela, Costa Rica, Guatemala, and Nicaragua.

Land Tenure Center research people have cooperated closely with international agencies, especially with the Interamerican Institute of Agricultural Sciences (IICA), the Interamerican Committee of Agricultural Development (CIDA), and the Food and Agricultural Organization of the United Nations (FAO). In the first-phase CIDA studies, the Land Tenure Center cooperated closely with the research and analysis in four of the seven country studies. In the current, second-phase, CIDA studies, many of the professionals involved received training and research experience under previous Land Tenure Center projects. Our closest cooperation in the current CIDA studies is in Bolivia, where a Land Tenure Center professor is director of the

joint project supported by the Center, CIDA, Bolivian agencies and the local AID mission. The Center is also participating with CIDA in the Venezuelan studies. Staff members from the Center continue to be involved in the planning and continuing evaluation of all the CIDA studies.

The field centers serve some of the same functions locally as does the center at Madison. Small libraries are maintained, and numerous professionals from country agencies, U.S. universities, U.S. and Latin American newspaper correspondents, etc., seek information from personnel at the centers. The U.S. embassy, the AID mission, and the agricultural attaché seek information and judgments on specific issues. Likewise, representatives of European universities and embassies call on Center field personnel.

In those countries where there are active field centers, there have been many occasions for providing direct service to both the host country governments and the AID missions. The nature of such service can best be illustrated by some specific instances.

a) A Land Tenure Center study of the agricultural development institute served as the basis for evaluating proposed USAID assistance to that organization.

b) In another country, findings of one research project, undertaken at USAID's request, were used in evaluating a $10 million USAID supervised credit loan.

c) In still another country, information gathered from two current field studies organized in close cooperation with USAID will be used in designing a major program for distribution and clearing of land titles. This program is to be supported in part by USAID and carried out by the host government.

d) The field director of one local center, at the request of USAID, wrote a background paper on "Agriculture and Reform" which was included in the local mission's annual program submitted to Washington.

e) In two countries, government officials requested special reports from Land Tenure Center personnel doing research on water law. In both cases the local professional and the U.S. researcher participated in drafting sections of new legislation dealing with water rights.

f) The internal revenue service in one country has asked a U.S. member on the Center's research staff to serve as special consultant to its department of studies and planning.

g) Another U.S. researcher serves as consultant to the committee on agricultural finances of the government's new agricultural planning office.

h) A national agricultural research institute, after requesting a special report on the Center's study of diffusion of technical information related to agrarian reform, hired the local professional who participated in the study and thereafter started an information system similar to that tested in the study.

i) A study of profit sharing plans on some large farms led to the naming of the local professional as chairman of a special national committee to formulate recommendations for legislation on profit sharing as a part of that country's agrarian reform program.

j) Recent legislation aimed at preventing private land subdivision practices not in line with the goals of public land reform measures is based on a Land Tenure Center study on private subdivision of large farms.

k) At the time of his departure, the field director of one center received personal letters from the president of the country, the minister of agriculture, and other officials expressing appreciation for the services provided by the Land Tenure Center.

These are some of the more identifiable instances of close cooperation and services rendered by the Land Tenure Center. More important are the continuous, almost daily contacts and communication between Center research personnel and host country and USAID officials.

3. <u>The Communication Function</u>

A primary goal of the Land Tenure Center is making its research results and the knowledge it accumulates widely available to other researchers, policy makers, and administrators in the United States and abroad. The Center presently has about 70 available publications organized into six series, along with motion pictures, photo exhibits and a quarterly newsletter. The main focus of these efforts has been to

distribute, as quickly as possible, the results of research and to make data, documents and translations available to staff and students working with the Center. Demand for these materials from outside users is increasing at a rapid rate.

During the period from September 1, 1965 to September 1, 1966, the Center distributed approximately 32,000 individual publications. Including mailings of the newsletter and LTC library accession lists brings this distribution total to about 39,000 publications. These totals represent about twice the number of publications distributed during a similar 1964-1965 period when it was estimated that approximately 17,000 publications were distributed.

An available publications list is distributed whenever a number of additions have been made to these series. Persons interested in particular publications can order them from this list. Publications are also mailed in response to written requests and are personally handed to people calling at our office. In addition, we maintain a number of mailing lists to which mailings of new publications are made. These lists include nearly 400 names broken down as follows:

a) Nineteen Latin American AID missions.

b) A select group of 45 Washington AID offices.

c) A group of about 80 research institutions and individuals in foreign countries who have a special interest in the work of the Center.

d) A similar group of about 65 research organizations and individuals in the United States.

e) A list of more than 60 U.S. and 35 foreign libraries interested in receiving all Center materials.

f) A list of about 75 students and staff on the Madison campus who are involved in agrarian development studies and research in Latin America.

g) An additional list of about 1,100 people who receive the newsletter and lists of available publications and who request publications occasionally.

The Center also has 12 films available on agricultural development conditions and issues in Colombia, Bolivia and Chile. These films are factual and objective, showing conditions and problems in agriculture and some of the experiences with agrarian reform. In all cases, these films are documented by evidence from the Center's field research projects.

Several of these films were reviewed in the International Development Review (Vol. VIII, No. 1, March 1966). The reviewer commented on the high scholarly quality of these films. "The subtext is eloquent and the pictures relevant. No glamorous shots break the film's flow, and no sweeping statements. Produced by the University of Wisconsin's Land Tenure Center (LTC), which studies land and resource ownership and agrarian structure, this 'film footage' has the integrity of any work of art: it is true to itself. A field report, it shows, explains, comments, and strives for fairness."

These films are available for low-cost purchase or rental. They have been shown to a wide range of audiences. The scripts of the films are presently being translated into Spanish; this will make it possible for the films to be used widely in Latin America.

Two photo exibits of Bolivia and Chile have also been developed. These exhibits have been displayed on the Madison campus, at other universities, in New York's Rockefeller Center, and in Latin America. They are available for loan.

Concluding Comments

Not all of the work under this contract has been financed by AID. This is especially the case with respect to training and many of the service functions here outlined. Funds and facilities are made available by the University of Wisconsin. Major contributions have been made by the University's College of Agriculture, its graduate school and the Ibero-American Area Studies Program. Financial and other support has been received from the Midwest Universities Consortium for International Activities, foundations, local AID missions, Latin American universities and government agencies, and other cooperating organizations. In fiscal 1965, approximately 60 percent of the financing was provided by the contract and 40 percent from other sources. Since financing is on a short-term basis, one of the major problems has been and continues to be that of creating new staff positions.

The Land Tenure Center is widely recognized by U.S. and Latin American professionals working in the field of agricultural development. This recognition reflects both the research program and results as well as the services, functions and activities set forth above. Such functions are an important part of the overall program, and they can be developed only through the institutional arrangement represented by the "center" concept.

Activities and Services During 1966

Publications

New Publications Produced:

LTC Papers	18	
Research Papers	7	
Discussion Papers	0	
Training & Methods Series	1	
Monographs	4	
Miscellaneous	1	
	31	
Reprints		17
Colombia Group (CIRA Publications)		20 (approximately)

Publications Currently Available: 74

Publications Available During Year: 90

New Films: Chile 1, "Aspects of Land Tenure in Chile"

Training Program

1. There are currently 60 graduate students considered Land Tenure Center Fellows.

   1. Of these, 33 are Latin Americans--showing an approximate 50-50 balance between Latin Americans and North Americans.

   2. Of the 60, 42 are candidates for the Ph.D. degree.

   3. Departmental affiliation of the 60 follows:

a. Agricultural Economics	-	29
b. Rural Sociology	-	11
c. Law	-	6
d. Political Science	-	4
e. Mass Communications	-	3
f. Economics	-	2
g. Anthropology	-	1
h. Business	-	1
i. Ibero-American Studies	-	1
j. Geography	-	1
k. Agricultural and Extension Education		

II. Of the 60, 10 are overseas participating in our Latin American research effort.

1. Of these 10, five are Ph.D. candidates in agricultura economics; three are Ph.D. candidates in rural sociolc one is a Ph.D. candidate in political science; and one is a Ph.D. candidate in mass communications.

2. The countries in which they are doing their research are:

a. Colombia	-	2
b. Chile	-	1
c. Brazil	-	3
d. Nicaragua	-	1
e. Costa Rica	-	2
f. Guatemala	-	1

3. Three of the above 10 are Latin Americans who have returned to do research in their home country after training at Wisconsin.

4. Of these 10, only six are supported entirely under contract funds. Two more are partially supported by contract funds. Four, then, are drawing outside funds to strengthen the research program of the Land Tenure Center.

III. The 50 remaining are currently on the Madison campus.

1. Of the 50, 30 are Latin Americans.

2. Five of these have completed gathering data for their theses and are back to analyze it and write their research papers. Two of these are Latin Americans. We currently support four of these under contract funds.

3. Of the remaining 45, the Center currently supports 13, some of them only partially. Only eight receive full support from the LTC. These 13 are assigned to staff members who supervise their work obligation to the Center.

4. We are currently gathering information on alternative sources of funds from foundations and governmental sources which will be sent to those students we currently support. We will exert every effort to have as many as possible supported by other-than-contract funds next year to free up our fellowship budget for new students. We will not act favorably on assistantship renewals of students whom we feel have not adequately explored alternative sources of funding.

IV. To date, $42,612.14 of the total fellowship budget of $45,000.00 has been committed. (This does not include overseas students who are covered under country budgets.) We have approximately two more assistantships to commit for the second semester ($2,387.59). Two candidates for an LTC assistantship have been given University-wide fellowships for the second semester.

V. A new LTC brochure has been sent (and more will be sent) to various academic departments in the U.S. and Latin America encouraging students to apply to the Center. In this manner we are exerting efforts to find new prospects to participate in our program.

VI. Seminars are held from time to time to inform students of the on-going program of the LTC. Agricultural Economics 923 is a course designed partially to keep students in touch with our research program.

The Advisory Committee

The Research Program Advisory Committee together with the campus and field staff reviews both current problems in agricultural development and research plans and priorities of the Center. The Committee is made up of faculty members from the University of Wisconsin, other university faculty members, an official of a Latin American regional organization, and AID members. Current members of the Committee are:

Robert E. Baldwin, Professor, Economics.

Carlos M. Castillo, Secretary General to the Central American Treaty on Economic Integration, Guatemala City, Guatemala.

Douglas D. Caton, Director, Agriculture and Rural Development Service, AID (ex officio).

Peter P. Dorner, Professor, Agricultural Economics and Director, Land Tenure Center (ex officio).

Orlando Fals Borda, Facultad de Ciencias Sociales, Universidad Nacional, Bogotá, Colombia.

William L. Flinn, Assistant Professor, Rural Sociology.

Bryant E. Kearl, Professor, Agricultural Journalism and Associate Dean, Graduate School.

Robert T. McMillan, Rural Development Officer and LTC Project Monitor, Office of Technical Cooperation and Research, AID (ex officio).

Kenneth H. Parsons, Professor, Agricultural Economics

Raymond J. Penn, Professor, Agricultural Economics (Chairman, Advisory Committee).

John R. Schmidt, Professor and Chairman, Agricultural Economics (ex officio).

Joseph R. Thome, Assistant Professor, Law.

Garland P. Wood, Professor, Agricultural Economics and Director, Latin American Center, Michigan State University, East Lansing, Michigan.

The Advisory Committee met formally on the following dates

March 11 Reviewed studies and project proposals for Chile and Colombia, reviewed the operational plan for fiscal year 1966-67, and discussed a statement o publications policy.

Sept. 30-
Oct. 1 The full committee including off-campus and AID members met to discuss general policy and the progress of the Center's program. An acting director was appointed, and a possible AID grant authorization was discussed.

Trips to and from AID Washington

Three Land Tenure Center staff members traveled to Washington specifically to confer with AID officials during 1966. Others have also discussed LTC affairs with AID personnel while in Washington for other business.

The beginning dates of the official LTC trips are as follows:

Peter Dorner:	March 16 and 29, June 13, Sept. 13 and 29, Oct. 18, Nov. 17.
Don Kanel:	March 29.
Raymond Penn:	March 18 and 29, Oct. 8.

In addition, Douglas Caton of AID was in Madison to attend the Advisory Committee meetings on Sept. 30 and V.W. Johnson, also of AID, visited the Center on May 9 and 10 and June 21-22.

Personal Information Services

In addition to communicating its research findings through publications and film footage, Land Tenure Center personnel in 1966 also discussed the work of the Center with many campus visitors, conducted special consulting missions, and held a number of staff-student seminars. The following breakdown indicates the number of these personal services conducted during the year. This breakdown, however, does not include contacts between LTC field personnel and local agencies and AID missions--another important information function of the Center.

Informal Visits

Approximately 100 groups of one or more persons visited the Center at Madison during 1966. These individuals came from AID and other government agencies and represented governments in Latin America, Africa, Asia and Europe. International

agencies such as the United Nations, the International Bank for Reconstruction and Development, and the Inter-American Development Bank were represented as well as universities and research agencies from throughout the world.

Visits ranged in time from an hour or less to a week or more in which the visitor reviewed materials in the LTC library and visited several faculty members on campus. In addition, many faculty members and students of the University of Wisconsin came to the Center seeking information and publications.

The number of off-campus visitors coming from various types of agencies is as follows:

AID Washington	3
Other U.S. Govt. Agencies	4
Foreign Governments	34
U.S. Universities	9
Foreign Universities	8
Foundations and other U.S. Private Agencies	9
International Agencies and Other Foreign Agencies	24
Total	101

Staff-Student Seminars

Eight informal seminars of LTC staff, students and other interested persons were held during 1966. These seminars featured LTC field personnel reporting on their work or outside visitors reporting on their work in economic development. The speakers and topics of the seminars were as follows:

January 4: Delbert Myren, Rockefeller Foundation; communications work and ideas of the Rockefeller program in Mexico.

February 7: Professors Jacob Beuscher, Law, and Kenneth Parsons, Agricultural Economics; report on a 15-day consulting mission to Chile to evaluate provisions of the proposed agrarian reform law.

March 15: Marion Brown, LTC Chile; the LTC program in Chile and related topics.

May 23: Solon Barraclough, ICIRA, Chile; "Issues in the Economic Development of Latin America."

August 30: First showing of Chile I film, "Aspects of Land Tenure in Chile."

October 26: Joseph Thome, Law, and Roberto Gumucio, field coordinator, LTC Bolivia; report on Thome's summer legal study in Bolivia and the LTC-CIDA project in that country.

November 1: Charles Nisbet, Ph.D. candidate at the University of Oregon who worked with the LTC group in Chile; discussion of the informal farm credit market structure in Chile.

November 17: Professor Carl Bogholt, Emeritus, Philosophy; report on the conference "Alternatives for Balancing Future World Food Production and Needs" held at Iowa State University, November 8-10.

Service Overseas

As a result of special requests, the Land Tenure Center carried out three consulting missions during 1966.

Kenneth Parsons, professor of agricultural economics, and Jacob Beuscher, professor of law, spent approximately 15 days in Chile during January to evaluate provisions of the agrarian reform law which had just been submitted to the Chilean Congress. The trip was made at the request of the Chilean AID mission.

Joseph Thome, assistant professor of law, spent three months in Bolivia during the summer at the request of the AID mission and the CIDA research group in that country. Thome's study was designed to learn the reasons for a slow distribution of land titles under the Bolivian agrarian reform law.

Peter Dorner, professor of agricultural economics and director of the Land Tenure Center, and Raymond J. Penn, professor of agricultural economics, provided a special 15-day analysis of plans for agrarian reform in the Dominican Republic. The trip, made during October and November, came at the request of the Dominican AID mission.

III

FIELD RESEARCH REPORTS

those systems. Beyond this, the research focuses on the immediate changes or adjustments, either economic and/or social, which individuals, groups, etc., make upon receipt of their own land. In this way these adjustments can be related directly to the changed land tenure structure.

As opposed to the above immediate adjustments which one would expect to take place after a land reform, one also can distinguish intervening changes in the economic, social and political systems. These changes may have been sufficient to have created new opportunities or avenues of social and economic change which may carry the newly constructed economic and social systems beyond any point previously realized. That is to say, a new tenure system based on a wider structure of individual ownership may be expected to stimulate individuals and groups to create or seek out and take advantage of new opportunities, thus increasing further their geographic, economic and social mobility, as well as political participation.

For research purposes, then, two possible types of change have been distinguished which either follow a land reform directly, or subsequently. The first is the extent to which distribution of land for individual private, group or communal exploitation leads to expected economic and social adjustments. The second is the extent to which the newly created social and economic systems, regularized by new rules of property as well as new economic, social and political institutions, successfully create new opportunities and re-proportion them among an ever increasing population, and the extent to which the land reform has been important in conditioning individuals or groups to seek out these new opportunities as they are created.

Expected Economic Adjustments

In many countries where there are pressures for land reform, especially in Latin America and more specifically in the central Andean countries, land is held or has been held in large extensions commonly called haciendas. Usually the owner of the land exchanges the right to work a certain parcel of the hacienda land for certain specified and usually institutionalized labor commitments from the person with no land and his family. With a redistribution of the property rights in land to all those who have been working the hacienda lands previously, it is possible to propose the types of economic adjustments which one can expect to take place.

No economic adjustments. No economic adjustments would take place with a land reform if the redistributed hacienda lands are either so isolated or so poor in quality that the increased use of labor on the hacienda lands would not yield an increased level of agricultural production, or the increased

production that did occur would not reach the market. In such a case we can say that a land reform, except by converting workers into owners of land, has no economic effects except possibly to allow the campesinos to live at a higher level of subsistence than previously.

The higher level of subsistence would come from the total product of the haciendas now available to those who work the hacienda lands. A case study of this type would be an ex-hacienda in the serranía around the valleys of Cochabamba and on the northern altiplano. The fact that these expected economic adjustments have not taken place does not rule out the possibility of change of the second type distinguished above, however.

Maximum economic adjustment. Many hacienda owners tend to raise crops which are labor extensive or capital intensive on the part of the hacienda lands to which the owner retains exclusive access, allowing the workers to raise whatever they want on their own small parcels. When the hacienda lands are distributed somewhat equally to those who have traditionally worked it, one can expect to find, if not immediately then with time, an increase in the productivity of the hacienda lands as the new owners through their own initiative apply their own labor and that of their families in greater quantities than when the lands were held by the original hacendado. Cases of this type of adjustment can be found in Bolivia, especially in the lower valley of Cochabamba and along the southern shore of Lake Titicaca. From this case study one would be able to describe and analyze the conditions which are necessary before one can expect this type of economic adjustment to take place. At this time, we can list those conditions as 1) an under utilization of hacienda lands, 2) possession of knowledge necessary to make the economic adjustment rapidly, 3) an example of how this knowledge may be used to bring in the higher productivity, and 4) the existence of a market which can absorb the increased productivity at prices which make such agricultural operations remunerative to the new land holder.

Between the two above extremes one can probably find many case studies which will combine the increased production of traditional crops primarily for consumption with some increased amounts for sale in traditional markets and also the increased rationalization or use of factors of production which will increase the gross value of production of the farm area, particularly if markets for this increased production are in existence or are in the process of being created.

Expected Social and Political Changes

It has been stated above that there also are social and political adjustments which one can expect to accompany a redistribution of property rights in land. While it is difficult to tell at this time exactly what these may be, possible changes may be hypothesized. First, it is necessary to describe what were the prevailing social and political systems on haciendas before the land reform.

Description of these systems. Social adjustments after a land reform may take place in either the organization and respective roles of members in the nuclear or extended family, in the organization of the community, or in new forms of social mobility and forms of political expression on a national level.

The family. One may expect that with individual titles to land, nuclear families will increase in importance as the extended family decreases in importance. Of course these changes may not be the same in all areas, particularly when different norms of family organization were present to begin with. For example, on the northern altiplano of Bolivia, the extended family has been much more important for decades in the indigenous communities of this area from which were organized the haciendas, than in the valleys of Cochabamba where there has been a longer history of some nuclear families being able to purchase property rights in land even before 1953.

Secondly, in the area of nuclear family organization, the study focuses on the changing roles of husband, wife and children within the family structure. As various economic adjustments are made, such as growing new crops, selling them, purchasing new commodities, etc., decisions must be made within the family as to who will fill these roles. It may be that a study of the family will show the changing relative importance of various members within the family.

A third area of change in family roles and organization would be to study to what extent education and the ability to speak Spanish has increased the social and particularly geographical mobility of the children. If this has been accomplished and more children are inclined to move to other areas seasonally, or to re-locate permanently, then these factors may change not only the structure and authority patterns of extended families, and even the nuclear families, but also the land inheritance patterns.

All of the above changes assume that families receive titles to land for individual exploitation. In many areas some ex-haciendas have been reincorporated as communities, with many of the land holding patterns of the older communities reinstituted. Comparative studies to see what may be the differences in family organization between the families in communities and the families on ex-haciendas where individual titles were distributed would be very important.

The community organization of campesinos. The land reform of Bolivia took away the source of power of the hacendado and his administradores. The hacendado was the source of all authority, although he many times was prudent enough to exercise this authority through the local community organization, especially when the ex-hacienda had once been a part of an indigenous community. With the exodus of the hacendado or those who exercised authority in his place, campesinos probably have either appointed someone to these vacated functions (which is doubtful) or reorganized themselves along new lines. The research project should focus on these new types of organization, especially noting the degree of participation of individuals, families, etc., in order to determine whether this organization is more representational than previously, or if it has reverted to the indigenous community organization.

The above has to do mainly with organization within the community. A second aspect of the study of community organization would be to determine the type and kind of relations and organization between communities in a certain area, region, and on the national level. Presently, the most important of intercommunity and regional organizations is the campesino syndicate. A complete study of these organizations and their relations with one another will be made, especially around Achacachi in Omasuyos and Ucureña in Cliza.

Social mobility and political expression on a national level. Two immediate effects of the Bolivian land reform have been to open up new positions or roles to campesinos on the national level that were never available before the reform. Most people are convinced that the Bolivian campesino is now integrated into the national social system, whereas previously the social mobility of the campesino was so circumscribed by the land ownership structure that one could say that the campesino had little or no chance for mobility except within the local campesino social structure itself. The Bolivian land reform has integrated the campesino social structure with the present national social structure, which previously had been based on the ownership of land, government position, or ownership of business. A complete study of this integration of

the campesino and the degree of social mobility that has been realized (what roles are now open to the campesino that were not available previously, etc.) is being made to see to what extent the land reform has created a new social system in Bolivia.

The campesino has also been integrated into the political system of Bolivia, with new means by which he can express himself nationally. This is mainly through various organizations and through the right to vote in national elections. Whether or not these new ways of political expression can be directly related to the land reform can only be decided after a thorough study of the Bolivian revolution has been made to determine the relative importance of the land reform issue in that revolution.

Intervening Variables

The above has explained some of the economic, social and political adjustments which one can expect to follow the redistribution of property rights in land when the old land ownership structure severely circumscribes the participation of the majority of a population in the economic, social and political systems. Given the new laws and institutions which come with a land reform these new systems themselves will be responsible for carrying out programs, passing new laws, etc., which will reenforce many of the above adjustments, leading to further economic, social and political change. We can call these new laws, programs, etc., intervening variables.

Such intervening variables may be programs of school construction, road construction, opening up new areas of colonization, holding regular elections in which the campesinos can vote and, with time, the complete distribution of titles. All such programs will increase the total set of opportunities available to the campesinos. An important relation which land reform has and the distribution of land titles may have to this new set of opportunities is that the campesino may begin to demonstrate an increased desire to seek out these opportunities, thus increasing their social, economic and geographical mobility even further.

An example of this type of social change is the following. Before the Bolivian land reform few campesino families, or even family members, could afford to risk giving up the rights they had to the small parcel of land on haciendas and seek supplementary employment elsewhere, or to settle elsewhere permanently. Usually, a person was punished severely and sometimes not allowed to resume his previous position on the hacienda if he left. This type of break was not made often.

because few employment or settlement opportunities existed elsewhere in the economy of the country. However, since the land reform, those people who have titles to their lands now have the security that is needed to try something new elsewhere. At the same time various colonization programs have opened up new areas to settlement, and these areas are being settled as rapidly as roads are constructed. Few will doubt that the land reform has set the basis for greater mobility of the campesino and has created a greater desire to seek out opportunities, while at the same time various programs of development in Bolivia have created new opportunities. A study of these relationships would entail a study of the types of development which the Bolivian economic, political and social systems have realized since 1953, and especially the directions of migration during this same period and the major reasons the campesinos have for moving.

Progress to Date

The first two case studies undertaken under this project are being drawn to a close. The study under the direction of Gonzalo Gonzalez, a sociologist, in the region of Pairumani which lies between Peñas and Habichaca is now being analyzed with all the personnel here in La Paz writing up a draft of the monograph. This part of the project is composed of three depth studies of haciendas and the gathering of more general information on the present tenure situation and agricultural problems of 10 neighboring haciendas and one community. The draft of this monograph should be ready at the end of January.

The field work for a study under the direction of Oscar Delgado, a sociologist, in the region of Pocoata which lies between Achacachi and Ancoraimes will be terminated December 15. This study is composed of almost the same number of haciendas as the study in Pairumani, and a draft monograph should be ready at the end of February. The major differences between the studies is that the first is located in a region typical of the northern altiplano while the second is characteristic of those lands which benefit from the immediate influence of Lake Titicaca. In other words, the present agricultural systems and potential of the two regions differ markedly.

During the past three months work has either been undertaken or the necessary contacts made in three new areas where studies will be carried out. In Cochabamba work is now well under way under the direction of Dr. Carlos Camacho, an agricultural economist contracted by the Inter-American Development Bank as part of their contribution to CIDA. The study so far has taken place in the lower valley of Cochabamba in the

region of Quillacollo. This study will focus on at least three haciendas, and work on the first hacienda should be finished by December 15. In the future, Dr. Camacho will also study one hacienda in the upper valley, several in the mountains around Cochabamba, and much later in 1967 several haciendas in the area of Sucre. At least one of these studies will be in a predominantly wheat growing area which should complement the interest of the Bolivian AID mission in the problems of wheat growing in Bolivia.

Contacts have been made with the necessary persons, leaders, townspeople and campesinos to begin a study in the Yungas (north) early in 1967. This study will be directed by Gonzalo Gonzalez. After studying two haciendas in depth and the present conditions on several neighboring properties, this group will then go to the area of Chulumani (south Yungas) to begin the complementary work necessary to draw some conclusions about the affects of the land reform there and the current tenure and agricultural problems in that area.

In terms of population and agricultural potential, the department of Oruro is not of primary importance in the agricultural picture of Bolivia. However, this is an area where the rural sector and population is organized in communities. In total, more than a quarter of the rural population of Bolivia lives in communities where the lands are distributed for individual exploitation but title to the land is held in common. For this reason, Dr. David Preston, an English geographer contracted by CIDA, has been in this area the past month and will remain there until the rains make further work impossible. He will gather general information on the agricultural systems of the communities and the predominant tenure and land use problems encountered there, as well as data on the agricultural possibilities of the area. A report on this work should be ready by the end of January. Dr. Preston will also make the contacts necessary for carrying out two case studies in the region of Potosí; studies will begin sometime in January.

Another aspect of the research which promises to be most fruitful for the study as a whole is 10- and 12-day trips to various parts of the country in order to visit and interview campesinos, agrarian judges, and <u>sindicato</u> leaders during that time. A more general questionnaire will be used to determine the history of the process of land reform, what the campesinos think about the land reform and its administration, what problems remain, whether there are land conflicts, to gather data on migration, etc. Trips such as those to various parts of the country where case studies will not be made will give the people who will be responsible for the project analysis

greater insight into the relative differences between various regions. So far one such trip has been made to the province of Manco Capac in the department of La Paz.

Special Findings and Impressions

The basic orientation in carrying out this research is to try to find new, successful, operating institutions which may possibly be duplicated in other areas. Of basic importance to this approach is to try to identify something which the campesinos may already be using and then try to improve upon it. The two things which have come to my attention so far are plowing by tractors on small parcels of land in the lower valley of Cochabamba and the new marketing structure which has slowly evolved since the land reform.

Regarding plowing, two years ago while working in Cochabamba I did not notice as many small parcels being plowed by tractors as I did on a recent trip there. On this past trip I tried to talk to a few campesinos and owners of large pieces of land to see how this was being done. It turns out that in the lower valley alone there are approximately 40 mestizos, campesinos, and townspeople who have purchased tractors in the last six years which they then hire out with a driver, or in some cases drive themselves, to plow the lands of the individual campesinos. Outside of this little more has been found to date, but the case study in the lower valley will cover how and by whom these tractors were purchased, under what conditions they are rented to the campesinos, etc., in order to determine if this might not be the best way to attain the increased productivity which comes with deep plowing rather than plowing with the traditional Mediterranean-type plow in use by most campesinos. My own reaction at this time is that this type of thing would be much easier to duplicate than try to consolidate these small parcels (which are divided by inheritance, jealousies, and the many necessary irrigation ditches in the area). Also, private ownership of these strategic pieces of agricultural machinery would probably be more efficient at the present stage of this area's agricultural development than would be cooperatives. Again, the above are only impressions but this relatively new phenomenon will be studied in much more depth in the near future to determine if certain credit policies could stimulate and spread this service over a wider area.

Another aspect of our work which will gradually become more important throughout Bolivia is determining systems of marketing various products in different regions of the country. A great deal of attention has been given to relations between the truckers and the campesinos and the prices which campesinos receive for their produce. Within a short period of time a

paper will be ready on both the institutional changes which have taken place in the marketing system on the northern altiplano since the land reform, and also on the present relationships of the campesinos with the truckers. It is hoped that with time we will be able to see the differences in practices of truckers in various regions and in various products and possibly work out some means to regulate these practices.

Another major impression to date is that outside of the community development program instituted in some areas only, there really is no other organization or institution which works closely with the campesinos, especially in imparting new techniques or knowledge which may increase the productivity of the campesino farms. Instead, campesinos act only within the traditional structure of their communities or their ex-haciendas with little contact with the outside except with the church (only infrequently), occasionally with a doctor, or with the police to settle conflicts. In fact, the feeling of isolation which comes mainly from lack of communication is so great that we have found two cases where either an agrarian judge or an ex-landlord has actually taken land away from the campesinos--land to which the campesinos know they have or will have titles. The common response is that they do not know to whom they should turn if other than a purely traditional problem should arise.

This may sound like a purely simplistic recommendation, but many if not most of the campesinos have radios which could be used very effectively to broadcast hypothetical situations to the campesinos which could be followed by an appeal to go to the National Agrarian Reform Council if there are major conflicts over land or if the landlord has returned to try to regain some of their previous holdings. The community development program could also be explained to the campesinos (there are gross misconceptions held by many and rumor contrary to fact is widespread); an attempt could be made to get more campesinos to go to local experiment stations to confer with the extension agent there. Most campesinos have never seen an extension agent and do not realize that such services are available.

Personnel and Agencies Involved

The Land Tenure Center is contributing the following personnel to the joint project: Ronald J. Clark as director, Roberto Gumucio as field coordinator, and Richard W. Patch, a consultant. Personnel from other agencies are mentioned above.

The project has been conducted in close cooperation with the AID mission, CIDA and the following agencies of the Bolivian government: the Ministry of Agriculture, the Ministry of Planning, the Ministry of Campesino Affairs (Asuntos Campesinos), and the Consejo Nacional de Reforma Agraria.

BRAZIL

Eugene A. Wilkening
Professor, Rural Sociology

I. Migration and Adaptation in New Settlement Areas of Brazil

This study has been conducted in two stages and at two different locations within the state of Goiás. The first study site was a newly settled rural area of southern Goiás, and the second is the federal district which includes both urban Brasilia and the surrounding rural areas. The field work for the first study was completed during the period of February to June 1966. The study of the Brasilia area began about three months later as well as a further study of the rural area of Goiás studied earlier.

The two main objectives of the study are:

1. To describe the nature of migration to rural and urban areas, focusing upon the motivation for migration, the problems encountered and the consequences of migration for the migrants.

2. To determine the personal and the social factors associated with successful adaptation in both rural and urban areas.

A. Migration and Settlement in Itumbiara, a Município of Southern Goiás (João Bosco Pinto and E. A. Wilkening).

Itumbiara is a município whose population has increased greatly in the past 10 years due to its location on the asphalt highway from São Paulo to Brasilia and due to the expansion of rice production on the sloping lands near the Parnaíba River. The area has attracted many landowners and tenants from the adjoining state of Minas Gerais and tenants (sharecroppers) from the northeastern states. Many came from the Northeast in trucks looking for work wherever it was available. Conflicts between the "Nordestinos" and the local people were common until a few years ago.

The rural population of the município has been and continues to be highly mobile. About half of the heads of families have lived in Itumbiara eight years or less. Landowners as well as tenants appear to accept the frequent shifting to another place every one to three years. Stability appears to be accompanied by greater obligations on the part of the landlord which he does not wish to assume.

Reasons for moving to the present location tend to be of an economic nature with the largest proportion being related to the availability of land, crop losses and working conditions. Newcomers to a new area, however, attract their relatives and friends and are the main source of information about Itumbiara.

While settlers tend to have improved working conditions and income in this newly settled area, health and education and other services are worse for many. This is no doubt an important reason for many moving out after remaining there for a few years.

Personnel and Agencies:

Valdemar Vieira de Sousa, Agente da Associação de Crédito e Assistência Rural (ACAR), Goiás.

Luis Mendes Neto, Secretary of Agriculture, State of Goiás.

Josias Luis Guimarães, Director of ACAR, Goiás.

B. Reliability of Responses to Interview Questions in a Restudy of 100 Itumbiara's (John van Es and E. A. Wilkening).

Questions have frequently been raised as to the reliability of responses to questions asked of persons who have a narrow range of experience and a low level of verbalization. This study is designed to determine the reliability of different types of questions asked of a group of sharecroppers interviewed about five months previously. Variations in reliability will be observed for different types of questions and for respondents according to literacy, education and other characteristics. Of the 158 sharecroppers interviewed in Project 1, 115 were randomly selected to be re-interviewed. A total of 107 re-interviews were completed. The instrument used in re-interviewing the sharecroppers will also provide more detailed information on land tenure and farm management arrangements under the present system of sharecropping and their consequences for migration and adaptation.

An important finding of this study is that about half of the sharecroppers selected for re-interview had moved away from their residence of five months before. Most had moved only a short distance within the same município.

In addition to the reliability study an additional 50 landowners with 240 hectares and over were interviewed to provide a larger group to compare with small owners and other

tenure groups in the overall study of migration and adaptation in the município of Itumbiara. Although far from homogeneous in their behavioral characteristics, this group of large landowners appears to be different from the smaller owners and other tenure groups with regard to their background and to their social and economic characteristics. Data on this group will add to a more complete understanding of the processes of migration and adaptation taking place in this community.

Personnel and Agencies:

Sebastião Xavier, Jr., Prefeito, Prefeitura do Município de Itumbiara.

Dr. Armantino Alves Pereira, Extension Agent, Escritório Local de ACAR-Goiás.

C. Migration and Integration into Brasilia, an Urbanized Area in the Interior (José Pastore and E. A. Wilkening).

This phase of the study concerned migration to a newly developed urban area and its environs. The heavy influx of migrants to urban centers has exceeded the growth of opportunities for employment, and the stream continues to produce problems of housing, education and sanitary facilities.

Brasilia offers a good opportunity to study urban migrants since it is a new city, having been inaugurated in 1960. And Brasilia also provides an opportunity to compare the motivation and adaptation of persons from both rural and urban areas. Most members of the working class have come from rural areas where unfavorable conditions encourage them to move. Finally the Brasilia area allows a view of the problems of migration and adaptation in an environment which is urban but without the presence of traditional institutions and norms. It is a planned city which has provided advantages as well as disadvantages to the migrant.

The object of this phase of the study is:

a. to study the characteristics, problems, and motivations of migrants to both rural and urban areas of Brasilia;

b. to determine the factors associated with adaptation and integration of the migrants into work, family, and social life;

c. to compare the degree of satisfaction with the present location as compared with the last previous residence and determine how this is

influenced by the migrants social class and other factors;

d. to analyze the factors affecting the relative success of migrants in rural núcleos and to areas outside the núcleos in the Federal District.

A random sample of one in 50 households with both a husband and wife were interviewed for the urban sample. This resulted in a total sample of about 600 households in which all the husbands and half of the wives were interviewed, making a total of 900 interviews in the urban area. The urban sample includes the satellite cities and the temporary slum areas around the central city.

In the rural area 100 male heads of households were interviewed from the five planned rural núcleos in effect in the Federal District at the time of the study. Another 200 were interviewed in the areas outside the núcleos. These people are largely "invaders" who have moved onto a plot of land for the purpose of establishing a claim. The "invaders" have usually come from distant places, have no resources with which to exploit the land, and need to earn money for living expenses by working in nonfarm jobs located in the cities or in the country.

Rural núcleos have been planned for the settlement of agriculturalists who would produce fruits, vegetables, and other crops for the Brasilia market. However, lack of resources for the development of the núcleos and lack of technical assistance for encouraging improved techniques and the proper type of agriculture have resulted in low levels of production. Many of the plots are owned by persons who live in the city and use the land as an investment or for weekend activities.

The Japanese who occupy about one-third of the plots are most interested in intensive agricultural production. They have the technical knowledge, financial support, and interest in agriculture which contributes to their success in the núcleos. The present payment plan, while not unreasonable, does not attract the persons without financial resources.

Personnel and Agencies:

Professor Raymundo Moniz de Aragão, Ministério de Educação e Cultura, Distrito Federal, Brasilia.

Sr. Plinio Catanhede, Prefeito, Distrito Federal, Brasilia.

Professor Armando Hildebrand, Director da Educação Industrial, Ministério da Educacão, Brasilia.

Dr. Colombo Machado Salles, Secretário do Govêrno, Prefeitura do Distrito Federal.

Dr. Lucidio Briggs, Secretaria da Agricultura, Distrito Federal.

Dr. Roosevelt Nader, Director of Agricultural Extension Department, Federal District.

Dr. Francisco Porto de Araujo, Director of Extension Division, the Federal District, Brasilia.

Dr. José Luis Pinto Coelho, Presidente da NOVACAP.

Dr. Laerte Ramos de Carvalho, Reitor do Universidade de Brasilia.

Dr. Giovani Anisio Alves, Director of Regional Office of IBRA, Brasilia, D.F.

II. Sociological Aspects of Colonization in Three Colonies of Brazil (Sugiyama Iutaka and E. A. Wilkening).

A study of planned colonies was conducted in response to the interest expressed in problems of colonization by the Instituto Nacional Desenvolvimento Agrícola, the Instituto Brasileiro Reforma Agrária, and the Brazilian AID Mission.

