

AGENCY FOR INTERNATIONAL DEVELOPMENT WASHINGTON, D. C. 20523 BIBLIOGRAPHIC INPUT SHEET		FOR AID USE ONLY Batch #20
1. SUBJECT CLASSIFICATION	A. PRIMARY Agriculture	AE10-0000-G536
	B. SECONDARY Agricultural economics--Venezuela	
2. TITLE AND SUBTITLE Land reform in Venezuela		
3. AUTHOR(S) Wing, H.E.		
4. DOCUMENT DATE 1970	5. NUMBER OF PAGES 72p.	6. ARC NUMBER ARC
7. REFERENCE ORGANIZATION NAME AND ADDRESS Wis.		
8. SUPPLEMENTARY NOTES (<i>Sponsoring Organization, Publishers, Availability</i>) (In Land Tenure Center research integration project)		
9. ABSTRACT		
10. CONTROL NUMBER PN-RAB-223		11. PRICE OF DOCUMENT
12. DESCRIPTORS Land reform Venezuela		13. PROJECT NUMBER
		14. CONTRACT NUMBER CSD-2633 211(d)
		15. TYPE OF DOCUMENT

Research Integration Project
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June 1970

LAND REFORM IN VENEZUELA

I. Pre-reform Period

A. Introduction: Economic and Political Background

Venezuela, located on the northern coast of South America on the Caribbean Sea, has a total land area of 912,050 square kilometers. Although the country is located in the tropical belt, the Andean mountains cause varying climates and geographical conditions. The country has 20 states, two territories and a federal district and the political and administrative powers are strongly centralized in the National Government.

Venezuela has the highest average per capita Gross Domestic Product (US\$910 in 1968) of all Latin American nations, while at the same time possessing one of the most underdeveloped agricultural sectors in the region. During the period 1945-60, the country's Gross Domestic Product tripled and Venezuela became the third largest producer of oil in the world. This high growth rate financed mainly by oil production led to a great concentration of wealth and power in the hands of a few and to a stagnated agricultural sector with very low income levels.

During four and one-half centuries the predominant activity in Venezuela was agriculture, both for domestic consumption and international trade. Cocoa was the most important export product during the 16th-18th Centuries. In the 19th and the beginning of the 20th Century coffee was the predominant product. This in turn was replaced in 1925 by petroleum, which now supplies more than 90 per cent of Venezuela's foreign exchange credit. The loss of dynamism and stagnation of agricultural exports during the depression resulted in a 70 per cent drop in prices from 1929 to 1935 and the emergence of the petroleum sector. While other countries' monies were being devalued during this period, Venezuela's remained stable due to the petroleum industry.

During 1958-59 an extraordinary capital flight took place due to payment of debts incurred during the Perez Jiménez regime and to disinvestment caused by speculation about political changes. This economic and financial crisis, lasting until 1962, had the following characteristics: a) an unfavorable balance of payments and a drop in international reserves of US\$412 million; b) a decline in amount of money held by the public to its lowest level since 1961; c) a decline in bank deposits; d) a decline in investments by commercial banks; and, e) a decline in production and incomes (Banco Central de Venezuela, 1968; p. 12).

With the political change in 1958 and the crisis in the construction industry, unemployment increased greatly, from 6 per cent in 1950 to 13 per cent in 1960. The problem appeared to be structural: a) the petroleum sector produced one-quarter of the country's Gross Domestic Product but hired only two per cent of its active population; b) the manufacturing industry which was highly mechanized with modern equipment gave little employment; and, c) agricultural production was stagnated due to excessive rural-urban migration without increases in agricultural productivity.

In most Latin American countries which export mineral products, any profits made by mineral companies are usually exported to its foreign owners or stockholders. In the case of Venezuela, however, the government has been able to tax the petroleum industry and distribute the capital to other sectors of the economy. Under such a setup many sectors experienced considerable growth rates. Unfortunately agriculture was not one of them. As a result of this stagnation one fourth of Venezuela's

food needs have been imported with foreign exchange from petroleum. The consequence is a nonrural sector of Venezuela which is modern, efficient, and productive and a rural sector which is still underdeveloped, traditional and absorbs about 40 per cent of the labor force but produces only 5 per cent of the country's Gross Domestic Product.

The agricultural policy of the period 1937-57 was one of attracting European immigrants to settle on the frontier lands of Venezuela, since it was felt that the country was underpopulated and needed the "quality of European blood" to spur agricultural development. While the government was occupied with implementing the European immigration policy, the small peasant farmer was almost completely forgotten. He either found employment on the large haciendas which produced export products such as coffee and cocoa, working in serf-like conditions, or made his living cultivating a small plot in a type of subsistence agriculture. In either case, his level of living was barely above the minimum for subsistence.

In order to build popular support for a new political movement, Rómulo Betancourt and others began as early as 1936 to set up peasant sindicatos (unions) based on peasant leadership. The main program was an agrarian reform which would redistribute the economic and political power from the landowners to the peasants. The political opportunity arrived with the revolution of October 15, 1945, in which the military government of Medina was overthrown. The AD (Acción Democrática) party, with the backing of the peasant syndicates, took control of the government, and helped include suffrage reforms in the new Constitution of 1947. The result of enfranchisement was an increase in the number of people voting in national

elections from 5 per cent of the total population before the reform to 36 per cent afterwards. The majority of this increase came from the campesinos organized in their sindicatos by the AD party.

Even before legislation on agrarian reform was passed in 1948 the government had begun de facto reform. Peasant evictions by landlords were declared illegal and halted, and under the Technical Institute of Immigration and Colonization 150,000 hectares^{1/} of public and private lands were leased to 75,000 members of peasant sindicatos. Although these programs were discontinued after the military junta took power in 1948, the political support that these programs elicited from the campesinos enabled the AD party to win elections in 1958 and 1963.

The Agrarian Statute (Estatuto Agrario) of 1949 was the third of its kind to be passed but the first to be put into effect. During its life from 1950-57, the program consisted of a few large, costly settlement programs which did little to change the tenure structure of the country and had no visible impact on agricultural production. During this period some 1,500 families were settled, one-third of them immigrants. Yearly expenditures on these programs amounted to about one-third of the Ministry of Agriculture's budget and the per hectare costs were US\$418 and per family costs US\$4,409 (Schuster and Penn, 1962; p. 1). The single project of Turen accounted for 45 per cent of the beneficiaries under the 1949 Law, while 75 per cent of the amount spent in this program was allocated for Turen.

After the overthrow of the military regime in 1957, the new government began a program of agricultural development and agrarian reform. In an

1/ 1 hectare = 2.47 acres

attempt to avoid a one-product economy (based on petroleum) and provide agricultural commodities for internal consumption (import substitution), the government instituted tariff protection, price supports, credit availability, and even subsidies to encourage agricultural production. In retrospect, however, it can be seen that these programs, in spite of stimulating agricultural production, benefited only those large commercial farmers who had the resources and knowledge to take advantage of these programs. The agricultural laborer and the small peasant farmer did not profit by these programs. This only compounded the structural problems within the agrarian sector, and made reform of the landownership system more urgent.

B. Land Tenure Structure

The characteristic structure of Venezuelan agriculture has been one of the latifundia-minifundia complex in which large concentrations of land acquired by political and economic influence is contrasted with small, fragmented holdings. The nature of production on the large haciendas (plantations) was to maximize income while minimizing investments. Parallel to this were the great inequities of income and wealth in the rural areas, where class membership was defined by land ownership.

Tenure contracts played an important role in the agricultural history of Venezuela, mostly as an inhibitive factor in development. Most large landowners who employed tenant farmers were absentee owners whose main source of income was something other than farming. Since tenancy contracts stipulated what crops were to be raised and the method

of cultivation, this usually precluded the introduction of new and modern technology. This system has retarded development in that neither the landowner nor the peasant tenant was stimulated to invest in the land. The result was that the land was "mined", leading to erosion and sterility of the soil.

The situation of the squatter was even less conducive to development. The frontier land available for agricultural development was not clearly marked and there were no clear legal definitions for protection of the peasant squatter. Frequently a squatter cleared and cultivated land, only to be evicted by the owner who decided to graze his cattle on the cleared land. In these conditions the squatter had no security of tenure and no incentive to invest in the development of his cultivated parcel beyond provision of food for him and his family.

A sample survey by the Ministry of Agriculture in 1956 indicated that less than one-fourth of all farmers had clear title to the lands that they were working, one-half had no title at all, and one-quarter were renters and share-croppers. During the decade of the 1950's, the trend in land ownership was to increase the size of commercial farms by consolidation of other farms (usually small, peasant farms which could not pay off their debts) or by incorporation of new lands.

TABLE 1
COMPARISON OF SIZE OF FARM GROUPS BETWEEN 1950 AND 1961

Farm Size Groups (Hectares)	% of Total Number of Farms		% of Total Land Area in Farms	
	1961	1950	1961	1950
Less than 10.0	67.7	71.6	2.9	2.5
10.0 to 49.9	22.2	19.8	5.0	4.1
50.0 to 199.9	6.0	4.8	6.4	4.5
200.0 to 499.9	1.9	1.5	6.8	4.7
500.0 to 999.9	0.9	0.8	7.1	5.5
1000.0 and more	1.3	1.5	71.8	78.7
TOTAL	100.0	100.0	100.0	100.0

Source: 1950 and 1961 Census Data in Consejo de Bienestar Rural, Present Status and Possibilities of Agricultural Development in Venezuela, 1967.

As pointed out by the Agricultural Census of 1950 and 1961 the typical Latin American characteristic of latifundio and minifundio was not as extreme in Venezuela as in other countries.^{2/} At the 1961 level of agricultural technology in Venezuela, plots of less than 10 hectares were considered too small for economic production and inadequate to supply the farm family with a decent standard of living. As seen in the Table 1 more than two-thirds of the total number of farms in 1961 were less than 10 hectares, while controlling less than three per cent of the total land area in farms. On the other hand, almost 80 per cent of the farm land was controlled by 2.2 per cent of the population in farms of 500 hectares or more. However, there had been some progress since 1950 in reducing the relative number of very large and very small farms, thus increasing the relative percentage of medium-sized farm organization. Farms of less than 10 hectares had declined in relative importance from 71.6 per cent in 1950 to 67.7 per cent in 1961, while their extension had increased relatively from 2.5 per cent to 2.9 per cent during the same

^{2/} See Table I, Appendix.

period. Meanwhile, large farms over 1,000 hectares had also decreased in relative importance from 1.5 per cent to 1.3 per cent from 1950 to 1961, while the area that they controlled had also dropped from 78.7 per cent to 71.8 per cent during the same period.