The objectives of this study are:

a. to study the mental process through which colonists go, beginning with their initial attraction to the colony and ending with their present status and plans;

b. to compare the characteristics of the more successful with the least successful colonists;

c. to compare the problems and the progress of colonists in three different types of colonies.

After considerable discussion with persons concerned with colonization the decision was made to select three colonies and to interview a sufficient number of persons (100 or more) in each colony in order to study the characteristics of the colonists rather than to study a larger number of colonies in order to say something about the influence of factors affecting

the colonies as a whole. The latter type of study is needed in order to determine the influence of cultural, sociological, administrative, political, economic and other factors upon colonization. A brief consideration of the various government colonies suggests that geographic, economic and political factors are dominant influences in their degree of success. For example, political considerations frequently influence the location of a colony in unfavorable areas with respect to soil, water and markets. The physical, agronomic and economic factors are seldom explored systematically before a colony is planned. Also, colonies established by one government are frequently given no support by the following government which proceeds to establish its own colonies. In other cases health problems and the lack of access to the colony by road have contributed to the failure of the colonies.

The influence of cultural and sociological factors upon the success of colonies is important given certain basic conditions with respect to soil, climate, transportation, and markets. The success of colonies of immigrant groups attests to the importance of the commitment to family farming, of a relatively high level of agricultural technology, and cultural values supporting physical labor, thrift and a business orientation toward agriculture.

The study of the three colonies will provide a comparison of conditions in a primarily fruit and vegetable area near a large urban center (Papucaia), a wheat and general farming area in the southern part of the country (Curitibanos), and a rubber colony in the Northeast (Una). There is evidence that the degree of specialization is one of the factors related to the success of colonies. These colonies range from the most specialized rubber colony to the highly diversified fruit and vegetable area near Rio de Janeiro. Only the latter colony does not have a cooperative for buying products from the colonists and selling them farm supplies.

Personnel and Agencies:

Curitibanos - Eng. Agrônomo Francisco Hoeltgbaun
Delegado do Ministério da Agricultura em Santa Catarina.

Una - Administrador - Eng. Agrônomo José Dortas Montargil, INDA.

Papucaia - Administrador - Tenente Amaury do Prado Gutierrez, IBRA.

Dr. Eudes de Souza Leão Pinto - Presidente do INDA.

Dr. Paulo Assis Ribeiro - Presidente do IBRA.

III. Communication Behavior of Agricultural Extension Agents in Rio Grande do Sul* (Theodore Hyman).

The purpose of this study is to determine how structural aspects of agencies doing extension work and attitudes and aspirations of the agents affect communication with the agencies' clientele. In a previous study, Lloyd Bostian of the Department of Agricultural Journalism, University of Wisconsin, has shown that there are differences in the types of communications used by ASCAR (Associação Sul de Crédito e Assistência Rural) and the secretary of agriculture. The difference in the training of the agents and of their access to communications media were found to affect the type of media used. The present study will consider how position in the agency, role definition and certain characteristics of the agents influence use of mass media and other formal communications techniques.

Mail questionnaires will be used to collect data from the ASCAR agents and personnel of the secretary of agriculture of the state of Rio Grande do Sul. This will be supplemented by extended interviews and observations of the functioning of ASCAR and of the secretary of agriculture at the state level.

Cooperating Agencies:

ASCAR, Associação Sul do Crédito e Assistência Rural.

Secretaria de Agricultura de Estado do Rio Grande do Sul.

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*The project is financed by a Ford Foundation Area Grant and by the Midwest Universities Consortium for International Activities.

CENTRAL AMERICA

Costa Rica (Carlos J. Sáenz, Research Assistant, Agricultural Economics).

Nature of the Project. The basic problem with which we are concerned is how to provide opportunities for a growing labor force in Costa Rica. We believe that the development policies which have been followed up to the present are becoming increasingly inadequate for this task.

We will approach the problem by estimating the capacity of the nonagricultural sector and the established agricultural sector to create opportunities for employment and then estimate what might be called the surplus population.

Several alternative solutions to the problem of surplus population will be analyzed. These alternatives seem to be a more intensive use of the agricultural land or expansion of subsistence agriculture, taking into account the capacity of unsettled land to absorb labor and the limited possibility of growth of the nonagricultural sector.

In order to reach any conclusion we will have to understand the problem in historical perspective. Here we will want to know how the country was settled, the circumstances which gave rise to the concentration of population in the Meseta Central, and how the population spread to the rest of the country. We will also analyze the first deliberate attempts to settle and develop the country and the use of the public domain as an instrument of policy.

The next analysis will be of the results of the historical actions in terms of the forms which the disposition of the public domain took, the distribution of land and the types of farming which emerged, and the relation of the state to the economy. An analysis of the modernization of agriculture follows with the emphasis on how modernization affects the capacity of agriculture to absorb labor.

Since World War II, Costa Rica has introduced a fair amount of welfare legislation. We hope to learn the effects of such legislation on the export as well as on the domestic economy and also how it has affected the modernization of agriculture.

Present Stage of Work. We are in the process of gathering historical data.

Personnel:

Peter Dorner, Professor, University of Wisconsin

Kenneth H. Parsons, Professor, University of Wisconsin

Carlos J. Sáenz, Research Assistant

We have had some advice from the University of Costa Rica, which has also provided some office facilities. Informal discussions have been held with AID people.

Costa Rica (Carlos A. Quirós, Research Assistant, Agricultural Economics).

My research consists of a comparative study of an area in which the Instituto de Tierras y Colonización (ITCO)--a governmental agency created to regulate the land tenure system in Costa Rica--has already organized a colony with an area in which self-help colonization in the form of a spontaneous colonization or colonization produced by grants of land is taking place on the public domain or the so-called baldíos.

This research began in September 1966. The first task was to choose both the colony and the area of self-help colonization which are to be compared. After reviewing the literature and conferring with people with experience in colonization, the colony of La Trinidad was chosen--the first colony sponsored by ITCO since the agency began to function in 1962. The area to be compared with the colony has been chosen so that it is similar in soil, topography, climate and other physical factors which can be thus taken as constant variables in the study.

During the last few weeks I have been working on the preparation of interview schedules which will be pre-tested in January 1967. The full field study will then begin.

Guatemala (Lester Schmid, Research Assistant, Agricultural Economics).

Purposes of the Project. This project is complementary to a previous study of the minifundia farming regions of western Guatemala by Dr. George Hill and Manuel Gollás. The present study is an evaluation of one type of adjustment being made by people on extremely small plots of land in response to the extreme scarcity of land in their home communities; that is, migration to work on large farms producing coffee, cotton and sugar cane.

One purpose of the study is to point out in what ways the present system of recruitment and employment of the migratory workers can be improved to the benefit of the workers, the employers and the economy of Guatemala. However, an important purpose also is to evaluate the contribution of migratory work to the welfare of the workers, to the integration of the subsistence agricultural sector and the commercial sector, and to the economic development of Guatemalan agriculture.

Present Stage of the Project. Informal talks have been held with finca owners, heads of government agencies, AID advisers, Maryknoll Fathers, and many other persons; and 42 administrators of cotton, coffee and sugar cane fincas have been interviewed. In addition, 120 migratory workers, 59 colonos and 33 labor contractors were interviewed. Tabulations, table construction, and the first draft of half of the study have been completed.

Participation of Local Agencies. The Instituto de Investigaciones Económicas y Sociales has cooperated with this study by supplying both advice and the half-time services of two highly qualified students, Manuel Cordero for three months and Julio Segura for 11 months.

Many local agencies were consulted in connection with the study. Among those most useful were Banco Nacional Agrario, Instituto de Nutrición para Centro América y Panamá, Servicio de Crédito Agrícola Supervisado, Instituto Guatemalteco de Seguridad Social, Tipografía Nacional, Dirección General de Estadística, and Sanidad Pública. However, help was also received from many other agencies.

Mr. Leonard Rhodes, former AID economic adviser to the Instituto de Transformación Agraria (INTA), was of great help, especially in the formulation of the problems to be considered in this study. Mr. Rhodes left Guatemala on November 15 and is transferring to Turkey about January 1.

Flow of Information from Study. Information has been exchanged with other research groups including Paul Vestrine, a representative of Richard Adams of the Latin American Institute of the University of Texas; Julio Jiménez, a student from the University of Texas; Heaton, Tapia, and Campos with CIDA; a Mr. Gall of New York from the magazine The Economist, as well as students from New York, Puerto Rico, the Catholic University in Guatemala, and the Faculty of Economics at the University of San Carlos.

The preliminary report of the study has been published in the August-October 1966, Land Tenure Center NEWSLETTER. The Guatemalan economics student presently working closely with

the study has informed the student association of some of the results of the study and has also given information on earnings of the campesinos to Professor José Guillén in charge of the course "Economía Agrícola y Política Agraria." It is hoped that some of the information will be useful for a course in the economic problems of Guatemala planned for the coming academic year.

Personnel Involved. The persons involved in supervision of this study have been Professors Kenneth H. Parsons and Peter Dorner, University of Wisconsin, and Dr. Piedra Santa, University of San Carlos. Students from the Economics Faculty of the University of San Carlos who have worked on the project three months or more have been Julio Segura, Manuel Cordero, Haraldo Vallejo, and Alfredo Morales. Two other students who have worked for shorter lengths of time have been Carlos Avendaño and Adolfo de Leon.

Nicaragua (James Taylor, Project Assistant,* Agricultural Economics).

The original purpose of this study was the evaluation of the possibility of carrying out a directed colonization program in a selected area of 300,000 hectares in eastern Nicaragua. The evaluation was to be based on the experience of spontaneous settlers in the region. However, early during the field work it was discovered that spontaneous settlement had occurred at a much faster rate than had been assumed, eliminating, as a consequence, the possibility of a program of selecting settlers.

The change in the research situation necessitated a reformulation of the research problem. As a result, two basic issues have now been selected for study. One area is an analysis of the agricultural economy which has developed, using income standards based on policy objectives as a criterion. The resource combinations and other factors associated with the attainment of the objectives will indicate the changes that are needed if the socio-economic potential of the project area is to be realized. An understanding of the factors which hinder the attainment of policy goals on public lands should also suggest the role which the Nicaraguan government should assume in future agricultural colonization, whether directed or spontaneous.

The other basic issue being studied is the movement toward pioneer areas which has occurred along with rapid growth in national income in Nicaragua in recent years. The leading sector in this development has been agriculture. The major products have been cotton, cattle, and coffee, which

*Major financial support for this project during 1966 also came from the Instituto Agrario de Nicaragua (IAN), and the Inter-American Development Bank.

are largely grown for export. They have replaced traditional agricultural products, or have shifted the production of such products to more remote areas of the country.

The field work for the study was completed in May of this year. Most of the data have been tabulated and analyzed. A pre-thesis report, scheduled to come out in March 1967, is in the process of being written. The report will then be incorporated into a doctoral thesis.

The Wisconsin team has consisted of two Nicaraguans, M. Agusto Oporta T., Cristóbal Ubeda V., and myself. Oporta and Ubeda plan to do graduate work in agricultural economics next year. Professor Kenneth H. Parsons of the University of Wisconsin has visited Nicaragua twice this year and has contributed ideas for the analysis of the settlement of public lands in relation to the economic development of Nicaragua.

The Agrarian Institute of Nicaragua (the agency responsible for carrying out Nicaragua's agrarian reform) has given financial and administrative support to this study. I have agreed to assist the Institute in drawing up development plans for the project area. Ubèda and Oporta will be team leaders in additional field studies to be carried out by the Agrarian Institute.

The National Planning Office of Nicaragua, under the guidance of George Hill, has been carrying out a study of small scale farming in various parts of the country. Our study will be available for comparative data on eastern Nicaragua. I have also discussed the project with Ralph Burton, director of the local AID mission and with Carl Koone, chief of AID's agricultural section, on separate occasions this year.

CHILE

John D. Strasma
Associate Professor, Agricultural Economics

I. Studies of the Chilean Land Reform in Process

Although the Frei land reform bill, introduced in November 1965, is still in committee in the Senate and will probably not be promulgated before March or April of 1967, few fundo owners doubt that land reform has already begun in Chile. CORA has expropriated more land in 1965 and 1966 than in all previous years put together (688,739 hectares as of December 6), rural legal minimum wages have been raised sharply to equality with those of industry, rural labor unions are being formed with government encouragement, taxes based on land are higher than ever before, and agents of the Instituto Nacional de Desarrollo Agropecuario (INDAP) roam the countryside organizing committees, cooperatives, and unions, telling farm workers what their legal rights are under existing laws and then helping them obtain these rights.

Two LTC Chile studies in this area are virtually completed, and three others are just beginning. In addition, Professors Jacob Beuscher and Kenneth Parsons visited Chile in early 1966 to evaluate the draft reform bill for the AID mission.

A. Income Redistribution in Land Reform

This study for an undergraduate thesis in economics at the University of Chile by Rogelio Imable, asks three questions:

1. Do campesino incomes rise following land tenure reform?

2. Is the change the same for all subgroups within the campesino population?

3. Would campesinos be better off without land tenure change, continuing as wage workers but enjoying the recent sharp increase in legal minimum wages?

Hypotheses derived from these questions were tested by Rogelio Imable on two CORA asentamientos in the Choapa Valley through interviews with a random sample of 52 family heads (out of 280) and with data from the asentamiento financial records.

Imable concludes that low and middle income campesino groups (essentially workers and inquilinos) did enjoy a substantial increase in real incomes (60 percent and 18 percent respectively for the sample). Former mayordomos and white-collar workers average a drop of 23 percent in real income, but the variability was so great that the finding was not statistically significant (i.e., for the population of such upper-bracket rural workers, there is no evidence that real incomes either rose or fell). The campesinos also gained more (13.5 percent on the average) through land tenure reform than they would have from the higher legal minimum wages--the difference was statistically significant at the 95 percent confidence level for all except the highest income pre-reform group, which might have been better off continuing as employees. In short, reform did increase campesino real incomes; and within the campesino population, it led to a leveling of incomes at the expense of the former managers, foremen and white-collar workers.

The findings of this project have been discussed at the Instituto de Economía of the Universidad de Chile and have aroused great interest in Chile because of the lack of any other studies of this kind in CORA projects. The Chilean delegation took the study to the 1966 Regional FAO Conference.

An interesting by-product of the study was an analysis of the "basket" of goods purchased by some of the campesino families, which permitted the author to estimate a year-to-year cost-of-living adjustment more applicable to these families than is the Santiago consumer price index. As it happened, the indexes were about the same for the two years being compared (the CPI rose 27 percent, while Imable's index rose 25 percent).

B. Habitat and the Location of Housing and Community Facilities in Asentamientos

Juan Valenzuela has virtually completed a year-long study of the location of houses and other facilities on large fundos in the Central Valley, making use of aerial photos and extensive field trips and interviews. In addition to data on the historical causes of present layouts, he seeks to shed light on how CORA might most rationally lay out facilities and housing on reform projects. The study will be presented as an undergraduate thesis in geography at the Universidad de Chile.

C. Updating of the Earlier Study of INPROA Projects

William Thiesenhusen's study of the Catholic Church land reform projects in Chile, which included data for 1963 and 1964, is now being updated in a study recently begun by Felipe Paúl

in collaboration with the Instituto de Economía. The first result of the study is evidence that the members of some of these colonies are quite tired of being surveyed; two of the cooperatives requested that someone appear at their meetings and explain how, if at all, the survey could be of use to them, before they consent to it. It appears that we, and all other research groups working here, have failed to carry through with the "extension" part of our work in reporting findings back to the campesinos, however assiduous we have been in reporting to agency heads and staff members. Paúl is tackling this problem, as well as that of integrating the survey with another being made by INPROA itself.

D. Recording of Land Reform Problems and Activities on a Current Basis

The Chile group is attempting to interest several middle and upper echelon reform executives to record their experiences, currently and in detail. No such projects have as yet been formally begun, however.

E. The Politics of Agrarian Reform in Chile, 1962-1967

Work on this project by Terry L. McCoy began in mid-October and is expected to take about a year. The objective of the study is to generate data on the political aspects of a reform program. Specifically, McCoy is interested in analyzing the channels of political feedback which develop with the implementation of agrarian reform.

While the main research effort concerns the implementations and administration of agrarian reform, the author is presently reconstructing the political history of the issue in Chile since 1962. Analyzing the formulation of the policy is considered to be a prerequisite for understanding current administration of agrarian reform. This research involves looking into the problems and criticisms of implementing agrarian reform under former President Alessandri, the role of agrarian reform as an issue in the 1964 election, changes in implementation of Ley 15,020 by the Frei administration, and the introduction of a new agrarian reform bill by President Frei. Preliminary research suggests patterns in formulating policy which can be hypothesized to carry over into and influence the implementation phase.

Upon completion of the recent political history of agrarian reform, research will begin on the politics of administering this program. At first this will be centered in Santiago with interviews with CORA and other government officials, union and party leaders, land holders, etc. Eventually a series of

questionnaires will be administered either in all or in a sample of the 12 agrarian reform zones, seeking data with which to analyze the patterns of political relationships and communications which have developed at the local level between those administering agrarian reform and those who are affected by the program.

Work on this project is facilitated by studies already done on the 1962 law by Professor Constantine Menges of the University of Wisconsin and by research currently in progress in Chile by ICIRA on certain aspects of the peasant movement and on administrative problems in agrarian reform.

II. Financial Aspects of Land Reform in Chile

The financial aspects of land reform have been a major topic of LTC Chile research during 1966 and will be so in 1967 as well.

A. Agricultural Taxation

Some of the early findings of this project are reported in Professor Peter Dorner's report on LTC research findings in the appendix of this report. Work has continued on both the land tax and the tax on personal net wealth. In late November, problems of criteria and procedure appeared in expropriation valuations, and they are being called to the attention of CORA and tax service officials.

A "definitive" study of the OAS aerial photogrammetric survey, with specific recommendations for Chile's next re-assessment, should be completed by mid-1967. It will include analysis of the necessary conditions and previous preparation necessary if other countries are to successfully use similar techniques.

Also about June 1967 the Chilean government is expected to introduce legislation extending the personal net wealth tax, now scheduled to expire at the end of 1967. Professor John Strasma, country director of the LTC Chile group, has been conducting relevant studies with and at the request of the Chilean tax service planning group; these studies should also lead to reports early in 1967.

B. Private Land Division

This study by Antonio Idiáquez has not been published in final form and the author is now employed elsewhere. However, the principal findings were reported in the 1965 Annual Report (Part IV, pp. 11-14) and the LTC Newsletter No. 22.

Upon reflection, however, it appears that one additional policy conclusion should be suggested, and if possible tested through further studies in Chile and in other countries. It appears, on the basis of this study, that private land division by sale, under tax or other pressure, is not a satisfactory substitute for land reform in terms of either social or economic results, at least in the short run. If valid, this conclusion has serious implications for the tax studies above.

The buyers reported in Idiáquez' study tended to be persons who already enjoyed considerable local social and economic status, and who had not been denied opportunity for education and social mobility. Genuine farm workers were buyers only for the worst lands and those most distant from towns and without roads.

The buyers in private transactions seemed equally unpromising as prospects for a rapid increase in investment and agricultural output, in many (but not all) cases. Many are professionals and small storekeepers in nearby cities, with no actual farming experience. Some bought parcels for pleasure or as speculations, rather than as farm land. And a large majority committed not only their liquid savings but also their expected investment funds for several years ahead to the purchase of the land. As a result, they were unable to invest much in intensifying the use of the land they bought. They cannot readily obtain bank credit until the mortgage is paid off, and they cannot increase production through personal and family effort because they continue to live in the city and to work at their previous activity. During the first few years, while making the payments for the land, the new owners are just as "land poor" as the typical traditional large estate owner. The argument that tax pressure will lead owners to sell idle or underutilized land to others, who will put it into production, is weakened if in fact: 1) buyers commit all of their liquid savings and short-run income above personal subsistence to the payment for land instead of saving some for investment in the use of the land, and 2) buyers continue to live off the land and to lack farming experience.

Partly from fear that "there would be no large farms left to divide," and partly from discussion of this study, the Chilean Congress rushed through a new law in May 1966 while continuing to debate the land reform bill. The May law prohibited further transfers of land from properties over 80 hectares, except if previously approved by CORA. CORA, in turn, gives approval only if the seller offers a substantial part of the land to his own workers, at a price and on terms which CORA deems within their reach. There is no completed research on the effects of this law as yet, but several brokers

told ESCOLATINA graduate students that the market price of land is much higher, soil quality and location being equal, if the property happens to be under 80 hectares, and hence free from both the threat of expropriation and the CORA intervention in the event of sale.

C. Agrarian Reform Bonds--The Conditions, Terms and Uses Thereof

Much of the Congressional debate over the land reform bill has concerned the characteristics of the land bonds; advocates and opponents of massive land reform at times seem equally confused as to the true nature of government bonds. In particular, some people who should know better seem to think that the bonds are themselves real resources, and that it only takes a bit of legislative draftsmanship to find some way to convert these "pieces of paper" into factories, mines, highways, or intensified investment on the land fundo owners are allowed to keep.

Professor Strasma spoke on financial aspects of the land reform before some 150 persons at a seminar on agricultural planning in November; the question period dwelt exclusively on the bonds. Some wanted to confiscate the land, while others wanted to allow the expropriated landowners to obtain cash immediately, one way or another, if they promised to invest it on their remaining land or in "approved" development projects. Commenting, the speaker stressed the difference in the origins of present land titles and in the nature of the Chilean reform, compared to those of Mexico, Cuba or Bolivia, and pointed out the partial redistribution inherent in the payment of tax values and in the 70 percent adjustment of bonds (and 35 percent for their interest) to compensate for future inflation. He also raised the question of whether expropriated landowners were necessarily better qualified than other applicants for credit or subsidies intended to stimulate industrial, mineral and agricultural development. The point was made that whenever bonds are made liquid prior to maturity or before payment by the reform beneficiaries, the government is required to use resources which otherwise could be devoted to investment in development by the most qualified entrepreneurs, regardless of whether they are former latifundistas.

As the land reform bill stands presently (December 6, 1966), the bonds have the following general characteristics:

1. The bonds are redeemable in 5, 25 or 30 yearly installments, depending upon the grounds for expropriation (e.g., 30 years for abandoned land).

2. The compensation not paid in cash will be divided; 30 percent will be paid in bonds with no purchasing power adjustment, and 70 percent will be paid in bonds whose amortization coupons will be adjusted according to the movement in the wholesale price index from the average level for the year prior to actual transfer of the land to CORA to the average for the year prior to payment of each coupon.

3. Interest will be paid at 3 percent per year, upon maturity of each coupon, calculated on the principal value of the coupon as issued plus half of the price adjustment in the case of the 70 percent with this feature.

4. The bonds are "first class guarantees" and, as such, as acceptable as other government bonds for deposits, contractor performance bonds, etc., but only up to the value of the coupons due to mature during the period for which the deposit or guarantee is required.

5. All bonds are registered, and no transfer is valid until duly recorded by the government agency which handles the service of all public debts.

6. Bonds may be pledged in guarantee of payment for domestic and foreign credit, obtained for investment in industrial, mining or agricultural projects approved by CORFO. However, they will be accepted only for the amount of the coupons due to mature during the period in which the debt is to be paid, and the borrower must prove that he has invested his own cash in the same project, equal at least to the amount received as a cash down payment for the land expropriated from his holdings.

7. For certain projects, provided the borrower invests at least three times the cash payment received for his land, the government may agree to make up the difference between the bond interest (3 percent) and the interest rate on the development loan involved.

8. The borrower may not sell assets acquired with such credit, except in proportion to the coupons which have matured by the time he proposes to sell the assets.

9. When expropriation results in a taxable capital gain, this will be prorated and payable only as each coupon is collected or transferred. The capital gains tax rate, generally 8 percent but 20 percent if the land was bought in 1964 or later, applies only to profits above the base of cost price plus investment in improvements, adjusted to the purchasing power of the year of sale (or, presumably, of maturity of each coupon). Gains solely attributable to inflation are thus not taxed, and presumably the operation of the 70 percent re-adjustment will free later coupons from any tax.

10. Maturing coupons may be used to pay any and all taxes due, including those which must normally be paid in dollars (e.g., copper company taxes).

11. The bonds, including coupons not yet due, may be used to pay inheritance taxes in the same proportion to total inheritance taxes due that the bonds inherited bear to the total taxable inheritance. This also applies to the case in which inherited land is expropriated before the inheritance tax is payable.

12. Bonds, even coupons not yet due, may be used to pay the tax on personal net wealth in the same proportion to total net wealth tax due that the expropriated land value bears to total taxable wealth as of the wealth tax base date (October 31, 1964). In addition, the wealth tax base will be reduced for years following the land expropriation by 56 percent of the face value of the bonds received. This reduction was proposed by the government on grounds that the wealth tax imputes an 8 percent return on all capital, while the land bonds pay only 3 percent. (The 56 percent figure is provisional and will be replaced by amendment to apply different reductions according to the maturity of the bonds.)

13. Bonds may be sold to anyone, at any price, but only after five years have passed from the time of emission. Buyers, at any time, must hold the bonds for at least one year before selling again.

14. Bonds may be transferred to anyone during the first five years if the bond seller proves that he has invested a certain amount in the purchase of common stock in Chilean corporations. The president is to determine in the reglementation of the reform law, the required percentage of the face value plus accumulated price adjustment which must be invested.

> The stock so acquired may only be transferred in proportion to the maturity of the coupons that were left when the bond was sold; the superintendent of corporations has pointed out the nightmare this means for corporate transfer agents, since every case would be different.

This last provision, which was designed solely to bolster an anemic stock market, seems unlikely to survive further Congressional debate. The LTC Chile group has suggested to Dr. Pedro Moral López, FAO agrarian law expert at ICIRA, that it would be more constructive and far simpler to allow bond holders to subscribe for new stock issues of companies undertaking mining, industrial and agricultural projects. The bond would be transferred to the company in full payment of the stock subscription. While the company would not thereby receive liquid capital except as the coupons were paid, it would be much surer of obtaining the payment than when stock is sold by subscription in the usual way, with payment spread over many years and no practical way to collect from subscribers who lose enthusiasm before paying for all the shares subscribed. The company could thus operate with more certainty concerning its resources and could perhaps obtain credit more readily if its projects were sound. Yet no problems are created for the financing of land reform because the bonds are not paid before maturity.

D. Agricultural Credit

Charles Nisbet's work on the informal rural credit market in Chile has been completed much as announced in the 1965 Annual Report (IV, pp. 16-18). The results have been accepted for journal publication in Chile and the United States. This study documents the nature and price of credit farmers get from various kinds of lenders. Nisbet's study differs from others conducted in other continents, in that it includes an analysis of the effects of inflation on the true cost of informal credit, especially on loans that are made and/or repaid in cash rather than inputs, products or consumer goods.

E. Evaluation of Costs and Benefits in Land Reform

The LTC Chile group is cooperating in a major FAO-IDB study on this and other financial aspects of land reform in five Latin American countries (Bolivia, Chile, Mexico, Peru and Venezuela). The study is planned for the first six months of 1967. Dr. Solon Barraclough of ICIRA is directing the Chile portion of the study.

III. Agricultural Development

An encouraging development in 1966 was the beginning of open and intense competition between CORA and the SNA (landowners' association) to show which group of producers can obtain the highest yields. The SNA has retained the services of agronomists of the Catholic University, complete with computer analysis of costs and returns, for 160 of its members who are particularly unhappy with the accusation that large landowners are inefficient producers. The LTC Chile group will report periodically on progress in the race. During 1966, LTC Chile activities in the same general area were largely limited to consulting with the AID mission in Chile in two specific problems:

A. Wheat Development Campaign

The AID mission in Chile asked the LTC Chile group to participate in the study of a proposed major campaign to increase the production of wheat in Chile, for which AID financial aid had been requested. Although the proposal mentioned the need for credit, certified seed and on-time delivery of fertilizer to rural areas at markups below those charged in traditional channels, the proposal in the end advanced no specific solutions except the staffing of a new extension program, to be based at the La Platina research institute and led by the University of Minnesota contract team (under a Ford Foundation grant).

The advisers consulted by the mission concurred that it would be far more constructive to redeem the existing Extension Service if possible, and that substantial resources should not be committed to a wheat program without solving the other problems named. The group also stressed the need to consult the Minister of Agriculture to learn what he feels should be given priority and to find out why the government's own wheat program, launched in two southern provinces with great fanfare six months ago, is or is not succeeding. The LTC Chile group has gathered some unpublished materials on this program which were made available to the mission and to the Minnesota group.

B. Small Rural Industries Project (Canneries)

Likewise, the AID mission asked the LTC Chile group to help in a study of the ill-fated small canneries project, described fully in the Gruening Report (pp. 52-56). One outcome of this project is likely to be a proposed "social sciences checklist" for AID project evaluation procedures, to go with existing procedures concerning engineering and other technical project aspects.

In the course of this study, which began late in November, it also appeared that the whole theory and strategy of cooperatives, so far as rural low-income families in Chile are concerned, would be worth serious research. The canneries project consultant naively assumed that inquilinos and small holders, who may have extra fruit and vegetables from their plots, would be so eager to be allowed to buy a small canning plant (producing about 1,200 No. 2 cans a day) on medium-term credit, that they would be willing and able first to (a) organize a cooperative, (b) find working capital, and (c) find capital and put up a building with satisfactory water supply, bathrooms and hygienic conditions superior to the norm in rural conditions, so that the national health service would grant a permit to operate the canning plant.

As a start, a supposedly successful cooperative was visited. While the manager was enthusiastic about the cannery, it appears that operations will be limited to two months a year, and that commercial operation will only be possible if much larger equipment is obtained after some experience has been gained with the present equipment. Unfortunately, the present installation cost more than E° 10,000 (US $2,000) just for the water supply, bathrooms and building. Since most of the members have only paid in E° 1 in capital stock (although a few have paid in E° 75), this money was raised by diverting capital and credit originated in or intended for other activities of the cooperative, such as the manufacture of brooms and the sale of farm supplies.

The committee named by the mission to study the canneries project, both to seek long-run ways to avoid repetitions and to seek short-run ideas for the disposition of the remaining and unwanted equipment, includes the director of the Peace Corps in Chile, a food processing expert from the University of California, and several staff members of the mission's operations group. The committee, chaired by Professor Strasma, head of the LTC Chile group, will decide soon what and how much research is needed to carry out its assignment. However, there is no doubt that future research in Chile might well try to determine whether and how cooperatives can best be organized with negligible capital contributions by members, and whether the objectives of small rural industries projects (employment, especially off-seasonal and the use of wasted products) could be achieved by encouraging small private industry with less effort than through attempting to force such projects through formal, Rochelle-type cooperatives.

IV. Other Studies

A. Production Response to Price Changes

The second half of this project (see 1965 Annual Report, IV, p. 19), was completed in November 1966 as a thesis for the Agricultural School of the University of Chile and for ESCOLATINA. Although Professor Strasma participated in the early stages of project planning, it was carried out entirely as an ICIRA project. Plans to duplicate copies await evaluation by various professors.

B. Integrated Programs of Credit, Extension and Marketing

This is a study of the programs of three Chilean "companies" which offer service packages including credit, extension and marketing assistance for specific crops (IANSA for sugar beets, COMARSA for oil seed crops, Compania Chilena de Tobacos for tobacco). The purpose of the study is to describe these programs and analyze their effectiveness in diffusing agricultural technology. Of special interest is the effect on farmers' attitudes of the compulsory practice promotion techniques used by the agencies. Also of primary interest is the extent to which technology introduced by the agencies is used on crops other than those under contract.

Each company has been surveyed and some 200 participating farmers have been interviewed. Questionnaires are now being coded. In the meantime it is possible to make some preliminary observations concerning the program of one company (IANSA--sugar beets):

1. Participating farmers are generally happy with the program and would like to see similar ones developed for other crops.

2. The two features of the program they like most are the advance credits and the contract which fixes the price before planting.

3. The feature most often criticized is the company's monopoly on measurement of sugar content and weight of foreign matter. Farmers want an independent entity to make these measurements.

4. There appears to be no resentment and very little consciousness of the "coercion" which the company applies to insure use of modern technology among medium and large farmers. Farmers are vaguely aware

of contractual obligations and possible sactions (including termination of contract and condemnation of the crop) but they tend to regard requirements (i.e., a five-year rotation) as recommendations which they voluntarily follow. Among small farmers who have had no previous experience with modern technology, there is some resistance and even resentment. This is more evident among recent contractees than among veteran producers.

5. IANSA extension agents are very highly regarded and often sought out for advice.

6. There is definitely some spread of technology from sugar beets to other farm operations, notably feeding of silage and beet pulp, improvement of the general rotation pattern (i.e., from three to five years) and increased use of fertilizer and pesticides. At this point we would venture, very tentatively, that the transfer is not so much the result of a basic change in attitude as of practice and experience with such things as securing credit, acquiring inputs and seeking technical advice. This seems to be especially true for small producers. For large producers, "transfer" appears to be mostly a matter of convenience and availability, i.e., having the plane spray other crops when it comes to treat the sugar beets, following beets with wheat to take advantage of left over fertilizers.

C. Agricultural Labor Organization in Chile

The purpose of this study is to describe the nature and extent of Chile's farm labor union movement(s) and to analyze the impact of the unions on:

1. The organization and management of large farms and land reform colonies.

2. Wages and other benefits to labor.

3. Attitudes of campesinos toward the traditional tenure system and toward traditional labor-management relationships.

A major objective of the study is to develop inferences concerning the potential significance of the farm labor movement for agrarian reform. Campesinos (including resident workers, temporary itinerant workers and farm foremen) have been interviewed on 16 large farms between Aconcagua and Ñuble. Several

interviews were done on each farm so as to maintain the farm as well as the individual as a potential unit of analysis.

The same farms were previously surveyed by a team from the Chilean Institute for Research and Training in Agrarian Reform. This earlier study will provide contextual data--i.e., farm size, land use, number of workers, administrative organization--useful for the analysis of the impact of the union on the farm as a unit.

Data on the effectiveness of the unions in bettering campesino incomes will come from individual interviews and from the department of labor, which records many (supposedly all) farm labor conflicts, listing number of workers involved, location of farm, demands made, and settlement reached on each issue of the conflict.

Regarding peasant attitudes toward present tenure and work relationships we expect to find three basic types: traditional or apatronado, reformist, and revolutionary. Demographic data and information on the life experiences of respondents will be analyzed in an attempt to discover correlates of each of these attitude types, if in fact they are found to exist.

D. Tabulation of Data from 100 Large Fundos of the Central Valley

The LTC Chile group is collaborating with ICIRA and the Instituto de Economía in the coding and tabulation of data from a massive survey of 100 large fundos of the Central Valley, which ICIRA was unable to complete. The study, which required interviews with managers and workers during several man-days per fundo, will provide data on:

1. The owner; acquisition, size, tax value, labor force, equipment.

2. The organization and administration of the fundo and of land rented.

3. Land use, including changes in recent years; yields and practices.

4. Marketing arrangements; processing of products on the fundo.

5. Rotations; labor and other inputs for major crops.

6. Worker pay, housing, education, health, etc.

7. Profit-sharing plans, if any.

More important than the immediate data, however, is that the survey is to be preserved in such a form that future LTC-ICIRA-Instituto researchers can readily follow up on the identical lands some years later, for a quantitative and qualitative evaluation of the impact of land reform in the Central Valley.

E. Proposals for Studies of Migrant Laborers and of Minifundia

Chilean students have been invited to prepare proposals for field work in January and February; two seem especially likely to shed light on aspects heretofore unexplored but important to the full success of land reform in Chile. Gonzalo Falabella proposes to study migrant laborers by working with them (as a participant-observer), while several assistants of Dr. Andrew Pearse (ICIRA) are preparing a proposal to work on an area of minifundia with a combined attack on social and economic aspects. Since CORA has stated its intention to include both migrants and minifundistas among those who are to receive land, study of their economic and social conditions and aspirations may shed light on whether, and how, these persons really can be included in the reform program as now conceived.

F. Productivity in Maipu

Sergio Maturana's study has continued under the direction of Kurt Ulrich at the Instituto de Economía. Although the study is still incomplete, it has already provided evidence that the average yields of the lower half of producers, controlled for soil quality, are only a third the yields of the upper half. Present research concerns the added inputs, financial and other costs, that would be required if the lower half were to try seriously to achieve the productivity of the upper half, thereby tripling their production.

G. Water Law

Daniel Stewart's study of water law in Chile, and practical application in the Valley of Illapel, is still incomplete. A portion has just been received and is being reviewed at ICIRA and LTC Chile.

V. Other Activities

Professor Strasma taught a course in agricultural finance during the first semester and a seminar in public finance during the second semester in the Graduate School of Economics (ESCOLATINA) of the University of Chile. Mr. Nisbet presented

his findings on rural credit to one session of the agricultural finance course. Strasma, Nisbet and Imable presented the results of their work to seminars at the Instituto de Economía and at the Catholic University; Strasma also participated in a public seminar on agricultural planning. A short paper on taxation and land reform, written in 1965 by Strasma, was published as an appendix to a paper by Thomas F. Carroll, submitted by the United Nations Secretariat to the World Land Tenure Conference in Rome in July 1966. Another paper, on property taxation in Chile, was submitted to the Committee on Taxation, Resources and Economic Development meeting at the University of Wisconsin--Milwaukee in June 1966.

COLOMBIA

Herman Felstehausen
Assistant Professor, Agricultural Journalism

Cooperative Agreements in Colombia

The Land Tenure Center in Colombia is housed with the Centro Interamericano de Reforma Agraria (CIRA) on the campus of the National University in Bogotá. The LTC staff cooperates with CIRA in some of its Colombian research undertakings and assists in the local teaching and publications programs. The LTC program since its beginning has also had a working agreement with the Faculty of Sociology of the National University. And the local LTC staff serves in an advisory capacity for several research projects of the Instituto Colombiano de la Reforma Agraria (INCORA).

Joint agreements for research have also been made with other Colombian agencies on a project basis. A project to study the quality and distribution of local services is being conducted jointly with the Secretary of Agriculture of Antioquia, the Office of Planning in Medellín and the Instituto de Desarrollo de Antioquia (IDEA). There is an informal working arrangement with the Instituto Geográfico "Agustín Codazzi" for carrying on the local property tax study.

The Staff

The current personnel of the Land Tenure Center with their estimated time in Colombia is as follows:

1. Herman Felstehausen, Country Director & Assistant Professor	Apr. 1966-Aug. 1968
2. L. Harlan Davis, Research Associate	Aug. 1966-July 1967
3. Emil B. Haney, Jr., Research Assistant	June 1966-June 1967
4. Wava G. Haney, Research Assistant	June 1966-June 1967
5. Alvaro Ramírez, Local Investigator	July 1965-
6. Vicente Flórez, Local Investigator	Nov. 1965-
7. Moisés Alvarez, Local Investigator	July 1966-
8. Rosalina Bloomer, Secretary	June 1966-

In addition, the Land Tenure Center has made its facilities available to two U. S. graduate students to assist them in research in Colombia. They are Matthew Edel, Yale University and Ronald Schwarz, Michigan State University.

Previous Research Work

The research program in Colombia up to the early part of this year was focused in two main areas:

1. A series of community studies to learn more about the characteristics of rural people along with a description of their farm holdings, migration patterns and colonization attempts. These studies were directed by Professor A. Eugene Havens.

2. A series of studies of land ownership and use patterns along with attempts to describe the legal and administrative problems of granting land titles, parcellization and credit use. This work was directed by Professor Dale W Adams.

There are a number of publications, motion picture films and other materials from these and other studies available from the LTC office in Bogotá and the Land Tenure Center in Madison.

The Land Tenure Center has assisted in the publication and distribution of five books on Colombian development. These are: Antonio J. Posada F. and Jeanne de Posada, The CVC: Challenge to Underdevelopment and Traditionalism; Antonio J. Posada F. and Jeanne de Posada, CVC: Un Reto al Subdesarrollo y al Tradicionalismo; A. Eugene Havens, Támesis: Estructura y Cambio; Elsa Usandizaga and A. Eugene Havens, Tres Barrios de Invasión; and A. Eugene Havens and Michel Romieux, Barrancabermeja: Conflictos Sociales en Torno a un Centro Petrolero.

Current Studies and Observations

During this year and the first half of next year, the Land Tenure Center expects to focus its Colombian research on problems related to the structure of local institutions and services in areas where the majority of Colombia's rural population is located--the mountainous zones of minifundia agriculture.

According to the 1964 census, there are about 8.5 million rural people in Colombia. Nearly 60 percent of these people live in municipios with a rural population density of more than 25 persons per square kilometer. And almost all of these densely populated municipios are located in the mountainous regions of

the country. Add to this the unequal distribution of land in Colombia (80,000 families control 70 percent of the agricultural land; more than a million of the 1.4 million farms are less than 5 hectares in size), and it is clearly evident that this country can never be considered developed as long as such a large deprived rural group exists.

Agricultural assistance programs in Colombia are often based on the assumption that the rural sector lacks two things: 1) capital for production and expansion, and 2) technology for larger and more efficient production. While these assumptions may be basically sound, such considerations generally ignore the institutional framework which is also an important variable in the production function. We sometimes incorrectly assume that existing Colombian institutions are viable and will aid Colombian farmers in effectively applying new technology and capital. It is our hypothesis that capital development and adoption of technology will not be possible in some parts of rural Colombia until some of the current institutions are modified and others created where none now exists.

The Land Tenure Center in Colombia is currently engaged in four projects which to some extent focus on these questions.

1. A Study of the Economics of the Property Tax in Rural Areas of Colombia (L. Harlan Davis).

Focus. This study will attempt to describe the property tax in two rural municipios--one where the cadastral reassessment program of the Instituto Geográfico has been completed and another where assessments are outdated. The effectiveness of the reassessment program will be studied in terms of tax revenues and equity. Emphasis will also be given to the following questions:

1. The role of the property tax in the fiscal structure of rural government.

2. Who pays property taxes and who benefits from the funds collected?

3. What is the incidence of the tax on income?

4. What are the attitudes of rural people toward local government and the property tax institution? How do rural people participate in local government?

5. What is the result of the recent property reassessment and higher tax burdens on land prices, land utilization and farm production?

Methods and Observations. Studies are now being carried on in two municipios of Cundinamarca. It is too early to draw firm conclusions; however, some preliminary observations are available.

1. As a result of the reassessment program the property taxes have increased significantly, and it appears that assessments are more equitable. However, the Instituto Geográfico's cadastral assessment program is highly complicated, costly and time consuming. At present the cadastral certificate is useful primarily for fiscal purposes.

   It seems to us that the Institute should consider the possibility of lowering the standards of the program in order to expedite and reduce the costs of property assessments. At the same time consideration should be given to the possibility of utilizing the cadastral survey to help small farmers obtain titles to land.

2. The property tax does not appear to be an effective revenue instrument in the rural areas under study. Preliminary data show per capita property tax revenues are about US $1 with only about 35-45 percent of the local government income coming from the property tax.

3. Tax delinquency is high and little effort is made at the local level to prosecute delinquent property holders.

4. It appears that the property tax, even where it is coupled with the application of the net worth levy on land, has had few effects on land prices or productivity. There is such a high demand for land in rural areas of Colombia that the level of tax would probably have to be considerably higher before land prices and utilization could be affected significantly.

II. A Study of the Organization and Management of Rural Service Institutions and the Quality and Distribution of Their Services (Herman Felstehausen).

Focus. The United States and Western Europe serve as examples of the fact that productive, modern agriculture requires highly organized group and community services in addition to modern farm technology and management. This study is an attempt to learn which institutional instruments currently

exist at the local level to provide for roads and streets, education and health facilities, and religious, market, transportation, financial and informational services. The main concerns of the study are:

1. Do these institutional services now exist? If they do, who controls and manages them and how are responsibilities distributed?

2. If these services do not exist, is there a viable structure which can serve to establish the service? Is this process simple enough to be carried out easily and quickly at the local level?

3. What suggestions do local people have for modifying rural infrastructure in order to improve the quality and effectiveness of services? Which existing structures appear to stand in the way of further progress?

4. How are services paid for? Do those who pay the costs receive the benefits? Do those who pay the costs control and manage the services? Is there an established procedure for creating new services when people are willing to pay the costs?

Methods and Observations. This project is now under way in Antioquia in cooperation with the Departmental Government. The southeastern region of Antioquia, composed of one-fourth of the municipalities in the Department is being visited and an inventory form and a series of case studies are being used to record information on all service structures in the municipalities in the region. The Department of Antioquia is giving considerable support to the study. Similar information will be gathered in selected municipios in other parts of the country for comparative purposes and also to establish the representativeness of various types of problems and conditions. The following general observations have come from these studies:

1. Roads. In rural Colombia an established instrument does not exist which is available to local groups for building, maintaining and paying for local farm to market roads. (Municipalities generally do not budget for construction projects.) Colombian farmers are presently in a position to market more food products than they now market, but these products will not be forthcoming as long as current physical and cost barriers exist. There are several aspects to this problem:

a) There is no effective local unit of government to take financial responsibility for rural roads.

b) Even if the people in a given region agree to pay all of the costs of a local road, there is no governmental administrative unit to levy and collect the funds and, furthermore, neither is there a legal and administrative device which assures that collected funds will be spent for the project agreed upon. Thus, the major part of rural road building in Colombia is now conducted on an informal basis by local committees of Acción Comunal.

c) A serious shortcoming of the informal committee (as opposed to a permanent institutionalized device) is that the committee exhausts its energies in organizational problems and fund raising. In addition, it lacks permanency with the result that there is no continuing source of income for maintenance--an important consideration for road projects.

Several solutions to this problem are being discussed and deserve attention. One is to channel municipio and departamento tax revenues directly into the hands of local Acción Comunal groups where the money has some assurance of being spent in the rural areas. A second is to establish a "Rural Road Building Corporation" at the departamento level to handle the financial and planning aspects of rural road building with funds coming from the departmental and national governments. A third is for the department to grant the right to the rural areas of each municipio to form "road building districts" with special tax powers in order to build and maintain roads.

It should be pointed out, of course, that all of these proposals meet opposition from many of the current power holders at the municipio level since they would tend to change the balance of power between the rural and urban sector.

2. Technical and extension information services. Many technical service programs in rural areas have high per unit costs with very limited effectiveness. Studies so far indicate at least two problems.

One is that many of the factors which restrict or discourage farm production are not treated by agricultural assistance agencies. Examples are

the lack of assistance in acquiring additional land, lack of control and title over land cultivated, closed markets and a lack of devices to construct and maintain roads. A second problem is that the effective functioning of local technical agencies appears to depend on the agencies having resources at their disposal which they can allocate locally. Part of the success of the INCORA supervised credit program can be explained in this way.

III. A Study of the Possibilities for Economic Reorganization of Minifundia Holdings in the Colombian Highlands (Emil B. Haney, Jr.).

Focus. The primary objective of this study is to determine to what extent small farmers can improve their production and income through economic reorganization of the farm enterprises and/or through cooperative institutions at the local level.

1. How are small farms currently organized and managed? What new technology is being used? What type of new technology is most effective for increasing the output and the income of small farms?

2. Is labor effectively used on small farms? How does off-farm work contribute to family income?

3. Are national and local services received at the farm level? Which of these services are most effective in increasing farm production and income? How can the existing services be improved, and what new services are needed to improve the welfare of small farmers?

4. If greater production is achieved, how does this benefit the producer? What part of this increment accrues to the farmer and his family, and what part is extracted by market and credit agencies and the local power structure? How are these new income streams used?

5. Is a farm family able to improve its welfare in terms of better education and health if it improves its income? What alternatives are available to these people elsewhere?

Methods and Observations. Emil and Wava Haney are living in the community of Fómeque (Eastern Cundinamarca), where the major part of this study is being carried out. Their work thus far indicates that social and political factors are as important or more important than economic factors in providing minifundia farmers incentives and disincentives to increase farm production and income.

1. A high percentage of operators of small farms are not independent. They depend on off-farm work for part of their income, and they conduct numerous farm operations under share agreements with urban shopkeepers, professionals or other farmers who give them little voice in planning the farm enterprises.

2. An effective economic reorganization of the small holdings could easily double or triple the output levels on most minifundia.

3. But, local markets and services such as education and health are so highly controlled by urban elite groups (i.e., the clergy, professionals, and property owners) that rural people often feel they cannot benefit significantly by increasing production.

4. Most small farmers have not been reached or benefited by the new agricultural services at the national level.

5. Social, economic and political power is often highly integrated among elite groups in such ways that many decisions for economic expansion are taken out of the hands of small farmers. For example, a local professional may own several farms and shops, operate as a middleman in the product and factor markets, make cash advances to small farmers as a way to fix prices, and serve on the city council and local school and hospital boards to monopolize these services or else to keep their investments low while he sends his own family and children to Bogotá for medical treatment and schooling.

IV. The Migration Process in Two Communities of Minifundia in Colombia (Wava G. Haney).

Focus. Two of the same municipios used for Project III will be studied to learn more about out migration as an alternative for rural peasants in minifundia zones located between two major receiving centers--Bogotá and the eastern plains.

1. How many and what type of people are leaving the community and why? Who is coming into the community?

2. Where do the out migrants go, how long do they remain, do they return, if so why?

3. What kinds of communications and mutual aid exist between the migrants and people in their former place of residency? Are present residences permanent or have they thought of leaving? If so, under what conditions?

4. How do the characteristics of migrants and their motives for moving vary between the people of the village and those in the rural areas, and between municipios with varying service structures? How do characteristics vary with distance from the major service center?

5. What are the occupational and residential aspirations of older students? How has their formal education prepared them for adaptation to these goals?

Methods and Observations. Interviews are now being made with both urban and rural residents currently living in Fómeque to gather information about their own migration interests and experiences and the migration of family members. Some family cases will be traced to learn more about migration adjustments and problems. Preliminary data suggest several interesting patterns in relation to migration to Bogotá and the eastern frontiers.

1. The rate of return of migrants to Fómeque appears to be high for both those going to Bogotá and those going to the Llanos Orientales. In spite of poor living conditions in the rural areas, many migrants find that urban slums (including a tin can and cardboard house with no utilities, being away from friends, and having to travel three hours by bus to work) are less desirable than poor living conditions in the countryside. Nevertheless, the majority of the youth have plans to seek employment in Bogotá.

2. Migration to the Llanos Orientales appears to have more basic appeal than migration to Bogotá but is completely rejected by many families on two important grounds: one is health and the other educational opportunities for the children.

If families move to the frontier, education for the children will stop. Many parents feel it is better to sacrifice present income and opportunities if their children can be given an education which will open new alternatives in the future. The problem of health is a very real one. Many heads of families have worked in the Llanos Orientales as laborers with a high incidence of sickness.

These findings provide an important footnote to colonization planning. It may be possible to make the Llanos Orientales a relatively attractive settlement region by providing basically two services--education and health, in addition to a developed road system.

It should be emphasized that all observations presented in this report are based on incompleted studies. Some of these ideas and conclusions will change as more evidence is gathered.

IV

UPDATING OF ACTIVITIES AT FIELD CENTERS

which are listed in the Brazilian field report. Luiz Fonseca's study on information use and practice adoption has been completed and the final report written. John Steele returned to Madison in June and is now preparing the final report for his project on changes in farm organization in southern Brazil.

3. Central America

The projects in Guatemala and Nicaragua are now nearly completed. Lester Schmid, a research assistant in Agricultural Economics, will complete the final report of his study on the migration of agricultural workers early in 1967. James Taylor, a project assistant in Agricultural Economics, will have an early report on his study of migration and settlement in Nicaragua completed in February and a final report in the fall. His project was financed primarily by the Instituto Agrario de Nicaragua (IAN) up to November and is now financed by the Inter-American Development Bank. A new project also was begun in Costa Rica during 1966. The project is designed to evaluate alternative sources of employment for a growing labor force. It is being conducted by Carlos Sáenz and Carlos Quirós, both Costa Ricans and both research assistants in Agricultural Economics at Wisconsin. And a new project is planned for Honduras, beginning in February. It will be conducted by Benjamín Villanueva, a native of Honduras and research assistant in Agricultural Economics at Wisconsin. It will concern institutional innovations in agricultural development and reform policies. A Wisconsin staff member has not been permanently located in Central America during 1966, but supervision has been provided by visits from Madison staff members. During 1966 four Wisconsin members visited these projects for periods ranging from a few days to more than a month. Professor Kenneth Parsons, Agricultural Economics, has been in charge of the Central American projects.

4. Chile

The Chile program is now under the direction of Professor John Strasma, Agricultural Economics, who is conducting a study of changes in taxation legislation and their effects. Marion Brown returned from Chile in October and is now an Assistant Professor of Agricultural Journalism at Wisconsin. Charles Nisbet completed his study of the informal credit market and is now completing his doctoral dissertation at the University of Oregon. Terry McCoy, a research assistant in Political Scie[illegible] went to Chile in September to begin a study of the polit[illegible] of agrarian reform from 1962 to 1967. Strasma is also teaching at the graduate school of economics (ESCOLATINA) of the University of Chile, and ESCOLATINA is cooperating with

LTC projects. A number of the cooperative projects are discussed in the Chilean field report.

5. Colombia

Professor Herman Felstehausen, Agricultural Journalism, is directing the Colombian program, which is being conducted in cooperation with IICA-CIRA of the Organization of American States in Bogotá. Felstehausen is conducting a two-year study of rural services, their availability and use. Professor Dale Adams left Colombia in June and is now on the staff of the Department of Agricultural Economics at Ohio State University. Also in Colombia, L. Harlan Davis, formerly of the Dominican Desk of AID, is conducting a taxation study, Emil Haney, a research assistant in Agricultural Economics, is conducting a study of minifundia in a highland area of Colombia, and Wava Haney, a research assistant in Rural Sociology, is studying mobility patterns in the same highland area. In May, James Grunig, a research assistant in Mass Communications, will join the Colombian group for a study of decision making and use of information and other services by various types of farmers.

6. Venezuela

John Powell completed his study of the campesino federation in August and is now on the faculty of the School of International Relations at the University of Southern California. Jorge Schuster, a research assistant in Agricultural Economics, has completed the field work for his study of the costs of agrarian reform from the viewpoint of an agrarian reform agency and is now in Madison analyzing the data and preparing a final report. At present, no new projects are planned for Venezuela in the coming year.

APPENDICES

Peter Dorner, "Land Tenure Reform and Agricultural Development in Latin America"

Peter Dorner, "Interpretive Synthesis and Policy Implications of Land Tenure Center and Related Research"

John Powell, "The Role of the Federación Campesina de Venezuela and Related Political Aspects"

LAND TENURE REFORM AND AGRICULTURAL DEVELOPMENT IN LATIN AMERICA

Peter Dorner

August 1966

LAND TENURE CENTER
310 KING HALL
UNIVERSITY OF WISCONSIN
MADISON, WISCONSIN 53706

LAND TENURE REFORM AND AGRICULTURAL DEVELOPMENT IN LATIN AMERICA*

Peter Dorner**

I

Much of Latin American development has been achieved through a process of exploitation--of land, mineral resources, and, most significantly, people. Great inequalities in resource ownership and income distribution, the low level of literacy, skills, health and social development, especially among the rural population, support this conclusion. The mass of rural people of Latin America labor and produce goods which they cannot retain, and very few investments are made in their behalf. Thus the paradox of large capital cities and commercial centers with all the manifestations of modernity, with the mass of people disconnected from the benefits of economic citizenship.

Exploitation of natural resources (including people) during the developmental process is not an uncommon experience among nations. But unless the fruits of this exploitation are utilized in creating a productive potential capable of perpetuating an adequate growth rate, the resulting stagnation is extremely difficult to overcome.

Economic development, at least in early stages, requires a production surplus in agriculture to feed the non-farm workers building the roads, the shops, and the factories. The nature of the devices used to siphon off this surplus varies in accordance with the economic and political organization. But this squeeze on agriculture cannot continue indefinitely. It must soon be accompanied by off-setting public investments.

In the U.S., this return-flow of investments included public subsidies for the construction of transportation networks, land grants for the establishment of agricultural colleges, federal financial support for agricultural

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* Statement presented to the Subcommittee on International Finance of the House of Representatives Committee on Banking and Currency, Washington, D.C., August 29, 1966.

**Professor of Agricultural Economics and Director of the Land Tenure Center, University of Wisconsin, Madison.

experiment stations and extension services, building a system of rural credit institutions, direct payments for soil conservation practices, price support programs, etc. All were part of government policy aimed at achieving increased agricultural production and helping to re-dress the distortions in the distribution of income and opportunity which accompany development.

In Latin America this reverse process of public investment and re-dress has been neglected. With land and political power concentrated in the hands of relatively few people, the squeeze on agriculture did not affect the resource owners. The squeeze was on the landless, uneducated peasants who had little voice in economic and political affairs. Public investments that were made favored the resource owners and not the masses of rural poor. While conditions have changed somewhat, the above sketch continues to characterize large areas of rural Latin America. It is no simple matter to correct the neglect of several centuries. The peasants are not stupid and lazy. They are unschooled, poor, unorganized, and neglected.

Although individuals enjoyed few rights, these class-structured systems offered security at low levels of living to the vast majority of people in years past. It was security based not on public procedures but on the personal judgment and goodwill of the benefactor. But tensions in Latin American rural sectors are rising because fewer people than formerly can be provided with this security, and it is less assured even for those who are tied in with this traditional system. Larger populations, higher rates of population increase, and aspirations for a better life on the part of these increasing numbers are major new conditions for which these traditional systems have no adequate response.

Without strong rural organizations pressuring for change, there is little incentive for a re-distribution and a widening of opportunities. People in power do not, without good reason, initiate action which deprives them of special privileges. The basic dilemma is this: a major investment program in human and material resources creating an opportunity-oriented system reduces the short-run advantage and privilege of the favored group, whereas a system built on inequality and privilege appears inconsistent with economic development.

II

Under circumstances of great inequality and lack of opportunities, private property, freedom of contract, and competition frequently accentuate the inequality. The result is laissez faire with a vengeance. It is not surprising that many of the underprivileged respond to the suggestion that the root evil is capitalism, frequently equated with foreign investment and monopoly. There is nothing inherently evil in foreign investments or oligopolistic market structures if political and economic institutions exist to make them responsible and responsive to public needs. But there is no assurance of performance in the public interest in the absence of such institutions.

We err in assuming that performance is the same whenever we use the same words in describing an economic and political system. We continue to be burdened with those rigid 18th century dichotomies which tend to place all questions of economic and political organization in a moral context. The gap between the either-or is so large with no admission of shades of grey that one must be good and the other bad. But democracy does mean something different in the Latin American context that it does in the U.S. The institution of private property does lead to different consequences. And so on.

Institutional forms and systems such as democracy, private property, free enterprise, and competition have consequences far different in an open, free, mobile society with alternatives widely recognized and available than they do in a closed, class-structured, immobile society with alternatives greatly restricted. Performance of these institutions will vary with the shades of variation in these conditions.

Latin American legislation and legal codes frequently appear inconsistent with existing conditions. One is not too surprised to find a discrepancy between the law "on the books" and its particular interpretation and application at the local level. These discrepancies are common in all systems. It is surprising that much legislation seems to assume an equalitarian society free from major coercive elements. To equate this assumption with the reality leads to misinterpretation of the problems. The discrepancies may not even come to the attention of a somewhat isolated and

sheltered urban bureaucracy since feedback is restricted by the coercive structure of power.*

Reform of the land tenure system may appear to violate some of our values with respect to such institutions as private property, freedom of enterprise, and competition. But distributive reforms are not inconsistent with these institutions. Quite the contrary, these institutions do not perform in the public interest until there is a more widespread distribution of power and opportunity. While my faith does not carry me as far as that of some large landowners who argue that private property is a God-given right the expropriation of which leads to the destruction of the family and indeed civilization itself, I do concur in the logic of their argument which should lead them to suggest its wider distribution since it obviously cannot perform these important functions if most families are without it.

III

There are interrelations between the rate of economic development (available opportunities) and the land tenure system. Under conditions of rapid industrial growth with employers searching for laborers, the economic state and condition of agricultural workers would soon improve--they would have new alternatives, greater opportunities for education and development of new skills, more bargaining power, etc. The response of rural employers to their workers would then have to be quite different from what it is today. This would alter the terms and conditions of tenure. But in the absence of changing economic alternative, tenure systems are characterized by personal dominance of the landlord over those in inferior tenure status. Where the alternatives in the labor market are the major factor in determining the terms of tenure arrangements, personal influence of a landlord and a tenant are secondary.

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*Manifestations of inequality are certainly not absent in the U.S. as the civil rights struggles and demonstrations well illustrate. The best that can be said about the deplorable situation of rural and urban slums in a U.S.-Latin American comparison is that the proportion of underprivileged in the population is reversed (25-75 vs 75-25). This permits us, but not in good conscience, to treat ours as a fringe problem. But in some Latin American countries where upwards of 75 percent of the population is in this underprivileged category, it cannot be overlooked as a central issue in development.

In view of these interrelations and the urgent need for increased economic growth to meet the demands of rapidly growing populations, some have proposed a crash-program of industrialization, pulling people in from rural areas to the cities where birth rates can more easily be checked, and relying on the increased demand for farm products to provide the incentive for a return flow of capital into agriculture which would serve to re-organize the farm sector into large, efficient, mechanized labor-extensive units.

Considerable reliance for labor absorption is placed on the fact that industrial plants are not used to capacity. Adding another shift to bring all plants to capacity operation would be the first step. But the scale of industrialization in many of the Latin American countries is such that even running all existing plants at full capacity would not likely absorb the unemployed (or grossly underemployed) now living in or on the fringes of the large cities, much less withdraw any excess population from the countryside. Although the proportion is declining, Latin American rural populations continue to grow in absolute numbers.

It is doubtful whether poor, illiterate peasants can be absorbed successfully into the industrial and cultural life of the cities at a rate faster than the substantial farm-city migrations of recent years without creating insurmountable problems in the urban areas. In the U.S., with much greater urban influences in the rural sectors over a long period of time, the inability to absorb unskilled labor has resulted in major pockets of poverty in rural areas and a large segment of unemployables living in large city slums.

Gunnar Myrdal has reminded us that frequently industrialization in its early stages actually displaces people. Where industrialization implies a rationalization of more labor-intensive methods, the new industries will outcompete craft and traditional production, and the net effect on labor demand will be negative. Thus industrialization may release more labor than it employs.

In a system where a large proportion of the population is engaged in agriculture (40-60 percent or more), a non-progressive agriculture can serve as a drag on economic development. It is only as the productivity in agriculture advances that industrial expansion can continue. The record of agricultural output has not been all bad over the past decade (1954-1965). Although there are major exceptions, with some countries falling far behind, food production per capita for Latin America as a whole remained more or less constant.

These figures, however, do not tell us how the income generated by this agricultural production has been distributed among landowners and farm workers. And the distribution of income is a key determinant in the developmental process. On the one hand, incomes can be so equally distributed that all current production is consumed--no savings, no investment, no development. Some inequality in distribution is necessary and is, of course, inevitable. So long as the people receiving the high incomes save and convert these savings into productive capital through investment, development can take place. But the great income inequalities in most Latin American countries provide neither the demand stimulus that would occur if greater equality existed, nor the supply stimulus that would result from investment of the savings by the high income recipients.

The British economist, Nicholas Kaldor, concluded from a Chilean study that if luxury consumption could be reduced to a more modest proportion of the income of property owners, the proportion of savings in the national income would be considerably raised without lowering the standard of living of the mass of the population. Other estimates show that net investment in Chile would have been doubled in 1955 had the personal incomes of the 10,000 large rural estate owners been invested.

The impact of a more productive agriculture on general economic development depends in great part on the distribution of this production, and the consumption-investment patterns of the high income recipients. So long as the basic agricultural resources are owned and controlled by a small group which collects most of the income without making major productive investments, the stimulus cannot be too great. Under these circumstances, extension of the domestic market required to support industrialization cannot be realized. Even the establishment of a more productive agriculture will not assure general economic development rates sufficiently high to meet the demands of a rapidly growing population. The amount and kinds of investments that this increased agricultural production generates and the income distribution patterns are key elements.

IV

A number of analysts have recently reminded us of the requirements of agricultural development. The formulations differ somewhat, but all emphasize the strategic importance of agricultural research capable of providing a constant supply of profitable production innovations, two-way communication between experiment stations and farmers bringing new knowledge to farmers and bringing farm problems requiring

solutions back to the researchers, a well organized system for distributing production inputs to farmers (seed, fertilizer, etc.), incentive prices, and service agencies to aid farmers in production and marketing such as credit, marketing cooperatives, etc.

It is well to be reminded of these basic requirements. And they are reminders. They define the well known but strategic elements in the development of agriculture in the U.S. and other advanced countries. Similarly, Rostow's "national market" concept is a reminder of one of the basic principles enunciated by Adam Smith almost 200 years ago. There is little to argue with these points.

Yet these formulations beg the important question: is it possible to implement these requirements within the present institutional structure of which land tenure is a significant part? As Erven Long once said, in the absence of fundamental institutional changes throughout these societies, agricultural science will continue to preach its sermons to an empty house.

A great effort has been made in attempting to establish cooperatives, extension services, and supervised credit programs. But the results have been, almost without exception, disappointing failures. When the mass of farmers have no resources, no secure claims on the income from their use, no decision-making authority, and no experience in collective action, these results are not surprising.

Attention lately has been given to price rations of farm inputs and outputs, the contention being that prices received by farmers are low relative to input costs. Consequently there is said to be little incentive to adopt new practices, to use more fertilizers, etc. While I do not deny the importance of price incentives, the validity of the argument for higher producer prices is far from clear. There are wide variations, within every Latin American country, in land use intensity and farming profitability within any farm size group, all operating under similar cost-price relations. If it is possible, as it is, to make a reasonably good profit in farming, why do not more of the large farms increase their investments to realize these profits? One answer might be that such investments on a large scale throughout a nation's agriculture are viewed as endangering present positions of power. The greater technical complexities of modern farming, especially in livestock production, require better educated workers. Initially this means higher taxes to build schools and train teachers; in the longer run it means managing a labor force more aware of the economic possibilities and likely to insist on a larger share of the increased produce. These prospects could be viewed as a threat by present holders of land.

But perhaps of greater significance is the fact that those in control of most of the land resources have alternative investment possibilities. With low labor costs and low taxes, even extensive land use can provide substantial earnings from a large farm. And it may be much simpler and more lucrative to invest in urban real estate than to invest in farming. This raises the basic question of whether or not those with the ability and alternative to invest in urban sectors should do so, at the same time turning over the rights to land to those individuals without such ability and alternatives but with the willingness to invest in agriculture even at relatively low returns. It appears inconsistent with economic development to have farm prices sufficiently high to make investments in agriculture more attractive than in industry. There is a contradiction in the requirements for economic development. Investments in agriculture must be made and agricultural productivity must increase and at the same time the terms of trade must be kept somewhat unfavorable to agriculture.

It is almost universally true that monetary returns to investments in domestic agriculture are somewhat lower than in other sectors. Consequently, people who are willing to invest in agriculture even at a slightly lower return than might be possible in other sectors must get control of the land resources. With decision-making authority over land use, and with the fruits of these decisions accruing to those that make them, there is an incentive to utilize available labor more effectively in the construction of farm capital--land clearing, drainage, irrigation works, fencing, accumulation of livestock inventories, etc.

Reasoning from U.S. experience without due attention to differences in procedures and institutional arrangements in other countries can lead to wide error in prediction. The conventional agricultural policy prescriptions so widely accepted in the U.S.--research, extension, credit, price supports, cooperatives, etc.--have different consequences when they are introduced into a system of gross inequality in resource ownership and income distribution. Some of these measures may simply make present inequalities more pronounced; others become meaningless slogans incapable of taking root in the existing social-cultural setting. In those cases where the basic system of property rights and the social structure have been altered (e.g., Mexico, Bolivia, Venezuela) there is increasing evidence that such policy measures then become strategic in the further development of agriculture.

Underlying much of our development theory and planning is the implicit assumption that the energizing force in the development process is provided primarily by the top echelons of administrators through the investment plans and projects they direct. However, systems based solely upon authority without enlisting the informed self-interest of the farmer have not worked well. Where wealth and power are a monopoly of a small minority of the population the masses are excluded from all incentives to improvement.

Releasing and fostering the creative human energies of the masses is strategic to any developmental effort. While exploitive measures can carry development to a certain stage, eventually it is the mass of common men and women who must provide the energy, the markets and the creative drive to keep the process going. But this requires effective economic and political citizenship much more widespread than exists at present in much of rural Latin America. These are some of the basic issues underlying reform and, consequently, economic development.

Distributive reforms appear to be a strategic aspect of policies for development in most Latin American countries. Of course research in the biological and social sciences is required. But there is sufficient evidence that many of the research results available are not being utilized and applied. It is possible that though the knowledge exists, the inputs are not available. Here again, these inputs are available to some and could be available to many large farmers with an interest in agriculture. If there existed an energetic group of entrepreneurs pressuring for them, they might now be more widely available. Conceivably, credit is lacking for the purchase of these inputs. Yet, when one notes the high personal consumption levels among large farmers and the fact that most of the credit allocated to the agricultural sector goes to the large farms, but not always for farm investments, this too becomes a weak argument. It may also be that the marketing system is not well developed. Here again, the large farmer certainly has the advantage of establishing direct connections with wholesalers, exporters, etc.

There is obviously some validity to all these frequently heard complaints. In all cases these deficiencies are much more restrictive for the small farmer than for the large one. And the large landowners must ask themselves, 'Who has been

in charge all these years? Why have these elementary services not been developed more adequately?" They will know the answer.*

V

Major migrations from rural areas to the capital cities under conditions of widespread unemployment in these cities is a measure of the failure of the agricultural sector in these countries, not a measure of its success. In countries with a flexible opportunity structure, agriculture serves as a haven, a refuge from the impersonal market forces. Agriculture should release people to industry only as they are needed and can profitably be absorbed. Students of the Mexican reform experience agree that one of its major contributions was the creation of conditions in the rural sector which made it possible for this sector to hold people, thus providing sufficient time for the government to undertake an investment program for development.

Thus the rationale for distributive land reform can be classified as follows:

1) Greater social and economic justice, a re-dress of power, wealth and opportunity to achieve greater equality within the society, wider participation and stability in the countryside giving governments a chance to launch investment programs.

2) Greater ability on the part of governments to apply a squeeze on agriculture resulting in new governmental revenues (revenues which presently go to resource owners and which governments find impossible to extract) and at the same time giving the mass of farm people more purchasing power to buy goods that support local industry (in other words, a greater supply and demand response from agriculture).

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*This is not to indict individual landowners or even large owners as a group. Activities of U.S. companies in certain periods tended also to produce the above-mentioned results. Delineating historical causes is not my purpose. Suffice it to say that the system which evolved and now exists contains the rigidities outlined, and the people in power have to re-evaluate past positions if the required changes are to be introduced.

3) Increased incentives for agricultural producers through improved markets and incomes, greater availability of consumer goods, clear titles to land, improved tenancy arrangements and share contracts, etc.

4) Providing a general re-orientation in the institutional arrangements which provide a development impetus and create a new vitality within a society.

Admittedly these are ideals hoped for, but they cannot materialize without a great effort in many other areas. Land reform offers no panacea, no simple solution to the momentous difficulties of economic development. Perhaps the situation in most Latin American countries is not yet considered so urgent as to require such drastic measures. But once the urgency is fully registered it may be too late to transform the system through peaceful and orderly processes. Likewise there are dangers in distributive reforms accompanied as they will be, almost inevitably, with some confiscatory measures. Care need be exercised that confidence and security of expectations of potential investors, including the expropriated landowners, is not destroyed. But there is no risk-free solution.

VI

Proposals for indirect measures to accomplish the same results as distributive land reforms are frequently advocated. The major ones are tax reforms, and minimum wage legislation and tenancy reforms.

Viewed abstractly, progressive income taxation can be used for income redistribution just as progressive land taxes (increasing with size of holding) can lead to land redistribution. But the fact remains that progressive taxation as an effective vehicle for income redistribution has been successfully used only in highly developed countries.

The public imagination is not to be captured by tax reforms. Although agrarian reforms can have the enthusiastic support of the peasants, tax reform invariably produces intense opposition without garnering offsetting support. Politically, taxes are never popular, even among the potential beneficiaries.

In addition to problems of enforcement and lack of support, increased land taxes, although obviously required, have many other weaknesses insofar as realizing distributive land reform objectives are concerned. Landowners may require more work of their laborers without more pay and release workers to make up the increased tax bill thus adding

to the social problems. Some advocates of increased land taxes anticipate that many of the extensively operated large farms would be sold to entrepreneurs who would use the land more intensively. But there is no large buyers' market for these huge estates. If there is progressivity of taxes by size of unit, paper subdivisions can be employed to circumvent the intent of the law. And even if actual subdivision does take place, very few (if any) farm laborers will have the financial capacity to obtain a farm. Finally, such a tax law on the book's may provide the rationale for opposing other reform measures.

Some of the same weaknesses are inherent in improved wage legislation and tenancy reforms. Unless there are strong rural labor (or tenant) organizations, such enforcement is difficult. Indeed such regulations have caused landowners to withdraw lands from commercial use or to substitute machines for men, so that rural job opportunities are reduced and the economic status of the peasant is worsened. These measures must be viewed as supplementary to but not as substitutes for distributive land reforms.

And the specific agricultural policy measures frequently recommended (research, extension, credit, supply inputs, incentive prices, etc.) may be inadequate to get the system moving in new directions. Some of them have contact with the basic issue of concentrated economic and political power. This issue can only be confronted by developing an alternative source of power to challenge the position of those in whom this power now resides. Research from Mexico, Bolivia and Venezuela yields consistent and supporting evidence for this view. Confidence and self-respect among the underprivileged rural people can only be built through organizations which provide them with a vehicle for expressing their needs and desires and releasing their creative energies.

INTERPRETIVE SYNTHESIS AND POLICY IMPLICATIONS OF LAND TENURE CENTER AND RELATED RESEARCH

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LAND TENURE CENTER
[illegible]
UNIVERSITY OF WISCONSIN
MADISON, WISCONSIN 53706

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INTERPRETIVE SYNTHESIS AND POLICY IMPLICATIONS OF LAND TENURE CENTER AND RELATED RESEARCH*

By Peter Dorner
Director of the Land Tenure Center

Introduction

". . . the process of foreign assistance," said David E. Bell, former administrator of AID, "is inherently dependent on research. It is often described as a process of transferring know-how, but this is plainly wrong; it is instead a process of developing know-how--a process of finding out what will work in Nigeria not of transferring what has been found to work in Nebraska. It might well be, if we understood our own business better, that the whole process of foreign aid would be best thought of as a research process, aimed at learning how to move a particular society, with its special and unique characteristics of history and culture and physical geography, toward specified objectives."[1]

This is an important insight. Yet, because of the complexity of social-economic-political systems, adequate conceptualization of the process to which he refers has not been achieved. Attempts at such conceptualization have resulted in more restricted models. Even then, reliable, scientific evidence is scarce. And this is not surprising since there are always gaps, sometimes complete voids, within the puzzle which have to be filled in with hunches, opinions and deductive reasoning. Any major policy position can be refuted and countered by another which is reasoned from a different set of premises. The strands of history are untangled with difficulty; it is no simple matter to arrive at some total explanation of the developmental process.

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*I wish to acknowledge my debt to five students whose work in summarizing key points in the literature and assembling information made this report possible: George Drake, James Grunig, Rubens Medina, Fernando Monge, and Rodolfo Quirós. Comments by Professors William Thiesenhusen and John Strasma on an earlier draft were especially useful and appreciated. I, of course, assume full responsibility for all statements made in this report.

[1]Address by the Honorable David E. Bell, Administrator, Agency for International Development, Department of State, before the American Society for Public Administration, Statler-Hilton Hotel, Washington, D. C., April 15, 1966.

But complexities and heated controversies notwithstanding, policy makers and administrators are faced with the practical question of what to do and how to proceed with the process of development. And they do not begin with a clean slate. Rapid population growth, widespread unemployment, chronic inflation, existing institutional structures, lack of capital and trained manpower, a small industrial base, unrest in the countryside--these are but a few of the "realities" that face many Latin American governments. Introduction of modern technology in certain lines of production and communication and the heightened aspirations of large segments of the population have upset the equilibrium of the traditional Latin American systems.

Some progress in development and industrialization has occurred in Latin America (especially in some countries). But given the rapid growth in population and compared with rapid advances in the developed countries, progress does not seem sufficient throughout most of this region.[2]

This statement does not deal with the entire array of issues in development. Presented here are the findings of research, mostly studies in depth of particular institutions or local conditions. The purpose of this report is to provide an interpretive synthesis and point to some policy implications growing out of this research.

II. Tenure Systems and Evaluation of Present Performance

A. Land Ownership Concentration and the Use of Power

In spite of many difficulties, there have been sufficient field studies and refinements in census data to show clearly that from 5-10 percent of the landowners in most Latin American countries control from 70-90 percent of the agricultural land.[3]

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[2]Solon L. Barraclough and Arthur L. Domike, "Agrarian Structure in Seven Latin American Countries," published in Spanish in El Trimestre Económico, Vol. XXXIII (2), No. 130 (Mexico, Abril-Junio de 1966), pp. 235-301, and scheduled for English publication in the November issue of Land Economics. This is a summary statement of the first phase CIDA (Interamerican Committee for Agricultural Development) studies directed by Barraclough. Land Tenure Center personnel actively participated in several of these country studies. The seven countries were Argentina, Brazil, Chile, Colombia, Ecuador, Guatemala and Peru.