TABLE 2
INCREASE IN NUMBER OF FARMS BETWEEN 1950
AND 1961

Farm Size Groups (Hectares)	Absolute Increase from 1950	Percent increase from 1950
Less than 10.0	45,000	27
10.0 to 199.9	31,100	54
200.0 to 499.9	2,700	77
500.0 to 999.9	900	47
1000.0 and more	700	20

Source: 1950 and 1961 Census data in Consejo de Bienestar Rural, Present Status and Possibilities of Agricultural Development in Venezuela, 1967.

Although the above trend in farm size is confirmed by percentage figures in Table 2, the greatest absolute increases in number of farms from 1950 to 1961 occurred in those of less than 10 hectares (minifundio). Given the large number of already-existent farms of less than 10 hectares and the big absolute increase since 1950 in this type of farm, it is safe to say that the relative adjustments of farm size were occurring too slowly to obtain rapid increases in productivity on the majority of the farms in Venezuela. The great need in Venezuela, then, was for more rapid creation of farm plots of sufficient size - i.e., larger than 10 hectares - which justify applications of improved technology and provide reasonable income opportunities.

In spite of the fact that the amount of land cultivated by farm owners and squatters increased (19.9 and 36.5 per cent respectively) from 1950 to 1961, and that of cash renters and sharecroppers declined (21.4 and 68.4 per cent respectively) during the same period, the relative position of these groups in the tenancy pattern with respect to amount of land controlled and the number of farms changed only slightly during this period. (Table 3) (Consejo de Bienestar Rural, 1967; p. 74).

TABLE 3
COMPARISON OF 1950 AND 1961 CENSUS PERCENTAGES
ON TENANCY STATUS

Tenancy Status of Farm Operators	Percent of Total Farms		Percent of Total Land in Farms	
	1961	1950	1961	1950
Owners	41.5	41.6	84.2	83.2
Cash renters	9.4	15.2	2.2	3.3
Other Forms of Tenancy (Squatters, etc.)	<u>49.1</u>	<u>43.2</u>	<u>13.6</u>	<u>13.5</u>
TOTAL	100.0	100.0	100.0	100.0

Source: 1950 and 1961 Census data in Consejo de Bienestar Rural, Present Status and Possibilities of Agricultural Development in Venezuela, 1967.

C. Land Availability

Based on the Agricultural Census of 1950 and 1961, as summarized in Table 4, the amount of land in farms increased by 18.5 per cent from 1950 to 1961, while the number of farms also increased by 26.7 per cent during the period. Nevertheless, the average number of hectares per farm decreased by 7.8 per cent from 1950 to 1961. Total farm lands accounted for 28.7 per cent of the total land of Venezuela, or 26,215,000 hectares. Permanent,

semi-permanent, and annual crops accounted for only 6.4 per cent of the total land area in farms, which indicate the low level of development and intensity of land use in the country. At the same time 9.3 per cent of the total farm land was held in idle crop land, while pastures accounted for 63.7 per cent of the farm land in 1961. Although adequate cadastral surveys had not been undertaken to determine precisely the amount of land that could be cultivated more intensively or put into production for the first time, it was estimated that without major reconditioning or reclamation at least 15 per cent of the total land of Venezuela, or 13,701,219 hectares, could be placed into productive use.

TABLE 4
COMPARISON OF LAND USE ON FARMS BETWEEN 1950 AND 1961

Land Use	Number of Hectares (1000)		Percent of Total		Relative Inter- censal change (%)
	1961	1950	1961	1950	
<u>Total Land in Farms</u>	<u>26,215</u>	<u>22,127</u>	<u>100.0</u>	<u>100.0</u>	<u>18.5</u>
Permanent Crops	653	593	2.5	2.7	10.1
Annual and Semi- permanent Crops	1,025	709	3.9	3.2	44.6
Idle Crop Land	2,447	1,334	9.3	6.0	83.4
Cultivated Pastures	2,748	1,640	10.5	7.4	67.6
Natural Pastures	13,958	11,862	53.2	53.6	17.7
Forest Land	4,476	4,435	17.1	20.1	0.9
Other Land	<u>908</u>	<u>1,554</u>	<u>3.5</u>	<u>7.0</u>	<u>-41.6</u>
Total Number of Farms	315,215	248,734			26.7
Average Hectares per Farm	83	90			- 7.8

Source: 1950 and 1961 Census data in Consejo de Bienestar Rural, Present Status and Possibilities of Agricultural Development in Venezuela, 1967.

D. Agricultural Production and Productivity

In spite of its location in a tropical climate, Venezuelan agricultural growth since 1950 has increased at an annual rate of over four per cent. Nevertheless, this commendable growth rate is overshadowed by the higher growth rates of the other sectors of the Venezuelan economy.

The agricultural portion of the Gross Domestic Product declined from 22 per cent in 1937 to only six per cent in 1960. The two main agricultural export crops - coffee and cocoa - dropped from 37 per cent to 13 per cent of total agricultural production during this same period. Meanwhile, agricultural production increased from three per cent to four per cent yearly due to additional land being brought into production and the use of machinery on this land, rather than any increase in productivity per hectare. (Pinto Cohen, 1969 A; p. 41).

Between 1953 and 1963 some 580,000 hectares, or 16 per cent of the forested areas of Venezuela, were cleared for agricultural production. This period was characterized with the use of new agricultural lands in the states of Portuguesa, Barinas, and Zulia. Although agricultural production for Venezuela as a whole only increased three per cent per year from 1950-60 it increased in Portuguesa by seven per cent and in Zulia by nine per cent. Between both states in 1937 their production accounted for 10 per cent of the National Agricultural Product; in 1964 these two states together produced 27 per cent, and their proportion is continually growing (Pinto Cohen, 1969 A; p. 44-45).

Prior to the concerted efforts in an integrated approach as outlined in the Agrarian Reform Law of 1960, the lack of extension services and entrepreneurial training reduced the possibility of increasing

productivity, with the result that the agricultural sector in general and the small farmer in particular, continued using rudimentary techniques of cultivation. He did not use improved seeds, chemical fertilizers and insecticides, machinery, nor crop rotation or conservation practices.

E. Rural Population, Employment and Underemployment

The rate of population growth in Venezuela during the last few decades was 3.5 per cent. Total population increased from 5.0 million in 1950 to 7.5 million in 1961. The distribution of this population into rural and urban sectors is indicated in Table 5.

TABLE 5

TOTAL, URBAN AND RURAL POPULATION OF VENEZUELA BY MAJOR AGE GROUPS
1950 AND 1961

Year and Population	Percentage Distribution by Age Groups for each Line			Total Popula- tion (1000)	Percentage Distribution Between Urban and Rural ^{2/}
	0-14 yrs. %	15-59 yrs. %	60 & more %		
Location					
<u>1950</u>					
Total Population ^{1/}	42.0	53.5	4.5	5,035	100.0
Urban	39.0	56.5	4.5	2,090	41.5
Rural	45.5	50.0	4.5	2,945	58.5
<u>1961</u>					
Total Population ^{1/}	45.7	49.9	4.4	7,524	100.0
Urban	43.8	52.0	4.2	4,319	57.4
Rural	49.8	45.6	4.6	3,205	42.6

Sources: ^{1/} 1950 and 1961 Census data in Consejo de Bienestar Rural, Present Status and Possibilities of Agricultural Development in Venezuela, 1967.

^{2/} Percentage distribution between Urban and Rural in accordance with the population "Long Term Forecasts of the Supply and Demand of Agricultural and Livestock Products in Venezuela". CBR, Caracas, Dec. 1965. This reports considers the residents of centers of less than 5,000 as rural whereas the census data enumerates as rural only those residents of centers of less than 1,000 inhabitants. This constitutes an approximate 10% shift of total population from urban in relation to the census figures for these categories.

During this eleven-year period the percentage distribution between urban and rural population changed radically, so that what was once a rural society in 1950 with 58.5 per cent of the population located in rural areas, became an urban society by 1961, when the urban proportion reached 57.4 per cent. Of the absolute increase in population of 2.5 million between 1950 and 1961, the rural areas accounted for only 260,000 while the remaining 2,240,000 were added to the urban centers. The composition of the rural population by age groups changed rapidly. It can be observed that in the two different time periods in Table 5 there was a tendency for the rural population to become younger (0-14 years), while the economically active proportion of the rural population (15-59 years) declined. This meant that increasingly more dependence was being placed upon those in the middle age category to generate production and income, while the necessities of providing infrastructure such as schools continually increased. It also indicates that the more productive age group was immigrating from rural areas, thus increasing the dependency ratio. It should also be pointed out that over three-fourths of the rural population was located in population centers of 1,000 persons or less, resulting in high unit costs for provision of roads, schools, health facilities, and other infrastructure.

In 1961 the agricultural sector employed 35.5 per cent of the total number of economically active persons in Venezuela. The rate of unemployment in 1961 was 13.3 per cent of the total active population, accounting only for those actually without work. If disguised unemployment and underemployment had been included, this figure would have been considerably higher, especially in the rural areas. However, before the early 1960's

no concerted attempt was made to measure underemployment, a characteristic most prevalent in the agricultural sector of the economy.

According to the IRFED Mission Report of 1965, total net migration within Venezuela and from other countries during the period 1950-61 amounted to 618,817 people, of which 55 per cent was internal migration. Internal movements to states is indicated in Table 6.

TABLE 6
DIRECTION OF MIGRATORY MOVEMENTS 1950-1961

Federal Entities	% of Total	Destination
Federal District	39.3	Urban areas
Miranda	18.9	
Anzoátegui	3.0	Petroleum areas
Zulia	13.4	
Barinas	2.6	
Aragua	7.0	Industrial areas
Bolívar	4.4	
Carabobo	6.0	
Guárico	1.6	New agricultural areas
Portuguesa	3.8	
TOTAL	100.0	

Source: Consejo de Bienestar Rural, Present Status and Possibilities of Agricultural Development in Venezuela, 1967.

New agricultural areas were also located in the petroleum areas in Barinas and Zulia. However, this Table clearly indicates that the bulk of migration was to the industrialized and urban areas.

F. Income Distribution

In spite of the very high per capita Gross Domestic Product in Venezuela, great disparities between urban and rural incomes existed as pointed out in the Shoup Mission Report. Agriculture generated only 10 per cent of the total national income in 1957 even though it accounted for 43 per cent of the total active population. Petroleum employed only 2 per cent of the population but generated 24 per cent of the aggregate national income. All other private activities provided employment to 55 per cent of the labor force, but generated 66% of the national income (Schuster and Penn, 1962; p. 6).

While Caracas, the capital city of Venezuela, accounted for only 17 per cent of the total number of incomes, it generated 40 per cent of total national income. On the other hand, small towns and villages of less than 5,000 population had 68 per cent of the number of incomes but received only 18 per cent of total value of incomes in 1957 (Schuster and Penn, 1962; p. 6).

II. Land Reform Program

A. Historical Development of Agrarian Reform Legislation

The first attempt to legally resolve Venezuela's structural agrarian problems was with the passage of the Agrarian Reform Law of 1945 which recognized the right of the campesino to receive land. Stated generally, the goals of this law were to transform the Venezuelan agrarian structure through incorporation of the campesino into the production process, to increase agricultural productivity, to provide more agricultural credit to small- and medium-sized farmers, to establish a more equitable distribution of land, and to improve the living conditions of the rural population (Troconis Guerrero, 1962; Anexo). The beneficiaries of the 1945 Law were to be those who lacked sufficient land or had no land at all, but did have livestock or agricultural production skills. Special care was used to include foreigners as possible recipients of land grants, since at that time it was believed that European settlers were needed to modernize and stimulate Venezuelan agricultural development. As in all the subsequent agrarian reform laws, the Law of 1945 indicated that the major source of land to be distributed among the beneficiaries would be expropriated land. Nevertheless, very liberal exemptions for expropriation were established.

Provisions of this law created the National Agrarian Institute (IAN) as the official agency responsible for implementing Venezuela's agrarian reform laws.

Before this Law could be put into practice, however, the government who initiated its passage was overthrown and the Law was annulled.

Under the leadership of the AD party, the Agrarian Reform Law of 1948 was drawn up following the basic guidelines of the previous law. The

qualifications for being a recipient of land grants in the 1948 Law were the same, with the exception that only Venezuelan citizens would be eligible.

The process and subjects of expropriation in the 1948 Law were essentially the same as those of the first agrarian reform law.

However, the 1948 Law went further in attempting to spell out the procedures for compensation of expropriated lands, part to be done in series bonds and part in cash.

Although there was wide support among the campesinos for this AD-sponsored agrarian reform law, the landed aristocracy strongly opposed it. In collaboration with the military they overthrew the AD government before this 1948 Law could be implemented.

The military regime enacted an agrarian reform program of its own embodied in the Agrarian Statute of 1949 which was enforced during the rule of Perez Jiménez until his fall in 1958. The goals of the 1949 Law were almost verbatim those expressed in the 1945 Law, an interesting observation considering that both governments promulgating these laws were military. The new law again permitted foreigners to benefit from the agrarian reform.

The expropriation procedures of the Agrarian Statute were a combination of the two previous laws. However, the 1949 Law removed the threat of expropriation of the large, commercial farms if they fulfilled specific social and economic criteria, upon which they would be given immunity from expropriation for thirty years.

The results of the 1949 Law were a few expensive colonization schemes, settling only about 1,500 families during the ten-year period of its

life. However, little was accomplished in the field of tenure reorganization and productivity increases.

Currently Effective Legislation

The 209 articles of the Agrarian Reform Law of 1960 included some new features such as regulations of water rights, rural housing, tenancy and labor contracts, emphasis on formation of agricultural cooperatives, and establishment of a marketing organization for agricultural products. This was all part of a new concept of an "integral" agrarian reform which would be more than just land distribution and provision of credit and basic infrastructure.

The objectives of the 1960 Agrarian Reform Law were different from those of the other three laws:

The present law has as its objective the transformation of the agrarian structure of the country and the incorporation of the rural population into the economic, social and political development of the nation, through substitution of the latifundia system with a just system of ownership, occupation and exploitation of the soil, based upon an equitable distribution, an adequate organization of credit facilities and an integral assistance program for the rural producers, in order that land will provide economic stability for the man who cultivates it, fundamental for the progressive social well-being of the individual and guarantor of his dignity and liberty. (Ley de Reforma Agraria, 1960, Título I, Artículo I).

While the new law retained the provision that foreigners would be given equal access to the land, it rearranged the priorities of those who should receive parcels through the agrarian reform program. Colonists, squatters, sharecroppers, and renters who were working the land which they desired to own would be given first preference. They were followed by fathers according to the number of children in the family, ex-military

personnel, professional farmers and ranchers, students completing education in veterinary medicine and agriculture, and foreigners residing in Venezuela and immigrants desiring to become farmers. Special emphasis would be given to the first group who had lost their lands in previous litigations.

Under the 1960 Law land grants called asentamientos (settlements) were to be made to individuals and groups. The factors determining the size of plots awarded were the size of the beneficiary's family and the agro-economic potential of the land in question. The government was obligated to provide the necessary infrastructure, as was the case in the three previous laws. There was no limit placed on the extension of an agricultural unit to be awarded, the objective being to stimulate the growth and development of the rural sector rather than to limit it.

The basis of expropriation in this new law was the concept of whether the land in question fulfilled a "social function". This was determined by the following four criteria:

- a) that the land was being utilized efficiently with the factors of production being applied rationally and economically;
- b) that the land was being directly cultivated with the proprietor's own labor;
- c) that the exploitation was complying with the guidelines for conservation of natural resources; and,
- d) that the proprietor was following the legal standards concerning labor contracts, wages, etc. Indirectly cultivated, uncultivated, and undercultivated private lands were in direct conflict with the social function of land.

The first land subjected to the process of expropriation was of national government and municipality ownership. If the governmental land was not sufficient for the proposed program, private holdings would be used. If a friendly solution for the settlement of properties could not be reached, the Law described the order in which the government should seize lands: first, large extensions of uncultivated lands, then subsequently lands left untilled during the past five years, terrain farmed indirectly by squatters or sharecroppers, agricultural lands devoted to livestock grazing, and finally cattle or agricultural lands of all other classifications. If the owner did not fulfill the social function requirement, he was allowed to retain ownership of either 150 hectares of irrigated or humid agricultural land, 300 hectares of dry agricultural land, 5,000 hectares of range with improved pastures, 21,000 hectares of natural pasturage, or 26,000 hectares of grazing land not classified in any of the previous categories (Ley de Reforma Agraria, 1960, Titulo I, Articulos 26-40). In addition, lands on which certain crops were being grown (such as rice, wheat, coffee, cocoa and sugar) were exempt from expropriation because of the desire to maintain at full capacity the processing mills used to prepare these crops for marketing.

Other provisions of the 1960 Law were:

- a) regional planning for water use;
- b) a comprehensive cadastral survey for water and land resources, so as to be better able to plan what lands were available and how to most effectively exploit them;
- c) exemption from taxes on all property received by the beneficiaries under the 1960 Law;

- d) the prevention of subdivision of farms by means of IAN's controlling all transfers, sales and inheritances of expropriated land;
- e) the filling of two of the four positions on the board of directors of IAN by representatives of the Campesino Federation (FVC); and
- f) introduction of supervised credit for small- and medium-sized farmers.

B. Institutional Arrangements for Implementing the Reform

IAN, the agency responsible for the implementation of land reform legislation, is connected with the Ministry of Agriculture and Livestock (MAC). It is an autonomous agency, and receives its funds from congressional appropriations, annual contributions from the National Executive, proceeds from the sale of land and the issuance of Agrarian bonds. The activities of IAN include acquisition of land, determination of compensation, distribution of land, determination of parcel sizes, and provision of basic infrastructure and technical assistance. The administrative responsibilities are handled by a Directory and an Executive Committee of four members, appointed by the Chief Executive of the country.

The Agricultural and Livestock Bank (BAP), which plays an important role in IAN programs, gives loans either in cash or kind, such as seed, fertilizers, insecticides, etc., to the asentamientos for financing selected crops which it will purchase at harvest time for supported prices. Although in theory the Bank is supposed to purchase the entire harvest of these crops, in practice it has neither the storage facilities, the

financial resources, nor the desire to do so, since the amount spent in this activity would seriously limit its capability to grant credits in other areas. Therefore, BAP has followed a policy of purchasing only those crops which have been grown by farmers who have received loans from the Bank, insuring BAP that their loans will be repaid.

The third agency responsible for the success of land reform programs is the Ministry of Agriculture and Livestock (MAC). It is the responsibility of this agency to coordinate all activities of other agencies (such as the Ministry of Public Works, the Departments of Sanitation and of Education) working directly or indirectly in land reform projects. Within the agency are units working on agricultural and economic research, planning, and on agricultural training and extension.

C. Reform Objectives

The most important immediate economic objective of the program is to correct the highly inequitable distribution of land ownership, while increasing productivity on the redistributed lands. A longer term economic objective is to make the farmer more efficient and productive so that his income level may become commensurate with that of other sectors of the economy.

By its nature, an agrarian reform program tends to have important social and political objectives. Within the Venezuelan program some of these objectives are: improving the standard of living of the campesino by providing him with housing, health facilities, education, and recreation; giving peasants political power through ownership of economic means of

production so that they may control their own destinies; and slowing down rural-to-urban migration by providing better opportunities for increased employment and income in rural areas.

D. Program Implementation and Enforcement

In the first year after the passage of the Agrarian Reform Law of 1960, the awarding of lands consisted of satisfying the avalanche of petitions and solving de facto problems made visible by campesino pressure. This ignored the need to have a preliminary study on the lands in order to set up viable small settlements based on soil and climate characteristics. Initial action also lacked the necessary institutional support. Given the haste with which the program was instituted, personnel, financial and organizational resources were not available to carry out an ordered, well-planned reform with plausible objectives. An indication of the uncontrollable and improvised situation in 1960 was that IAN had planned to settle 10,000 families in the first year but 24,000 were actually settled. (Pinto Cohen, 1969, A; p.56).

Large budgetary contractions and institutional readjustments occurred during 1961-63. In addition to the small budget and accumulated obligations from the previous years, IAN was pressured to distribute, title, and invest in the consolidation of already-constituted asentamientos. Included in the consolidation stage in 1962 was the awarding of permanent titles of land ownership to campesinos who had complied with the law. This resulted in 4,568 titles being awarded but after some administrative and legal problems, the rate of titling was slowed down.

Pre-electoral politics in 1963 resulted in new budgetary restrictions on IAN and a systematic denial of any additional credit. The result was the lowest annual contribution to IAN from the government during the constitutional period and even inferior to that of pre-reform 1959. IAN's new president initiated a policy of priority for public land settlement in 1963. In spite of the lack of adequate land surveys and zoning, a Plan of Tenure Regulation was implemented in four zones: The East, Guarico State, the Central and Western Area. The jobs of surveys, division, and restructuring were done by means of contracts with private companies, and resulted in 80 per cent of the planned objectives being realized.