[3]Ibid.

In Guatemala, given rapid population growth since overall country tabulations were last reported, there are perhaps nearly 90 percent of the farm units at or below the size level needed to utilize fully the labor of one family.[4] In Costa Rica, land concentration is much less pronounced, but there are substantial numbers of very small farms, minifundia, even though areas of the country are still available and suitable for agriculture.[5]

Study after study could be cited giving details by countries.[6] The general conclusion is that land ownership (and in some countries or particular regions of all countries also operatorship) is concentrated in relatively few hands. This in itself may not be too significant unless it can definitely be shown that a particular size range is inferior or superior in productivity or some other important measures of performance. But the evidence is not clear. There certainly seems to be a gross misallocation of land and labor resources, with large units wasteful of land and small ones wasteful of labor.

Less research has been done on specific tenure forms and their relation to performance. The reason for this may be the magnitude of size differences which makes classification by specific tenure forms insignificant. It is more meaningful to group a renter of 3,000 hectares with an owner of equal size than with another renter who may rent only three hectares. Stratifying by size and tenure in any given area (more or less homogeneous with respect to other characteristics) leads to small numbers in each subclass of the large farm groups and makes comparisons difficult. Consequently size alone is frequently used as the key classifying variable. Furthermore, the common U. S. family farm tenure forms of owner, part-owner, renter and sharecropper are far from exhaustive of the multitude of tenure forms found in Latin America. The owner of a large farm may operate the farm himself or turn over all decision making to an administrator. The labor supply may be entirely or in large part living on the farm and working

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[4]Lester Schmid, "Preliminary Report of Study of Migratory Labor in Guatemala," Land Tenure Center project in process.

[5]George W. Hill, "The Agrarian Reform in Costa Rica," Reprint No. 6, Land Tenure Center, University of Wisconsin, Madison (reprinted from Land Economics, 40 (1): February 1964).

[6]Barraclough and Domike, op. cit., give good country breakdowns. See also Michael Sund, Land Tenure and Economic Performance of Agricultural Establishments in Northeast Brazil, unpublished Ph.D. thesis, Department of Agricultural Economics, University of Wisconsin, 1965 (an abbreviated version of this thesis is available as Research Paper No. 17, Land Tenure Center, University of Wisconsin, Madison); Dale W Adams, "A View of Minifundia Problems in Colombia," Mimeografiado No. 32, Centro Interamericano de Reforma Agraria, Bogotá, Colombia, November 1965.

small parcels of land, or most of the labor may be hired from outside. Or a large farm may be sharecropped on part of the acreage while the remainder is operated in one unit by the owner's administrator. The sharecroppers may indeed be independent farmers. On the other hand, they may be little more than laborers taking orders from the administrator. It is no simple matter to define the size of unit or the tenure form. Some large farms support a school, a chapel, a medical station, etc., while others do not. How should these costs be considered? All these add to the complexities of analysis. Each case seems unique. This is why evidence on the relation between tenure forms and performance is so difficult to establish.

A recent U. N. report showed a slightly positive correlation for developed countries between the proportion of land under tenant farming and the increase in per hectare output over the decade ending in 1962-63. For the developing countries included in the analysis, the correlation was practically zero.[7] Such categories, of course, do not differentiate by sub-categories within tenure groups nor take into account the size of unit.

In Latin America, the size dimension is dominant over any other tenure consideration. Yet, it is a misplaced emphasis, I believe, to build the analysis around this land ownership concentration without recognizing the fundamental problems which are less measurable but closely associated with size. Indexes can be devised which would show high concentration ratios in certain regions of the U. S. But the same index of land ownership concentration is much less relevant in the U. S. than, for example, in Ecuador. Without employment alternatives and effective collective action with which to confront the landowner, the ownership of land is also the virtual ownership of labor. It is the basis of social class distinctions and the basis of power--power to command others to do one's bidding. It is true that this power has been eroding with increasing labor mobility, some industrialization, and in some instances effective rural labor organizations. But a concentration of economic and political power remains one of the key issues in rural Latin America. And it is the root issue in reform.

The issue of power can perhaps be best illustrated in relation to water use and regulation in areas dependent on irrigation and/or where there is also competition for other uses. The very nature of water as a mobile resource and the fact that it varies in scarcity year by year depending on precipitation provides a good opportunity for observing the use of power with respect to

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[7]United Nations Research Institute for Social Development, "Land Tenure, Land Concentration and Agricultural Productivity," paper presented at the World Land Reform Conference, Rome, July 1966.

its appropriation.[8] Our studies in both Colombia and Chile have demonstrated this. The following is taken from a study in Chile.[9]

> Throughout the post-middle age development of water law doctrine in Spain, two threads, each of which has its own theoretical basis, interrelate without ever clearly ending with one or the other in ascendence. These two doctrinal threads are (1) the concept of running waters as a thing belonging to the inhabitants of the nation as a whole, in common and as public and (2) the opposed concept that waters, like any other element, except the sea and the air, could be and in fact were appropriable to private ownership.
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> These two threads persisted in Spain, and when the Indies were incorporated to the Crown of Castile after 1492, they became evident in the Colonies. On the one hand, royal permission was given to alienate the Crown's lands and waters in the newly discovered territories, apparently with full private property rights. On the other hand, early in the settlement the Crown declared all the waters and woods, among other things, in the Indies to be common property for the use of all Spaniards and Indians alike.
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> This 'common property' concept of water was carried over into the Civil Code of Chile. That code, adopted in 1855, specifically declared all rivers and major lakes to be national goods of public use ('bienes nacionales de uso público') and, although allowing riparians to make use of such waters, declared unequivocally, that such permitted use did not constitute dominion over said waters. In the Civil Code the qualification of these waters as national for the public use meant, and was so declared, that the state was responsible for regulating their use among the nation's inhabitants. But the other thread was

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[8]Joseph R. Thome, "Water Regulation and Land Use: A Colombian Example," LTC No. 15, Land Tenure Center, University of Wisconsin, Madison, April 1966. This study shows the limited effectiveness of a regulatory agency due partly to the influence and power of large landowners.

[9]Daniel Stewart, "Preliminary Report on Aspects of Water Law and Agrarian Reform in Chile." This study was sponsored by the Land Tenure Center in cooperation with the Instituto de Economía, Universidad de Chile and ICIRA, Agrarian Reform Training and Research Institute of Santiago, Chile. In the text following, I am condensing somewhat the original statement prepared by Stewart.

not eliminated from the code; on the contrary, the code guaranteed all previously acquired property rights--including those over water.

Thus what was at issue in 1855, and right down to the present time, the 1951 Code for water notwithstanding, is to what extent private rights to water had been acquired prior to 1855, and how these rights could be evaluated, i.e. measured, in a meaningful way. Today the issue is further complicated by the question of what rights to use water acquired after 1855 were in existence at the time of the 1951 Water Code, how these could be evaluated, and what they became as a result of the code. Fundamentally, the issue is whether or not, and if so to what extent, private rights to water are recognized and protected by the Chilean constitution.

These two doctrinal threads interwoven throughout Chilean history show a struggle between the older feudalistic concessions of extensive private property rights in waters and lands as rewards for services rendered, and the central government's administrative control of a resource often treated as a public good. Economic and social realities of the time determined the relative importance of one or the other of these threads: the necessity of recognizing private rights to water irrespective of doctrine when the 'conquistadores' demanded rewards; and the resurgence of the 'common ownership' of the waters when the action of private entrepreneurs was under pressure by those demanding more production and a different distribution of wealth and opportunity.

Thus there is no one 'true' water law doctrine for Chile. Rather, there are two extreme positions which have constantly been at work; whichever one is 'victorious' depends on a factor that is omnipresent when one investigates not only the doctrinal issue--which is quite up in the air, so to speak--but the law as it was applied. And that factor is none other than the factor of <u>power</u>.

In speaking of power, I do not mean absolute power, but that qualified power which enables one party to get from another party more than might be expected to be gotten if that degree of power did not exist. And precisely because it is not absolute power, such as that exercised by a despot over a subjected people, it is a difficult concept to demonstrate and to work with. But it, more than legal doctrine, is what determines which thread is going to predominate in fact if not in law.

In the case study [carried out in the Valley of Illapel] it is clear that irrespective of doctrine, in practice there exists in Chile a certain 'limited' private power which is capable of being exerted when it is felt necessary and which cannot be counterbalanced under the existing legal and institutional structures. This is not to say that such an exertion may not lead to a more efficient use of water; it is only to indicate that it is used extra-legally and without, if you will, any prior justification of its efficiency whenever it suits the interests of the one capable of exercising it. The issue is a subtle one, precisely because the power exercised is not limitless, and it is trying to define the limits of such power that requires careful analysis.

The research in the Illapel Valley shows that the distribution of property in Chile has produced a situation in which the legal concepts of private property rights in land and water, the concepts of freedom of contract and reciprocity among 'equals' cannot be expected to function smoothly when a conflict of interests between the parties arises. No matter what the law provides, if the solution to conflicts among parties with gravely disparate economic, social and political resources is left to a laissez faire judicial process, the more powerful party is going to get more than it might if somehow the bargaining position of the parties could be more nearly equalized. And if the distribution is left to an organization of irrigators as if they were all of more or less similar economic and social standing, the more powerful will even become more predominant.

In the present state of affairs in Chile, at least until 1964 and perhaps even after depending on how some of the reforms proposed by the present government are implemented, government has been employed not to administer the 'thread' of common property zealously and objectively, but rather as an ally of the parties who have asserted the other position. Thus, one sees a process by which the unequal positions of the individual parties is made even more pronounced by the operation of government in such a manner as to accentuate the imbalance and not to attenuate it. The crucial issue is how in fact the power of the government is to be used to counterbalance the unequal distribution of power among the existing claimants to the nation's water resources. And this goes to the very heart of the matter as presented by the supporters of the two diametrically opposed 'threads of doctrine' with regard to water: (1) should water be viewed as any other property right and more or less be distributed by the market, or

(2) should it be administered by a central authority as it deems best under the circumstances?

In the past, government and those who have had the lion's share of power have been almost synonymous, and it is only to be expected that the interests of the powerful would have been allowed to prevail. Whatever the legal system, and it can indeed be argued that the system was one which emphasized the common nature of waters doctrine, as long as government was either an active force in favor of the powerful, or a silent observer, it could not have been, and was not, capable of redressing the balance of power. As we know from U. S. experience, resort to lawsuits is a costly process and one which requires considerable practical skill. With a very exaggerated gap between the incomes of the less powerful and those of the more powerful, how could it be expected that in the long run the weaker party would be able to continue to assert his 'legal rights,' even if he knew what they were. And, what is more, the legal system in Chile was one, and still is by and large, which is based on the assumption that all are equal, and that each is capable of presenting and must himself present all his legal claims. Those who in fact cannot do this because they are ignorant or too poor to hire competent legal counsel lose out.

The present Chilean government is faced with a de facto situation in which rights to water are at best very, very unclear. By accepting the existing system of use and distribution, it will ipso facto be sanctioning the use of power which it claims must be altered. A reform government cannot accept a situation produced by the use of power based on the distribution of wealth under attack. It would, on the contrary, refuse to sanction the status quo and elect to give more weight to the public use doctrine. If the government accepts the present pattern of use and distribution and still hopes to reform the system, it must then face the legal rights thus sanctioned. With a 'revolution in liberty' it will then face a long, complicated and expensive process of expropriation. This is the legal dilemma facing the present reform government in Chile.

Neither Chile nor water as a resource are unique with respect to the problem of unequal distribution of power. In fact the processes of democracy seem to be more advanced in Chile than in most other Latin American countries. However, it does have one of the highest concentrations of landownership. Such concentration of resource ownership and power requires public intervention and protection for those who are without it. The

unrestricted use of these resources and this power cannot be justified by the rights inherent in private property. There is always a public interest aspect to the use and/or misuse of private property. This is more important when property is concentrated in a few hands and when the nature of its use and administration affects the well-being of large numbers of people (or the well-being of the nation itself).[10] "What's private is private and one should know according to his own resources and interests what is to be done with his enterprise,"[11] may be considered a legitimate attitude by a small farmer shifting from dairy to beef cattle. But it must be viewed differently if the decision of a few to use vast land areas of the country extensively worsens already acute problems of nutritional deficiency and massive unemployment.

B. Productivity in Agriculture

Some countries in Latin America are much more dependent on agriculture than are others. In all countries the percent of gross national product from agriculture is markedly smaller than the proportion of the total population engaged in agriculture. In recent years from 28-30 percent of Chile's labor force has been engaged in agriculture. But the sector contributed less than 10 percent to the gross national product.[12] In Colombia, about 60 percent of the population is employed in agriculture. The agricultural sector provides about 80 percent

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[10]Raymond J. Penn, "Public Interest in Private Property (Land)," Reprint No. 14, Land Tenure Center, University of Wisconsin, Madison (reprinted from Land Economics, 37 (2): May 1961).

[11]CIDA, "Tenencia de la Tierra y Desarrollo Socio-económico del Sector Agrícola--Ecuador," publicado por Unión Panamericana, Washington, D. C., 1965, p. 443. A statement by a large Ecuadorian landowner who got tired of organized worker pressure for higher wages and decided to change from the production of labor intensive sugarcane to cattle and thus relieve himself of this labor problem.

[12]Ministerio de Agricultura, Sinopsis de la Agricultura Chilena, 1961-1963, Santiago, Chile, Agosto 1964.

of Colombia's export earnings and about one-third of gross national product.[13]

Table 1 provides data on the growth in per capita agricultural and food output by countries in Latin America over the past six years. Some of the countries show impressive gains. In others, production is lagging. Taken as a whole the 19 countries registered slight improvements in per capita output. In some countries a large part of the increase came from new lands brought into production. Part of the increase is attributable to increased yields.

If the statistics are accurate, the record is not too bad, given the fact that population has grown between 2-3 percent annually throughout this period. However, these gains must be much greater if present diets are to be raised to more adequate levels and the new population additions are likewise to enjoy this improved level of food consumption.

The question of the reliability of the statistics remains. Everyone who has worked with national agricultural data in Latin America is aware of the difficulties in trying to obtain accurate estimates. There are some major inconsistencies, for example, between several published sources.[14] In one,[15] average per capita agricultural production for the years 1957-59, measured in U. S. dollars, is as follows: Brazil 63, Chile 40,

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[13]Dale W Adams and Arturo R. Tobón, "El Sector Agropecuario en el Desarrollo de la Economía Colombiana," Economía Colombiana, 26 (82): 9-32, Marzo 1966. This report concludes that "over the past few years, however, agricultural production has lagged behind the growth in the rest of the economy. Efforts to spur agricultural production through price incentives and special development institutes have had some success, but a general lack of investment in agriculture and an unfavorable land tenure structure appear to be slowing further progress. The lack of rural education and poor health facilities in the rural areas also hinders further change. It is likely that further progress in Colombia's economic development will depend in large part upon making major commitments to the agricultural sector."

[14]These comparisons are for different years than those shown in Table 1 of this report. This is the nearest comparison that could be made from data in the sources shown in the following two footnotes. Thus the data that follow in the text should not be confused with those shown in Table 1.

[15]"Indices of Agricultural Production for the 20 Latin American Countries," ERS-Foreign 44, January 1966 (calculated from Tables 1 and 2).

Table 1. Simple Average of the Index of Agricultural and Food Production Per Capita for Years 1960-1965: 19 Latin American Countries. (1957-59 = 100)

Country	(1) Agricultural production per capita	(2) Food production per capita
Argentina	96.0	96.3
Bolivia	101.0	100.5
Brazil	99.0	104.5
Chile	96.5	94.3
Colombia	101.3	102.1
Costa Rica	98.5	97.1
Dominican Republic	93.8	92.8
Ecuador	109.3	107.1
El Salvador	112.8	100.7
Guatemala	117.1	107.7
Haiti	84.7	88.3
Honduras	106.8	105.7
Mexico	107.0	107.1
Nicaragua	113.1	99.1
Panama	94.1	93.5
Paraguay	95.5	93.8
Peru	104.8	100.5
Uruguay	106.6	109.5
Venezuela	110.3	115.7
19 Country Total	100.8	102.7

Source: "Indices of Agricultural Production for the 20 Latin American Countries," ERS-Foreign 44, January 1966 (averages calculated from Tables 2 and 6).

Colombia 62, Costa Rica 87, and Mexico 42. Figures for 1960 from a second source are:[16] Brazil 44, Chile 48, Colombia 96, Costa Rica 82, and Mexico 63. The average index of per capita production for the years 1958-60 (1957-59 = 100) increased in all countries. The highest increase (4 points) was for Costa Rica whose average value product per capita declined (from 1958-60 according to the two sources cited). Mexico and Brazil both had average increases of one index point. While Mexico

[16] "Changes in Agriculture in 26 Developing Nations, 1948 to 1963," Foreign Agricultural Economic Report No. 27, ERS, USDA, November 1965 (calculated from Table 67).

showed a substantial increase in value of output per capita, Brazil registered a marked decline. Price variations are reflected in the index numbers just as they are in the dollar values per capita. Thus those are contradictory results.

Additional doubts are raised as we view other statistical series. The agricultural balance of trade became less favorable over the years 1955-63 for Brazil, Chile and Colombia.[17] During this same period, food shipments under U. S. Public Law 480 increased substantially,[18] especially for Brazil. And for Latin America as a whole, "food and feed" imports increased more rapidly than exports during the decade 1953-63.[19]

If the increase in the index numbers for total agricultural production in 1960-65 is divided by six to give us a simple average annual increase in production, Guatemala shows an annual growth of 5.8 percent, Venezuela 5.2, El Salvador 5.1, Nicaragua 4.9, and several others near 4 percent.[20] According to one publication, the largest average annual rate of increase in farm output achieved in the U. S. was during the period 1939-45 when the average annual rate of change was +3.05 percent.[21]

There is good reason to believe that today much higher agricultural production growth rates can be achieved than the 3 percent registered by the U. S. 20-25 years ago. Yield increasing technology is more highly developed than in earlier periods. Yet the above data inconsistencies introduce some doubt and skepticism about some of these high growth rates.

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[17]"Chile: Recent Trends in Agricultural Production and Trade," ERS-Foreign 84, ERS, USDA, May 1964 and Trade Yearbook, 1958, 1961, 1964, UN/FAO (Rome). Statistics on other Latin American countries were not assembled.

[18]"Foreign Agricultural Economics," ERS-Foreign 122, ERS, USDA, May 1965.

[19]"The State of Food and Agriculture, 1964," UN/FAO (Rome) 1964.

[20]That is, summing the index numbers, subtracting 600 and dividing the difference by six. Calculated from source shown under Table 1 above.

[21]"Productivity of Agriculture, United States 1870-1958," Technical Bulletin No. 1238, ARS, USDA, April 1961. The U. S. figures are not strictly comparable to the simple averages shown for Latin American countries. However, the differences would not be great for short time period (5-6 year) comparisons.

Part of the registered growth in agricultural output probably reflects the increased volume of commodities moving through commercial channels in recent years as a result of large increases in urban populations. Over the 1950-60 decade, with large rural-urban migrations, the urban rate of population growth was 4.5 percent compared to a rural rate of 1.4 percent.[22] Thus if commodities moving in commercial channels are more likely to be accurately measured, this disparate growth rate in urban and rural populations could result in a recorded increase in agricultural production substantially larger than that actually realized.

Thus the productivity record of agriculture in Latin America remains somewhat uncertain. Some countries are obviously doing quite badly. Others like Nicaragua, Guatemala and Ecuador registered large gains due to major increases in the production of single crops (cotton or bananas), primarily for export.

C. Income Distribution

There is a related question concerning the distribution of income arising in the course of this production. A more accurate accounting of the productivity record would not shed light on this question. Depending on the pattern of distribution, large productivity gains could benefit only foreign stockholders or a small group of domestic growers leaving the mass of the rural population no better off than before.

Land ownership distribution and the power associated with ownership of large tracts of land sets the pattern for the distribution of income in the rural sector.[23] As with land

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[22]Richard M. Morse, "Recent Research on Latin American Urbanization: A Selective Survey with Commentary," Latin American Research Review, No. 1, Fall 1965.

[23]Barraclough and Domike, op. cit. "In Chile, for example, the upper 3 percent of the agriculture population now receive 37 percent of the agricultural income, while the bottom 71 percent of the farm labor force receives only one-third of the income. In one zone studied in Colombia, 85 percent of the farm units received 9.3 percent of the agricultural income." See also, Peter Dorner, "Issues in Land Reform: The Chilean Case," Discussion Paper 5, Land Tenure Center, University of Wisconsin, Madison, August 1965, and "Land Tenure, Income Distribution and Productivity Interactions," Reprint No. 5, Land Tenure Center, University of Wisconsin, Madison (reprinted from Land Economics, 40 (3): August 1964).

concentration ratios, one should not overrate the skewness in the income distribution per se. Two qualifications need to be made. First, the absolute level of income of the large mass of the population is an important consideration. If this is so low that most of it is required for food and the barest necessities of clothing and shelter, there can be little demand stimulus for new kinds of manufacturing industry from this source. The second important consideration is the means of disposition of income on the part of those at the top of the income scale. If they invest in directly productive capital or make funds available for the construction of social overhead, the development stimulus will be much greater than if they spend a great deal on consumption (especially if they incline toward consumption of imported goods).

A number of our studies in Guatemala, Brazil, Chile and Colombia suggest that very large segments of the rural population are indeed at a bare subsistence level. Expenditure patterns of high income recipients are more difficult to document. Available evidence strongly suggests a high consumption-low saving and domestic investment disposition on the part of many of the high income recipients.[24]

Although there are obvious differences between the pre-Civil War United States and Latin America today, an interesting and I believe meaningful parallel can be drawn on the point of income distribution in the U. S. South and its effects on industrial development. Conrad and Meyer point out that

> Slavery produced an income distribution so skewed that it was difficult to support the large mass markets necessary to the development of local consumer goods production. Seigneurial consumption was not likely to be a substitute for the broad market that could have made it profitable in the South to manufacture consumer goods more sophisticated than the most elemental of subsistence wares. Also, seigneurial display that rested upon consumer debt, whether that debt was held within the South or by northern financiers, was inconsistent with growth, as 'productive' or at least producers' debt would not have been.
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> This inequality need not have restricted income growth in the presence of strong demand pressures in the world cotton markets. However, it is not simply the size but the distribution of income that is crucial for structural change, and it is in respect to the degree of inequality that slavery could have injured the South's

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[24]Barraclough and Domike, op. cit., draw this conclusion on the basis of evidence that could be mustered in the seven countries studied by CIDA.

early chances for industrialization. Under the burden of this inequality and the consequent inefficiency of manufacturing enterprise, southern industry could not proceed against northern competition.[25]

Although proof is not possible, many studies strongly suggest that high rates of economic growth cannot be sustained given present inequalities in the distribution of property, power and income. The key issues in Latin American development are not adequacy of resources or productivity as such. The more fundamental questions seem to lie in the area of building more adequate institutions of distribution.

D. Population Growth and Migration

Rapid population growth more than any other single factor has dramatized the need for accelerating development. Declining death rates, rather than changes in the birth rate, have been the major reasons for this growth. Rates of increase in population of 3 percent per year are not uncommon in Latin America. From 1958-65, average annual population growth was reported to be 2.8 percent.[26]

From 1920-60, developed regions of the world registered population increases of 41.1 percent versus 70.5 percent for the underdeveloped regions, the major gains coming in the most recent decades. In this same period, Latin America's population more than doubled, increasing by 126.3 percent.[27] The U. N. has estimated that the Latin American population of 230 million as of 1965 could reach 700 million by the year 2000 given present growth rates.[28] Even so the population-resource relations are much more favorable in Latin America than in many other regions of the world. However, this more favorable position will surely change over the next several decades unless population control and technological innovations in production become more effective.

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[25]Alfred H. Conrad and John R. Meyer, The Economics of Slavery and Other Studies in Econometric History (Chicago: Aldine Publishing Company), 1964, pp. 228 and 229.

[26]"The Western Hemisphere Agricultural Situation," ERS-USDA Foreign 154, March 1966.

[27]Kingsley Davis, "Recent Population Trends in the New World," The Annals, March 1958.

[28]Barraclough and Domike, op. cit.

Much of the population increase is occurring in the large cities as a result of large rural-urban migrations. In the seven countries studied by CIDA for the 1952-60 decade, 11 million people of a total natural increase of 19 million in rural areas migrated to the cities.[29] Industrial jobs have grown at about one-half the rate of increase of urban populations. It is a measure of the failure of the land tenure systems in Latin America that more of these people are not provided with gainful employment in the rural areas. Opportunities could be created for a much larger agricultural population even without moving into frontier areas.[30]

Why do rural people move to cities where economic opportunities are also scarce and where they almost inevitably end up living in the large slum areas surrounding the cities?[31] Recent studies of rural migrants have all shown that economic reasons were the major stimulus. And even though economic conditions in the city were very poor, the majority conceded

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[29]Barraclough and Domike, op. cit.

[30]Peter Dorner and Juan Carlos Collarte, "Land Reform in Chile: Proposal for an Institutional Innovation," Reprint No. 2, Land Tenure Center, University of Wisconsin, Madison (reprinted from Inter-American Economic Affairs, 19 (1), Summer 1965). For estimate of the magnitude of these opportunities in the seven countries studied by CIDA, see Barraclough and Domike, op. cit. On prospects and problems of increasing job opportunities in industry, see Gunnar Myrdal, "The United Nations, Agriculture and the World Economic Revolution," Journal of Farm Economics, November 1965; and Celso Furtado, "Political Obstacles to Economic Growth in Brazil," International Affairs, Vol. 41 (Chatham House, Oxford University Press), April 1965, pp. 252-266.

[31]It is estimated that Recife in Northeast Brazil has 50 percent of its population in the slums. Belden Paulson, "Difficulties and Prospects for Community Development in Northeast Brazil," Reprint No. 4, Land Tenure Center, University of Wisconsin, Madison (reprinted from Inter-American Economic Affairs, 17 (4): Spring 1964).

being better off than in the rural areas from which they came.[32]

Rural migrants to the cities are also disadvantaged because they have poor educational preparation. Many are functionally illiterate; those with some schooling have generally had teachers with less education than those in urban areas. In Colombia, for example, 41 percent of the urban but 78 percent of the rural primary teachers had no more than a primary school education.[33]

Not all rural migrants move to cities; some move to frontier areas in search of new and better opportunities. In a new settlement area in Nicaragua, the influx of new settlers is due to "(1) the completion of the Rama Road, which gives the area access to all important markets of Nicaragua and (2) the economic situation of the settlers while living in the areas from which they migrated. Many of the settlers were caught in a 'squeeze' because lands which they formerly rented for crop production have been converted to pasture."[34] Studies of minifundio areas in Colombia indicate that the dearth of economic opportunities and population pressures have led to migration to the interior of the country.[35] While such new areas hold some promise, the creation of opportunities requires substantial public

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[32]A. Eugene Havens and Elsa Usandizaga, Tres Barrios de Invasión, Estudio de Nivel de Vida y Actitudes en Barranquilla, Ediciones Tercer Mundo y Facultad de Sociología, Universidad Nacional, Bogotá, Colombia, Primera Edición, Marzo 1966, 94 págs. A. Eugene Havens, Támesis: Estructura y Cambio, Ediciones Tercer Mundo y Facultad de Sociología, Universidad Nacional, Bogotá, Colombia, Primera Edición, Marzo 1966, 184 págs. Wava Haney, Integration and Adaption of Rural Migrants to a Colombia Urban Center, unpublished Master's thesis, Department of Rural Sociology, University of Wisconsin, 1965. William Flinn, "Rural to Urban Migration: A Colombian Case," Research Paper No. 19, Land Tenure Center, University of Wisconsin, Madison, July 1966.

[33]A. Eugene Havens, "Education in Rural Colombia: An Investment in Human Resources," Research Paper No. 8, Land Tenure Center, University of Wisconsin, Madison, February 1965.

[34]Preliminary report from James R. Taylor on a Land Tenure Center research project in process.

[35]Eduardo L. Montero, "Organización de las Explotaciones Agropecuarias de una Comunidad Andina de Minifundio: Contadero, Nariño," Agricultura Tropical, 21 (8): 413-434, Agosto 1965.

investments.[36] In most cases these have not been of sufficient magnitude or promptness, and settlers have frequently become stranded or moved back again to the previously settled areas.

E. Concluding Comments

Present land holding patterns and the resulting unequal distribution of power and income are not conducive to a more rapid pace of economic development in Latin America. Efforts to increase productivity cannot have their full impact until the institutional arrangements controlling income distribution are altered. The creation of new opportunities for the underprivileged masses in the rural sectors could serve both to increase agricultural productivity and to provide the extension of markets needed for further industrialization. There is an urgency to these questions which is well stated by Gerschenkron:

> In certain extensive backward areas the very fact that industrial development has been so long delayed has created, along with unprecedented opportunities for technological progress, great obstacles to industrialization. Industrial progress is arduous and expensive; medical progress is cheaper and easier of accomplishment. To the extent that the latter has preceded the former by a considerable span of time and has resulted in formidable overpopulation, industrial revolutions may be defeated by Malthusian counterrevolutions. Closely related to the preceding but enormously more momentous in its effects is the fact that great delays in industrialization tend to allow time for social tensions to develop and to assume sinister proportions.[37]

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[36]Ronald L. Tinnermeier, New Land Settlement in the Eastern Lowlands of Colombia, unpublished Ph.D. thesis, Department of Agricultural Economics, University of Wisconsin, 1964. (An abbreviated version of this thesis is available as Research Paper No. 13, Land Tenure Center, University of Wisconsin, Madison.) George W. Hill, et al., Un Area Rural en Desarrollo--Sus Problemas Económicos y Sociales--Costa Rica, Instituto Universitario Centroamericano de Investigaciones Sociales y Económicas, San José, Costa Rica, Noviembre 1964.

[37]Alexander Gerschenkron, Economic Backwardness in Historical Perspective: A Book of Essays (Cambridge, Massachusetts: The Belknap Press of Harvard University Press), pp. 27 and 28.

III. Alternative Routes for Realizing Agriculture's Potential

A. Existence of a Potential

The potential of rural Latin America, as elsewhere, is to be found in its people. Looked at historically, one must conclude that rural Latin America has been exploited for centuries--the people have worked and produced goods, most of which they were not permitted to retain. At the same time, few investments were made in their behalf. Present low levels of literacy, health and social development support this interpretation. Releasing the creative energies of the rural people constitutes the real potential and in the opinion of many Latin Americans provides ample rationale for rather sweeping reforms. It seems very difficult to introduce the required investments under present institutional arrangements where so many of the rural people have no resources to commit to their own improvement. Rural community development programs assume economically independent decision makers who have secure control over some resources, however meager, which can be put at the disposal of development programs and from which efforts they stand a reasonable chance of realizing the benefits. Where these conditions are not met, community development programs usually fail.

Land and people are the basic resources of rural Latin America. And the land must be utilized to develop the human capacities (judgment, decision making and creative abilities). This is not a task of one or two years or even of 10. A generation or two is involved.

With some regional exceptions within countries, Latin America has the resource potential to accomplish this. The population-resource situation is not nearly as desperate as in some countries of Asia and the Middle East. True, there are some highland Indian communities where mass out-migrations must occur. But even without opening up the tropical areas, the capacity to absorb and provide economic opportunity for more people in the present agricultural regions is very great. To hold the population until it can be gainfully employed in industry and integrated into urban society is one of the functions of agriculture in the development process. But as the mass migrations point up, it is not performing this function. And it is not likely to do so under present land tenure institutions.

In every one of our studies where this matter was analyzed, the conclusion was that additional families could be supported on lands presently settled and at substantially improved incomes by changing the tenure structure and/or the technology. Some farms owned by the Catholic Church in Chile were placed under new

control and tenure arrangements. Thiesenhusen found that they now support 23 percent more families after the reform than before. Production had also increased, and the settlers had substantially higher incomes than before the reform. Equally significant, there remains a large potential to be realized. In comparing one reform project with a well-run neighboring farm with similar soils and irrigation possibilities, there was a difference of about 40 percent--a measure of the potential yet to be realized by the new farmers.[38] No "new" technology was considered, only that which was already in use in the community. As this potential is realized, the income of the new farmers will increase or, if the economy does not provide more job opportunities, the land will likely have to support more people (sons and sons-in-law of the present farmers).

This is indeed what happened on some settlement projects carried out by the Chilean government some years ago. In the same study, Thiesenhusen interviewed some farmers who were formerly landless laborers and who had been settled under the government colonization program. All received their land at least 12 years ago. Thirty parcels of land, originally sold to 30 families, were supporting entirely or in major part 104 families at the time of the study. This is no success story. It reflects the inability of the Chilean economy to provide sufficient employment opportunities. But it also demonstrates the holding capacity of a reorganized agriculture. Even when incomes were divided to accommodate a new generation, these families received higher net incomes than farm laborers in the area working on large farms.

Morales, in another Chilean study of 96 farms of varying size, concluded that if all farms produced at the level of the average of the upper half (ranked by gross income per

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[38] William C. Thiesenhusen, Experimental Programs of Land Reform in Chile, unpublished Ph.D. thesis, Department of Agricultural Economics, University of Wisconsin, 1965. (Also available as Chile's Experiments in Agrarian Reform, Land Economics Monographs No. 1, Madison, Wisconsin: The University of Wisconsin Press, 1966.) It should be pointed out that these farmers received technical assistance, credit, etc.

For a Colombian example, see Dale W Adams and L. Eduardo Montero, "Land Parcelization in Agrarian Reform: A Colombian Example," Reprint No. 16, Land Tenure Center, University of Wisconsin, Madison (reprinted from Inter-American Economic Affairs, 19 (3): Winter 1965).

hectare), production would increase by over 30 percent.[39] This could again be achieved with production techniques used in the area. Studying a group of farms in Southern Brazil, Rask found that with present practices, 30 hectares of land were required to provide an acceptable income for one family. But by changing production practices (again the change involved nothing which was not already in use and available within the community), 10 hectares would yield the same income.[40]

Aggregative estimates compiled in the CIDA studies provide the same conclusion. The potential indeed exists. But this potential must not be viewed merely as an additional increment of production. It is best expressed in terms of the greatly improved economic opportunities that can be provided for millions of people throughout rural Latin America.

Considering natural resources in isolation is not sufficient. Some underdeveloped economies are richly endowed (e.g., with oil and mineral wealth). Nor is high production from these resources the key (Cuba was among the higher average income countries in Latin America at the time of the Castro take-over, but average income data fail to reveal its distribution). Active participation by the mass of people in the production-consumption-investment process must be a central concern. And though there may always be disadvantaged areas and groups, Latin America has the potential greatly to improve upon present performance.

Developing agriculture's potential involves many technical questions. A number of our research efforts have focussed on these. Though they can be treated from a technical viewpoint, they are all interrelated with the institutional structures in rural areas.

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[39]Héctor Morales J., Productividad Presente y Potencial en 96 Predios de la Provincia de O'Higgins y su Relación con el Tamaño de las Propiedades, Ingeniero Agrónomo thesis, Facultad de Agronomía, Universidad de Chile, Santiago de Chile, 1964.

[40]Norman Rask, Farm Size and Income: An Economic Study of Small Farm Agriculture in Southern Brazil, unpublished Ph.D. thesis, Department of Agricultural Economics, University of Wisconsin, 1964. (An abbreviated version of this thesis is available as Research Paper No. 16, Land Tenure Center, University of Wisconsin, Madison.)

B. Size of Farm

There has been much discussion and controversy over which size of farm is the most efficient and productive. This issue is sometimes considered central to land reform, but such an emphasis is misplaced. If the appropriate services and institutions exist, small farms can be highly productive. Land, labor and capital can be combined in many ways and proportions depending on their cost and productivity. There are very efficient small farms in Japan, some not so efficient. There are some very large farms in Latin America that are excellently managed and highly productive, but many that are not. The same is true of small farms. This holds also for the U. S.

Focussing on this issue diverts attention from the key issue which concerns the distribution of and wider access to economic opportunities by rural people. This is the critical question underlying controversies over reform. All the evidence in the world showing higher productivity of small farms would not convince large landowners to divide up their farms and offer the land for sale at bargain prices. Nor would the reverse evidence be convincing to those pressuring for reform.

The issue also takes on a different meaning depending on the conditions that now exist. For example, in some countries with many small peasant holdings (owners or renters) analysts have felt that economies of scale could be realized by combining these small farms into larger administrative units or producer cooperatives. In India, Long found no economies (i.e., higher output per unit of land) associated with size. The reverse seemed more likely to be the case.[41] Under other circumstances of topography, climate and dependence on irrigation, such central administration for certain key production decisions may be highly advantageous.[42]

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[41]Erven J. Long, "The Economic Basis of Land Reform in Underdeveloped Economies," Land Economics, May 1961. For an excellent theoretical analysis of the issues as well as empirical comparisons, see Don Kanel, "Size of Farm and Economic Development," LTC No. 17, Land Tenure Center, University of Wisconsin, Madison, July 1966 (in process of publication).

[42]Kenneth H. Parsons, "Land Reform in the United Arab Republic," Land Economics, November 1959.

On strictly efficiency grounds, a constant return to scale (or size) would not justify such aggregation of units. In fact, some positive economies that might be realized by aggregation might be insufficient to offset the capital obsolescence that may occur in moving to production on a larger scale.

On the other hand, where large operating units now exist and the distribution of income and opportunity is of central concern, the situation may be evaluated differently. If there are indeed great economies of size, the distributional objectives might be realized by a changed economic organization (cooperative, profit sharing, corporation) rather than physical subdivision. Even some diseconomies may be tolerated because of capital obsolescence resulting from subdivision and the added investments needed to establish small units. However, it is doubtful whether such refined economic arguments will have much influence unless the gains are very substantial or the resources are extremely scarce. Neither of these conditions seems to prevail in Latin America.

The aggregative statistics compiled by CIDA[43] as well as data collected on our projects, show that the value of agricultural production per worker increases with farm size. This simply indicates the crowded labor conditions on the small farms. Where labor is plentiful relative to land and capital, production per unit of land is the more significant measure. Here the CIDA studies show a consistent relationship in all countries, with the highest value of output per hectare registered for the "subfamily" farm, a farm too small to utilize effectively the labor of one farm family. The relationship is much more pronounced when the land measure is "agricultural land" than it is with "cultivated land."

But these are very crude, gross data. Variables such as soil type, proportion of land irrigated, location, etc., must be controlled if the net influence of size on production is to be isolated. Furthermore the most notable difference in productivity among size classes used by CIDA occurs between the "subfamily" and the "family-sized" farm. Differences between family farms and the two classes of large "multi-family farms" used in the CIDA studies are much less pronounced and more erratic. No one argues for the establishment of more "subfamily" minifundios in Latin America, which is what reasoning based on these results would imply. Value of product per hectare on these very small farms is bound to be higher because a much higher proportion of the land is devoted to high-value home consumption products (garden, eggs, etc.).