A new area of the agrarian reform program began in late 1963 with the political triumph of the AD party. The administration's new policy for agrarian reform was based on:

- a) avoiding expropriation of private farms which are producing efficiently and fulfilling the social function established by the Law, expropriating in those cases when it was the only solution to social problems;
- b) giving priority to expropriation of private farms which had been cultivated by campesinos in order to legalize the tenure situation;
- c) giving preference to settlement of public lands; and,
- d) consolidating campesino asentamientos which were too small for economic exploitation.

IAN could do very little in 1964. Many months passed between the results of the 1963 elections and the formation of a coalition government

at the end of the year. During 1964 IAN was busy evaluating the results of its past programs, defining new policies, and reorganizing. However, in addition to its budgetary allocations by the government the agency was given additional credits of Bs. 30 million^{3/} and was permitted to sell Bs. 200 million in agrarian bonds.

Decree 192 of November, 1964, was passed which gave unsettled public lands to IAN for redistribution. Seven million hectares, mostly in the states of Zulia, Portuguesa, Tachira, Cojedes and Barinas, where agricultural development had been the greatest in recent years and had the best future possibilities, were subject to this decree. However, limited land surveys did not allow a definition of the difference between private and public lands. To remedy this situation, Decree 277 was passed in February, 1965. It established a committee to determine the location and principal characteristics of unsettled public lands. IAN's efforts were stimulated in 1965 by its technical and administrative reorganization as well as an increase in the budgetary appropriations from the national government.

Process of Distribution of Lands

During the period 1960-66 the lands in question were given to Campesino Committees in a formal act, while subdivisions and distributions among the beneficiaries were done by their own organizations, sometimes aided by local employees of IAN. According to Table 7, 36.4 per cent of asentamientos interviewed left distribution of land in the same form as before litigation. The process of distribution most frequently used was to establish a basic plot size and distribute as many plots of that size

^{3/} Since 1964 4.50 Bolivars = US\$1.00

as possible. Another popular process was to divide the total area equally among the number of petitioners. IAN's role was simply to go along with the process.

TABLE 7
CRITERIA USED TO DETERMINE REDISTRIBUTION OF LANDS
(1960-66)

Criteria	Asentamiento		Beneficiarios	
	No.	Percentage	No.	Percentage
Division of total area equally among number of petitioners.	18	18.8	201	17.1
Establishment of basic plot size, distribution of as many plots of that size as possible, given total area.	25	26.0	357	30.4
Establishment of unequal plot sizes based on differing soil qualities.	2	2.1	22	1.9
Establishment of unequal plot sizes not based on rational economic criteria. (Friendship, political power, order of arrival, etc.)	16	16.7	185	15.8
Not applicable	<u>35</u>	<u>36.4</u>	<u>403</u>	<u>34.8</u>
TOTAL	96	100.0	1,173	100.0

Source: Estudio CENDES/CIDA, Reforma Agraria en Venezuela, Vol. 5, 1969.

E. Program Financing

The 1948 Agrarian Reform Law, although never put into practice, provided that IAN could incur a public debt by issuing agrarian bonds as partial compensation for expropriated land. The same provisions are set out in the 1960 Law. Type and amount of compensation in bonds depend

on the manner of exploitation and the size of the holding in dispute. Three types of bonds may be issued. Class "A" bonds are non-transferable, mature in twenty years, earn 3 per cent interest per year, and are used as compensation for haciendas not being exploited or run by absentee owners. Type "B" bonds earn 4 per cent interest per year, mature in fifteen years, are also non-transferable, and are used in cases of friendly negotiation. Class "C" bonds, the most favorable of the three, yield interest to be fixed according to market conditions, expire in ten years, and are transferable. They are to be issued in cases of compensation for farms which are meeting the "social function" requirements but whose land must be used to consolidate an agricultural project on a specific site. The majority of the bonds that have been issued are Type "B" in which owners have been willing to accept land values as determined by IAN appraisers. IAN's compensation for expropriated lands has been so favorable that it has been necessary to select and limit the number of farms purchased.

The value of the expropriated land influences the type of payment in the following manner:

TABLE 8

TYPE OF PAYMENT FOR LAND, ACCORDING TO VALUE OF FARM

Value of Farm (Bolivars)	% to be paid	
	Bonds	Cash
0 - 100,000	0	100
100,000 - 250,000	60	40
250,000 - 500,000	70	30
500,000 - 1,000,000	80	20
1,000,000 and more	90	10

Source: Schuster and Penn, The Agrarian Reform of Venezuela, 1962.

The value of the land grants to campesinos include the actual appraised value of the plot plus all its improvements and financing for the first year of production. Not included in the total to be paid IAN by each individual recipient are public works done for the common benefit. The total amount is payable in 30 years, with a two-year grace period.^{4/} In the first year the campesino receives provisional title and if he complies with all regulations, he will usually be given full title in the third year. The recipient also receives credit for five per cent of his indebtedness for his wife and each dependent and yearly payments to IAN should in no case exceed five per cent of his gross value of sales. (G. H. Day, 1962, p. 10). When justified by his economic condition, a campesino may receive land without having to repay IAN, i.e., not incurring a debt. However, the incidence of these cases has been small.

Because of increased emphasis on agrarian reform programs, the amount of government funds set aside for IAN slowly but continually increased from the initial low of Bs. 17 million in 1945 to Bs. 179.7 million in 1961. From 1959 to 1965 the yearly budgets of IAN have varied between 100 and 200 million bolivars. Nevertheless, with the splitting of the AD party in 1962 and the weakening of the unified government position, political infighting resulted in budget cuts by Congress in the Agrarian Reform Program. The reasoning behind the budget cuts appeared to be that with smaller financial resources, IAN and the Campesino Federation (both controlled by AD) would be less able to make propaganda for the up-coming elections of 1963. Therefore, IAN's budget was sliced from Bs. 151 million in 1962 to Bs. 108 million in 1963. By 1964, however, the budget was increased to Bs. 150.8 million (U.S. Embassy Task Force, 1963; p.24).

^{4/} The interest charged the beneficiaries for their land is less than four per cent per year.

Table 9 indicates the expenditures of IAN for land settlements for the period 1960-65. Almost two-thirds of the total expenditures during the period were for land improvement purchases while the remaining one-third was divided equally between community infrastructure and land development.

TABLE 9
EXPENDITURES OF THE NATIONAL AGRARIAN INSTITUTE (IAN)
FOR PHYSICAL RESOURCE BASE FOR LAND SETTLEMENTS
1960-1965 (Million Bs.)

Year	Land Improvements Purchases	Community Infrastructure Development	Land Develop- ment	Total for Land and Improvements
1960	108.0	13.0	6.6	127.6
1961	82.2	37.5	25.2	144.9
1962	48.6	15.1	53.5	117.2
1963	71.3	6.6	8.9	86.8
1964	67.7	14.6	8.0	90.3
1965	<u>52.7</u>	<u>34.4</u>	<u>23.4</u> 1/	<u>110.5</u>
TOTAL	430.5	121.2	125.6	677.3

1/ Includes for 1965 Bs. 13.7 million from loan from Inter-American Development Bank.

Source: Annual Reports of IAN and MAC, in Consejo de Bienestar Rural, Present Status and Possibilities of Agricultural Development in Venezuela, 1967.

F. Mobilization of the Peasantry

The FCV (Venezuelan Campesino Federation) is a national organization composed of individual campesino unions or syndicates organized throughout the rural areas of the country. As of 1965 the total membership of the FCV amounted to 550,000 campesinos in 3,476 syndicates (Powell, 1967, p. 20). The type of campesino member varies from those living on agrarian reform asentamientos to squatters, sharecroppers, seasonal wage laborers, and even some small landowners outside the asentamientos.

The purpose of the FCV is to unite the campesino unions on a national basis in order to defend their members' rights and improve living conditions in the rural areas through economic and political influence.

The FCV is run by an eleven-member National Executive Committee whose positions were filled by members of the AD and COPEI (Social Christian) political parties as of 1966.

The dynamic force in the initial phase of the agrarian reform was the political organization of the FCV. It provided the necessary pressure to accelerate the passage of the 1960 Law and helped to determine the processes for settlement and distribution of lands during the first stage. During 1959-60 an avalanche of petitions (about 60,000), lack of funds, time and personnel meant that such things as the size of plots to be distributed, control of beneficiaries, and titling were either left in the hands of the campesinos and the FCV or were not dealt with.

The 1960 legislation encouraged participation of the FCV through presentation of petitions by groups of farmers against land holdings, denouncement of farms not fulfilling a social function, formation of administrative committees in the asentamientos to be run by campesinos, and inclusion of two members of campesino organizations among the four board members of IAN.

The result has been that during the first eight years of the 1960 Law more than 90 per cent of the petitions for land have been made through the FCV (Pinto Cohen, 1969, B; p.15).

The FCV's role in rural social structure is important because it serves as, first, a mechanism through which campesinos who have serious

problems can express and solve them peacefully and, second, as a structure for social mobility in Venezuelan society.

G. Politics of Implementation

The Agrarian Reform Law of 1960 was passed with the widest possible political support in a country with such divergent interests. Venezuelans agreed that there was an urgent need to correct the great disparities in land ownership and to raise low levels of agricultural productivity which resulted in large amounts of imported food stuffs. The forces of support were well organized, the opposition was not.

Venezuela, unlike other Latin American countries, does not have a large landed class. This lack of conservative pressure group is due to various reasons. The revolutionary wars of 1811 and 1821, and the civil wars which occurred during the remainder of the century, decimated the small landowning class. Subsequently, much of the best land was taken by Dictator Juan Vicente Gómez for his personal use during his period of government from 1908-1935, and since he was a military man he filled his positions of government with other than the landed aristocracy. During the 1930's and 1940's the country's economy switched from dependence upon agricultural production to petroleum production as its major income earner, thus debilitating the small landowning class and creating a new commercial class among petroleum owners. Opposition from this landed group was diminished by including them in the formulation of the 1960 Law, which provided for liberal exemptions and adequate compensation in case of expropriation. There is no traditional conservative party organization in Venezuela nor any political grouping to represent the landowner's

views or to oppose the Agrarian Reform legislation. Consequently, although this group has been able to block some proposed liberalizing changes in the Law, it has not been sufficiently influential to hamper the reform's programs.