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[43]Barraclough and Domike, op. cit.

Eliminating farms of under 10 hectares from the analysis gives a different picture. Morales attempted to establish the relationship between farm size and present production per hectare, while controlling such factors as soil quality, location, proportion of land irrigated and farming type. Farms ranged in size from 10-500 hectares of irrigated land. Although the average gross income per hectare appeared to be larger for farms in the larger size classes, the variation within groups was so large that these differences were not statistically significant at the .05 level.[44]

The conclusion from this study is that with very small farms eliminated from the analysis and with other strategic factors held constant, there is no significant difference in value of output per hectare by size of farm. The reasons for not achieving more of the production potential were different for farms in different size classes. For example, a much smaller percentage of the farms in the small size classes received credit in the year under study than did those in the large farm classes. There was likewise a much higher percentage of land area with reported irrigation difficulties (water shortages) in the small farm classes. This may reflect the inability of small holders to acquire or to enforce their claims to water rights.

In a study of Brazilian data,[45] Sund divided his sample farms into two groups: small farms relying largely on family labor and larger farms using considerable hired labor. Among the larger farms, when the value per hectare of land (a measure of soil quality) was held constant, there was no significant relation found between size and percent of land cultivated or the number of workers per hectare. Without controlling for land value, there were significant decreases in the percent of land cultivated as size of farm increased. This suggests that at least some of the frequently cited evidence about more extensive land use on large farms is due to the fact that the bigger farms are found more often on less valuable land.[46]

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[44]Morales, op. cit.

[45]Sund, op. cit.

[46]Or, perhaps more accurately, the proportion of "poor" land relative to "good" increases with the size of farm.

On smaller farms, land use was much more intensive and each worker operated a much smaller number of acres than on the bigger farms. The intensity of land use on small farms could not be explained by the statistical functions obtained from data on the large farms. That is, even after taking land value into account, the land use on smaller farms was more intensive than could be expected. This again reflects the crowding of people on small farms and the production emphasis in high value, family consumption products.

Productivity depends on so many factors other than size of unit that its particular influence is not too important. Small farms are less productive than they might be because the majority of the institutions which serve agriculture (credit, markets, irrigation, etc.) are directed toward the dominant large farm. Large farms, on the average, are less productive than they might be for other reasons, an important one of which seems to be the fact that their owners have more lucrative investment alternatives outside of agriculture, along with consumption patterns which do not make intensive investments in agriculture attractive.

C. Farm Prices

It is frequently argued that farm prices are too low to offer sufficient incentives for investments. In an attempt to keep food prices low for the growing urban population, the government deliberately controls farm prices at low levels, the result being a stagnant agriculture.[47] There is no denying that the level (and perhaps even more important the stability) of prices is an important consideration in increased investments and production in agriculture. But the evidence available, though sketchy and incomplete, does not indicate a major imbalance between prices received and production costs.

Echeverría studied the price elasticity of supply (which could only be measured in terms of hectares planted for lack of other statistics) over the past 10 years for a number of crops in Chile (wheat, rice, onions, garlic, sugar beets and sunflowers). Preliminary results show the price elasticity for the first four crops being very low (generally less than .5). The latter two crops had much higher elasticities (over 1).[48] These two crops

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[47]In Chile, however, it has been shown that during the decade 1951-1960, the level of the controlled prices actually rose slightly more than that for products not subject to price control. See Kurt Ullrich and Ricardo Lagos, Agricultura y Tributación--Dos Ensayos, Instituto de Economía, Universidad de Chile, Santiago, 1965, p. 33.

[48]Roberto Echeverría, "Respuesta de los Productores Agrícolas Ante Cambios en los Precios" (manuscript in process).

are relatively new to Chilean agriculture and have special firms which provide an integrated package of services to the producers under a type of contract farming arrangement.

In some of our studies we found large, well managed farms yielding very substantial net earnings. The question arises whether the present price structure is really detrimental to incentives when these farmers demonstrate such favorable returns. It seemed that additional light might be shed on this question if one could compare various groups of farmers in terms of the percentage of total cash income retained as net cash income. Thus we compared seven large, well operated Chilean farms[49] and nine small Chilean farms[50] (average management) with over 700 Wisconsin farms (all members of farm management associations and above average in management). The Chilean farms (both large and small) retained 50 percent of total cash income as net cash, while the Wisconsin farms retained only 44 percent.[51] Even after taking into account payment in kind of part of the wages on Chilean farms, the conclusion holds that price-cost relationships are not too different from those on Wisconsin farms.

Perhaps more significant are absolute levels of income. The average large Chilean farm had net cash income of E° 137,122, the average Wisconsin farm E° 22,358 and the average small Chilean farm E°2,536 (all in Escudos, with exchange rate approximately 2.63 per U. S. $). A Chilean farm worker's wages were probably around 600 in this period (plus some perquisites).

The above comparisons, as well as the wide variation in economic performance among large farms, throw some doubt on the assertion that production would increase substantially with a higher level of prices. This does not mean that producers will not shift from one crop to another if relative prices change.

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[49]Collarte, op. cit.

[50]Thiesenhusen, op. cit.

[51]All data were for the years 1962-64. These comparisons are reported in Peter Dorner, "Open Letter to Chilean Landowners," published in Spanish in La Nación, Santiago, Chile, June 21, 1965 and in English in NEWSLETTER No. 22, Land Tenure Center, University of Wisconsin, Madison, November 1965-February 1966.

Fertilizer is without question one of the production inputs :h the greatest potential for increasing yields (especially ın combined with high yielding varieties adapted to the area l other practices). It is frequently maintained that the 'tilizer-product price ratios are unfavorable for encouraging wider use in many countries. Yet, Table 2 shows that it not clear that these ratios are much less favorable for the in American countries shown than for the U. S., Italy, Spain, an and Taiwan.

Of course, the price ratio does not provide sufficient ormation for judgment. One needs to know the physical ɔonse of output to fertilizer input. The ratios in Table 2 lcate the number of units of output needed to pay for one t of fertilizer input. Where present application of ferti- ɜr is at a relatively low rate, a response ratio of 10 to 1 ı conservative estimate. All ratios in Table 2 are highly ɔrable according to this estimate.[52]

In a wide variety of fertilizer trials throughout the world, ı net returns per dollar invested are reported. In almost those reported the net return per dollar value of fertilizer eds 100 percent.[53]

I do not question the existence of bottlenecks in the lability of fertilizer and in distribution of that which vailable. Nor do I question the inhibiting role of un- ainty in the case of small farmers who may be reluctant ry new techniques, the output results of which, to them, ıot well known or understood. I am arguing that farm ıct price levels and input-output price ratios do not ır as unfavorable as much of the literature on the subject l indicate. And all the above factors--unavailability, ·ibution bottlenecks, uncertainty, etc.--are much less rel- : in explaining the unresponsiveness of owners or managers ıe large farms. Some large farmers have overcome these culties, and most of them seem to have the ability and the to overcome them to a larger degree than they have in ast.

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[2]See "Changes in Agriculture in 26 Developing Countries," it., pp. 52-54.

[3]Ibid., Table 39, p. 52. Under certain sharecropping ɜements, however, the sharecropper may be able to retain ı part of their return even though he pays the entire ɔf the fertilizer. It should be recalled that produce prices n the calculations in Table 2 are prices at wholesale. : received by farmers would be lower and consequently the shown would be higher had farm level prices been available ed. But it is doubtful that this would change the general sion.

Table 2. Fertilizer-Product Price Ratios for Various Countries, 1962.*

Country	Nutrient	Wheat	Corn	Rice	Beans	Potatoes
United States	N	3.45	5.95	1.38	1.67	5.14
	P_2O_5	2.38	4.10	0.95	1.15	3.54
	K_2O	1.18	2.04	0.47	0.57	1.76
Italy	N	2.22	3.47	1.35	1.39	3.85
	P_2O_5	1.51	2.35	0.92	0.94	2.62
	K_2O	0.90	1.41	0.55	0.57	1.57
Spain	N	2.84				4.20
	P_2O_5	1.35				2.00
	K_2O	0.72				1.06
Japan	N	2.39		1.17		
	P_2O_5	1.86		0.92		
	K_2O	0.83		0.41		
Taiwan	N			3.21		
	P_2O_5			1.57		
	K_2O			0.91		
Chile**	N	4.86	4.87	4.87	1.93	6.25
	P_2O_5	2.27	2.26	2.26	0.92	2.95
	K_2O	2.07	2.08	2.08	0.82	2.67
Colombia**	N	2.83	3.14	1.92	0.76	7.04
	P_2O_5	1.70	1.88	1.15	0.47	4.22
	K_2O	1.32	1.46	0.90	0.35	3.28
Peru**	N	1.57	0.82	0.86	0.48	1.35
	P_2O_5	1.57	0.82	0.86	0.48	1.35
	K_2O	0.91	0.48	0.50	0.28	0.79
El Salvador	N		3.32	1.30	1.72	2.55
	P_2O_5		1.21	0.47	0.64	0.93
	K_2O		1.60	0.62	0.85	1.23
Venezuela**	N		3.28	1.00	1.06	2.47
	P_2O_5		2.64	0.81	0.85	1.99
	K_2O		1.12	0.34	0.30	0.84

*Number of kilograms of produce necessary to purchase one kilogram of plant nutrient; based on 1962 wholesale prices of produce and prices paid by farmers for plant nutrients (bagged). Prices of nutrients refer to Ammonium Sulfate (N),

D. Research and Extension

Research and extension play an important role in increasing agricultural productivity. There is an urgent need to develop effective institutions for carrying out these functions.[54] Yet these functions, along with the new production techniques that they represent, are not completely absent in any country. Our studies in Chile, Colombia, Brazil and Central America show some modern techniques employed by some farmers even in areas of small, minifundio-type farming.

In a Guatemalan highland community, for example, with average size of farm of about 1.5 hectares, 8.5 percent in the sample of 106 used improved seed, 2.8 percent used insecticides, 15 percent used chemical fertilizer, and 25.4 percent used natural fertilizers.[55] From another Guatemalan study, Hill reports that "family incomes are low not primarily because of backward methods of farming, but because land is being cultivated that should not be cultivated, . . . and land area is too small to provide an adequate return."[56]

Superphosphate (P_2O_5) and Muriate of Potash (over 45% K_2O).

**Price ratios for these countries were calculated using national currency unit prices. Ratios for other countries express relative prices in U. S. dollars. The difference was made necessary because of incomplete price information, lack of uniformity in the monetary units in which prices were expressed in the sources used, and difficulty in conversion as a result of the exchange rate structure and variabilities.

Sources: Computed from data appearing in the following publications: UN/FAO, Fertilizer: An Annual Review of Production, Consumption and Trade, 1964 (Rome, 1965); OAS, América en Cifras 1963; and UN/FAO, Production Yearbook 1964.

[54]See Bryant E. Kearl, "Communications in Economic Development," Research Paper No. 7, Land Tenure Center, University of Wisconsin, Madison, September 1965.

[55]Lester Schmid, op. cit.

[56]George W. Hill, "Rural Development and Land Tenure Relations," talk given at a meeting of the Task Force on Rural Development, AID/Guatemala, Guatemala City, April 23, 1965.

It is nevertheless true that most small farmers are ignored by extension, frequently reporting that they have had no contact or assistance from anyone.[57] It is likewise true that without credit many small farmers may not be able to adopt a new practice even if they have the desire to do so. Finally, there is evidence that where credit, inputs and information are supplied with sufficient technical guidance on the part of well trained technicians, small farmers are responsive.[58]

There is much need for intensifying the research efforts in the agricultural sciences. But there are a number of problems. There is a tendency for research efforts to be scattered in several governmental ministries, universities and an increasing number of autonomous institutes. There is a like tendency for the extension function to be dispersed and there is frequently little contact between the research and the extension institutions.

Reasons for the underdeveloped nature of these research and extension functions are many. There is a shortage of trained personnel in the agricultural sciences. The in-flow of foreign aid funds from various sources in recent years have indeed stimulated research and extension activity, but have also contributed to the scattering and proliferation of agencies.[59] This very proliferation has added to the existing tendency of having a disproportionate number of the scarce technicians in administrative posts in capital cities. A

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[57]A. Eugene Havens, et al., Cereté: Un Area de Latifundio (Estudio Económico y Social), Sección de Investigación Social, Facultad de Sociología, Universidad Nacional de Colombia, Informe Técnico No. 3, Mayo de 1965; and Adams and Tobón, op. cit.

[58]Especially well demonstrated in Chile on some of the church reform projects studied by Thiesenhusen, op. cit.

[59]Herman Felstehausen, Marion Brown and James Grunig, "Communications Research in Connection with Land Tenure Center Studies in Latin America," Annual Program Report 1965, Part VI, Land Tenure Center, University of Wisconsin, Madison. Marion Brown, "Sources and Uses of Information by New Landowners," paper presented at the First Interamerican Research Symposium on the Role of Communications in Agricultural Development, Mexico City, Mexico, October 5-13, 1964.

universal bureaucratic tendency also contributes to this--the desire for self-sufficiency within agencies. An agency set up to disseminate information to sharecroppers soon gets into the supervised-credit field, establishing cooperatives, etc., while agencies set up to perform these functions set up their own extension services.

But there is another factor at work. Since there is a wide variation in farm size and tenure conditions within the country, agencies are set up with responsibilities to farms of a specific character and/or in a particular region. This too adds to the diversity of agencies, bureaus and institutes.

The large farmer has the advantage since he has the means to establish direct contact with the research stations or even obtain research results from other countries. In the many cases where large farms are not well managed, access to research information is not the most limiting factor. Much more important seems to be lack of interest or motivation, or more lucrative alternatives elsewhere.

It is not an easy task to give outside aid to extension activities under these circumstances. There is the question--which agency should be supported (there are usually several) and which group within the agricultural sector should be favored? The major resources and potential are in the lands controlled in large units.[60] Yet there is little evidence that lack of information is the critically limiting factor on these large farms. And on the small farms--indeed even on many of the family size units--information alone is not sufficient. Credit and intensive technical assistance must be combined if they are to be effective.

One arrangement that has been found to be quite successful is a package-of-services program through a contract farming arrangement. Our studies in Chile and Colombia have been especially convincing on this point.[61] Chile has three examples of

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[60]They may not always be operated in large units. In most countries, nevertheless, from 40-80 percent of agricultural production comes from farms owned and operated as large units. See Barraclough and Domike, op. cit.

[61]Brown, op. cit.; Felstehausen, Brown and Grunig, op. cit.; and Ronald L. Tinnermeier, "The Role of the National Institute of Tobacco in Increasing Tobacco Production in Colombia," Research Paper No. 2, Land Tenure Center, University of Wisconsin, Madison, November 1964.

highly integrated service organizations which are organized on a commodity basis that give credit, distribute inputs, provide technical information, control the use of the technology and provide a firm marketing contract with prices fixed before planting time. Where service institutions are absent or geared to the needs of very large farms, this approach appears to be a fruitful one.

It may be especially useful in an agrarian reform situation. Contracting the production of certain key crops with new landowners would seem to have several advantages. Colonists would have much needed security during the crucial first years. A more conventional extension program, even if it succeeded in raising production, would not provide a secure market. By concentrating on a single crop within a given area, agents are able to give better advice and develop better rapport with their clientele. Farmers of small units in Chile seem to have a very high regard for the specialists who work in the sugar beet program. ". . . the effects of insisting, through contractual arrangements, that farmers use certain inputs and follow certain practices are all positive, provided that the recommendations insisted upon are well researched."[62] Several of these "one commodity" integrated organizations carry on their own research for the crop in which they specialize, thereby providing a sound scientific basis for the practices insisted on by the technicians.

E. Credit and Cooperatives

In the countries studied by CIDA, it was concluded that the major part of the credit available from commercial and state banks was allocated to the large operators. This is not too surprising. Owners or administrators of large farms have the required collateral and better access to bankers. The small farmer relies largely on an "informal credit market." Very few empirical studies have been made of this market.[63] Many Latin

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[62]Personal correspondence from Marion Brown, reporting on his Land Tenure Center sponsored research from Chile.

[63]A study under way in Chile will shed light on this. This study is sponsored in part by the Land Tenure Center and conducted by Charles T. Nisbet. His findings indicate very high interest rates on loans obtained from this market resulting from the high degree of imperfect competition under which it operates. Nisbet estimates that 75 percent of Chilean farm operators are excluded from the institutionalized credit markets and thus dependent on this informal market for their credit needs.

American governments, however, have set up supervised credit programs for farmers with small farms. Research on these programs in Colombia and Chile,[64] has shown little supervision and guidance offered by the agency in charge. In Colombia, a field study with a control group indicated that those receiving supervised credit were younger, better educated, and had more experience in the use of credit than nonusers. Although the program resulted in measurable improvements in production and capital acquisition, a general shortcoming was the very small numbers reached. This is also true of the Chilean program. Plans are under way for major expansion of supervised credit in these countries. Lack of available personnel will undoubtedly make more intensive assistance and supervision even less likely.

In a number of our studies we have been able to evaluate the functioning of cooperatives. There are some efficiently operating cooperatives in Latin America. But in cases where they have been introduced in connection with settlement or colonization projects, they have generally failed.[65] Poor administration, lack of capital, lack of understanding by the members of what the cooperative's function could be, distrust, unwillingness to sell through the cooperative where payments for marketings are delayed and preferring sales to country buyers where immediate cash is obtained even though the price may be lower, etc.--these are common findings. In some colonization projects, members have diverse backgrounds and economic and social standing which make it possible for a few to dominate and gain some advantage from the cooperative at the expense of less knowledgeable members.

Successful cooperatives, of course, require identification of a common problem, purpose and interest by a group of people who then select the cooperative form of organization as the best means to realize this common purpose. The history of

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[64]Dale W Adams, et al., "Supervised Credit in Colombia's Agrarian Reform: An Evaluative Study," Mimeografiado No. 40, Centro Interamericano de Reforma Agraria, Bogotá, Colombia, January 1966; and Hugo Ossio S., El Crédito Agrícola Supervisado en Chile, Grad. thesis, Programa de Estudios Económicos Latinoamericanos para Graduados, Universidad de Chile, Santiago, Chile, 1964.

[65]See especially, Tinnermeier, New Land Settlement in the Eastern Lowlands of Colombia, op. cit.; Thiesenhusen, op. cit.; and J. Francisco Ortiz M., "Factores que han Contribuído al Fracaso de una Cooperativa en Antioquia," Mimeografiado No. 50, Centro Interamericano de Reforma Agraria, Bogotá, Colombia, April 1966.

paternalism in rural Latin America, where help has always been sought through vertical channels, going to the patrón who had connections in a higher strata within the class structure, rather than through horizontal organization of equals for collective action, is difficult to overcome.[66] Attempting to superimpose a cooperative form of organization frequently leads to failure.

In some of the church reform projects in Chile studied by Thiesenhusen the organization in charge of the reform (INPROA) took special pains in trying to settle people with some similarity in background. Intensive technical assistance was also provided and decision making by members through committee organization was encouraged. On one project the cooperative developed enough strength and cohesion in its first years to threaten INPROA with a law suit if year-end payments for sugar beets were further delayed. This same cooperative voted to assess members (for both money and labor contributions) for road and other construction in the settlement.

F. Concluding Comments

This section considered some of the more conventional policy prescriptions for agricultural development--research, extension, credit, incentive prices, cooperatives, etc. They all require a fairly elaborate administrative structure manned by large numbers of technically trained people, and a free, literate, opportunity-oriented and profit-seeking farm population with available alternatives and the capacity to exploit them. But such assumptions are unrealistic for most of rural Latin America. Because of a shortage of professionals and sound administration plus the rather rigid economic and social structure in the countryside, the above policy measures yield results quite different than those expected on the basis of U. S. experience.

These services and institutions are all underdeveloped. While the large farmer can operate within this system, it is nevertheless true that he or his administrator must spend an inordinate amount of time in obtaining credit, getting inputs, marketing products, etc. But unlike the family farmer who does most of the manual labor required on his farm, the operator or administrator of a large farm in Latin America spends full time on administration. And although he devotes much of his time to it, he can get credit from a bank in the provincial or national capital; he has or can establish contacts for marketing of produce (e.g., actual cases from experience in Chile: contract with supermarkets in capital city to sell eggs from 20,000 hen laying flock; direct export of onions, beans and

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[66]Some notable exceptions will be discussed later.

and grapes to New York; wool to England; processed mint to Germany); he can get inputs even though he may have to place his order a year in advance; he can go directly to the research worker or institute for the latest information, etc.

But the small farmer cannot operate in this manner. He becomes in many ways dependent on the large farmer and local buyers and merchants. In certain areas of Chile, Brazil, Colombia and elsewhere where there is a system of independent farmers (resembling somewhat the U. S. family farm system) many of these services are more adequately developed. In these areas one is also most likely to find successful cooperatives.

In Latin America, many of these rather fundamental aspects of agricultural policy discussed in this section have been handled over the years on an ad hoc basis. Farm prices may have been controlled to keep food costs in the city low, but there were compensations--taxes were low too and collections not rigorously enforced. In spite of elaborate social security measures, minimum wages also remained low, sometimes eroding with inflation, and sometimes legislative requirements were simply not enforced. Landholding provided an access to credit which was sometimes used for purposes other than to further agricultural production. And under conditions of inflation, the real interest rate was frequently negative. Public investments in roads, power and irrigation works likewise benefited the large resource holder. While there is obviously much to improve in the organization of both factor and product markets, price and credit programs, research and extension efforts, etc., the existing situation with respect to these matters is more disadvantageous to small than to large farmers who often do quite well within this system.

The several policy measures here discussed are aimed at improving productivity, ordinarily assuming the economic and social organization as given. But these measures do not in themselves greatly affect the distribution of opportunities within the rural sector. While more adequate agricultural policies might improve production, they have no necessary relation to the improvement in the living conditions of the mass of people who are without resources. Most of the benefits of higher prices inevitably go to those owning and controlling the income flow of the resources. Where the distribution of ownership is very unequal, the benefits from these measures will likewise be unequal. Thus political and social tensions could mount at the same time that production increases. Institutional reform which provides a better distribution of power, opportunity, and security is needed before these measures can serve both to increase production <u>and</u> to improve the living conditions of many

more people in the process. The latter seems necessary if national markets are to be expanded and industrial development supported.

IV. Possibilities Within the Present Context

A. Agrarian Reform Legislation

It is unlikely that many Latin American countries will carry out major distributive reforms within the next several years. But one must distinguish between reforms carried out by peaceful and orderly processes and those that result from widespread violence, disorder and revolution. Given existing tensions in several countries, the latter course--that followed by Mexico, Bolivia and Cuba--is always a possibility.

Among Latin American countries, only Venezuela has made major changes in its land ownership structure without revolution. The political organization of campesinos in the 1930's and 1940's made it possible to introduce basic structural changes during the period 1945-48. This program was interrupted by a 10-year despotic dictatorship which was overthrown in 1958. Since then democratic procedures with widespread campesino participation have led to the settlement of nearly 100,000 landless on lands of their own.[67]

But 19 of the Latin American countries (all except Argentina) have passed agrarian reform laws. Most of these laws were passed since the signing of the Charter at Punta del Este which established the Alliance for Progress. The Charter contains a strong statement favoring major distributive reforms and changes in traditional agrarian structures. It is not possible to measure the extent to which various land reform laws were enacted as a mere formality to comply with the Charter or whether they reflect a deep national consensus on the need for reform.

The provisions of the various laws vary widely. Agrarian reform statutes in Latin America can be divided into two main categories based on how each deals with the crucial issue of private property rights in land:

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[67] John D. Powell, The Politics of Agrarian Reform in Venezuela: History, System and Process, unpublished Ph.D. thesis, Department of Political Science, University of Wisconsin, 1966. (This study was sponsored by the Land Tenure Center. Financial support for the final phase was also provided by CIDA.)

1) Some place major emphasis on the social function of property, substituting legislative formulas for the classical protection of vested individual property rights. A summary expropriation procedure and special agrarian courts are the common tools of rapid enforcement.

2) Some continue to provide full protection to the classical rights of private property as substantive law plus the various procedural devices designed with this end in view.

A third category is more common, however. In it (1) is the declared policy, but inadequate procedural tools are provided so that the results in substance are the same as those under (2).

Procedural problems retard the execution of agrarian reform programs. The agency charged with carrying out the reform may have insufficient legal powers. Its resources are usually inadequate to the task it confronts. Also, there are factors over which the agency itself has limited or no control, such as a lack of cadastral surveys, inadequate law enforcement and judicial administration.

The judicial function in agrarian reform is frequently difficult to fulfill. A principal reason for this seems to be that most courts are located in cities too far from the sites of dispute. These regular courts are not too cognizant of rural problems and are frequently subject to the influence of vested interests.

To correct some of these deficiencies, it has been suggested that for certain judicial decisions special courts or "travelling land judges" could be created which would hold sessions and make decisions at the site of the controversy. This would be especially useful for resolving conflicts in the application of labor laws, tenancy regulation and the settlement of title conflicts.[68]

Establishment of special courts is a feature of some of the agrarian reform laws. The Chilean agrarian reform bill proposes the establishment of additional agrarian courts which would complement the existing court system of Chile. The creation of special courts is not a vote of "no confidence" in the quality and integrity of the regular judges. Rather, the concern is

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[68]See sections by Joseph Thome, Land Tenure Center Annual Program Report 1965, in "Summary of Colombian Research Activity of the Land Tenure Center."

over 1) delays implied by placing all these cases in the already overloaded regular courts, and 2) the need to involve agricultural specialists with judges in handling land reform cases.

There may be sound reasons for the establishment of special courts for the quick resolution of certain specific questions, such as the clarification and resolution of title conflicts. However, the problems inherent in relying too heavily on special courts should be recognized. On the basis of his review of the Chilean land reform bill, Professor Beuscher points to the following factors that should be carefully weighed in deciding on the desirability of special courts:

1) the possibility of delay by arguing that the case brought in one court should have been brought in another;

2) the lack of coordination between adjudication dealing with land and that dealing with water, for instance;

3) the need for an efficient system of local justice over the long pull to adjudicate conflicts between beneficiaries and the local cooperatives, and between the beneficiaries and the patrón who elects to continue farming on his reserved hectares.

In general, concern for a special court system to aid in efficiently carrying out land reform should be broadened to a concern for an efficient and relatively simple system of rural justice to protect the objectives of land reform over the long pull. Intensive empirical research into the system of rural justice in carefully selected areas of several Latin American countries is greatly needed if we are to understand the contributions courts can make or barriers they may erect to a total program of agrarian reform and development.[69]

B. Colonization and Resettlement

Colonization and resettlement represent the major effort by Latin American governments which are attempting to transform their land tenure structure (or at least relieve pressures in the countryside). In addition to overt governmental action, there has been a great deal of spontaneous movement and squatting, sometimes on public lands, sometimes on lands legally claimed as private property by other individuals.

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[69] Jacob H. Beuscher, unpublished notes.

Governmental efforts and spontaneous settlement do not describe completely the activities in this area. In some cases the Catholic Church has established special organizations to subdivide some of its lands.[70] Private companies have done some parcelization.[71] And there are cases where private owners have given over their farms to real estate firms for subdivision and sale.[72]

In addition, of course, there has been some splitting up of larger units through inheritance. While this has been going on for centuries, it is at a "turtle's pace compared to the present day avalanche of disequilibrating forces. According to one study of changes in size of property in a sample district of the Argentine Pampa, where there have been more 'modern' influences than elsewhere on the continent, it would require 130 years of continuous subdivision at present rates for the existing large scale holdings to disappear."[73]

Spontaneous movement into frontier areas is generally by people from overcrowded traditional areas.[74] Governments have attempted to aid settlers of new areas, but efforts have often fallen far short of needs. Substantial new investments are required to establish viable communities and to keep them from being isolated islands unattached from the national life and economy. Given other "priorities," government funds have not been sufficient to meet these needs. Serious title conflicts also arise in these areas, sometimes between settlers and sometimes between settlers and an outsider who claims legal title to the land. Taylor reports from Nicaragua that "farmers who have been working land for as long as 20 years have been told to leave by individuals who have recently obtained some sort of title. . . . the 'squatters' strongly believe in their right to continue working the land, and have maintained their

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[70]Thiesenhusen, op. cit.

[71]Adams and Montero, op. cit.

[72]Antonio Idiáquez, "Private Subdivision of Land in Chile," NEWSLETTER No. 22, Land Tenure Center, University of Wisconsin, Madison, November 1965-February 1966.

[73]Barraclough and Domike, op. cit.

[74]Reported from studies in Costa Rica, Nicaragua and Bolivia.

position in spite of arrests and the actual or threatened destruction of their improvements.[75]

Except in Venezuela's more inclusive program, government efforts at resettlement have been on scattered lands previously owned by the state or some specific ministry, or on lands expropriated for this purpose. Relative to the task, these efforts have been insignificant.[76] One of the major shortcomings of these efforts is that they frequently establish islands of change which are surrounded by all the traditional institutions. The effort is too small in any given location to generate the new service institutions which the new farmers require. Another critical factor is the selection of colonists. A heterogeneous group from different geographic areas which represent various social classes yields neither a cohesive neighborhood nor the basis necessary for a viable cooperative.

The cost of colonization efforts has been very high. In many cases the former landowner has been paid in cash, and farmsteads have been completely established for the new settlers. Means must be found so that land payments can be delayed through issuance of bonds, and much of the construction on new units must be left to individual settlers if any significant progress is to be made. The costs of $3,000-4,000 per settler, which has been the common experience, is much too high considering the magnitude of the task.[77]

Even the most conservative estimate indicates that over one-half million families should be benefited annually in Latin America. This assumes that present migration rates to cities will continue and that the magnitude of the problem of

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[75]Taylor, op. cit. These issues are well analyzed in Joseph R. Thome, "Title Problems in Rural Areas of Colombia: A Colonization Example," Reprint No. 12, Land Tenure Center, University of Wisconsin, Madison (reprinted from Inter-American Economic Affairs, 19 (3): Winter 1965); Tinnermeier, New Land Settlement in the Eastern Lowlands of Colombia, op. cit.; and also Hill, et al., op. cit.

[76]William C. Thiesenhusen, "Research on Recent Colonization in Latin America," Annual Program Report 1965, Part VI, Land Tenure Center, University of Wisconsin, Madison.

[77]Thomas F. Carroll, "Issues of Financing Agrarian Reform: The Latin American Experience," paper presented at World Land Reform Conference, Rome, Italy, 20 June-2 July 1966.

landless people would be only reduced by one-half after a decade. Using present cost experiences, this means expenditures of $1.5-2 billion annually, which is substantially more than is now provided through U. S. assistance for all development programs in Latin America.

Governments have gained important experience through these colonization programs which they should be able to apply to a larger effort. If major land expropriations with deferred payments become possible (as envisioned in the new Chilean bill), and if a large part of the reconstruction required is undertaken by the new landowners themselves, the rate at which people can be established on their own land can be greatly increased. Past efforts have demonstrated that in this manner incomes can be improved, production maintained or increased and more people absorbed in the agricultural sector.

But unless more technical assistance and credit is made available, the human and productive potentials cannot be realized. Even this might change, however, if reform took place on a large enough scale to prevent economic stagnation on isolated colonies. The "package-of-services" program discussed earlier could be an important extension vehicle in many cases. But perhaps more fundamental than any of these "from-the-top-down" measures is a strong local organization of new landowners. Lack of such organizations is one of the key weaknesses in the development programs of much of rural Latin America.[78]

C. Clearing Land Titles

Problems confronting farm operators who have no clear title to their land are widespread in many Latin American countries. Clearing up land titles would strengthen the small farm sector. Greater security afforded by clear land titles should lead to increased investments.

But not only the small farm is involved. In Bolivia and Mexico (and as proposed under the Chilean bill) holders of large extensions of land could select and retain substantial amounts of land. Their titles too are not cleared in all cases.

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[78]This will be discussed in more detail later.

Clark reports that 14 years after the Bolivian revolution approximately half the landholders lack clear title.[79]

The case of one ex-hacendado is instructive: he was given clear title to his retained land eight years ago, and he now has an extensive herd of improved sheep. In a number of other cases where title matters were resolved three to five years ago, landowners are working out arrangements to begin again to work their lands. But in addition to legal title, they need agricultural machinery and credit to re-establish themselves. Securing titles on the remaining 2-4,000 ex-haciendas should be most helpful to agricultural development of Bolivia.

Another critical problem in Bolivia is that, with the passage of time, the number of families on ex-haciendas grows, resulting in an increasing disparity between the number of families who claim titles from the National Agrarian Reform Council and those who can legally receive titles. In many cases eight to 10 years have passed between the time when the expropriating decree naming the beneficiary families was signed and when a topographer arrives to measure the lands for subdivision purposes. By this time, the community is reluctant to accept the previous distribution. This would seem to signify that some legal means must be found to overcome the inflexibility of the expropriating decree.

Thome believes that title insecurity is one of the most inadequately discussed aspects of land tenure problems in Latin America. In Colombia alone, he estimates that some 47,000 farms are either exploited without a title or there is a conflict as to ownership. He sets the number of such cases for all of Latin America in the hundreds of thousands. Tenure insecurity has repercussions on the amount of investment that operators are willing to make on their lands. It means also that they are unable to borrow on their land, and, hence, cannot receive a dependable line of credit.[80]

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[79]This and following references to Bolivia are from a preliminary field report by Professor Ronald J. Clark, director of the research project in Bolivia. The Bolivian project is sponsored jointly by LTC and CIDA, with participation by the local AID mission and Bolivian agencies. Present CIDA studies are under the direction of Dr. Thomas F. Carroll of the Interamerican Development Bank.

[80]Thome, op. cit.

Conflict and violence between those claiming ownership and those presently working the land are not uncommon. These problems frequently cannot be resolved outside of the context of a more far-reaching distributive reform which applies new criteria to the holding of property in land throughout the country. Since such new criteria have been applied in Bolivia, clarification of titles there is more of a technical problem than is the case in some other countries.[81]

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[81]Recognizing this possibility, the USAID Mission in La Paz is interested in assisting the Bolivian government in completing this important job. Prof. Thome carried out a study for the mission during the summer of 1966 to determine effective procedures in this undertaking. In a letter he reported the following: "The project here is to study the causes for the slowness in distributing titles to the campesinos who, under the land reform, are in rightful possession of lands. We are attempting to place these causes or factors under two main headings: those that arise from the administration of the land reform program and those arising from the agrarian reform law and subsequent decrees and resolutions.

"The problem is the following: The basic Land Reform Law (Decree Law 03464, August 1953) established the principle that those who worked the land had the primary legal right to obtain ownership over those lands. This principle, in effect, was an attempt to legalize a de facto situation which occurred as part of the revolution of 1952. Thousands of campesinos who previously labored for their patronas under a virtually feudal condition, rebelled against their condition and seized the land of their patrones, most of which represented poorly exploited latifundia. This process was repeated many times in the following years. Unfortunately, many farms which were efficiently exploited were not spared in this process.

"The law, of course, protected certain properties, mainly those well exploited, giving their owners a right to retain a certain maximum amount of land. Nevertheless, the 'land affection' process established by the Agrarian Reform Law has to date recognized the possession of some 400,000 rural families--that is, their legal right to receive titles to the holdings they possess. But of these, only about 50 percent have actually received the titles. Almost all of these campesinos have been in possession of these lands for as long as 14 years. In many cases their legal rights were recognized through a supreme resolution signed by the President five, six or seven years ago, but they are still waiting for their titles. This state of affairs has, of course, created problems and conditions which prevent the economic and social development of the rural areas. The lack of security discourages land investment among the campesinos and

D. Taxation, Labor and Tenancy Contracts

It has frequently been argued that some of the same distributive results hoped for in land reforms could be achieved through taxation or legislation affecting wage rates and other benefits to labor and the regulation of tenancy contracts. There has not been a great deal of taxation research with the above objective in mind. Strasma has begun a project to study the new tax laws in Chile. In a preliminary report after a thorough review of taxation research and from his own observations and findings in Chile thus far reports:

> There is no conclusive evidence that tax policy has anywhere served as an alternative to land reform in this century. Some scholars believe that a progressive land tax with surcharges for absenteeism did help avoid the need for a land reform in Australia and New Zealand in the last century; other scholars are extremely skeptical and, at any rate, the tax has been allowed to become negligible in recent years with no one seriously recommending its reinstatement.
>
> There is slight evidence that the mention of tax values as a basis, and especially as a ceiling to indemnization awards when land is expropriated for land reform, helped to increase land tax assessments in Colombia in 1964. It is possible that the imminence of land reform discouraged large landowners from appealing the new assessments in Chile in 1965, although appeals were already greatly inhibited by legal restrictions on the admissible grounds for appeals.
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> It seems fairly clear that tax policy has not been an important supplement to recent agrarian reform,

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the old landowners who are unsure of their respective rights. Agricultural credits are not granted without a title.

"Legal problems multiply as the years pass. The original campesino may have died or moved and the occupiers must undertake the difficult task of proving their rights as successors. All of this, in turn, has resulted in a loss of faith in the land reform, both by the campesinos and the population at large. Also, it has prevented the full application of the necessary complementary measures to a process of land distribution; that is, credit, technical help, marketing facilities, etc."

except in the communist bloc where compulsory deliveries have been standard and important means of financing development in other sectors. Likewise, there is little evidence that taxation has been useful for extracting wealth from the agricultural sector before reform, except for taxes on exported commodities (bananas, palm oil, cotton, sugar) which are easily controlled at a port. When the export-oriented sector is modern, highly productive, and profitable, this export tax (or marketing board profit) may be a successful substitute for other kinds of taxes though it sometimes appears to have disincentive effects. Traditional Latin American diversified agriculture has probably never been taxed heavily. (Argentina under Perón approached the banana case since the products were largely exported.) In Chile and a few other cases, wealth or income may have been transferred through quasi-taxes in the form of price controls designed to make food cheaper to urban consumers. However, the 'controlled' prices have on the average been allowed to rise just as fast as those of uncontrolled products during the last decade.