The politics of agrarian reform from 1960 to the present is the story of disintegration of the wide consensus and the formation of a smaller political base of support concentrated in the AD-COPEI coalition. The disintegration was precipitated by the departure from the AD party in 1962 of the ARS party led by Ramon Quijada. The main philosophical difference between the AD-moderates and the ARS faction was the kind of land to be distributed, i.e., expropriation of privately-owned lands already in efficient production vs. government-owned or private or public land which was not fulfilling the "social function". The line taken by Quijada and his ARS party was the former, since it would be an immediate way of putting rich, already-developed land in the hand of the campesinos. The Old Guard, moderate leadership of the AD party, however, supported the latter type of distribution which would protect the right of private property which was being exploited efficiently, would not disrupt established production, and would develop previously unexploited lands.

In an attempt to satisfy the demands of ARS and keep them within the party, AD introduced some changes to the Agrarian Reform Law of 1960 to speed up the processes of the reform program. The principal component areas of this legislation were the following:

- a) safeguards against land speculation in settlement areas (Article 25);
- b) immediate expropriation of property and financial settlement at a latter date (Article 37);

- c) reduction of categories of farm improvements which IAN had to consider in establishing the land price, (Articles 25 and 33); and
- d) reduction in the percentage of reimbursement which must be paid in cash.

The opposition in Congress to these reforms was substantial, especially on behalf of the commercial farmers who felt that their right of legal settlement would be jeopardized and that compensation would not be just and fair. This reform package was defeated by Congress and ARS left the AD party. Although ARS lost its bid to have changes incorporated into the Agrarian Reform Law of 1960, the AD-COPEI coalition of 1963^{5/} changed its emphasis of implementation from one of concentrating on provision of services and consolidation of asentamientos to one of settling greater numbers of campesinos.

The effect of this split has been to unify the approach to the agrarian reform problem causing the program to increasingly become a political tool of the government coalition in order to maintain political support. Technical requirements were largely replaced by political considerations.

Although the Law was conceived as being impartial toward all political parties, the AD party has reaped the greatest benefits. Since the successful implementation of the agrarian reform program has depended upon campesino support of the FCV and government support of IAN (both of which the AD party was instrumental in organizing and controlling), it is only natural that the AD party has the greatest influence in the selection of campesinos to be benefited, as well as being lauded by the campesinos as champions of their cause for land reform.

^{5/} This AD-COPEI coalition lasted until 1964 when it dissolved. Since 1964 there has been no formal coalition, although COPEI and URD (Unión Republicana Democrática) have supported most of the AD policies.

III. EFFECTS OF THE LAND REFORM

A. On Land Tenure Structure

According to the National Survey of Agrarian Reform of 1966, 94 per cent of the beneficiaries of agrarian reform programs possessed individual assignments of land, four per cent worked on collective exploitations and the remaining two per cent were salaried workers hired by IAN (Pinto Cohen, 1969 B; p. 26). These collective exploitations are usually coffee and cocoa farms in which there are large central installations and where economies of scale can be obtained by maintaining the operations as a single unit.

Of the individual land-owners who have benefited from reform programs, 60 per cent are settled on lands distributed by IAN, while 40 per cent are located on undistributed lands, that is, individual plots of de facto invasion status.

Of the 23.3 million hectares presently under private exploitation, 1.7 million hectares, or 7.3 per cent, have been redistributed. On the other hand, 1.1 million hectares, or 42.3 per cent of the public lands, have been redistributed. (Ratinoff and Ríos, 1969; p. 38).

As pointed out in the National Survey of Agrarian Reform by CENDES/CIDA (includes 94 per cent of the beneficiaries), the average size of the redistributed land per beneficiary for the whole country is 10.6 hectares, varying from zone to zone in the following manner: 7.6 hectares in the mountainous area; 10.4 hectares in the intermediate zone; and 15.2 hectares in the Llanos-Guayana (Pinto Cohen, 1969 C; p. 3). As Table 10 indicates 50 per cent of the plots awarded by IAN are less than 10 hectares, this percentage rising to 72 per cent in the mountainous zone, 45 per cent in

the intermediate zone, and 30 per cent in the Llanos-Guayana. On the other hand, half of the donated land of less than 10 hectares is located in the mountainous zone, half of the land from 10-15 hectares is in the Llanos-Guayana. (Pinto Cohen, 1969 C; p. 3).

TABLE 10
SIZE OF PLOTS DISTRIBUTED, ACCORDING TO ORIGIN OF LAND AND ZONES (1966)
(Percentages)

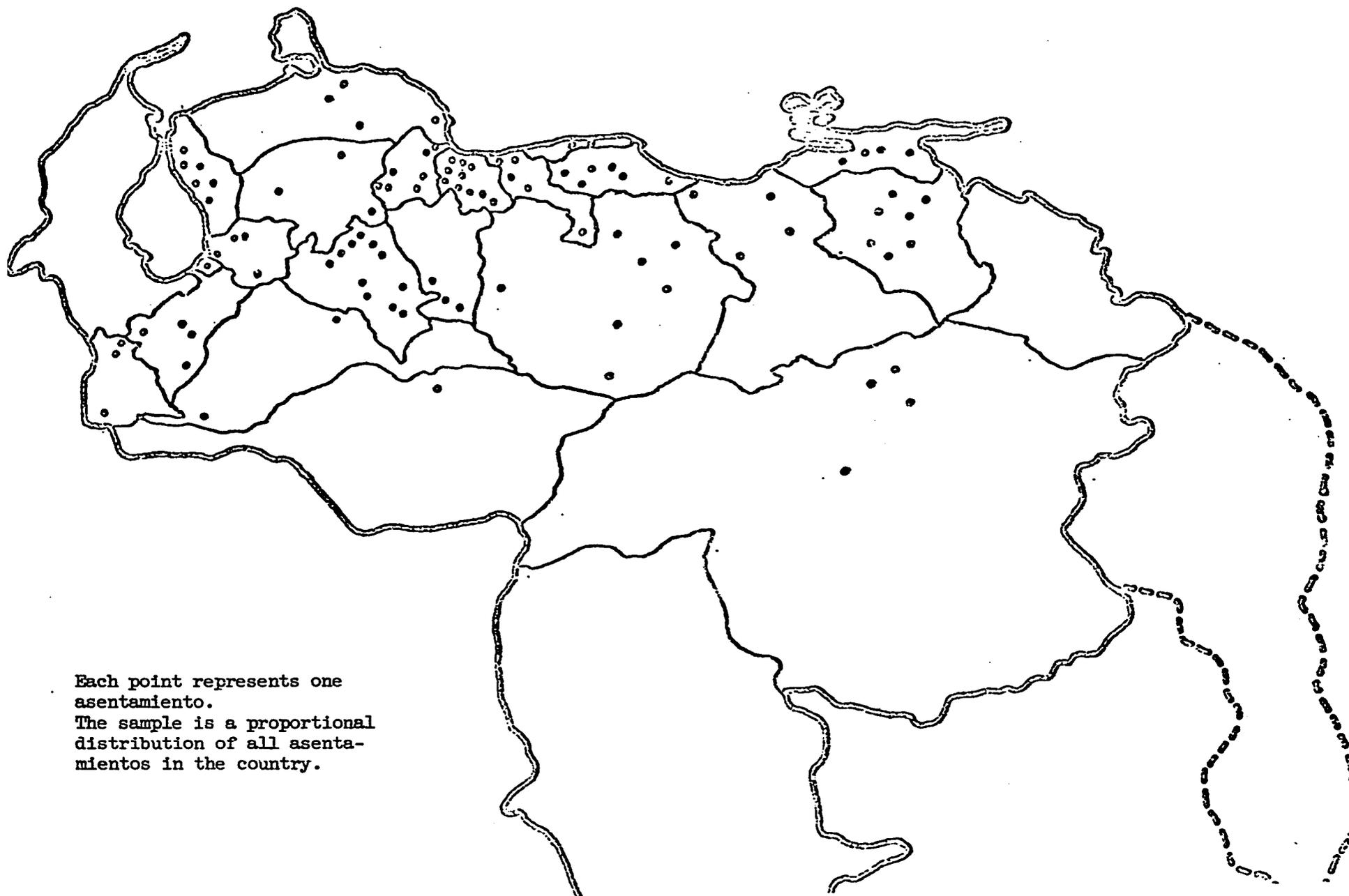
Size of Parcel (Has.)	Total	Origin of Land		Zones 1/		
		Private	Public	Mountainous	Intermediate	Llanos-Guayana
Less than 1,0	2,9	3,9	1,3	6,5	0,7	1,3
1,0 to 1,9	4,9	5,9	3,3	8,4	1,5	5,0
2,0 to 2,9	6,1	6,5	5,5	6,2	6,8	5,0
3,0 to 3,9	8,3	8,6	8,0	13,2	7,0	3,3
4,0 to 4,9	7,3	9,4	3,8	12,2	6,4	2,0
5,0 to 9,9	21,3	23,5	13,5	25,5	22,6	13,3
10,0 to 14,9	25,1	22,6	30,8	17,5	31,7	26,1
15,0 to 19,9	7,0	6,9	7,5	2,6	11,2	6,7
20,0 to 24,9	10,3	9,6	12,3	1,4	6,8	28,0
More than 25,0	6,7	3,1	14,0	6,5	5,3	9,3
TOTAL	100,0	100,0	100,0	100,0	100,0	100,0

1/ The Mountainous zone consists of the Distrito Federal and the States of Aragua, Carabobo, Miranda, Nueva Esparta, Sucre, Mérida, Táchira y Trujillo; the Intermediate: Lara, Portuguesa, Yaracuy, Falcón y Zulia; and the Llanos-Guayana: Anzoátegui, Apure, Barinas, Cojedes, Guérico, Monagas, Bolívar y los Territorios Federales Amazonas y Delta Amacuro. Source: Encuesta Nacional de la Reforma Agraria, CENDES/CIDA, 1967.

As can be seen in Table 10, groups of 5-15 hectares comprise about 45 per cent of the plots on private as well as public land. While on private lands those less than 5 hectares (34 per cent) are more important than those greater than 15 hectares (20 per cent), on public lands this relative importance is of the same magnitude but inverse. This is undoubtedly related to the agricultural density of the different zones and to the greater importance of public lands in the areas of medium and low density.

National Sample of Asentamientos and Zones of Agrarian Reform Activity

Venezuela, 1967



Each point represents one
asentamiento.
The sample is a proportional
distribution of all asenta-
mientos in the country.

There is a certain association between topography and size of plots for while plots of less than 5 hectares comprise almost half of the total of asentamientos in the mountainous zone, that proportion reduces to 16.6 per cent in the flat, agricultural lands of the Llanos-Guayana. The opposite phenomenon occurs with plots of more than 15 hectares.

The reform has had practically no impact on cattle lands. However, crop land ownership has been changed substantially. The proportion of owners of farms between 500 and 5,000 hectares declined from 20 per cent of the total in 1961 to 9 per cent in 1967, while the small landholdings increased in inverse proportion. According to the data available until 1967, 30 per cent of the plots distributed among the campesinos were less than 5 hectares, which appears to indicate that a high proportion of the beneficiaries have received farms which, given the low levels of extension service, marketing, credit, and research available were too small to be exploited economically. The distribution of un-economical plots was due, in large part, to lack of organization, study and clear objectives at the beginning of the program.

The figures analyzed previously clearly indicate that there are too many beneficiaries with very small holdings of land. This situation has been typified by many of the Reform's critics as a policy of proliferation of minifundio. It should be pointed out that according to the National Survey, 40 per cent of the beneficiaries said that they had no land before the Agrarian Reform, and 60 per cent of those who indicated that they did have land had less than 15 hectares each (Table 11). Comparing these figures with the availability and actual use of lands donated by the reform (Table 10), it is evident that there has been an improvement in the situation.

TABLE 11
 SIZE OF PARCEL BEFORE ENTERING ASENTAMIENTO (1966)

Size of Parcel (Has.)	Beneficiaries	
	Number	Percentage
Less than 1	35	3.0
1 to 2.99	225	19.2
3 to 4.99	161	13.7
5 to 6.99	71	6.1
7 to 9.99	43	3.7
10 to 15.99	84	7.2
16 to 25.99	41	3.4
More than 26	43	3.6
No land	470	40.1
TOTAL	1,173	100.0

Source: Estudio CENDES/CIDA, Reforma Agraria in Venezuela, Vol. 5, 1969.

In addition a case study in 1966 of the agrarian reform asentamiento of Leonardo Ruiz Pineda indicates that although the size of plots originally distributed was small, the average size of plot is increasing due to the more successful farmers renting additional land or sharecropping-in-reverse ^{6/} from the less successful farmers. (Thiesenhusen, 1968; p. 68).

One might think that a rule concerning the the minimum size of land distributed, (for example 10 hectares) might have been a practical guide for avoiding establishment of minifundio. Nevertheless, that could have excluded the incorporation of a large mass of needy peasants into asentamientos, or the large-scale moving of campesinos to new zones which would have required repression on the part of public organizations.

^{6/} Reverse sharecropping- The more enterprising farmer hires the owner of a plot of land together with this plot and receives part of the resulting crop at the end of the season.

The acceleration of expropriation of lands may have been a viable solution for making the distributed plots larger. Nevertheless, IAN was powerless to achieve this because of its financial restrictions and the pressures to speed up consolidations of already-existing works at the expense of expropriation. At the same time, this would only resolve the problem in some areas or specific zones and would imply colonization and moving - spontaneous or directed - of masses of campesinos, given the relation between the number of subjects and the availability of level agricultural lands.

B. On Number of Beneficiaries and Titles

Development of modern agricultural business has resulted in farm laborers becoming the most important group to be affected by the Reform, composing 58 per cent of the beneficiaries in 1961. In second place with 33 per cent were producers with insufficient land whose tenure was also insecure (occupants, sharecroppers, renters, etc.) and next with nine per cent were producers with sufficient land but insecure tenure (Pinto Cohen, 1969 B;p. 5).

By the end of 1967, or almost eight years after the inception of the program, the number of direct beneficiaries of the Venezuelan Agrarian Reform numbered about 96,000.^{7/} This figure is rather large considering the period, the type of peaceful agrarian reform within the existing juridical norms, and the conditions of development of the process.

The number of people benefited annually by land reform programs varies with the amount of land effected and the availability of financial resources within IAN. As can be seen in Table 12, during the period analyzed (1959-67), two years stand out as ones in which a large number of beneficiaries were aided: 1960, the initial year of application of the Law and 1965, a year of high budgetary appropriations. This contrasts with the years 1961-63 when there was stagnation due to political and financial reasons.

^{7/} This is about one-third of the farm families in Venezuela who own less than two hectares or no land at all. By 1969 there were 750 "areas of agrarian activities," approximating an equal number of asentamientos.

Geographic Zones and Subzones, Venezuela

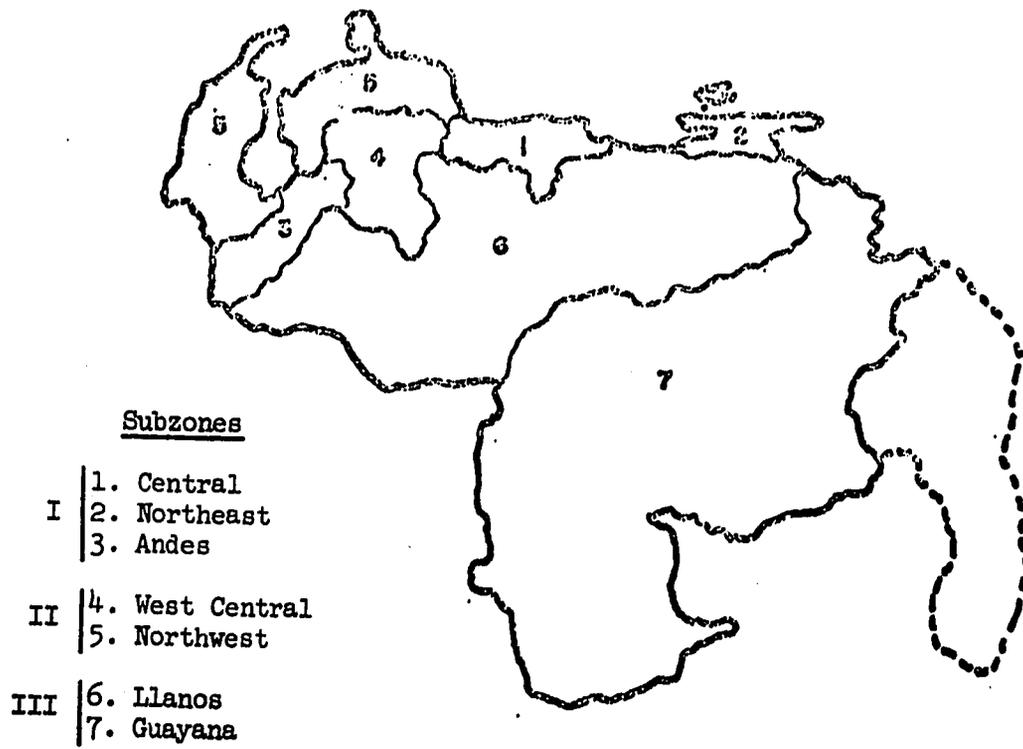


TABLE 12

DIRECT BENEFICIARIES OF AGRARIAN REFORM, ACCORDING TO YEAR, ZONE
AND SUB-ZONE (1959-67)

Number of Beneficiaries

Zones and sub-zones	1959	1960	1961	1962	1963	1964	1965	1966	1967	Total
I <u>Mountainous</u>	2.002	6.735	4.077	1.848	888	1.465	6.686	2.732	3.466	29.899
1. Central	1.377	3.291	2.993	1.199	134	1.195	3.384	991	1.464	16.028
2. Northeast	282	1.046	254	---	53	144	1.198	271	1.322	4.570
3. Andes	343	2.398	830	649	701	126	2.104	1.470	680	9.301
II <u>Intermediate</u>	1.301	6.335	3.634	4.850	2.727	3.342	6.230	4.908	2.506	35.833
4. West Central	971	4.613	2.516	2.638	1.709	1.935	4.001	2.878	655	21.916
5. Northwest	330	1.722	1.118	2.212	1.018	1.407	2.229	2.030	1.851	13.917
III <u>Llanos-Guayana</u>	1.120	4.524	1.552	2.004	2.607	1.323	6.339	5.701	5.371	30.541
6. Llanos	1.120	3.590	807	2.004	1.764	760	5.883	5.307	4.208	25.443
Guayana	--	934	745	--	843	563	456	394	1.163	5.098
Total	4.423	17.594	9.263	8.702	6.222	6.130	19.255	13.341	11.343	96.273

Source: Pinto Cohén, El Proceso de Dotación de Tierras, Anexo E, Estudio CENDES/CIDA, Trabajo No. 9, Caracas, 1969.

In comparison with the intermediate zone and the Llanos-Guayana, the mountainous zone corresponds to the highest number of beneficiaries in any one year and the lowest during the period of stagnation. This is related to the great activity which the Agrarian Reform Program experienced during its initial phase in this area, especially in the sub-zone of the center of the country, where strong rural syndicates and campesino pressure led to a rapid resettlement of lands. Nevertheless, since many of the lands in this sub-zone were private and expensive, the financial crisis virtually halted the process of settlement and petitions piled up until 1965 when IAN received more budgetary resources.

Because the cost of resettlement of the public and private lands in the intermediate zone was less expensive than in other areas, the budgetary restrictions placed on IAN during 1961-63 did not have as great an effect on annual variations in number of beneficiaries there as in other zones.

In the Llanos-Guayana the number of beneficiaries initially was very small, but by 1967 more people had been benefited per year in the area than in the other two areas. This indicates a loss of dynamism of the reform in the other two areas.

Until the end of 1965 ownership titles had been prepared for 40 per cent of the beneficiaries on lands distributed by IAN. The awarding of titles was accelerated in 1967 to include 22,689 families, and in that year collective titles were awarded for the first time to 15 asentamientos and 412 families (Pinto Cohen, 1969B; p. 26).

According to Table 13, 41.9 per cent of the total number of land-ownership titles have been awarded in the intermediate zone, (9,502 titles) while 34.5 per cent (7,823 titles) and 23.6 per cent (5,364 titles) have been given in the Llanos-Guayana and Mountainous zones respectively.

TABLE 13
PERMANENT LANDOWNERSHIP TITLES AWARDED TO BENEFICIARIES
(1962-1967)

Zones and sub-zones	Individuals (number of families) *						Sub- Total	Collectives **		
	1962	1963	1964	1965	1966	1967		Title	Fam.	Total Families
I <u>Mountainous</u>	503	713	644	765	271	2,247	5,143	8	221	5,364
1. Central	503	669	644	167	223	938	3,144	4	137	3,281
2. Northeast	--	44	--	114	--	650	808	2	46	854
3. Andes	--	--	--	484	48	659	1,191	2	38	1,229
II <u>Intermediate</u>	1,331	1,833	1,362	1,209	663	2,994	9,392	2	110	9,502
4. West Central	946	1,712	1,325	348	580	2,389	7,300	2	110	7,410
5. Northwest	385	121	37	861	83	605	2,092	--	--	2,092
III <u>Llanos-Guayana</u>	472	988	1,583	1,758	544	2,397	7,742	5	81	7,823
6. Llanos	180	988	915	1,519	468	2,397	6,467	5	81	6,548
7. Guayana	292	--	668	239	76	--	1,275	--	--	1,275
Total	2,306	3,534	3,589	3,732	1,478	7,638	22,277	15	412	22,689

* Before 1962 no titles were awarded. ** First distribution of collective titles, 1967.