In most of Latin America present tax laws and collection systems are definitely not geared to raise the added revenue needed for land reform or other substantial new programs. Chile is improving tax administration at a rapid rate, and this perhaps makes it possible to contemplate a land reform which would include more services and compensate expropriated landowners more generously than would be the case in any other Latin American country attempting major land reforms at this time. Even in Chile, however, land reform will require drastic cuts in public works and some other traditional forms of government spending between 1967 and 1974. It is well established that before 1965 landowners as a class have not been subjected to heavy fixed-cost taxation in Chile despite repeated legislation seeking to impose heavy land taxes. It was not previously established that 76 percent of those having significant amounts of land (over US $4,000 of assessed value, excluding improvements) did not declare <u>any</u> taxable income.[82]

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[82] John Strasma, Field Report, citing figures appearing in President Frei's "State of the Nation" address at the opening of Congress, May 21, 1966. An additional source cited by Strasma is Kurt B. Ullrich and Ricardo Lagos, <u>op. cit.</u>

In their summary of the seven Latin American countries studied in the first phase of the CIDA studies, Barraclough and Domike report:

> There is ample scope for agricultural tax reform. In all of the countries studied, taxation penalized the more productive farmers while leaving those with large, idle estates virtually tax-free. The bulk of government revenues now derived from agriculture comes from taxes on sales and turnover or on exports and wage payments. The farmers with most production carry the burden; meanwhile the tax take is negligible on land, capital, net incomes or inheritances. In Argentina, for example, the CIDA study indicates that only one-third of the total tax revenue collected from the agricultural sector was based upon income, land or capital. In Peru, land taxes are virtually nonexistent. In other countries, land taxes and income taxes are constantly evaded by large property owners.[83]

Barraclough and Domike conclude that the social welfare laws have not benefited the campesinos. In Chile, for example, the average inquilino family's income ranges from 1/80 to 1/230 of the large proprietor's income. In Argentina between the mid-1950's and 1965, wages of farm workers in real terms fell by 30 percent. Education and health services are no more available than when welfare measures were adopted in the 1930's and 1940's. In Brazil, a 1957 survey showed that workers in seven of the eight important agricultural states received wages one-third or more below the minimum wage. In Colombia, Peru and Argentina regulation of tenancy contracts was one of the major reasons why landlords evicted thousands of tenants. There was a 25 percent decline in the number of tenants in Argentina in the decade following the enactment of tenancy regulations in 1947.[84]

At issue in these observations is enforcement of legislation. It recalls again the comment made earlier in this paper in discussing the inequality of power. This is not an absolute power, but a qualified power which enables one party to get from another party more than might be expected if that degree of power did not exist. It is not absolute power such as that exercised by a despot over subjective people, and this is why it is so difficult to demonstrate. But it, more than

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[83] Barraclough and Domike, op. cit.

[84] Barraclough and Domike, op. cit.

legal doctrine, is what determines the actual workings of the system rather than what the law states.

Law is an inherent part of any economic and social system and, consequently, the object of attention in discussing reform of such a system. Law represents the instrument through which goals are adopted (legislation, decrees), implemented (administrative agencies) and reviewed (courts). While the goals in some cases seem to have been defined, they cannot be implemented because of the existing inequality of power. The review process is likewise inhibited because those who are injured through lack of enforcement are not able to bring their case to court or to maintain their case against the more powerful forces within the society.

Here the case of Chile is especially interesting. A new reform-minded government is planning major changes in the land tenure system, and tax reforms are viewed as a complementary device to raise the revenues required to carry out a land reform by orderly means.

E. The Minifundio Problem and Farm Consolidation

The diversity of economic and social circumstances on farms complicates many programs in the agricultural sector. In the literature, the latifundio is often portrayed as a social and economic unit where economic criteria and productivity are at best a secondary concern and where workers are badly treated. This, indeed, is a relevant characterization of some large farms in most Latin American countries, but it fits some countries better than others. There are deviations in all countries. It is true that low productivity and poverty among workers are common. But it is not unheard of to find a very large farm with low productivity but reasonably good working and living conditions for laborers. One can also find large farms with hundreds or even thousands of hectares of land in cultivation with very good management and high productivity and extremely poor living and salary conditions for workers. The matter of reform and institutional change is complicated by such diversity.

In like manner the minifundio is not uniform. There is the dependent minifundio described in much of the literature, in which family labor is employed largely on latifundia in the area. But there is also the independent minifundio, not closely tied to the organizational features and labor requirements of the latifundia, where family labor is used for subsistence production. And there is the commercial minifundio in some areas

of specialized production, where production decisions are tied quite closely to market criteria.[85]

Most agrarian reform laws in Latin American countries have a dual or triple focus: small parcel consolidation, parcelization of large holdings, and settlement in new land areas. Consolidation in areas of dense population leaves unresolved the problem of what to do with the excess people. None of the commonly suggested remedies by itself can adequately treat the diversity of conditions encountered. With present rates of population growth and lagging industrialization, the minifundio will persist for many years. In some areas there is potential for some increases in production with consequent improvement in the living conditions of the people. In fact, some of the minifundio communities have introduced new techniques and have become quite progressive; others have lagged behind and the people try to eke out a living on very small parcels by the most traditional of methods.

F. Local Organizations

All the specific measures discussed seem inadequate by themselves to get the system moving in new directions. None of them makes direct contact with the basic issue of power and the redistribution of opportunities. This issue can only be confronted as an alternative source of power is developed to challenge the position of those in whom this power now resides. From studies in a number of Latin American countries, our research is producing consistent evidence to substantiate this point.[86]

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[85] Dale W Adams and Sam Schulman, "Minifundia in Agrarian Reform: A Colombian Example," Mimeografiado No. 49, Centro Interamericano de Reforma Agraria, Bogotá, Colombia, April 1966.

[86] See works of Thome and Havens in Colombia, Price and Paulson in Brazil, Powell in Venezuela, Clark in Bolivia, Thiesenhusen in Chile. Also see James F. Petras, "Chile's Christian Peasant Union: Notes and Comments on an Interview with Héctor Alarcón," NEWSLETTER No. 23, Land Tenure Center, University of Wisconsin, Madison, March-July 1966, for recent activities in Chile. Earl William Schmidt, The Role of Local Economic, Political and Social Organizations Within the Theory of Planned Change and for the Development of the Newly Settled Areas of Bolivia, unpublished Master's thesis, Departments of Political Science and Agricultural Economics, University of Wisconsin, 1964.

Venezuela and Bolivia have had quite different reform experiences. Yet in each country local campesino organizations played a key role. Reproduced below are two statements from Land Tenure Center researchers in these two countries; the first by Powell on Venezuela, the second by Clark on Bolivia.

> The agrarian reform of Venezuela merits the closest attention of policy makers on several counts: it is the most extensive, nonviolent case of land reform in Latin America; it was brought about under a democratic regime; and it has been accomplished with the active participation of the campesinos themselves, through their own organization, the 550,000-member Federación Campesina (FCV). The combination of these factors has produced a situation of political stability which is something of a paradox: in a restless, fast-growing, predominantly (70 percent) urban society, the nation's two most popular political parties rest solidly on a core of dependable rural support.* The shallow roots and mercurial nature of the urban voter have permitted rural voting blocs to dominate the electoral scene since 1958.
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> The system of organized effort which has forged and maintained this stability is basically an interchange system: campesino voters are organized to elect candidates of the parties which champion agrarian reform; once in office, the parties make great efforts to deliver rewards to the rural areas through government programs. At the heart of this system is a wedding of an interest group (the FCV) with each of the country's three major political parties (AD, COPEI and URD). These organizations are so functionally bound together that they can best be described as a Siamese Quadruplet. The logic of this fusion is found in its genesis.
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> During the 1930's, Venezuela experienced a painful period of stagnation, brought on by the Depression, and even earlier by the loss of its primary high-grade coffee customer, Germany (by blockade and later inflation). The situation dampened down investment and

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*Rural population correlates .65 with rural votes for Acción Democrática (AD), and .76 with votes for the Social Christian Party (COPEI). Rural voting is much less significant for the third largest party, the Democratic Republican Union (URD).

activity in the commercial agricultural sector, resulting in an economic squeeze, which landowners passed on to their campesino laborers, tenants and sharecroppers. The governmental programs which were directed to the solution of these problems were directed toward the commercial and landed interests, which enjoyed access to, and influence in, political decision-making circles. The campesino masses, which grew restless and occasionally violent during the late 1920's and 1930's, enjoyed no such access to the decision-making process; they were in need of effective political representation.

During the same period, a group of young student leaders known as the Generation of '28 began the first organizational efforts which foreshadowed the three major political parties in Venezuela today.* Their primary need was for a base of mass electoral support, looking forward to the day when national politics would be determined, not by oligarchic clique, but by popular participation. The chosen instrument of these young leaders to form and organize this base of mass support was the labor movement.

Beginning in 1936, then, political leaders of what later was to become Venezuela's most popular party--Acción Democrática--began organizing urban and peasant unions. COPEI and URD, which were founded in 1946, entered the field of labor organizing much later, and into the campesino effort only after the 1958 election demonstrated once again the power of AD's peasant support. Thus was consummated a near-perfect functional marriage: peasants in need of effective political representation in government, and aspiring democratic parties in need of a mass base of support. The offspring of the marriage was first the Federación Campesina, and later the agrarian reform program.

Today the FCV is composed of some 3,500 local unions, affiliated about 65 percent with AD, 25 percent with COPEI, and 10 percent with URD: by agreement, the positions on the national executive committee are divided in roughly the same ratio. These local unions group together

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*The Generation of '28 (1928 student leaders at Central University) included Rómulo Betancourt, Raul Leoni and Jóvito Villalba (head of URD).

some 550,000 campesinos, most of whom combine land-quatting family-farming with seasonal wage labor, but including also tenant farmers, sharecroppers, and small-holders of agrarian reform plots. The FCV therefore represents a wide variety of peasant interests. Its primary function for the campesino membership consists of acting as a broker with the variety of government agencies and programs involved in agrarian reform.

In order to press for the interests of the campesino clients, and to expedite the flow of resulting governmental services, FCV leaders utilize their contacts with the parties in (and out of) the coalition government; thus it is common for union leaders to hold parallel party posts. This duality of roles is complete at the national level, almost so at the state level, and occurs often at the local level (30.5 percent).* In addition to routes of influence through the parties, state and national FCV leaders are granted by law and by executive decree representative positions on decision-making bodies in the three government agencies most concerned with the agrarian reform; the National Agrarian Institute (IAN); the Agricultural Bank (BAP); and the Ministry of Agriculture (MAC).**

The primary result of this interest group-political party fusion has been to elect AD-nominated governments (in 1958 and again in 1963) which, in coalition with COPEI and URD, passed the Agrarian Reform Law of 1960, and annually support substantial budgets for IAN, BAP

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*The figures on FCV leadership are based on extensive field work, including interviews with all national FCV leaders, a 30 percent sample of state leaders, and a randomly selected national sample of 118 local leaders. Field work was conducted during the summers of 1961 and 1964, and from December 1965 to May 1966.

**IAN provides land and central management for the agrarian reform; BAP provides agricultural credits and market support; MAC provides extension and technical services.

and MAC.* Moreover, the effects of the agrarian reform program, while brought about primarily by the FCV party marriage, have been spread generally throughout the rural areas, and not limited to unionized peasants (although statistically speaking, unionized areas have received approximately 16 percent more agrarian reform benefits than nonunionized areas).**

Critical to a policy maker's appraisal of this system is a knowledge of the quality and experience of the leadership of the peasant labor movement. Local leaders of the FCV are well rooted members of their rural communities, and occupationally are themselves campesinos, or small family farmers. State leaders are professional labor unionists, many of whom have had considerable experience in other branches of the labor movement. National leaders are both professional unionists and professional politicians; two of the national AD campesino leaders are elected members of Congress, as is one COPEI and one URD leader (in addition many national leaders, especially from AD, have held elected state offices in their careers).*** Other important FCV leadership characteristics include their superior level of education compared with their campesino clients, and the degree of experience they have had in their political parties, in the labor movement in general and in the FCV in particular.

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*AD has held the Presidency since 1958. URD was in the coalition government from 1958 to 1960, and re-entered in 1964. COPEI was in coalition from 1958 through 1963, when it went into opposition.

**This is the result of a multiple regression analysis conducted at the University of Wisconsin Numerical Analysis Laboratory.

***All of these characterizations are based on empirical research results which space precludes from including here. All data will be found in the author's Ph. D. thesis in political science.

Table 1. Comparative Education of Campesinos and Campesino Leaders.

Level of education	Campesinos	Federación Campesina Leaders at: Local level	State level	National level
None	56.3%	30.5%	4.3%	0.0%
Some primary	29.0	45.7	17.4	4.5
Complete primary	9.0	18.6	52.1	68.1
Some secondary or more	1.1	4.2	21.7	36.3

Table 2. Comparative Political, Labor Movement and Campesino Movement Experience of Federación Campesina Leaders.

Leadership level	Average Number of Years of Affiliation With: Political party	Labor movement	Campesino movement
National	17	17	14
State	16	14	8
Local	14	8	7

The higher up one proceeds in the FCV hierarchy, the higher the level of education and political and union experience one encounters. At all levels, the data in Table 2 suggest the recruitment route for FCV leaders is through a political party, with a possible training experience in another branch of the labor movement. The leadership product of such backgrounds is impressively tough, pragmatic, and capable of vigorous pursuit of the interests of the campesino masses who elect them at local, state and national conventions.*

Campesino participation in the agrarian reform process, by means of their local union, has had a marked effect on their attitudes and perceptions of how they have fared over the past few years, and how hopeful they

*For a complete description of the FCV's organization, see LTC Research Paper No. 9.

are of improvements in the future. The tables below give evidence of this in response to a series of questions addressed to a national sample of campesinos.*

Table 3. Perceptions of Improvement and Union Membership.

		Union Member Yes	Union Member No
"Personal economic situation in the last five years has:"	Improved	40%	23%
	Remained the same or worsened	60%	77%

Table 4. Perception of Personal Future and Union Membership.

		Union Member Yes	Union Member No
"In the next five years personal situation will:"	Improve	93%	63%
	Be same or worse	7%	37%

Table 5. Perception of Venezuela's Future and Union Membership.

		Union Member Yes	Union Member No
"The Venezuelan situation in the next 20 years will:"	Improve	93%	74%
	Be same or worse	7%	26%

*The data presented are from one of the samples of Venezuelan groups covered in a joint MIT-Central University study in 1963 known as "CONVEN." The campesino sample (183 interviews) results were made available to me by John R. Mathiason of MIT.

In addition to the fostering of a more positive pattern of attitudes toward his personal future and that of his nation, union participation fosters in the campesino a more positive attitude toward his government at all levels. 'Political efficacy' is an orientation toward government at the opposite pole of a scale from 'political alienation.' It denotes an acquaintance with government and a belief in the ability to influence and affect governmental decision makers. The results below show the extent to which peasants believe their opinions are important and the degree of their positive orientation toward local police, local government and the national government.*

Table 6. Political Efficacy and Union Membership.

Efficacy Measure: (positive responses)	Union Member	
	Yes	No
Own opinion	25%	10%
Toward police	56	35
Toward local government	50	9
Toward national government	25	14

Conclusion

Given a political system such as Venezuela's which is electorally based with competitive political parties or given a system which manifests the potential for developing a similar system, several generalizations can be hypothesized which are directly relevant to policy makers:

1. Political parties play positive roles in the organizational developments necessary to adequately represent the campesino masses, including the recruitment

*CONVEN data: The local FCV leader survey included identical questions, which showed an extremely high degree of political efficacy on their part: 58 percent felt their own opinions mattered to government decision makers and 89 percent were efficacious toward the local police, 76 percent toward local government and 59 percent toward the national government.

and training of leaders, the fostering and administration of campesino benefits through agrarian reform programs and a general incorporation into the life of the nation.

2. Campesinos require leaders with the educational, organizational and political experience necessary to function effectively as brokers for them in the councils of government and in dealings with the local governmental bureaucracy.

3. Campesino movements which are founded and continue to function on the basis of a fruitful affiliation with political parties cannot be expected to behave a-politically as long as the political system remains essentially the same and as long as the relationship remains productive for all partners.

4. Such movements, by bringing the campesino into an active and productive relationship with his local and national government, improves his hopes and expectations for future improvements in his way of life.

5. At the same time, the campesino's experience of fruitful participation fosters a sense of political responsibility and having a 'stake' in the political future of his nation; such attitudes on a wide scale can have significant effects on political stability and the development of democratic processes of government in the future.

* * * *

In Bolivia, when the lands were held as they were before 1952, the dominant authority was the patrón or his administrator. This authority was organized in such a way that natural leaders within the hacienda were usually thwarted in their actions by being banished to a different hacienda or to another part of the country. Thus, politically the campesino had no way to express himself except directly to the patrón and individually, in which case his bargaining power was nil. There was no thought whatsoever that he should or could participate in any political activities outside the hacienda.

With the land reform these conditions were changed drastically. The landholder, and the authority he represented, was banished from the countryside. In order to legalize their seizure of the lands, campesinos were organized into syndicates, or peasant unions, which were instrumental in defending the rights of the campesinos

during the expropriation process--especially in those public meetings when someone had to answer the allegations of the landholders. As a result the syndicate has become a major political entity within some communities. In others, there has been a re-emergence of the traditional community structure based on the leadership of elders. In certain cases a strange mixing of these two forms of community organizations has taken place. Nevertheless, notwithstanding variety in the exact type of community organization, the campesino today is much better organized within the ex-hacienda, and regionally through federations of syndicates. As such, he participates in organized group activity within regions and votes locally for syndicate leaders and also in national elections.

There are, of course, those cases where the campesino is abused by the syndicate leader, and where there is little or no freedom of individual expression. However, these cases are in the minority and in areas where we have studied pressures for change are being exerted within these same communities. One can conclude that the campesino, in the areas where we have studied thus far, is organized politically on a regional and national basis to an extent which was utterly impossible under the old landholding structure.

Social participation and mobility of the campesino, within the context of the rural-urban society complex or within what may be called the newly integrated national society, is now a reality. No longer is he denied the right to attain a certain level of education, to vote, to move to the cities or other areas for seasonal work, to explore what may be the new possibilities in the areas of colonization, or to become a small businessman. Formerly such activities simply did not coincide with the values and interests of that minority which controlled the land and the rural population. Social mobility, while still hindered by lack of education or knowledge of Spanish in many individual cases, has been greatly facilitated. Land reform helped to integrate the rural campesino society into the larger national society, thus creating the possibilities for more freedom of movement within that society. This is very important for the eventual creation of a consensus of values within the context of the national society, which is the basis of the modern nation state.

V. Concluding Observations

Land Tenure Center studies have not covered all topics discussed in this paper in all Latin American countries. (However, these studies do take account of the investigations that have been carried on in other countries.) Thus, it is quite possible that some of the generalizations made do not apply to all countries or to all regions within countries. But many issues discussed have been shown to be so widespread that generalization seemed appropriate.

Yet, other analysts may reach different conclusions. There are many unmeasurable gaps and voids which are inevitably filled in with hunches, opinions and deductive reasoning. But in looking over a very wide range of research findings for the preparation of this paper, and drawing on personal observations and experience as well as on those of my colleagues in the Land Tenure Center, I conclude that distributive reforms are required before most other measures herein discussed can have their full impact.

The patronizing attitude of governments and landowners toward the agricultural workers must be fundamentally altered. Confidence and self-respect among the underprivileged rural classes can only be built through organizations which provide them with a vehicle for expressing their needs and desires and for releasing their creative energies in self-help programs. This requires a long-run effort. Unschooled and deprived peasants will not change quickly. But unless serious efforts are made in this direction there may well be more bloodshed and revolution.

THE ROLE OF THE FEDERACION CAMPESINA DE VENEZUELA AND RELATED POLITICAL ASPECTS

John Powell

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LAND TENURE CENTER
310 KING HALL
UNIVERSITY OF WISCONSIN
MADISON, WISCONSIN 53706

THE ROLE OF THE FEDERACION CAMPESINA DE VENEZUELA AND RELATED POLITICAL ASPECTS

By John Powell*

In three of the four Latin American cases of massive land reforms--Mexico, Bolivia, and Cuba--a common characteristic has been the association of the reform with a single, revolutionary political party. During the 1945-48 phase of the Venezuelan land reform, a similar situation occurred. An important evolution in the Venezuelan picture, however, made it a variant from this pattern. Initially associated with a single party, Acción Democrática (AD), the Venezuelan agrarian reform since 1958 has been supported by (and incorporated into the organizational programs of) the two other largest democratic parties in Venezuela: the Christian Democratic Party, or COPEI, and the Unión Republicana Democrática (URD). The basic differences between the politics of the single-party-dominant governments of Mexico, Bolivia, and Cuba, and the multiparty governments of Venezuela have had important effects on the agrarian reform and on the role which organized peasants play in this process.

The early phase of the Venezuelan agrarian reform shared another characteristic with the Mexican and Bolivian cases: an initial minifundization of the land in response to pressures

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*John Powell is a former research assistant with the Land Tenure Center and now assistant professor of political science with the School of International Relations at the University of Southern California. The article is a shortened version of Powell's Ph.D. thesis, "The Politics of Agrarian Reform in Venezuela: History, System and Process." The study was supported jointly by the Land Tenure Center and the Comité Interamericano de Desarrollo Agrícola (CIDA). The author also had the cooperation of Jorge Schuster, adviser to the vice minister of agriculture, and other members of the Venezuelan Ministry of Agriculture; Armando R. Gonzales, president of the Federación Campesina de Venezuela; and the Centro de Estudios de Desarrollo of the Central University of Venezuela.

from the peasantry. Again, however, the Venezuelan reform, resumed after the fall of the Pérez Jiménez dictatorship in 1958, has evolved into a program which goes far beyond land fragmentation. The program under the 1960 Agrarian Reform Law in Venezuela has been characterized, not by minifundization, but by land grants to peasants on the order of 5 to 10 hectares. In addition, a wide range of occupational and social services has been provided to land recipients, in a deliberate effort to achieve an integral reform.

Finally, the Venezuelan agrarian reform of 1945-48 shared a third characteristic with the Mexican, Bolivian, and Cuban agrarian reforms. The peasant union movements in each case either were initially dominated by the revolutionary political parties with which the reform was associated, or came to be so in time. As a corollary of the evolution of Venezuela into a multiparty democratic state, the peasant union movement has also evolved into a multipartisan organizational form.

This paper concerns the development of the peasant union movement, the Federación Campesina de Venezuela (FCV), into its present form, and the role which it plays in the agrarian reform process. The organic growth of the peasant union movement will be traced back to its origins, and its role in the first, radical period of land reform in Venezuela from 1945 to 1948 will be described. An explanation of the evolution of the Federación Campesina since 1958 will be followed by a detailed examination of its role in the present agrarian reform. Throughout the presentation, the relevance of politics to the instigation and carrying out of reform will be an important and constant consideration.

Origins of the Peasant Union Movement

The traditional agricultural economy of Venezuela, dominated by export-oriented sugar, coffee, and cacao operations, reached a development plateau about 1920.[1] The arrestment of the growth of this sector began in 1915 with the imposition of the blockade on Germany, the primary customer for Venezuelan high-grade coffee. Following the War, the financial disasters which befell Germany precluded the re-establishment of this profitable marketing relationship. Marketing losses were generalized during the Great Depression,

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[1]For a general treatment of Venezuelan economic history, see International Bank for Reconstruction and Development (IBRD), The Economic Development of Venezuela (Baltimore: The Johns Hopkins Press, 1961).

and the entire export-oriented agricultural sector experienced a stagnation from which it has never really recovered.

During this same period, beginning about 1921, the development of the petroleum industry in Venezuela began to attract capital and entrepreneurial talents away from traditional investment areas, such as agriculture, and into the orbit of this wealth-generating new enterprise. Combined with marketing losses, the decreased attractiveness of the agricultural sector as an investment resulted in a cycle of mutually reinforcing disincentives--a drying up of credit sources, and an increasing difficulty in selling products. By the mid-1930's, Venezuelan agriculture was in serious trouble.

Venezuelan campesinos were adversely affected by the economic problems of the agricultural sector, primarily through their dependence on seasonal employment on commercial farm operations, but also through land tenure arrangements such as renting, sharecropping, or subsistence squatting.[2] The credit and marketing squeeze on commercial farmers was passed on to the campesino in the form of longer working days, decreased salaries, higher rental fees or sharecrop-ratios, and evictions from subsistence plots. It has been estimated that, during the 1930's, only 40 percent of the campesino population (already at the bare subsistence level) did not experience a worsening in its income and living conditions due to a combination of all of the above economic disturbances.

The land owning class in the rural areas enjoyed access to and influence in the councils of government during this period by virtue of their social and economic status, and the closed, tradition-bound nature of the Gómez governments (1908-1935). Such entree was exploited by the commercial farm sector beginning in the 1920's to initiate and shape government programs and institutions to relieve their perceived problem conditions. Thus mortgage credit and export subsidy and support programs came into existence and were utilized by the landowners. The campesino class, on the other hand, had no such access to, or influence in, the policy-making arenas of government. Lacking the organized and well-financed access of the landowners, the campesinos responded to their deteriorating situation by "direct problem-solving activities"--scattered land invasions; conflicts with landowners over wages, rents, sharecropping terms, and other land

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[2]For a detailed analysis of these interrelationships, see John D. Powell, "The Politics of Agrarian Reform in Venezuela: History, System, and Process" (Ph.D. dissertation, University of Wisconsin, 1966), Ch. 1. The dissertation is a substantially documented and expanded version of this paper.

tenure arrangements; occasionally violent uprisings of entire village communities; and, increasingly, a flight from the harsh rural environment into the urban centers of the country.[3]

Governmental policy responses during the 1930's reflected the differential political organization and influence of the two rural classes. The programmatic response to the expressed needs of the commercial sector was positive--establishment of the Banco Agrícola y Pecuario (BAP), setting of preferential exchange rates (the "Coffee Dollar" and the "Cacao Dollar"), and export subsidizations. In spite of these responses, however, the commercial farm situation continued to stagnate. Governmental policy responses to the needs of the campesino sector were negative--rather than seeking to alleviate the problem conditions which generated the campesino agitation and unrest, Venezuelan governments sought to suppress the symptoms. The power of the state was directed toward quelling agitation by force if necessary, protecting landowners in land tenure disputes, and by returning at least some urban migrants to the rural areas through an extraordinary "Emergency Colonization Plan."[4]

The great irony of these policy responses of the 1930's in Venezuela lies in the fact that the consequences which flowed from them established many of the conditions necessary for a radical agrarian reform--which occurred finally in 1945-1948. The export subsidy and exchange rate programs permitted the commercial sector to continue operating in a marginal position; but as landowners increasingly turned to the mortgage credit program of the Agricultural Bank (BAP), they increased the burden of interest to a point where costs outweighed gains.[5] The long-range consequence of the program, therefore, was a cycle of farm foreclosures and by 1945, the passing into the

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[3]The impact of "direct problem-solving activities" of Colombian peasants in the process of agrarian reform is related by Albert O. Hirschmann in Journeys Toward Progress (New York: Twentieth Century Fund, 1963), pp. 101-106, 259. The consequences, parallel to those in Venezuela, he characterizes as "a revolution by stealth." (p. 158).

[4]Ministerio de Agricultura y Cría, La Colonización Agraria en Venezuela: 1830-1957 (Caracas: MAC, 1957), pp. 24ff.

[5]This and many other of the economic aspects of governmental policy during the period under discussion are treated in Rómulo Betancourt, Problemas Venezolanos (Santiago de Chile: Editorial Futuro, 1940).

hands of the state of an estimated 400,000 hectares of potentially productive lands.[6] On the other hand, the consequence of the government's suppression of campesino attempts to alleviate their increasingly miserable conditions of life was not a stifling of their search, but a demonstration of the need for mass organization and effective leadership. The potential among the campesino masses for being organized into a militant syndicalism was greatly enhanced by the governments of Gómez (1908-1935), López Contreras (1936-1940), and Medina Angarita (1941-1945).

Beginning in 1936, this potential was tapped by the leaders of Venezuela's newly emerging political parties. A near perfect marriage of functional capabilities and needs was thereby initiated: campesino masses and the local leaders sought political representation and the organizational skills necessary to weld themselves into an effective form of collective action; the leaders of the new political parti[illegible]ought a base of organized, massive electoral support. In each other, the partners found their needs nicely met. The organizational result of the marriage was the peasant union movement--its goal, agrarian reform.

Foremost among the political groups which mushroomed in Venezuela following the death of Gómez in December, 1935, was the Movimiento de Organización Venezolano (ORVE) a front movement of political and labor organizations.[7] Rómulo Betancourt, secretary general of ORVE, became secretary of the organization when it was converted into a full-fledged political party, Partido Democrático Nacional (PDN) in October 1936. All of the early Venezuelan political party leaders, but especially Betancourt, were greatly concerned over the "Masses without intellectual chiefs, and the intellectual chiefs without masses."[8] Their chosen instrument to fuse the two together was the union movement. Betancourt was especially mindful of the need for peasant organizations in the fight for an agrarian reform. As a result, political organizers under the personal

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[6]Ramón Fernández y Fernández, Reforma Agraria en Venezuela (Caracas: Tip. Vargas, 1948). This is an excellent piece of analytic economic history.

[7]For a careful reconstruction of these and other political developments, see John D. Martz, III, Acción Democrática: Evolution of a Modern Political Party (Princeton: Princeton University Press, 1966).

[8]Luis Enrique Osorio, "Rómulo Betancourt: Historia de un Político Popular," in Rómulo Betancourt: Interpretación de su Doctrina Popular y Democrática (Caracas: Ed. SUMA, 1955), p. 22.

direction of Betancourt began in 1936 to organize a nation-wide cadre of leaders, who in turn had the task of recruiting local peasant leaders and helping them to form peasant unions under the terms of the new labor code.

These professional organizers travelled into the rural areas surrounding the villages, towns, and cities of the chief agricultural states, (Carabobo, Aragua, Miranda, Sucre, Zulia), locating indigenous community leaders and learning the detailed situation of the local campesinos and their problems. Leaders were approached with an offer to help organize the local campesinos into an effective form of collective action by forming a peasant union. Local pressures were to be magnified by the association of the local union with a nation-wide peasant union movement, and by its partnership with the rapidly growing, reform oriented political movement of Rómulo Betancourt.[9]

Initially, the political program of the PDN was to secure representation for the urban and rural working classes on municipal councils and in the state legislative assemblies--and eventually build from this base a national political party capable of winning elections and bringing a sweeping socio-economic reform program to Venezuela. The response of local peasant leaders and their followers to this strategy was marked somewhat by an almost religious fervor. The "Doctrine of the Redemption" (for past wrongs to the campesino masses by the ruling classes), as enunciated by Betancourt and others, struck a responsive chord in the campesino subculture.[10] The specific goals of the local organizations were access to adequate land to earn a decent living; improvements in wages and land tenure arrangements with landowners; and a transformation of the rural environment by the reduction of disease, the building of sewage and water supply systems, sanitary housing, schools, roads, and other community services. In a phrase, what was sought was a revolution in socio-economic status. By 1945, the appeal of the organizational program had been sufficient to organize some 100,000 peasants into an estimated 500 peasant unions.

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[9]Much of the information in this chapter is based on extensive interviewing of many of the participants in these events. See Powell, "Politics," op. cit., Appendix I.

[10]For the original development of this doctrine, see Betancourt, Problemas, op. cit.

The Venezuelan Democratic Revolution

The political movement led by Rómulo Betancourt, legalized in September 1941 as Acción Democrática (AD), had by 1945 become the country's largest popular political party. In numbers, its strength lay in the rural areas, yet in organization and in the leadership of the labor union movement it was the single most powerful urban mass movement as well. As an organization, it was ready and capable of winning a national election and taking over the task of governing the nation--but the Venezuelan political system was not yet structured on a basis which made popular elections the determinant of political power.

As it had become institutionalized under the long reign of General Gómez, the Venezuelan political system was a restricted access elite affair, with decision-making powers resting largely in the circle of army friends and fellow Andeans of the dictator. Most of the figures closest to the seat of governmental power came from Tachira, Gómez' native state, and access was gained to this circle by means of family relationships, personal acquaintances, and the appropriate socio-economic credentials. Upon the death of the dictator in 1935, General Eleazar López Contreras, his Army Chief of Staff, became President, prolonging the rule of the Tachirense Circle. López' hand-picked successor, General Isaías Medina Angarita, also from Tachira, continued the traditional form of rule, yet responded to the modernizing pressures building up within Venezuelan society to a degree which alarmed López Contreras and the conservative wing of the government party, the Partido Democrático Venezolano (PDV). The outlook for the 1945 presidential succession, therefore, was for the matter to be decided, not by open elections, but by the internal factional struggle which was developing within the PDV.

Acción Democrática had been strenuously advocating changes in the political system which would turn its mass following into an effective power base--the direct election of the president (rather than by Congress), the granting of universal suffrage to all citizens over 18 years of age, and the holding of free elections of all public officials using secret ballots. These changes would break the hold of the Tachirense Circle over the Presidency, since AD had an overwhelming preponderance of potential voters, who were circumscribed by electoral requirements concerning sex, age, literacy, and property tax criteria. However, it appeared that the tentative moves toward the opening up of the electoral system which Medina had made, such as permitting political parties to function legally after 1941, and the granting of female suffrage in 1945, were to be ended, if not reversed, by the López Contreras faction if it had its way in the 1945 elections. The leaders of AD, who had been preparing an electoral juggernaut since 1936, saw their chances of ever being able to utilize it diminish. The struggle over the

successor to Medina in 1945 drove home to the AD leaders that they controlled a highly organized, massive political asset--and yet, under the rules of the game then in force, this asset was almost inapplicable. When the leaders of an impending military coup approached the AD leadership in mid-1945 with a tentative offer to incorporate Acción Democrática into a planned reformist government, the opportunity was seized upon as the only way to convert AD's potential political asset--its mass following--into an operational one.[11]

The coup d'etat of October 18, 1945, was carried out by a group of younger army officers known as the Unión Patriótica Militar. The same frustrations which were faced by the AD leaders in seeking to utilize their assets for political leadership had been faced by these men: their professional qualifications and training were inapplicable to the advancement of their careers--instead, the continued dominance of the clique of old army generals from Tachira perpetuated the system of promotion by virtue of family and social connections. The young officers and the young political leaders sought the same thing in their respective spheres: access to decision-making power by virtue of instrumental-based, and not ascriptive-based, credentials. With the establishment of the Junta Revolucionaria del Gobierno in 1945, the officers of the Unión Patriótica Militar turned to the reform and modernization of the Venezuelan military establishment, leaving the reform and modernization of the rest of society in the hands of the AD members of the Junta, under the leadership of Rómulo Betancourt.[12]

On the formal, legal level of activity, the AD-dominated government changed the basic rules of the political game almost completely from 1945 to 1948. By Decree No. 216 of March 15, 1946, the Junta established new electoral regulations, enfranchising all Venezuelans over 18 years of age and setting up the election of a constituent assembly. On October 27 this election was held, and masses of newly enfranchised rural voters chose representatives, with AD winning over 80 percent of the popular vote. The assembly proceeded to adopt a new constitution, guaranteeing the universal suffrage set up earlier by decree, making the election of the president and the national Congress direct, and requiring all public elections to be determined by secret ballot. Under the new constitution, proclaimed July 5, 1947, the first free and direct election of a president in

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[11]For details of these political developments, and documentary citations, see Powell, op. cit., Ch. IV.

[12]See Edwin Lieuwen, Arms and Politics in Latin America (New York: Praeger, 1961), for details.

Venezuelan history occurred on December 13, 1947. The AD candidate, Don Rómulo Gallegos, was sent to the Miraflores with a solid Congressional majority--83 of 128 seats in the Chamber of Deputies, and 38 of 46 Senate seats. The others were divided among two newly organized political parties which had come into being since the October coup: a Christian Democratic party labeled COPEI, under the leadership of the Andean lawyer, Rafael Caldera; and the Unión Republicana Democrática (URD), under the vigorous leadership of Jóvito Villalba, who, along with Betancourt and Raúl Leoni, was a member of the politically famous "Generation of '28" student leaders at the Central University. By 1948, the political system had been basically restructured--the direct election of the national government by all adult Venezuelans had been made the legal procedure, replacing the highly indirect traditional system (under which a severely prescribed electorate voted for state assemblies, which elected congressional representatives, who in turn elected the president). This new procedure met with such universal acceptance that even the dictator, Pérez Jiménez, made no attempt to change it--he merely corrupted it and falsified the popular vote to his purposes. Electoral organization--the ability to send masses of voters to the polling places on election day--had been firmly established as the key determinant in the distribution of legitimate political power in Venezuela. Acción Democrática, as the first entry in the field of mass organizations, was thereby placed in a dominant position in Venezuelan politics.

By the fall of 1948, the AD Congress passed a Law of Agrarian Reform and sent it to President Gallegos for his signature. The AD government was to fall victim to a military coup less than a month later, but the coup was not in time to stop the agrarian reform. For, ironically, by the time of the passage of the de jure reform statute, in the words of a Venezuelan agricultural economist, "the agrarian reform had already taken place."[13] This little known, but extremely important, radical phase of de facto agrarian reform must be examined to understand the later evolution of the program.

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[13]Fernández y Fernández, op. cit., p. 77.

The Revolution in Land and Rural Politics, 1945-1948

Immediately following the coup of October 18, the Junta Revolucionaria convened a Convention of Regional Executives (governors of states and administrators of territories) at which the policy guidelines of the new government were laid down. The land policies established at this Convention indicate that the AD leaders of the Junta had concrete reforms in mind and the determination to initiate them without delay. Important policy plans included:[14]

1. A nation-wide guarantee against arbitrary eviction of land tenants;

2. A federal cadastral survey to settle land conflicts among campesino occupants and those claiming ownership rights;

3. Mediation by regional executives to insure equitable land rental and other tenure arrangements among landowners and land users;

4. Immediate studies to indicate how best to use government lands such as the ex-Gómez holdings and the foreclosed farms held by the Agricultural Bank (BAP) in order to place them in the hands of campesino users;

5. The leasing of private lands, or their purchase, by regional governments, for the purpose of subleasing them to campesinos, in areas where there were not adequate public lands available.

In order to consolidate these policies, the Junta created a Comisión de Tierras within the Instituto Técnico de Inmigración y Colonización (ITIC) in December 1945. Into the Comisión de Tierras began to flow requests for land from individual small farm entrepreneurs and peasant unions.[15] The

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[14]For details, refer to Rómulo Betancourt, Trayectoria Democrática de una Revolucion (Caracas: Imp. Nacional, 1948), pp. 175ff, 194-195.

[15]In this section, I have utilized a great deal of confidential, or "privileged," sources of information. They include interviews with former ITIC officials, personal and official papers concerning the 1945-48 agrarian reform, and internal political party documents of a confidential nature. I have cited corroborating public sources wherever possible, in using this information; otherwise I cite The ITIC File. See Powell, "Politics," op. cit., footnote 3, p. 134, for details.

stipulated social policies of the Junta (as well as politics) dictated that group petitions be given priority. The commission was empowered to lease the lands from the government entity which held its title, or from private owners, if leasing terms could be agreed upon. The ITIC technicians then prepared farm management plans for the acreage and drew up a subleasing contract, with the members of the Junta Directiva of the peasant union submitting the petition for land. The contract bound the union leaders to organize the peasant members in the planned cultivation of the leased property. By April 1946, ITIC had leased 12,991 hectares in Carabobo, Aragua, and Miranda states to 30 peasant unions with a total membership of 5,700 campesinos.