Source: IAN, División de Dotación, Departamento Legal, in Estudio CENDES/CIDA, Venezuela: Notas Preliminares Sobre Algunos Aspectos de la Reforma Agraria, Trabajo No. 15, 1969.

C. On Production and Productivity

Agricultural output on asentamientos is low, mainly due to the lack of sufficient drainage, credit, and assurance that increased productivity will find a market. However, contrary to the belief of some that the Agrarian Reform Program has led to a decline in total agricultural production, the index of the nation's agricultural production increased by 25.6 per cent during the period 1959-62. For the year 1962 alone it was estimated that this index rose by 10 per cent (Banco Central de Venezuela, 1961, p. 370).

According to Table 14 the yearly increase of agricultural production on farm settlements established by IAN ranged from 31.2 per cent for 1962-63 to 55.0 per cent for 1963-64, with the overall increase for 1961-65 amounting to 290.4 per cent. ^{8/}

TABLE 14

VALUE OF AGRICULTURAL PRODUCTION ON FARMS
IN SETTLEMENTS ESTABLISHED BY IAN
1961 to 1965

Year	Hectares Harvested (1,000)	Total Value of Production (Million Bs)	% Increase in Production	Cumulative Number of Families <u>1/</u>	Value of Production per Family (Bs)
1961	161	115		42,169	2,727
1962	208	154	33.9	56,772	2,713
1963	254	202	31.2	66,426	3,041
1964	287	313	55.0	77,955	4,015
1965	347	449	43.5	118,737	3,791

Source: Annual Reports of IAN and MAC, in Consejo de Bienestar Rural, Present Status and Possibilities of Agricultural Development in Venezuela, 1967.

1/ Number of families benefited since 1958.

Most of this increase can be attributed to increased extensions of land placed under production. This is exemplified by the Leonardo Ruiz Pineda asentamiento where nearly 90 per cent of the land on the asentamiento

8/ In general productivity per hectare for traditional crops (corn, beans, rice, yucca) on asentamientos tends to be above the national average according to the last agricultural census.

is now being used, whereas only 20 per cent was being exploited before the reform (Thiesenhusen, 1969; p.67).

In spite of the fact that the asentamientos accounted for only 13 per cent of the total national agricultural production in 1965,^{9/} they were responsible for the proportions of total physical production of the following commodities: sesame, 68 per cent; rice, 40 per cent; maize, 33 per cent; yucca, 31 per cent; field peas, 22 per cent; sugar cane, 15 per cent; and eggs, 11 per cent. (Klayman, 1966; p.350).

The average value of production per family in asentamientos reached its highest level of Bs. 4,015 in 1964 and the following year declined to Bs. 3,791. Although the overall production of the beneficiaries increased because of the reform, these figures in Table 14 were only about one-half of the country average of Bs. 8,000 for the value of production in 1965. In addition, these figures for the IAN settlements were only slightly above those of net farm family income for the whole country of Bs. 3,500 in 1965. (Consejo de Bienestar Rural, 1967; p. 138).

In an effort to increase production and raise the technical levels of the campesinos, the government initiated the Corn Plan in 1962. Three agencies were responsible for implementing the program. First, IAN prepared the land by plowing and harrowing, and in some cases clearing. MAC then sent extension agents to various settlements to explain the proper use of improved seeds, herbicides, insecticides, fertilizers, and new methods of planting to selected campesinos on the settlements. The trained campesinos demonstrated their newly-acquired knowledge to other settlers and in this form the whole community became instructed. In the third stage, BAP issued credits to the participating families in the form of seeds, fertilizers and other inputs and guaranteed the purchase of the crop at harvest.

^{9/} As of 1967 about 11 per cent of Venezuelan farm families are located on asentamientos.

As of 1967 the program had reached 12,000 campesinos and had good success in raising corn yields. Because IAN was responsible for clearing and preparing the land, and the campesino did not have to use his rudimentary tools to do a job which IAN equipment could do in much less time and effort, the beneficiaries were able to cultivate as much as five hectares instead of the usual two.

Capital investments are another indication of the positive influence that the agrarian reform has had on agricultural development. From 1958 to 1961 existing capital in agriculture increased from Bs. 6.9 billion to Bs. 8.0 billion, while gross investment grew by 30 per cent during the same period, from Bs. 540 million to Bs. 702 million (U.S. Embassy Task Force, 1963;p. 65). It must be emphasized that these years were ones of invasions and squatting on private and public holdings. Although there was fear of expropriation on the part of some large landowners most were encouraged to invest in their operations for the following reasons: (a) the well-written Agrarian Reform Law of 1960 defined land to be expropriated in terms of fulfillment of a "social function", and encouraged many to put their idle lands into production; (b) the Law assured that commercial farmers would receive good payment for land if it were expropriated; and (c) government policy protected agricultural investment and production from imports.

D. On Rural Employment and Underemployment

The rate of unemployment in all sectors of the country in 1964 was 11.2 per cent. It is expected to be 8.9 per cent and 6.7 per cent respectively for 1970 and 1975. There is little doubt that the agricultural sector, while having a relatively low rate of unemployment in comparison to other economic sectors, has a very high rate of underemployment. This is pointed out in the following table:

TABLE 15

AVERAGE NUMBER OF WORK-DAYS PER PERSON
OCCUPIED IN AGRICULTURE, 1961-65

Year	Number of Days
1961	134
1962	143
1963	148
1964	155
1965	159
Goal for 1968	184

Source: Plan Nacional de Venezuela, 1965-68 in Consejo de Bienestar Rural, Present Status and Possibilities of Agricultural Development in Venezuela, 1967.

Considering 300 man-days as a moderate working year, it can be seen from the above Table that through 1963 the average agricultural worker was occupied less than one-half of that time, while the goal for 1968 was just over 60 per cent of his potential working ability.

According to a sample of beneficiaries who have been settled on the asentamientos as individual landowners, the greatest percentage previously worked either as occupants or slash and burn farmers (42.8 per cent) or as day laborers on other farms (22.6 per cent). Other agricultural activities accounted for 18.6 per cent of the previous employment, while the remaining 16.0 per cent were either unemployed or worked in occupations other than farming (Estudio CENDES/CIDA, 1969 B; p. 2).

In a sample study done by Quiroga in 1966 (Gomez Quiroga, 1969) it is pointed out that the principal source of manpower on eleven "cooperative" asentamientos was the head of the family who provided 70.7 per cent of total labor used. (Table 16). The rest of the family supplied only 10.8 per cent of labor.

TABLE 16
LABOR UTILIZED AMONG MEMBERS OF COOPERATIVE ASENTAMIENTOS,
46 MEMBERS, (1966)

<u>Source of labor</u>	<u>Equivalent man/year</u>	<u>Percentage of Total</u>
<u>From member only</u>		
in cooperative	27.48	58.4
in family garden	0.39	0.8
salaried	<u>5.43</u>	<u>11.5</u>
subtotal for member	<u>33.10</u>	<u>70.7</u>
<u>From families only</u>		
in cooperative	1.74	3.7
in family garden	0.60	1.3
salaried	<u>2.72</u>	<u>5.8</u>
subtotal for family	<u>5.06</u>	<u>10.8</u>
<u>From member and family</u>		
in additional land	5.47	11.6
additional income	<u>2.26</u>	<u>4.8</u>
subtotal for member & family	<u>7.73</u>	<u>16.4</u>
<u>Salaried</u>	<u>1.01</u>	<u>2.1</u>
TOTAL	47.10	100.0

Source: Encuesta Nacional de Beneficiarios de la Reforma Agraria,
CENDES/CIDA, 1967.

Of the 46 members and their families included in the Quiroga sample, only 46.09 equivalent man-years were utilized. In other words, each family used only 300 man-days per year. This would account for a full occupational year on the part of the head of the family and no utilization of the other available manpower within the family.

In the sample the availability of labor is 1.43 man-years per family and a total of 65.78 equivalent man-years (Gomez Quiroga, 1969; p.8). When comparing this figure with labor employed, one can conclude that 0.43 equivalent man-years per family and a total of 19.78 equivalent man-years in the sample were unemployed. This amounts to an unemployment rate of about 30 per cent of available family labor.

On the other hand, the use of hired labor was very low, only accounting for one equivalent man-year from total man years (47.10). This can be explained by the high level of underemployment of family labor.

TABLE 17

TOTAL AVAILABLE AND UTILIZED LABOR, 1965
(man-years a/)

	Parcelero Total	Sons b/ Total	Total
A. Available	119.00	45.75	164.75
B. Used (on parcel)	17.55	7.44	24.99
C. Used (other remunerative activities)	30.85	1.20	32.05
D. Total labor used (B + C)	48.40	8.64	57.04
E. Labor not utilized (A - D)	70.60	37.11	107.71
Percent of available labor not utilized	59	82	65

a/ A "man year" in this study assumes 300 days and 8 hours per day.

b/ Row A, "available labor", considers only sons 15 years of age or older who live on the parcel, are not in school, and depend on their parents for support.

Source: Thiesenhusen, Leonardo Ruiz Pineda: A Case Study of A Venezuelan Agrarian Reform Settlement, CENDES/CIDA Study, Research paper No. 7, 1968.

According to the case study of the Leonardo Ruíz Pineda asentamiento, Table 17 points out that 59 per cent of the family head's labor is not used, while 65 per cent of total family labor available is underemployed. Both figures are based on a 300-day work year. The average labor availability was 1.4 man-year equivalents per farm (Thiesenhusen, 1968; p. 17).

In spite of the fact that underemployment is a problem in the agrarian reform settlements, the situation of the beneficiaries must be considered more favorable after the reform if only because they are now living at a higher subsistence level on their own plots. Besides, considerable amounts of employment for off-farm laborers (about 50% of that used on the plots) are generated, considering the under-utilized family labor.

E. On Income Distribution

The agricultural sector experienced increases in its income per capita and per person employed of more than 20 per cent between 1961 and 1965. Although this increase was greater than that of any other sector of the economy during the same period, it started from a very low base in 1961. Consequently, in spite of the large percentage increase, the absolute level of farm family income in 1965 only reached about Bs. 3,500 per year. Studies by Venezuelan home economists indicate that a farm family of five should have at least Bs. 9,000 of yearly income in order to live at a decent level. Thus, it can be seen that farm family incomes are far below desirable levels.