The initial phase of the program was characterized by a response to the most intense campesino pressures by fragmenting immediately available land, producing minifundia. The directors of the program, although aware of the uneconomic aspects of minifundia, characterized this initial response as a "transitory solution to critical problems." Among the reasons given as determinate in the land distributions were:[16]

1. The state of agitation for land which existed in the countryside;

2. Shortages of time, personnel, and the machinery to effect an adequate parcelization scheme;

3. The shortage of disposable land in the areas of the greatest population, and therefore the impracticality if not the impossibility, of distributing sufficiently large parcels to a few campesinos while leaving their neighbors without any.

Two points should be stressed. First, as in the Bolivian agrarian reform, the earliest phases of the Venezuelan reform reflected the intensity of political pressures by a minifundization of the land, regardless of the existence of rational preferences among certain key policy makers. Second, the pressures in the Venezuelan case, judging from the initial distribution patterns, were greatest in the most productive agricultural states. The key factor here seems to be that in Aragua, Carabobo, and Miranda, the ratio of land tenure arrangements such as leasing and sharecropping were quite high in relation, for instance, to squatting combined with wage labor on commercial farms; and that, therefore, the potential for conflict between landowners and tenants (and between large commercial seekers of land for expansion

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[16] Radio broadcast on Radio Nacional, May 31, 1946.

and small campesino producers) was quite high. It was in the same three states that the most intense organizational efforts at peasant syndicalization were made beginning in 1936, and in which the most vigorous response by local campesino leaders emerged.

Thus, it seems that the greatest campesino pressures were manifested in areas in which the campesinos were relatively advanced, had experienced at least limited farm management activities and concerns, and were located favorably in terms of economic infrastructure and marketing systems. The sociological concept of "relative deprivation" seems applicable to this situation--the campesinos who perceived the possibilities of incorporation into the larger economic system were those who reacted the most vigorously when the general economic situation in agriculture deteriorated and they were pushed into submarginal positions.[17] The most backward and least experienced campesinos generated less intense pressures for land in the early phases of the radical agrarian reform because they had less of a grasp of what they were missing and had correspondingly lower expectations and aspirations.

The second development in the 1945-1948 agrarian reform in Venezuela occurred on May 8, 1946, with the issuance of Decree No. 282, which funded ITIC with Bs10 million, specifically earmarked for agricultural credits to "associations of campesinos"--that is, peasant syndicates--for their use in farming the lands leased for them by the Comisión de Tierras. The credits were distributed locally by committees consisting of a representative from ITIC, a credit technician, and an officer from the peasant syndicate. The committees had the responsibility of verifying the performance of the campesino applicant in the tasks assigned by the technical farm plan drawn up by ITIC. In slightly less than one year, the ITIC credit program distributed almost Bs8 million of its Bs10 million fund.

The initial phase of the Venezuelan agrarian reform had tremendously enhanced the leadership status and prestige of local peasant union leaders by March 1947. Recruited initially as social and opinion leaders in their rural communities, these elite peasants, by virtue of their linkages with the revolutionary government, had been granted powerful instrumental attributes.

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[17]For a general treatment of this concept, see Crane Brinton, The Anatomy of a Revolution (Englewood Cliffs, N.J.: Prentice-Hall, 1965). For an example of the uses of the concept, see J.C. Davies, "Toward a Theory of Revolution," American Sociological Review, Vol. 27 (1962), pp. 5-19.

As leaders in forming the syndicates, they could choose the campesinos whom they desired as members; as syndicate leaders, they could petition ITIC for land grants for members and be in a position to influence the administration of the accompanying credits. The overall impact of these newly acquired attributes can be inferred from the summary figures in Table 1.

Table 1. Summary of ITIC Land and Credit Operations, January 1946-March 1947

Item	Quantity
Number of hectares leased and in production	54,437
Number of peasant unions participating	210
Number of peasant members of participating unions	23,493
Average credits granted per campesino	Bs 332
Credit recuperation rate as of March 1947	30%

Source: The ITIC File (see footnote 15).

As powerful as these instrumental attributes were in enhancing the status, prestige, and political influence of local peasant union leaders in rural Venezuela, local landlords in many important areas remained an obstacle to the amount of benefits which the local leaders could bring to their unions. In the areas of the highest population pressures, government lands for distribution to campesinos were limited; by March 1947, what available lands there were had already been subleased and the result was the formation of minifundia (an average of 2.3 hectares per campesino). Local landlords in these high pressure areas often refused to come to terms with ITIC negotiators to lease lands for peasant union use, or they demanded such exhorbitant returns that leasing would be economically ruinous for the peasants.

The final development in the radical phase of the Venezuelan agrarian reform was to break the power of the rural land owning class by destroying its primary attribute--the absolute control of vast land and water resources--along with corollary power to grant or deny access to those resources. The key step in the breaking of the power of the rural landlords was taken on March 4, 1947. The AD-controlled Asamblea Nacional Constituyente passed a Decreto de Arrendamiento de Predios Rústicos--Decree

Concerning the Rental of Rural Properties--which was signed by the President of the Junta, Rómulo Betancourt, on March 6, 1947.[18] This decree revolutionized the control and use of private and public property in rural Venezuela. It created a number of agrarian commissions in each state and territory, empowered to administer the leasing of farmlands to peasants. Article 5 required all owners of private lands not being actively farmed to lease them to government agencies or directly to peasant syndicates. Article 11 placed all public lands--national, state, and municipal--under the control of the pertinent commission to facilitate its leasing to peasant users. In one bold stroke, the power to deny access to land and water resources was stripped from landlords, unless they could satisfy the commissions that they were actively farming the land. Landlords could not set exhorbitant rentals--a commission set the price which it considered a fair return--and the commissions had the power to fine landlords up to Bs500 for noncompliance with their findings.

The agrarian commissions were comprised of one representative from the Ministry of Agriculture and Livestock (MAC), one member appointed by the regional executive, one member of the appropriate local governmental body, such as the Consejo Municipal or the Junta Comunal, one representative of the local landlords, and one representative of the local peasant syndicate. The local landlords, thus, were granted formal representation on these powerful bodies which had a great effect on their interests--but the procedures for selecting the specific representative were controlled by the local governmental authorities. In addition, the commission could meet and vote with only a majority of the members--three out of the five--present. In such a case, if political necessities required, the commission could bypass both the landlord representative and the technical representative from the Ministry(MAC). Appeal from the findings and injunctions of the commission could be made, of course, to a three-man board of appeal, consisting of one representative of MAC, one representative of the regional executive, and one representative of the peasant union movement.

The Decreto de Arrendamiento de Predios Rústicos of the revolutionary government provided the formal basis for overturning

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[18]Decreto de la Asamblea Nacional Constituyente, "Decreto de Arrendamiento de Predios Rústicos," Gaceta Oficial, March 13, 1947 (No. 22, 261). The decree was administratively detailed and proclaimed by the Revolutionary Junta as Decreto No. 557, published in the Gaceta Oficial of June 4, 1947 (No. 22, 327).

the power of the local landlord and placing the local peasant union leader in a position of almost unassailable strength. The shift in social, economic, and political power which this decree cemented was revolutionary. All of the implicit powers which the landowner had formerly held over the campesino masses were now explicitly in the hands of campesino union leaders--and these powers, augmented by the linkages of the local union with the revolutionary government, were employed to grant access to land and credits to the campesinos on a large scale. By November 1948 it is estimated that some 125,000 hectares of land had been leased to approximately 73,000 peasant union members.[19] While the land distribution ratio resulted in minifundia, in Venezuela--as in Bolivia--peasant satisfactions were relative to their former situations. Such satisfactions, and the corresponding political credits which accrued to Acción Democrática, were therefore of a high order, and probably heightened for the peasantry by witnessing the shift in local power from the landlords to their own leaders.

As the revolution in land and politics unfolded from 1945 to 1948, the peasant union movement emerged from its period of gestation, begun in 1936, and developed into a full-blown, nationwide trade union organization. Under the changed policies in the Ministry of Labor, legal recognition and registration of peasant union locals accelerated rapidly (see Table 2 for the growth of the peasant unions).

In November 1947, when the Confederation of Venezuelan Workers was formed, the Federación Campesina de Venezuela achieved national organizational form. Of the 15 state federations of labor and the seven occupational federations, which combined to form the new confederation, only one was not dominated by AD labor leaders--the communist-led Clothing and Textile Federation. The Federación Campesina was led by Ramón Quijada, a long-time ORVE-PDN-AD peasant organizer from Sucre state.

In summary, the 1945-1948 period in Venezuelan political history was revolutionary. During this period, the basic political system was converted from a closed, ascriptive based system of management by a restricted elite to a more open, instrumental-based system of competition among organized electoral machines. As the best organized of these electoral machines, Acción Democrática was completely dominant in the political system during this period, although other major political parties began to develop similar organizational capabilities beginning in 1946. The electoral system was formally converted from the indirect election of the Congress and president by a restricted electorate,

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[19] See Powell, op. cit., pp. 122-123.

Table 2. The Growth of the Peasant Union Movement, 1936-1948

Year	Number of Peasant Unions Legally Operating	Members
1936	3	482
1937	11	1,499
1938	18	2,182
1939	25	2,858
1940	25	2,858
1941	26	2,925
1942	35	3,649
1943	53	4,432
1944	71	5,823
1945	77	6,279
1946	312	19,113
1947	433	36,193
1948[a]	515	43,302

[a]As of November 24, 1948, the date of the coup d'etat.

Source: Compiled from the various issues of the Memoria of the Ministerio de Trabajo y Comunicaciones (1937-1945) and the Ministerio de Trabajo (1946-1948).

Note: The data prior to 1946 underestimate the actual number of peasant organizations and members, since they represent only the unions which the labor inspectors chose to register. In some years, more registrations were canceled than new ones granted. All of the membership data are underestimates, since the number of founding members, once recorded, was not changed to account for growth in the syndicate's membership.

and replaced by the direct election technique, with secret balloting by all Venezuelans over 17 years of age, regardless of sex, ethnic origin, literacy, or property and tax qualifications. The basic structure of this system was not overturned during the 10 years of dictatorship which followed, although its functioning was seriously limited and manipulated by governmental powers. The conversion of the basic system from a closed to an open one must be counted as a permanent legacy of the 1945-48 regime--its legitimacy was sealed by the acceptance of the Venezuelan people, and extended through time by their continued expectation to participate in the governmental process.

At the same time that the 1945-1948 regime was directing the forces which revolutionized the political system, another revolution was taking place in the rural areas. The power position of the rural landlord was being challenged by a power competitor, the local peasant union leader. By 1948, the union leader had displaced the landlord as the primary figure in the control of, and influence over, the social, economic, and political forces which affected the lives and fortunes of the campesino masses. This was especially true in the important central states which were the mainstay of the agricultural economy of the nation. By 1948, there were an estimated 2,500 local peasant union officers in Venezuela, affiliated with a nation-wide trade union organization, the Federación Campesina de Venezuela.

The peasant union movement was fused with the dominant political party, Acción Democrática. By virtue of this linkage, the peasantry had already achieved a large degree of de facto agrarian reform by the time of the passage of the Agrarian Reform Law of 1948. The nature of the de facto reform in the rural areas, and the displacement of the landlord by the peasant union leader, conditioned the rural society of Venezuela in durable, if not permanent, fashion. The utility of the powerful linkages between local campesino union leaders and the national government, in altering and improving rural living conditions, was an experience deeply etched into the peasant subculture.[20] This experience and these linkages were abruptly broken by the military coup d'etat of November 24, 1948.

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[20]For an excellent interpretation of these and other events, see Luis Troconis Guerrero, La Cuestión Agraria en la Historia Nacional (Caracas: Ed. Sucre, 1963).

The Counterrevolution, 1948-1958

Prior to the election of President Gallegos under the Constitution of 1947, the military members of the Junta Revolucionaria fully participated in the task of governing the nation, although much of their energies were absorbed in professionalizing the armed forces. However, following his election, Gallegos and the other AD political leaders sought autonomy for the political and administrative tasks of reform which were embodied in their program. Not only did this development violate the expectations of the military men (who dominated the Unión Patriótica Militar) that they would be able to continue exercising influence in, if not control of, policy decisions, but it pointed up the differences in the goals of the civilians and military. The goal which originally motivated the military men to step into the political realm in 1945 was a limited one--the internal reform of the military establishment. The goals of the AD participants in the coup, however, were open-ended--the establishment of a system of government based on free political party competition which was intended to be responsive to the changing needs of the mass electorate. And the military men's perception of this divergence of goals was sharpened by the rapid pace and occasional overzealousness with which the AD regime was pushing a broad range of socio-economic reforms. The interests which were adversely affected by these reforms found a sympathetic response in key military circles. The result was the coup d'etat of November.[21]

The military men justified the coup by publically criticizing Acción Democrática for attempting to build up "a state within a state" by its alliance with, and encouragement of, a partisan labor movement.[22] The Junta Militar took vigorous steps to dismantle this budding substate. The AD party was almost immediately declared illegal and disbanded--its property confiscated, its leaders jailed and exiled. Especially after 1951, when Colonel Marcos Pérez Jiménez emerged as an undisputed military dictator, AD partisans and leaders were the target of government suppression, assassination, imprisonment, and exile by the political police (Seguridad Nacional--SN).[23]

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[21]Martz, Acción Democrática, op. cit., relates many of the details of the coup and the resulting period of dictatorship.

[22]República de Venezuela, Documentos Oficiales Relativos al Movimiento Militar del 24 de Noviembre de 1948 (Caracas: ONIP, 1949). See pp. 17-23.

[23]For a first-hand and documented account of the political police, see José Vicente Abreu, Se Llamaba SN (Caracas: Ed. Catala, 1964). Abreu, a communist, was captured and imprisoned by the SN, as were many of the AD peasant union leaders active today in the Federación Campesina (Powell, op. cit., p. 156).

By Decree No. 56 of February 25, 1949, the entire Confederation of Venezuelan Workers, which included, of course, the Federación Campesina, was declared illegal and ordered to be disbanded. The dictatorship suppressed the labor movement by the arrest of its leaders and the restrictions which it placed on union organizations and activities.[24]

In the matter of agrarian reform, the Junta brought the de facto agrarian reform process to an immediate halt, freezing ITIC and Banco Agrícola campesino credit funds and ending the land distribution program. ITIC was administratively dissolved in June 1949 completing the formal dismantlement of the agrarian reform machinery. Even as the formal steps to terminate the agrarian reform process were being carried out, the process of undoing what had been accomplished during the 1945-1948 period was begun.

Upon the overthrow of the AD government, the contractual leases of private farmlands under the powers of the Decreto de Arrendamiento de Predios Rústicos were null and void for practical purposes. The leasing arrangements undertaken in these contracts were gradually liquidated, and in some cases--the liquidations were not so gradual--especially if the landowners had been forced into the lease. In any case, campesinos farming such private lands were gradually evicted as control reverted to private ownership.

Even more serious for the campesinos who had been reached by agrarian reform benefits from 1945 to 1948, the public lands which had been leased to peasant syndicates and their members (about 70 percent of all agrarian reform projects were on government properties) began to pass to private hands following the overthrow of the AD government. This was especially the case on potentially valuable properties which had been former Agricultural Bank holdings (through defaults in the credit-mortgage program), and the former Gómez lands which had been active agricultural operations. In at least one case, ex-Goméz holdings were successfully recaptured from the government by members of his family, and in other cases, were sold to private commercial interests. Foreclosed farms held by BAP and other government agencies, some of which had been on the market under the AD government for a 25-30 percent down payment, were sold by

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[24]For a detailed analysis of the suppression of the Venezuelan labor movement, see International Labour Office, "Freedom of Association and Conditions of Work in Venezuela," Its Studies and Reports (Geneva: n.s., No. 21, 1950).

the dictatorship by dropping the down payment requirements to as low as 10-15 percent.[25] Once again, as in the days of Juan Vicente Gómez, it became fashionable for government officials to acquire the status of weekend hacendados.

The peasants who were subsequently evicted or otherwise dislodged from the lands formerly granted them under the agrarian reform resisted forcibly in some cases, were treacherously tricked into voluntarily moving to new locations in others, or quietly vacated their former plots by order of the new private owner, the police, or the Army.[26] The dimensions of this setback for the peasantry can be grasped by comparing the number of peasants on lands leased to them by the government in November 1948--an estimated 73,000 on 125,000 hectares--with the number on government colonies and small settlements at the time of the fall of the dictatorship--3,759 farmers on 34,452 hectares.

The Pérez Jiménez dictatorship was able to terminate, and even temporarily reverse, the radical agrarian reform program begun by the AD regime, but it was unable to erase the earlier experience from the subculture of the peasantry and its syndicate leaders. The leaders of the peasant union movement, predominantly affiliated with Acción Democrática, shared the suppression experienced by the party and the overall labor movement. They also shared in the clandestine resistance to the dictator which eventuated in his overthrow in January 1958. With the demise of Pérez Jiménez, the full force of the peasantry's drive for land and socio-economic emancipation was unleashed once again, compounded now by the experience of reversal and perceived injustices suffered under the dictatorship. The events in the Venezuelan agrarian reform process from 1958 through 1962 must be understood as an accommodation to, and attempt to constructively channel where possible, that flood-tide for change. The governmental response to the situation was in some contrast to the 1945-1948 response--for the political system which emerged from the decade of suppression was no longer dominated by the single party but was a vigorous multiparty system.

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[25]See the Memorias of the Ministerio de Agricultura y Cría, and the Informes of the Banco Agrícola y Pecuario during this period under the heading "Movimiento de Bienes."

[26]Powell, op. cit., Ch. VI.

The Evolution of the Democratic State and the Peasant Union Movement from a Single Party to a Multiparty Organizational Form

During the decade of military dictatorship, the Venezuelan party system had gone underground. Acción Democrática, immediately forced into a fight for organizational survival, built up a considerable security and resistance apparatus. The Unión Republicana Democrática, after an agonizing decision to participate in, rather than boycott, the 1952 elections, experienced the humiliation of witnessing its candidate--who was receiving the subrosa support of AD--roll up a tremendous lead in the initial voting returns, only to have the government close down the electoral commissions counting the vote, seize the ballots, and disclose to the nation after some delay that Marcos Pérez Jiménez had been given an overwhelming endorsement by the people.[27] Shortly thereafter, the URD reaction prompted the government to declare the party's existence and operations illegal. The Christian Democrats--COPEI--eventually came to an open break with the government prior to the electoral farce of 1957, following the open clash of Catholic Church leaders with the dictator and the jailing of five priests.

The collaboration of political leaders in the clandestine resistance to Pérez Jiménez during the 10 years of suppression gradually built up a network of personal and functional interrelationships, especially among the younger leaders. The interaction and cooperation of opposing political groups, so necessary to the security and survival of all, had the effect of de-emphasizing small partisan differences and emphasizing the common goals of eliminating military rule and returning to conditions of free and open electoral competition for political power. As a consequence of these factors, a gradual coalescence of political resistance forces developed in Venezuela, culminating in the formation of a multipartisan Junta Patriótica in 1957 and an adjunct Comité Sindical Nacional.[41] The coalition tendency was manifested in the exiled political organizations during the turbulent period leading up to the otherthrow of Pérez Jiménez. In New York City, a meeting was held among Rómulo Betancourt (AD), Jóvito Villalba (URD), and Rafael Caldera (COPEI) in January 1958.

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[27]Leo B. Lott, "The 1952 Venezuelan Elections: A Lesson for 1957," The Western Political Quarterly, Vol. 10, No. 3 (1957), pp. 541-558.

[28]For details, see Armando R. Gonzales, Presencia del Proletariado de Venezuela en el Acontecer Político Temporáneo (Caracas: Acción Democrática, 1963).

The representatives of the three major democratic parties signed the Punto Fijo--an inter-party pact which pledged the signatories to responsible conduct in the anticipated political campaign and to the formation of a coalition government by the successful candidate for President which would include representatives of all political parties (except the Communist Party).

Following the flight of Pérez Jiménez on January 23, 1958, and the assumption of temporary power by a civil-military junta, the political exiles returned to Venezuela and proceeded with the tasks of reorganizing party machinery for the December 1958 elections of a president and a new Congress. The Punto Fijo agreements were honored during and after the election, as President-elect Betancourt proceeded to form a multipartisan Cabinet, with AD, URD, and COPEI the major participants.

Before and during the early Betancourt administration, interparty collaboration resulted in the passage of the Agrarian Reform Law of 1960 and its subsequent annual budgetary support. Despite the fact that URD withdrew from the governing coalition in November 1960 over a policy conflict as to how to deal with Fidel Castro, it continued to support agrarian reform through its congressional representatives. Similarly, early in 1964 when President-elect Leoni failed to come to an agreement with COPEI leaders over their continued participation in a coalition administration and COPEI went into a posture of moderate opposition to the government, this party also continued to give discriminating support to the government's budgetary requests for the agencies dealing with the agrarian reform. It could be argued, therefore, that while among the peasantry, agrarian reform is strongly identified with Acción Democrática, as a national political issue it has become multipartisan.

Paralleling these developments was the resurrection of the Venezuelan labor movement in multipartisan form--formalized by the development of interparty reorganization committees in the states under the Comité Sindical (formed during the clandestine period). The main thrust of these committees was directed toward the regrouping of local unions, their registration in the Ministry of Labor, and the reformation of the Confederation of Venezuelan Workers. The peasant union group was the first major federation to reform, holding its First Campesino Congress in June 1959 and re-electing Ramón Quijada president with a 13-man, multipartisan executive committee.

The rapidity with which the peasant union movement revived, and its tremendous increase in numbers following the fall of the dictatorship, may be accounted for by several factors:

1. The rank-and-file of urban labor had shared somewhat in the petroleum-induced boom of the mid-50's, while

the peasantry had experienced the reversal of gains made during the 1945-48 period and a partial return to earlier social and economic relationships with the rural land owning class;

2. The resulting peasant militancy had been nurtured by the peasant union leaders, who, as a group, were a less available target for government harassment than their urban compatriots and therefore shouldered much of the burden of clandestine organizational activities;

3. The combination of these two factors made interpartisan collaboration especially strong in the rural areas and following the overthrow of Pérez Jiménez resulted in tolerant competition in the new syndicates which were organized by leaders of all political factions.

Thus the transformation of the Venezuelan party system from a single-party dominant to a multi-party system was paralleled by the organization of, and influences in, the peasant union movement. Although AD still was foremost in the movement due to its early start (and the identification of the agrarian reform issue with Rómulo Betancourt and the first AD regime, 1945-48), other party leaders shared important positions of power in the national organization and dominated several state organizations. As of mid-1966, approximately 65 percent of the 3,500 or so local unions were controlled by AD leaders, 30 percent by COPEI leaders, and 5 percent by URD leaders.[29]

Organization of the Federación Campesina

The Federación Campesina de Venezuela (FCV), as its name implies, is a national organization of state and local peasant union groups. It is run by an 11-member national executive committee, which is elected approximately every three years upon the convocation of a campesino congress--which according to the statutes, is the supreme organ of the peasant union movement.[30]

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[29]Various interviews. This figure was confirmed by the results of our survey of local leaders in the Federación Campesina, conducted in February-March 1966. This survey was conducted by the author; John R. Mathiason of MIT; and Michael Sund of CIDA.

[30]Federación Campesina de Venezuela, "Estatutos de la Federación Campesina de Venezuela," mimeographed by the FCV in Caracas in June 1959.

Table 3. The Growth of the Peasant Union Movement, 1948-1965

Year	Number of Peasant Unions	Peasant Members
1948	515	43,302
1949	19	n.a.
1950	24	n.a.
1951	32	n.a.
1952	54	n.a.
1953	64	n.a.
1954	70	306
1955	72	918
1956	79	1,176
1957	n.a.	n.a.
1958	130	4,586
1959	782	39,090
1960	1,813	91,599
1961	2,197	109,698
1962	2,632	130,677
1963	2,936	145,111
1964	3,156	156,193
1965	3,476	171,299

Source: Compiled from the various issues of the Memoria of the Ministry of Labor.

Note: Membership figures are underestimates, since they represent the cumulative number of founding members of syndicates and do not account for subsequent membership growth. As of 1966, FCV leaders claimed a total membership of nearly one million. My own estimate, supported by several indicators, is that there are currently some 550,000 campesino members of the Federación Campesina.

The Executive Committee, with its adjunct Disciplinary Tribunal, is the inner circle of power and decision making for the movement. As of mid-1966, the Committee offices were divided between AD and COPEI, with URD having two Committee votes without portfolio. It is expected that upon the convocation of the Third Campesino Congress, schedules for the fall of 1966, a new distribution of Committee positions will be worked out on the basis of the number of local and state FCV organizations dominated by, or affiliated (through its leadership) with, the three political parties.

On the state, or seccional level, the distribution of power among the leaders affiliated with the various parties, in the form of positions on the State Executive Committee, is decided in a manner parallel to the national level--in state conventions, which are held prior to the convocation of a campesino congress. Local union leaders attend these conventions, with relative voting power determined by the membership of the local, to elect the State Executive Committee, to assess the accomplishments of the state movement and its problems, and to formulate an agenda for action and a programmatic mandate for the new Committee.

Local unions are organized along lines similar to the state and national executive committees, with a Junta Directiva of officers technically required by the Labor Code to stand for election annually. In practice, when annual elections are held, the same group of leaders often rotate positions on the Junta. Local union leaders who are not negligent in their duties and represent their campesino constituents with a reasonable degree of success can normally expect, if they so desire, re-election to their (nonpaying) positions.

The 3,500 local unions affiliated with the Federación Campesina range in size from just under 40 members (the legal minimum) to several hundred members--6.7 percent have less than 40 members, 31.4 percent have from 40 to 99 campesino members, 26.7 percent from 100 to 199 members, and 24.8 percent 200 or more members. In this last category of large unions, the phenomenon of size is closely related to the political affiliation of the union leadership--the leaders of 88.3 percent of the locals with more than 200 members are affiliated with Acción Democrática.[31]

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[31]Data from local FCV leadership survey. A three-stage random sampling plan was employed to select and interview a total of 118 local leaders attending State Conventions of the FCV. For methodological details, see Powell, op. cit., Appendix III.

The 550,000 campesino members of the Federación Campesina represent a mixed variety of land tenure types and occupational interests. Members living on an agrarian reform settlement and those living in the surrounding area may belong to the same union--and while the most prevalent land tenure type was reported by union leaders to be a combination squatter and seasonal wage laborer (a conuquero), other types included sharecroppers, tenants, and even small owners. Thus, the occupational (or tenure status derived) interests which are represented by the FCV are varied and complex.

The campesino members of the FCV share certain important characteristics which provide the basic impulse for the program of action of the peasant union movement--a commonly shared environment teeming with gastric diseases; inadequate housing; lack of community facilities such as medical centers, sewage systems, sanitary water supplies, and schools; and low income levels. The combination of these factors has produced attitudes of pessimism and unhappiness among campesino samples included in recent survey research programs conducted in Venezuela.[32]

General Characteristics of the Federación Campesina Leadership

The leaders of the FCV are on the average younger than the campesino members whom they represent--but there are important differences in the leadership related to their party affiliation with the age of the AD leaders reflecting the longer history of their party in organizing the peasantry[33] (see Table 4).

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[32]In addition to our own survey research, data are utilized in this chapter from the CONVEN research project conducted jointly by CENDES and MIT's Center for International Studies. Working papers and data from this project were generously supplied by John R. Mathiason of MIT. Some of the data have been published in Frank Bonilla and José Silva Michelena, eds., Studying the Venezuelan Polity (Cambridge: MIT Center for International Studies, 1966). See especially the excellent chapter by Mathiason, "The Venezuelan Campesino."

[33]The above-average age of the median campesino in a very "young" society is partly related to the migration of young people from the country to the city. See Pola R. Ortiz and Yolanda D. Shaya, El Problema del Exodo Rural en Venezuela y Medidas Tendientes a su Solución (Caracas: MAC, 1964).

Table 4. Median Age of Peasant Union Leaders by Party Affiliation and Level in Hierarchy

Level in Hierarchy	Number	Party Affiliation of Leader			
		AD	COPEI	URD	Totals
Local	118	40	38	28	40
State	23	37	33	25	37
National	24	38	33	35	38

While younger than the typical peasant member of the FCV (41 years), the leaders are clearly superior to the FCV campesino membership in a critical characteristic--education. And among the various leadership strata, differences in education are directly related to the position which the leader holds in the hierarchy of the FCV (see Table 5).

Table 5. Comparative Education of Campesinos and FCV Leaders (Percent)

Level of Education	Campesino Groups [a]			FCV Leaders		
	Asentado	Non-asentado	Laborers	Local	State	National
No school	66.5	52.5	50.0	30.5	3.2	--
Some primary	23.6	32.1	31.3	45.7	17.4	4.5
Complete primary	1.4	3.6	4.0	18.6	52.1	68.1
Some secondary (or more)	0.5	0.7	2.0	4.2	21.7	36.3
N =	(191)	(183)	(166)	(118)	(23)	(24)

[a]Source: CONVEN--Asentado data from sample of peasants living on an agrarian reform settlement, or asentamiento; non-asentado data from a dependent sample of peasants living near--in the same country--the same agrarian reform settlements.

Part of the educational differences between the leaders of the FCV may be related to family background and life residential patterns. These factors are important in themselves for the differing attitudes and value orientations into which the family members are socialized. In addition, they may be related to the availability of educational opportunities (the existence of nearby schools), economic considerations (based on income differences), the perceived value of education, and other factors which condition the educational trajectory of any individual. (For comparisons based on father's occupation, see Table 6.)

Table 6. Father's Occupation: Comparison of Local, State, and National Leaders of the FCV

Father's Occupation	Per Cent Reporting		
	Local	State	National
Campesino	83.9	56.5	45.8
Small business	5.9	21.7	8.3
Laborer	3.4	8.7	20.8
Professional	1.7	--	16.6
Large landowner	--	4.3	4.1
Other	--	4.3	4.1
N =	(118)	(23)	(24)

Emerging from somewhat different family backgrounds than local union leaders and having attained higher educational levels, the state and national leadership of the FCV tended to be drawn into the labor movement through a number of its branches. The local union leaders, however, were almost entirely drawn into the overall labor movement through the peasant union sector. (See Table 7.)

Finally, the combination of background factors reported above shows occupational types for the various leadership levels. Of the local FCV leadership sample, 86.4 percent reported "farming" as their primary occupation, and 84.7 percent reported that their major source of income was similarly derived. But state and national FCV leaders identified themselves either as labor or party leaders and in rare cases as a member of an established profession (for which they had been educated) such as school teacher or veterinarian. The fact that state and national

Table 7. Comparative Labor Movement Background of Local, State, and National Leaders of the FCV

Branch of Labor Movement First Joined	Percent Reporting		
	Local	State	National
Agriculture	89.8	43.4	59.0
Transportation	1.7	13.0	4.5
Construction	2.5	26.0	--
Industrial	--	13.0	22.7
Petroleum	1.7	4.2	9.0
Other	1.7	--	4.5
N =	(118)	(23)	(24)

leaders earn their income from labor movement or political party-related employment emphasizes this difference--as does the fact that the national leaders have been active in the labor movement for an average of 16 years, the state leaders for 14 years, and the local leaders slightly less than eight years. In short, the local leaders of the peasant union movement are themselves campesinos and retain this identity in their role of union leader, while state and national FCV leaders are professional labor and political activists.[34]

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[34]Some of the special characteristics of our sample of local FCV leaders should be pointed out, since they establish the credentials of these particular men to speak on problem conditions facing campesinos. First, local leaders are "live-in," and not "absentee," leaders--79.9 percent give the address of their personal residence as the same community or village in which the syndicate they lead is located, and another 13.6 percent live in an adjoining neighborhood. Local FCV leaders, moreover, are not newcomers in their place of residence--29.7 percent were born there, an additional 12.7 percent had lived there for 20 years or more, and another 21.2 percent for 10 to 20 years. As we have seen, local FCV leaders come overwhelmingly from campesino backgrounds (83.9 percent), consider farming to be their own primary occupation (86.4 percent), and, in a cross-check question, 84.7 percent reported that their primary source of income was derived from "farming." In short, our sample local FCV leaders are themselves campesinos, in a very real sense.

Peasant union leaders at all hierarchical levels seem to be products of the same recruitment process--or perhaps it is more accurate to say, of the same chronological sequence of associations. This sequence of secondary group associations forms a pattern which highly suggests that individual leaders are recruited into political party activities and that the party then functions as a mechanism to recruit them into labor union activities and still later in time into the peasant union movement (see Table 8).

Table 8. Associational Sequence in the Recruitment of FCV Leaders

Leadership Level	Average Number of Years Affiliated with:		
	Political Party	Labor Movement	Federación Campesina
National (N = 24)	17	16	14
State (N = 23)	16	14	8
Local (N = 118)	14	8	7

Linkages with Other Parts of the Political System

Local, state, and national leaders of the peasant union movement manifest an extensive network of formal and informal linkages with other parts of the political system. This network provides the structural access to decision-making arenas which peasant movement leaders need at all levels to control or influence governmental decisions affecting the interests of their campesino constituents. This is especially important at the state and national level in regard to agrarian reform policy making and budgetary support.

The most important informal linkages of peasant union leaders are forged with the various political parties participating in the FCV. These linkages consist not merely of membership, but of activities as party leaders. Of the 118 local leaders interviewed, 25.4 percent held, or had held, a local political party office; an additional 5.1 percent had held more than one local party office. On the state and national levels, the identity was complete: all peasant union movement leaders held simultaneous offices in their political party. In most cases, the party office was either as agrarian secretary of the local, state, or national executive committees of the party, or as a member of the party agrarian bureau at the appropriate organizational level. The access which these linkages furnish to

decision-making forums is extremely important, especially at the national level. By virtue of the linkages, peasant union leaders participate in the establishment of party positions regarding agrarian reform policy; congressional support of, or opposition to, agrarian reform agency budgetary requests; appointments to governmental positions in these agencies; and so forth. The holding of closely related union and party roles, especially on the state and national levels, suggests that neither role can be analyzed distinct from the other--rather we are dealing with a fused, or multifunctional, role. It is precisely this leadership role fusion which provides the primary tie between the peasant movement and the larger political system.

On the formal political level, peasant union leaders often have achieved linkages with the political system through the electoral process. Among the local leaders in our sample, 15.2 percent had been elected to local governmental or law enforcement positions, thereby extending their knowledge of, and influence in, the municipal and county governmental process. Of the state FCV leaders interviewed, 39.1 percent had been elected or appointed to public offices at the local or state level of government. The 24 national peasant union movement leaders interviewed included five who had been, or were at the time of interview, elected members of their state legislative assemblies; and two AD leaders, one COPEI leader, and one URD leader were members of the Congress--the Chamber of Deputies--at the time of interview. While these linkages are closely related to political party affiliation, they extend the influence of peasant union leaders beyond the informal party decision-making forums into the most formal and august legal decision-making institutions in the nation.

Formal linkages with other parts of the political system have been granted to FCV officials by law and decree; positions on various boards and committees within the major governmental agencies administering the agrarian reform program have thereby been established for representatives of the Federación Campesina. Thus, two peasant union movement representative --one named by AD, and one by COPEI--hold voting positions on the five-man Board of Directors of the National Agrarian Institute (IAN); an AD representative holds a voting position on the Board of Directors of the Banco Agrícola (BAP); and peasant leaders from all three parties--AD, COPEI, and URD--hold positions on 11 product advisory boards in the Ministry of Agriculture (MAC), four credit or special program boards in BAP, one seat on the Rural Housing Board of Consultants, and one membership in the Directorate of the National Institute for Culture and Education.

Taken together, these linkages tie the peasantry, through the leadership of the Federación Campesina, into the larger political system. Moreover, the ties are not merely structural,

but functional. The functions of this specialized subsystem are focused on agrarian reform problem solving--it will subsequently be called "the rural problem-solving system."

The rural problem-solving system may be defined as that political subsystem in Venezuela which functions to change, ameliorate, or eliminate those rural conditions which constitute a life problem for the campesino population. The goals of this particular system are determined by the nature and extent of the environmental problems which are experienced by, and have a subsequent impact on the behavior of, the Venezuelan campesino.

As Figure 1 suggests, certain consequences flow from the problematic rural environment in the form of campesino behavior--joining of unions and voting support for pro-agrarian reform political parties. The men who fill the leadership roles in the Federación Campesina, and in public offices (which are filled as a result of the impact of the campesino electorate) function to influence, shape, and direct the programs of the national government into an effective instrument of agrarian reform. The agrarian reform, in turn, is intended to change the environmental conditions which generate the problems facing the campesino masses. Thus the major flow of relationships forms a complete, self-sustaining cycle of interdependent functions--in a phrase, a rural problem-solving system.

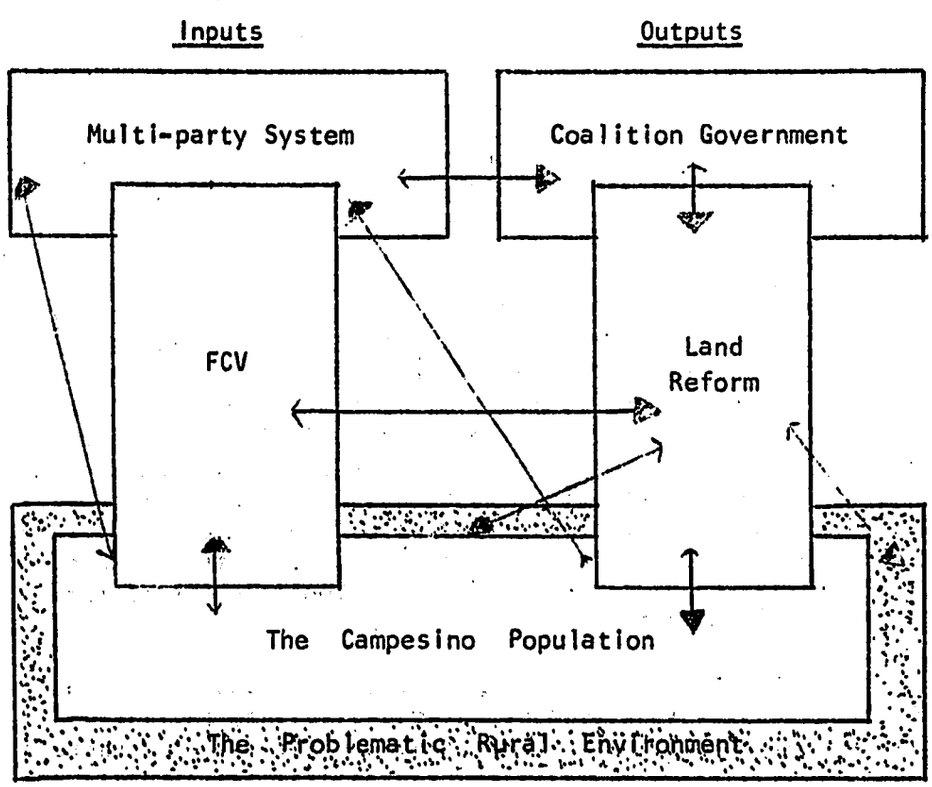

Figure 1. Schematic conception of the structure of the rural problem-solving system.

The Problem-Solving Process: Seeking Solutions

The rural problem-solving system is grounded in the problematic aspects of the rural environment. The problem-solving process, therefore, commences with the experience of unsatisfactory or tension inducing life conditions in the rural areas.[35] The specific environmental conditions which are experienced as unsatisfactory (or problematic) determine the subsequent behavior of the campesinos and their leaders in the FCV in seeking relief through collective action. In order to understand the problem-solving process, therefore, we must first seek to identify concretely the conditions which motivate attempts at problem solving--i.e., what is it that disturbs the campesino population? In order to answer that question, our sample of local peasant union leaders was asked: "In your opinion, what is the most important problem which confronts the members of your syndicate?"

The answers, as presented in Table 9, demonstrate a large residue of concern for land and the administration of the agrarian reform program, even after six years of vigorous attempts to solve such problems by Presidents Betancourt and Leoni. A variety of other problems concerning health and other living conditions also received first mentions, indicating the existence of a broad range of dissatisfactions among the peasantry.

A question was also put to the sample as to how serious they considered a specified list of problems to be for their campesino neighbors and themselves: very serious, not very serious, or no problem at all. Since the list was designed on the basis of pre-knowledge of the most prevalent problem conditions in Venezuela, it included all but one of the items mentioned in Table 10.[36]

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[35]For the theoretical bases of the problem-solving approach, see John Dewey, Logic: The Theory of Inquiry (New York: Henry Holt & Co., 1938).

[36]The pre-knowledge was based on my 1964 research in the FCV headquarters, as related in John D. Powell, Preliminary Report on the Federación Campesina de Venezuela (Madison, Wisc.: Land Tenure Center, 1964), Research Paper No. 9.

Table 9. Perceptions of the Most Serious Problem in the Rural Areas of Venezuela

Greatest Problem	Percent Mentioning	No.	Rank
Lack of sufficient land	28.0	33	1
Inefficiencies in agrarian reform	17.8	21	2
Lack of roads	11.9	14	3
Lack of potable water supply	11.0	13	4
Lack of agricultural credits	6.8	8	5
Lack of schools and teachers	5.1	6	6.5
Unsanitary, poor housing	5.1	6	6.5
Farm-related problems[a]	4.2	5	8
Lack of medical facilities	3.4	4	9

(N = 118)

[a]Including lack of fertilizers and hybrid seeds, fencing, machinery, etc.

While local FCV leaders have some differences of opinion as to which problem they consider to be the most serious (in their particular neighborhood), there is a remarkable degree of consensus on the fact that a cluster of problem conditions-lack of land, proper housing, medical facilities, credit, and sanitary drinking water--are very serious for the campesino population. We can consider these problems, then, to be basic conditioning factors in the process of rural problem solving. They constitute the problematic elements in the rural environment which generate the activity necessary to energize the problem-solving system, and provide the basic set of goals toward which that system is working.

Table 10. Perceptions of the Gravity of the Problems which Exist in the Rural Environment

Nature of Problem	Characterization of Problem (%)			
	Grave	Minor	No Problem	Gravity Rank[a]
Lack of medical facilities	68.6	15.3	11.9	1
Lack of sufficient land	67.8	14.4	12.7	2.5
Unsanitary, poor housing	67.8	17.8	11.0	2.5
Lack of agricultural credits	64.4	11.9	16.9	4
Lack of roads	61.0	20.3	13.6	5.5
Lack of potable water supply	61.0	13.6	21.2	5.5
Lack of schools and teachers	39.8	22.9	33.1	7
Farm-related problems	35.6	23.7	32.2	8

(N = 118)

[a]Ranking percentage of "grave" responses.

The experience of living in these problematic conditions fosters a responsiveness on the part of the campesino masses to appeals by political and union leaders. Political party leaders and union leaders both offer outlets for rural discontent by harnessing it in ways related to the solution of the unsatisfactory, or problematic, conditions. Thus, rural voters are induced to vote for AD or COPEI by relating their activities to the establishment and administration of the government's agrarian reform program, and by offering party solutions to inefficiencies or inadequacies of the reform. The response of rural voters to these appeals has been sufficient to make AD and COPEI the two most popular parties in Venezuela--for while urban voters greatly outnumber rural voters, the stability of the rural loyalties to AD and COPEI--and the fickle nature of the leftist oriented urban voter--has insured that

these two parties have either dominated or actively participated in the governmental process since 1958.[37]

Peasant union leaders appeal to the campesinos to participate even more directly in a collective attack on the problem conditions in which they live. Attendance at union meetings is one such form of participation. Our survey data indicate that 72.0 percent of the FCV locals hold meetings at least once a month (52.5 percent bimonthly or weekly). Into these meetings come the campesinos, carrying with them their direct knowledge of problem conditions and their desires for relief. Meetings of the local unions revolve almost entirely about the discussion of community problems--80.5 percent (95) of our local samples reported that this was the most common activity of the local. Campesino leaders report to the members the status of problem-solving activities already being carried on, and campesino members raise new problem observations, demands for relief, or complaints about the status of unresolved problems. Thus campesinos contribute in two ways to the problem-solving process at this level: they formulate precise demands for problem-solving activity, and they provide feedback on ongoing attempts at solution. Both of these contributions, of course, depend on the functioning of the local leader. He must either respond directly, if the necessary resources are within his control, or must process the campesino demands and pass them on to other parts of the problem-solving system.

In short, the problem conditions with which the Venezuelan campesino is confronted generate within him a certain potential for mobilization. If political and union leaders can stimulate him with suggestions of ways and means of solving his problems and guide him into patterns of behavior related to their solutions, the campesino can make valuable contributions to the functioning of the problem-solving system. In so performing, the campesino is mobilized into participation in political and union activities which directly or indirectly contribute to the solution of his problems. The extent of this participant behavior can be inferred from the table which presents data on a national random sample of three campesino groups (including non-unionized as well as unionized respondents) (see Table 11).

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[37] Rural population (less than 1,000) correlates .65 with AD votes (1963) by state; and .76 with COPEI votes.

Table 11. Campesino Participation in Syndicate and Political Activities[a]

Activity	Group (Percent)		
	Asentados	Non-Asentados	Farm Laborers
Attended union meeting last six months	61.3	34.4	27.2
Attended party meeting last six months	35.1	26.8	14.8
Worked for party or candidate in last election	24.6	16.4	14.2
N =	(191)	(183)	(166)

[a]CONVEN.

Once campesino demands for problem solutions have been entered into the forum of the peasant union meeting, the next step in the problem-solving process is taken by local leaders. The question then is: What do the local union leaders do? (See Table 12.)

The major function performed by local union leaders is brokerage. They assist the union members in obtaining benefits available under government programs, such as farm credit, and solicit for the application of other government resources and programs in their communities to solve the particular problems which concern their campesino constituents.

Brokerage is not exhausted by the submission of a petition to the appropriate government agency for a program of action in a particular rural neighborhood. We found that the local FCV leaders actively followed up such petitions through face to face contacts with the regional or local representatives of the three major agrarian reform agencies--the Instituto Agrario Nacional (IAN), the Banco Agrícola y Pecuario (BAP), and the Ministerio de Agricultura y Cría (MAC). (See Table 13.)

Table 12. Reported Activities of Local Peasant Union Leaders

Nature of Activity	Percentage Reporting
Help members obtain agricultural credits	78.0
Petition Ministry of Education	69.5
Petition for land from IAN	56.9
Petition for rural housing projects	66.1
Petition for penetration roads	65.3
Petition for health and sanitation projects	65.3
Organize educational events for members	37.3
Sponsor social events (dances, festivals)	36.4
Sponsor athletic events or activities	24.6
(N = 118)	

Table 13. Intergroup Contacts of Local Peasant Syndicate Leaders (Percent)

Frequency of Personal Contact	Contacts Reported With			
	IAN Officials	BAP Officials	MAC Extension Agents	State FCV Officials
Daily or weekly	21.2	16.1	13.5	11.9
Monthly or yearly	36.5	35.5	34.8	47.4
Infrequently	6.8	8.5	10.1	21.2
Never	34.7	39.0	40.7	6.8
(N = 118)				

Factor analysis revealed that the respondents in our sample reporting "never" having had face-to-face contact with agrarian reform officials from IAN, BAP, or MAC differed from the other respondents in the following ways:

1. They had been more recently elected to their union position;

2. They had held local political party offices to a lesser extent;

3. They tended to be affiliated with COPEI rather than with AD or URD.[38]

These factors support our interpretation of the function of local union leaders as brokers and expediters in the problem-solving process--the greater the extent of a leader's political linkages and union experience, the more likely he was to utilize the face-to-face contact with agrarian reform representatives in seeking government responses to the expressed needs of his campesino clients.

While it was found that local union leaders preferred to proceed directly to representatives of agrarian reform agencies in most problem situations, they tended to proceed next to the state FCV hierarchy if dissatisfied with the local response. The responses of local agrarian reform representatives might be limited by lack of resources, or the scope and nature of the problem situation, or partisan discrimination, or even mere personal incompetence. In any case, local leaders in such a situation utilize their political and union linkages to appeal to other parts of the problem-solving system for assistance and action.

The Federación Campesina seems to provide an especially open (and logical) route for such appeals. The state FCV officials, and sometimes even national FCV officials, can be approached to use <u>their</u> political and labor movement linkages to extend and amplify the influence of the local leader. Hierarchs have access to decision-making arenas beyond the reach, influence, or control of the typical local leader. When local leaders encounter difficult or unusual obstacles in the pursuit of their brokerage functions, they are likely to turn to a higher organizational level within the FCV for help. Moreover, the state and national FCV officials seem to be open, or accessible, to such contacts. The following question was posed

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[38]All of these characteristics are related to COPEI's organizational drive, designed to recruit young rural leaders and incorporate them into the peasant union movement.

to our sample: "In case you urgently needed to get in contact with a member of the state (national) FCV Executive Committee, do you think this would be easy, not very difficult, difficult, or almost impossible?" The replies are tabulated in Table 14.

Table 14. Perceptions of Ease of Access to FCV Hierarchy by Local Leaders

Contact Would Be	With State Leaders (Percent)	With National Leaders (Percent)
Easy	55.1 (65)	31.4 (37)
Not very difficult	20.3 (24)	22.9 (27)
Difficult	21.2 (25)	30.5 (36)
Almost impossible	0.8 (1)	5.9 (7)
(N = 118)		

Of those who responded that such contact would be "difficult" or "almost impossible," approximately 85 percent gave reasons such as the distances involved, or the lack of adequate communications facilities, etc.--and less than 5 percent indicated that the obstacle was perceived to lie in a lack of receptivity on the part of the FCV hierarchy. This indicates that one of the basic functions of the state and national leaders of the Federación Campesina consists in passing on, augmenting with the weight and authority of their status, and otherwise maximizing the brokerage influence of the local FCV leaders.

Being leaders, however, state and national FCV officials are not merely servants of the local FCV officials. They help to influence and control those images and expectations of the local leaders (and the campesino members) which structure the transmission of demands for action. For instance, during the early Betancourt administration, local unions were persuaded by national leaders to cease sponsoring land invasions which were threatening the stability of the government by arousing political hostility. Later, the FCV was induced to restrain its pressure for immediate large-scale distributions of land under the agrarian reform program in favor of carrying forward an integrated reform--which

promised long-range, and not simply stop-gap, relief from the problems concerning the campesino masses. In both these cases, local union leaders and their followers were successfully persuaded to defer temporarily their particular demands in order to meet the requirements for the political survival of the overall problem-solving system.

At the national leadership level of the peasant union movement, the brokerage function, manifestly a role of influence and highly political in the broad sense, reaches its most sophisticated and effective form. For here, not only are requests for assistance in solving specific local problems skillfully transmitted to the proper structure in the government, and conveyed with the political influence necessary to ensure attention to the matter, but the brokerage function is also generalized. Thus national peasant union leaders, especially those affiliated with AD, can serve as general spokesmen for the interests of the campesinos in important decision-making councils.

For instance, during the process of agrarian reform agency budgetary preparations and requests, peasant union leaders participate in at least three important decision-making events. And two of the AD national peasant movement leaders--Armando R. Gonzales, president of the Federación Campesina, and Eustacio Guevara, the AD national agrarian secretary--are members of the elite 15-member party Executive Committee, which meets every Wednesday afternoon with President Leoni to discuss the strategy and tactics of coalition politics. Both men pronounce themselves satisfied that on such occasions, they are able to adequately protect the interests of the campesino sector of the party in any decisions affecting it.[39]

The Problem-Solving Process: Getting Results

The bulk of this report is devoted to a description and analysis of the agrarian reform program which has resulted in great part from the voting and problem-solving behavior of the campesino masses and their peasant union leaders. Here we will be concerned with relating the distribution of problem-solving pressures to the distribution of problem-solving results. In other words, how closely are the sources of peasant union pressure related to the areas in which agrarian reform benefits are distributed?

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[39]Armando R. Gonzales interview (Caracas, June 1964); Eustacio Guevara interview (Caracas, April 1966).

In order to seek an answer to this question, a multiple regression analysis was performed utilizing aggregate statistical data by state. Fifteen variables were hypothesized to be possible sources of pressure, or inputs, into the problem-solving system--these included a measurement of peasant union membership. These inputs were related to 13 measurements of government outputs, or benefits under the agrarian reform program, such as land, credit, infrastructure investments by agrarian reform agencies, etc. Experimental regression equations were run to determine which combinations of input measurements yielded the maximum explanatory power (the coefficient of determination--r^2) concerning the distribution of outputs. The results reported below concern the six dependent variables--or outputs--for which our regression equations yielded significant coefficients of determination.

In order to independently measure the impact of the input variables measuring peasant union pressures, the same process was repeated, dropping out two union measurements, and confining the input variables to the remaining 13. Table 15 summarizes the findings and suggests the impact of peasant union pressures in the distribution of agrarian reform benefits.

Table 15. Comparison of Total Variation Explained in Outputs With and Without Syndicate Pressure Inputs

Dependent Variable (Outputs)	Max. r^2 with Union Inputs Included	Max. r^2 with Union Inputs Excluded	Differences in r^2
Total IAN Expenditures	.81	.78	.03
Campesino Credits	.59	.43	.16
Families Given Private Lands	.53	.39	.14
Acres of Private Land Distributed	.45	.21	.24
Families Given Public Lands	.41	.12	.29
Acres of Public Lands Distributed	.36	.07	.29
Averages	.52	.33	.19

While the data in Table 15 cannot be taken to measure precisely the independent impact of syndicate pressure (since many of the other input variables may contain syndicate pressure effects and thus be including them indirectly), the pattern of the data is consistent and clear: the existence of a syndicate in an area and the intensity of syndicate pressures will have a positive effect on that area by bringing it the benefits of the agrarian reform.

The data suggest that unionization has more of an effect in the distribution of certain benefits, such as land, and the number of families which such land will support, than on the distribution of other benefits such as credit or overall investments. This seems logical from the point of view of sound banking principles, which would operate to insulate credit criteria from such pressures as could be brought to bear by union and political forces. It also seems logical that the overall pattern of IAN investments would be relatively unaffected by the presence or absence of union pressures, since such investments include large infrastructure items such as roads (which are located according to geographic possibility and the existence of marketing centers, or connecting transportation arteries); and aquaducts, irrigation, and drainage works (which depend for their location on natural geographic conditions).

In summary, the hypothesis that the Venezuelan problem-solving system is responsive to the inputs generated by the Federación Campesina is supported by the foregoing regression analysis. But the nature of the systemic response is limited and conditioned by other factors, such as the potential return on agrarian reform investments in terms of agricultural productivity and other technical considerations. The fact that the systemic response is limited by such considerations seems to be a clear indication that policy has been made in response to campesino pressures but that the nature of the subsequent outputs has been heavily infused with rational considerations by the government's output managers.

An Evaluation of the Agrarian Reform by Local Peasant Union Leaders

In view of the almost overwhelming dimensions of the problem situation with which local union leaders are confronted, and in view of the imperfect (from their point of view) nature of the systemic response to their problem-solving demands, it was reasoned that local FCV leaders would be critical in their evaluation of how helpful the agrarian reform program had been in the solution of their particular problems. The data in Table 16 confirm this hypothesis.

Table 16. Evaluations by Local FCV Leaders of How Helpful Agrarian Reform Agencies and Programs Have Been in Solving Their Problems

Agency or Program	Has Given (Percent) Much Help	Little Help	No Help	Net Score[a] Percent	Rank
Federación Campesina	39.8	30.5	27.1	+12.7	1
Admin. Committee[b]	16.1	24.6	27.1	+11.0	2
Political Party	28.0	28.0	40.7	-12.7	3
BAP Credit Program	22.0	38.1	38.1	-16.1	4
IAN Rural Road	24.6	27.1	46.6	-22.0	5
Rural Road Program	14.4	26.3	55.1	-40.7	6
MAC Extension Service	12.7	25.4	58.5	-45.8	7
Rural Housing Program	15.3	17.8	65.3	-50.0	8

(N = 118)

[a]Net score equals percent "much help" minus percent "no help."

[b]Administrative Committees are bodies elected from among the settlers on agrarian reform projects, as provided by law.

The negative evaluations shown in Table 16 seem to be valid measurements of problem-solving performance as weighed against problem-solving desires of local peasant union leaders. It is important to note that the question was asked in the context of a series of related questions which sought to identify and measure the gravity of the specific problems confronting the union leader and his followers. Then the leader was asked if the agencies and organizations mentioned in Table 16 had been of much, little, or no help in the solution of those particular problems. Thus a quite precise and concretely focused evaluation was obtained.

To check the validity of this response, we tested the respondent's general attitude toward the same agencies and organizations at a later point in the questionnaire; and the responses were overwhelmingly positive: 94.1 percent

approved of the agrarian reform program in general, 98.3 percent approved of the Federación Campesina, 86.4 percent of BAP, 89.8 percent of IAN, and 89.8 percent of MAC. It is submitted, therefore, that the data in Table 16 precisely measure local peasant union leaders' evaluation of specific task performance and not general dissatisfaction with the program or its constituent parts.

Furthermore, factor analysis revealed two characteristics which tended to make certain leaders more negative in their evaluations than the others. The fewer face-to-face contacts a local leader had experienced with representatives of the agrarian reform agencies, the more negative he was in his evaluation of their usefulness in solving his particular problems; and the local union leaders affiliated with COPEI and URD tended to be much more negative in their evaluations of agency performance than their AD colleagues--although AD leaders, too, were negative to a significant extent.

The important point here seems to be that while local union leaders may identify with their political party and its positive role in the agrarian reform program, this identification is by no means indiscriminate. Local peasant union leaders are perfectly capable, and apparently quite willing to objectively judge the end product of the agrarian reform program as it affects the particular problems in their communities--and this judgment more often than not is quite critical. The implication of this, of course, is that the continued exertion of pressure for improvement in the performance of problem-solving tasks ought in time to be fed back through the problem-solving system and result in beneficial changes--in the absence of any gross inefficiencies or obstacles internal to the system.

A second important point derived from an analysis of the evaluations of local leaders is that the organizations and agencies in which local union leaders have the greatest degree of influence and control--the FCV, the administrative committees (which in almost every case are identical with the executive committees of the local unions), and the political party--receive the highest rankings, while agencies and programs which are determined by outside experts utilizing rational criteria in their decision making--housing projects, extension services, and rural road building--receive the lowest utility ranking. This suggests that what makes the favorably ranked organizations so useful to the local leader is the opportunity they present for him to participate in the decision-making process--expressing his own opinions (and having them taken into account), pressing for the interests of his constituents, and generally exerting his influence as a community

leader in a pluralistic political process--and the responsiveness of these organizations to his inputs.[40]

The Capacity for Functional Growth in the Federación Campesina

The functional requirements of the Federación Campesina have changed over time. Before the problem-solving system was established through a political revolution of profound dimensions, the requirements of the peasant union movement were to recruit campesino leaders and members on a mass basis. Once the political revolution occurred in 1945, the organizational requirements were to insure massive electoral support of the party which promised to bring radical changes in the rural areas. And once these changes were set in motion, the peasant union movement was an essential element in the organization and administration of the changes. During the 10 years of dictatorship, the peasant union movement clandestinely nurtured the bases of political organization and mass support necessary to re-enter the governmental process upon the fall of the dictator

Since 1958, the functional requirements placed on the Federación Campesina, by virtue of its central position in the problem-solving system, have continued to change and to become more sophisticated. The day may be envisaged--let us guess within a generation or two--when the primary role of the contemporary peasant union movement--brokerage pressure--will no longer be necessary. Local peasant union leaders and campesinos then may no longer need to use political influence and pressures to accomplish local problem-solving tasks but may rely on an institutionalized bureaucratic process. If the Federación Campesina is to survive as a mass-appeal organization, it will by that time have responded to changing peasant needs and have begun to perform new functions and services.

Since 1962, the Federación Campesina has demonstrated such a capacity to adapt to changing membership needs and new opportunities by initiating new membership service programs at the national level. The national organization, having command of a fairly broad range of resources, can perform services for its campesino members which are beyond the capabilities of the local, or even the state organizations. Some of these functions are educational--designed to better equip the campesino to deal with

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[40]This seems to be a clear case of the operation of the "participation hypothesis," well known in social psychology. The hypothesis suggests that work tasks are performed better and enjoyed more when the opportunity (or even the illusion thereof) is provided to participate in the setting of goals and work norms. See Sidney Verba, Small Groups and Political Behavior: A Study of Leadership (Princeton, N.J.: Princeton University Press, 1961).

his problems as a cultivator. Others are aimed directly at the relief of problem conditions such as marketing obstacles, lack of mechanized equipment (and the knowledge of how to use it), etc.

One of the most important of these service functions is campesino education. Under the sponsorship and direction of Dr. Julio Manuel Montoya, the national secretary for culture and publications, the Federación Campesina, beginning late in 1962, organized a series of Escuelas de Capacitación Campesina--peasant vocational schools--for FCV members. By 1966 the first four of the planned 10 of these vocational training centers were in full operation, teaching campesinos basic farm technology, including: beef and dairy cattle operations on a small scale, basic food cultivation, hog and poultry raising, use of agricultural credit, agrarian reform, and syndicate organization. Classes are organized in groups of 60, and the courses run for two months (six days a week, from 6 a.m. to 10 p.m., including night classes in reading and writing). The basic objective of the courses is not to produce farm technicians, but to send the campesino back to his family farm with a rudimentary, but solid, basis for improving his standard of living and to make it possible for him to enter the commercial market on a modest scale. Another explicit objective of the training centers is to create an in-group "demonstration effect" for other members of the syndicate.

These schools have been quite successful to date and have required only a minimum investment by the Federación Campesina. IAN has provided the land and buildings (such as former construction camps), MAC has provided the staff and livestock, BAP has provided credit to put the student-run farm on a self-supporting basis, and the various state governments have helped cover operating expenses. Such cooperation is a fairly convincing demonstration of the advantages which the FCV enjoys due to its linkages with political and governmental structures.

The Federación Campesina began another series of campesino service enterprises early in 1965 which have been given high priority by the national FCV leadership. The first of these enterprises organized was SUCAM (Sucursales Campesinas), a privately managed firm in which the FCV is the principal stockholder. SUCAM imports agricultural machinery for sale to FCV syndicates and individual members. Since the FCV can guarantee a large and controllable market (i.e., the 550,000 campesino members), SUCAM can contract with large manufacturers (Oliver, John Deere, etc.) to provide discount prices, stocking of spare parts, and servicing. The arrangement has permitted campesino groups to purchase tractors, for instance, for as much as 25 percent below the commercial market price in their area.

Closely linked to SUCAM is another campesino enterprise, SERVICAM (Servicios Campesinos). The same farm machinery companies which import the SUCAM equipment were contracted to train campesinos as mechanics for the repair and maintenance

of farm machinery and to help set up FCV-run SERVICAM repair shops in the rural areas. The FCV was pressed into this activity because local farm machinery franchise holders refused to repair or service farm machinery imported by SUCAM, an obvious competitor. By 1966, SUCAM had completed its first successful year of operations, and SERVICAM was beginning to emerge from the planning stage.

The Federación Campesina has established another successful (so far) operation, INDUCAM (Industrias Campesinas)--a rice-processing factory on the huge irrigated agricultural colony and agrarian reform settlement of Calabozo. INDUCAM has managed to contract the sale of its high-quality rice to the nationwide Rockefeller supermarket chain, CADA (Compañía Anónima Distribuidora de Alimentaciones), thus assuring a solid market outlet for the rice raised by members of the Calabozo syndicates and processed in the FCV's campesino-manned rice plant.

In the field of marketing, the FCV has attempted to penetrate local networks but has met resistance and problems. It is now seeking new ways of getting around such obstacles as boycotts of campesino produced crops by agricultural processors in favor of privately produced crops. (This happened in 1963, when a bumper tomato crop produced on the agrarian reform settlement of "La Julia" was lost due to the refusal of the local tomato processors to deal with the syndicate representatives trying to sell the crop.) In 1965, the national FCV obtained an export contract with North American buyers for the output of "La Julia" and other tomato-producing agrarian reform settlements. Also under way are efforts to establish an organized net of farmer's markets, to be called MERCAM (Mercadeo Campesino). The first of these markets, which will provide FCV campesino members with a direct outlet in Caracas (eliminating the rapacious middlemen--"la rosca encapadora") was reported to open sometime in 1966. But the direct-marketing effort has run into a variety of difficulties and setbacks (which seem, among other things, to be at least partly due to a lack of sufficient marketing experts involved in the efforts to establish MERCAM).

Conclusions

From the data uncovered during the course of the research process and analyzed in this chapter, certain conclusions may be drawn concerning the role of the Federación Campesina in the Venezuelan agrarian reform--some positive and some negative in

nature. These conclusions are reasoned as closely as possible from concrete evidence and not from a priori premises.

The negative conclusions concerning the role of the FCV in the agrarian reform revolve around the potential dangers of its marriage to politics.[41] One such danger is that the peasant union movement might be manipulated for political reasons unconnected with the interests or needs of the campesino membership. Yet the probability of such a danger occurring is limited by several rather basic factors which are built into the present situation. In the first place, we have seen that local union leaders possess the capacity to objectively evaluate the usefulness of the agrarian reform to solving problems of their communities. A reaction could be expected if peasant interests were subordinated to partisan political interests to a degree unacceptable to the campesinos and their local leaders. And since there are definite elements of overt competition within the peasant union movement--among leaders in the same party competing for the top positions of power through the internal FCV electoral process and between the different parties competing for the loyalty of campesino followers--a subordination of peasant interests by political manipulators could not endure for long before campesino members were attracted to other leadership foci. For the same reason, such manipulation would be unlikely to occur in the first place. The top leaders in the peasant union movement are well-seasoned political professionals and would hardly alienate the basis of their own power--the loyalty of the campesino masses.

A more likely danger which is inherent in the fusion of union and party roles of peasant union leaders is that a leader may become embroiled in an internal party controversy, essentially unrelated to campesino interests, which might nonetheless impair his usefulness as a campesino leader. Such an internal party controversy, for instance, may involve competition for the party's presidential nomination. Competitors for such a prize may recruit the support of peasant union leaders, whose political futures are then entangled with that of the candidate. Exactly such a situation occurred during the winter of 1965-66 within URD. The competition became acute enough that the competitor for the party's presidential nomination with whom the peasant union leaders were entangled was maneuvered out of the party altogether, prompting the resignation from URD of the entire National Campesino Directorate. The primary assets of these men as campesino leaders--their political and personal

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[41]For a systematic analysis and detailed examples of the interrelated political problems in the process of the agrarian reform, see Powell, op. cit., Ch. XI.

linkages with the coalition government--were gravely endangered, if not completely cancelled by this move.

Acción Democrática has also experienced internal cleavages in the past--1960 and 1961-62--which involved peasant union leaders and which had an important effect on their usefulness to campesino constituents. The group of AD leaders in the FCV who were elected in 1962 replaced other AD leaders who, united behind the radical Ramón Quijada, were purged from the overall labor movement and the party. In addition, there is evidence to indicate that many peasant union leaders in AD are currently involved in the internal competition for the party's 1968 presidential nomination--although such competition is normal in a healthy political party; and the outcome of the AD competition, it is safe to predict, will not be similar to the unusual situation in URD.

Another potential danger in the political marriage of the peasant union movement is the uncertainty of the electoral future of the parties to which it is tied. If the urban left vote ever coagulates, both AD and COPEI with their solid, but small, bases of rural support are likely to be defeated at the polls and excluded from the government. In such a case, what would become of the peasant union movement, identified as it is with these two parties and marginally with URD? Similarly, what would become of the peasant union movement in the event of an anti-reform military coup d'etat? From what we know happened in 1948, such an eventuality is not pleasant to contemplate.

The fact is, however, that all of these negative conclusions concern potential dangers. The potential is real, but we can only speculate about what might occur, if. The potential has existed since 1936 when the peasant union movement was born -- the offspring of the marriage of union and political party goals. Yet none of the dangers alluded to above has ever materialized in the Venezuelan situation. And since 1958, with the additional element of interparty competition in the peasant union movement, the peasant has been given an increasing number of choices to make--among leaders, alternative programs of action, and in alternative routes and means of influence. It is realistic to recognize these negative conclusions concerning the role of the Federación Campesina in the agrarian reform, but they must be placed in the perspective of positive conclusions which are drawn less from deductive inferences than from inductive research.

The first, and most solidly established of these positive conclusions is that the peasant-union,political-party marriage has been a productive one. It is responsible for the agrarian reform which this study is evaluating. Without this fusion of peasant unions with political parties, there would not have been

such extensive reform. One need only compare the agrarian reforms of those countries in which such a peasant-party marriage occurred--Mexico, Bolivia, and Venezuela--with the agrarian reforms of the other 16 Latin American Republics (Cuba not included) to be convinced of this fact. While the economic aspects of these reforms may fall short of desirable policy objectives, the socio-political revolutions which they have involved--and the incorporation of the campesino into the process of political participation--may in the long run prove to be prerequisites for stable national development.

The basic success of the peasant-movement, political-party marriage in bringing about an agrarian reform program in Venezuela has been enhanced by the capacity of local union leaders to criticize the concrete accomplishments of the program. Thus a propensity to improve the program and increase efficiency of reform is built into the system. Local union leaders communicate critical information and demands for expansion of program activities through the problem-solving system to the men in government who administer the program. The top political managers of the system have an interest in seeing that this information is acted upon, insofar as resources permit in order not to risk alienating their electoral power base. In short, the problem-solving process is self-sustaining and dynamic; being dependent upon successful performance, it has a built-in capacity to close on proximate solutions to intractable problems.

The Federación Campesina, as the primary organizational manifestation of the peasant-party marriage, has demonstrated an impressive capacity for institutional adaptability. The generation of new programs for its members since 1962 indicates that the FCV is capable of responding to functional requirements which cannot be met through governmental resources. The capacity for organizational learning, and functional adaptability, is built into the problem-solving system through the competitive internal electoral process of the Federación Campesina and the political parties. As long as the element of open competition for the loyalty of the mass membership remains present in the problem-solving system, that system will tend to be responsive to the changing needs and desires of the campesinos.

The basic success of the peasant union political party marriage in bringing about the significant economic, social, and political changes involved in the Venezuelan agrarian reform, and the responsiveness--imperfect though it may be--of the problem-solving system to the needs and demands of the peasants and their union leaders has deeply entrenched the Federación Campesina as a social institution in the rural areas. The 550,000 members of the Federación account for one of every four Venezuelans living in communities with a

population of less than 1,000--and some 20,000 of these FCV members are local union leaders. That is to say, the FCV is the dominant social institution in the rural areas and almost certainly has incorporated the bulk of indigenous leadership in the campesino subculture and will continue to do so in the foreseeable future (due to the vigorous recruiting programs being carried on by the nation's three leading political parties).

The local leadership pool of FCV leaders comprises a campesino elite which is highly indigenous with deep community roots--making local peasant union leaders the rural community's intellectual, social, and political pace-setters. We have seen how they displaced the local landlord in the 1945-48 period as the principal power holders in the rural areas. Since the fall of the dictatorship in 1958 and the re-establishment of the agrarian reform program, they have regained that status. The result of the revolution in local power status, placing campesino leaders in the dominant positions formerly occupied by the land owning classes, has been reflected in the sense of political efficacy of these competing elites. Efficacy, a subjective feeling on the part of an individual that he can influence government decisions, is considered a key characteristic of stable and modernizing societies, reflecting the belief of citizens that they have some personal way of affecting the political forces which in turn shape their lives. It is a measure of confidence in the political system, as well as a measure of a knowledge of its concrete workings.[42] In the following table we have dramatic evidence that the local peasant union leader is the most optimistic of six rural groups tested for their sense of political efficacy.

The data in Table 17 reflect many important dimensions of the rural situation in Venezuela today. The local union leader is The Man to see to get things done in most rural communities; the peasants know this, farm and ranch owners are (probably ruefully) aware of it, and the peasant union leaders themselves are confident of the instrumental and affective powers which their position in the rural problem-solving system has granted them.

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[42]For a conceptual introduction to political efficacy, and the results of cross-cultural research into its significance, see Gabriel Almond and Sidney Verba, The Civic Culture (Princeton: Princeton University Press, 1963).

Table 17. Political Efficacy Among Rural Groups (Percent)[a]

Measure	Campesinos			Farm Owners	Ranch Owners	Syndicate Leaders
	Asentados	Non-asentados	Farm Laborers			
Feel opinions are important	17	16	6	14	16	58
Feel efficacious toward national government	20	21	15	40	40	59
Feel efficacious toward local government	31	27	35	63	56	76
N =	(191)	(183)	(166)	(171)	(175)	(118)

[a]The data on the first five groups is adapted from CONVEN.

Campesinos, while feeling rather inadequate themselves as important or influential in the governmental process, apparently derive a great deal of confidence from their association with local union leaders, for the differences in efficacy between those campesinos who are unionized and those who are not is striking (see Table 18).

All of our data point in the same direction: the peasant union movement is performing a political socialization function in Venezuela. Campesinos are, by associating with secondary, instrumental groups, being brought into a meaningful and productive relationship with their political system. From their participation in local syndicate activities, campesinos tend to become aware of what the governmental process is and how their political behavior can affect that process and become more confident of the legitimacy and efficacy of their attempts to influence public policy. They recognize that their local leaders (if not themselves) possess the knowledge, skills, and linkages necessary to translate their desires into effective decision-making participation. More significantly, campesinos enjoy some control over the local union leadership through the internal electoral process. As rudimentary as it may be, the Federación Campesina is a union democracy. The political socialization process, therefore, is tending to produce citizens oriented toward the support of, and participation in, democratic forms of decision making.

Table 18. Comparative Efficacy Measures of Unionized and Non-unionized Peasant Groups (Percent)[a]

Measure	Asentados: Attend Union Meetings?		Non-asentados: Attend Union Meetings?	
	Yes	No	Yes	No
Feel opinions are important	22	10	25	10
Feel efficacious toward national government	23	13	25	14
Feel efficacious toward police	48	31	56	35
Feel efficacious toward local government	40	14	50	9

[a]Adapted from CONVEN data supplied by John R. Mathiason of MIT.

Implications for Agricultural Development Policy

From these conclusions flow certain implications for agricultural development policy in Venezuela. They are general in nature and relevant mainly for those involved in the economic aspects of policy making. They are as follows:

1. Any action program undertaken in rural Venezuela will interact with the Federación Campesina. The FCV is an established--and dominant--fact of life in the peasant subculture. Since this movement has to a large degree monopolized the energies and loyalties of the indigenous leadership within the peasant community and is widely accepted by the rural masses, no program is likely to succeed which is actively opposed by it. In fact, no program is likely to succeed which does not enjoy the cooperation and active participation of the Federación Campesina in its activities. This implication has both its negative and positive aspects.

2. If the policy maker accepts the foregoing implication, he must recognize that working through the FCV will place certain limits on his own policy objectives. The internal organizational life of the Federación Campesina limits the amount of control and manipulation possible by outside change agents for special goals and objectives, which for the FCV may be only marginal.

3. The major task of the outside policy maker, therefore, might be to either adapt his own goals to those already incorporated in the organizational framework of the existing problem-solving system; or to attempt to refine and rationalize some of the already existing goals by providing incentives for the system to adapt to the objectives of the policy maker. This is not an either-or proposition--the policy maker may be able to do both.

4. Policy objectives such as cooperative programs of all types would be maximized through the Federación Campesina--where already established relationships of social cohesion and interpersonal loyalty exist. Such socio-psychological relationships, which are critical in collective enterprises, are among the most difficult conditions to establish in the initiation of cooperatives. By working through the FCV, such programs could count on an asset which has been built up and nurtured for 30 years by social and political leaders of great experience and consumate skill.

5. Outside organizational assistance to, or collaboration with, the Federación Campesina must be accomplished in such a manner as to maximize the interparty cooperation which now exists within the movement. As paradoxical as it seems, without such cooperation, the internal competition of the system would be diminished. This competition, which currently generates viable alternative leadership choices for the campesino, and membership in unions affiliated with one party or another are what provides the dynamism of the problem-solving system. All political elements currently participating in the peasant union movement must be provided with incentives to continue such participation.

6. Finally, if outside change agencies undertake, as a matter of policy decision, to work through the Federación Campesina, they must beware of too much success. In time, outside assistance and collaboration might incrementally adjust internal FCV goals and activities toward the policy objectives of the outside agency--but always at the hazard of disintegrating the presently successful problem-solving system. I am referring to an alienation of the leadership from the rank-and-file, which might occur if sufficient incentives were offered to induce the leaders to adopt goals and patterns of behavior which were too sophisticated, or "foreign", to be acceptable to the peasantry. In such a case, the outcome at best would be a revolt against the leadership from within and their replacement with other leaders who might be difficult to work with; at worst, the outcome might be a general discreditation of the FCV within the peasant subculture. The strength of the Federación Campesina lies in its indigenous roots--and agents or agencies working within the FCV must always beware of developing cleavages between leaders and

followers, thereby hazarding the very strength upon which they need to capitalize. To work successfully in such a complex situation will require sensitive policy execution as well as sensible policy making.