In 1966, net farm income for beneficiaries of agrarian reform programs averaged Bs. 1,246. Nevertheless, almost two-thirds of the families received less than Bs. 1,000 while 30.7 per cent had negative net farm incomes (Ratinoff, Alezones and Esteves, 1968; p. 30). Net family income averaged Bs. 3,554 of which 35 per cent was from farm production, 19 per cent from on-farm consumption, and 46 per cent from off-farm employment.

Only 26 per cent of the families had a net family income of less than Bs. 1,000; and less than 10 per cent had negative family incomes. (Ratinoff, Alezones, and Esteves, 1968; p. 42). This indicates the important role that on-farm consumption and off-farm employment play in net family income.

TABLE 18
AVERAGE DISPOSABLE FAMILY INCOME AND INDEX OF ECONOMIC MOBILITY
OF DIRECT BENEFICIARIES BASED ON FAMILY ECONOMY (1966)

<u>Type of Family Incomes</u>	<u>Average Value of Family Income (Bs.)</u>	<u>Comparative Position of Disposable Family Income Before and After the Reform</u>			<u>Total</u>
		<u>(Percentages)</u>			
		<u>Better</u>	<u>Same</u>	<u>Worse</u>	
(a) On-farm consumption (8.1% of families)	954	61.0	39.0	-	100.0
(b) Diversified (29.8% of families)	2,452	32.2	49.5	18.3	100.0
(c) Salaried (21.6% of families)	4,359	28.6	33.0	38.4	100.0
(d) Market-directed (Sales) (40.5% of families)	4,493	27.7	27.7	44.6	100.0
T o t a l		31.5	36.2	32.3	100.0

- (a) When more than 60 per cent of income is from production of goods consumed on the farm. Negative incomes are considered as a subsidy.
- (b) When at least 40 per cent and not more than 60 per cent of income is from on-farm consumption and the remainder from sales or salaries.
- (c) When more than 60 per cent of income is from outside the asentamiento.
- (d) When more than 60 per cent of income is from sales in the market or a combination of sales and salary from outside the asentamiento.

Source: Ratinoff, Luis; Alezones, Ricardo and Esteves, Julio, Venezuela, Evolución del Ingreso y del Nivel de Vida de los Beneficiarios, CENDES/CIDA, Trabajo No. 10, January 1969.

Disparities in income distribution among different categories of income suggest a range of various types of campesino family economies-- a gradual modernization from traditional to commercial exploitation. The most extreme cases of marginality and poverty are represented by families whose income is generated mostly from on-farm consumption. Those in the middle-income class depend on diverse sources of income, while those in the upper categories obtain the majority of their earnings from the more commercial sale of agricultural products or off-farm income (Table 18).

It may be seen that 61 per cent of the beneficiaries located in Class (a) have realized improved incomes with the reform, while none indicated that their position had deteriorated. About half of those in Class (b) had after-reform incomes that were equivalent to those before, and little more than a fourth of Class (c) and (d) indicated that their incomes had improved.

As Table 19 point out, 16.5 per cent of the direct beneficiaries of the reform had negative incomes in 1966. In addition, 37.3 per cent had lower cash incomes after the reform than before, 28.1 per cent were neither better nor worse off, and 34.6 per cent received higher incomes after the reform. The percentage of those who had lower incomes after the reform increased as higher pre-reform income categories were considered. The opposite phenomena occurred with those whose incomes increased after the reform. The largest proportion of any income group improving their situation were those who earned Bs. 0 to 599 before the reform.

TABLE 19

RELATION BETWEEN ESTIMATED CASH INCOME BEFORE AND AFTER THE REFORM
FOR DIRECT BENEFICIARIES (1966)

Previous Income Bs.	Actual Income (Bs.)					Total
	Negative Income	1 - 599	600-1499	1500-4999	5000 & more	
1 - 599	27 (20.3)	21 (15.8)	19 (14.3)	38 (28.6)	28 (21.0)	133 (100.0)
600-1499	52 (17.0)	41 (13.4)	62 (20.2)	103 (33.7)	48 (15.7)	306 (100.0)
1500-4999	49 (13.4)	42 (11.4)	68 (18.5)	137 (37.3)	71 (19.4)	369 (100.0)
5000 and more	18 (22.2)	7 (8.6)	8 (9.9)	19 (23.5)	29 (35.8)	81 (100.0)
T o t a l	146 (16.5)	111 (12.5)	157 (17.7)	297 (33.5)	176 (19.8)	887 (100.0)

Source: Encuesta Nacional de Beneficiarios de la Reforma Agraria, CENDES/CIDA, 1966.

One-third of the reform beneficiaries have higher total family farm incomes after the reform than before, while the remaining two-thirds are earning the same or less after the reform than before. Of those one-third with higher incomes, there is a positive correlation between market orientation and increased income. Forty per cent are small commercial farms while 51 per cent are in a state of transition between subsistence and market-oriented agriculture. About 64 per cent of those in transition rely on off-farm employment for income, which reduces greatly the income of labor input on their own holdings. (Ratinoff, Alezones, and Esteves, 1969; p. 101).

Case Studies on Income Distribution

Mean disposable family incomes after the reform on the Leonardo Ruíz Pineda asentamiento exceeded the pre-reform incomes by Bs. 750. However, if one examines the same income figures according to the median, the phenomena of skewed distribution of income becomes apparent. In 1965, mean disposable family income was Bs. 4,112 while the median was Bs. 1,568. Only one-third of the beneficiaries on the asentamiento said that they presently earned at least as much as before the reform (Thiesenhusen, 1968; p. 44).

TABLE 20
NET FARM AND DISPOSABLE FAMILY INCOMES, 1965
(MEASURES OF CENTRAL TENDENCY)

	Net Farm Income (NFI)		Disposable Family Income (DFI)	
	Mean	Median	Mean	Median
First quartile	11,178	5,188	13,476	7,752
Second quartile.	1,028	902	2,990	3,324
Third quartile	38	30	1,060	1,220
Fourth quartile	- 965	- 576	- 771	- 216
Overall	2,194	382	4,112	1,568

Source: Thiesenhusen, Leonardo Ruíz Pineda: A Case Study of A Venezuelan Agrarian Reform Settlement, CENDES/CIDA Study, Research paper No.7, 1968.

Table 20 points out skewed income distribution, especially within the first quartile. Mean net farm income and mean disposable family income are approximately double the median amount. If the negative net farm incomes in the fourth quartile are considered as zero, then the upper 25 per cent of the beneficiaries earned more than 90 per cent of the total net farm income in 1965. This situation is not quite so extreme in the case of disposable family income where 70% went to beneficiaries in the first quartile.

The highly skewed distribution of income resulted from increased technology and market involvement by a few entrepreneurial farmers, while the rest continued their traditional means of production.

The most successful farmers--those in the first quartile--account for most of the marketed produce and net income earned on the asentamiento. They supplement only slightly their disposable family income with off-farm employment, while those beneficiaries in the bottom three quartiles earned more than half of their disposable family incomes off their farm (Thiesenhusen, 1968; p. 51).

In the case study of the Caicara de Maturín asentamiento, mean disposable family income rose from the pre-reform level of Bs. 2,000 to Bs. 5,000 in 1966. This is almost Bs. 1,000 more than the mean disposable family income in the control community of Los Cardones which has not been affected by the reform. However, part of this difference may not be influenced so much by the reform as by Caicara's proximity to an urban area. One-third of the average income in Caicara was earned off the farm while only one-fourth was generated by off-farm employment for Los Cardones (Mathiason and Shearer, 1967; p. 67).

The skewed incomes in Caicara is explained by the close rank correlation among net farm income, family income, gross farm output, use of irrigation, and amount of income earned off the farm. About 17 per cent of the beneficiaries had negative net farm incomes while seven per cent of the beneficiaries accounted for 40 per cent of the aggregate family income of the asentamiento (Mathiason and Shearer, 1967; pp. 68-69).

F. On Services and Supplies

A change in policy in 1962 led to emphasis being placed on consolidation of asentamientos, i.e., providing sufficient land for the settlers to achieve economic efficiency, and supplying appropriate infrastructure such as credit, marketing facilities, technical assistance, and training. In this program of consolidation for the period 1962-69 the government has constructed 965 miles of roads, 337 miles of primary and secondary drainage canals, and 46,550 hectares have been prepared for agricultural production, of which 8,641 of these are irrigated. (IDB, 1970,A; pp. 498-499).

Agrarian reform programs have increased the proportion of campesino families who now have adequate housing, electricity, drinking water, and sewage facilities. During the period 1959-67, the percentage of families on asentamientos which were provided with these facilities grew in the following manner: modern housing, 12 per cent to 37 per cent; electricity, 16 per cent to 30 per cent; and drinking water and sewage facilities, 26 per cent to 57 per cent. (IDB, 1970, A; Anexo II-11). Similar results can be seen in the case studies of Leonardo Ruíz Pineda and Caicara de Maturín.

Some of the factors which have influenced the distribution of social infrastructure in rural settlements are pointed out by Ricardo Alezones (Alezones, 1969, B.). Population clusters, which lead to greater accessibility to programs provided by the government, are non-existent on some asentamientos. The proportion of beneficiaries from spontaneous settlements who live in small townships located outside the asentamientos is much higher than that of official settlements. However, as programs

become more specific, the availability of services increases on official settlements. The figures indicate that in spite of the relative disadvantages of location of families, other factors exist on the official settlement which compensate. (Table 21).

TABLE 21

DIRECT BENEFICIARIES WHO HAVE ACCESS TO VARIOUS SERVICES AND PROGRAMS, ACCORDING TO TYPE OF ASENTAMIENTO (PERCENTAGES) (1966)

Services and Special Programs	Types of Asentamiento	
	Official	Spontaneous
<u>Social Services</u>		
School	96.8	92.7
Health Center	70.1	64.4
Doctor	26.3	17.7
Aqueduct	61.5	49.8
Rural Housing	69.5	52.7
Electricity	49.5	58.5
Community Development	44.2	18.8
Other	36.4	35.2
<u>Technical Services</u>		
MAC Agency	40.2	20.2
IAN Agency	44.9	9.2
MAC and IAN Agencies	34.7	9.2
BAP Product Purchasing Station	48.1	22.5
CIARA Planning	26.9	0.0
Special Credits	70.3	56.0

Source: Encuesta Nacional de Beneficiarios de la Reforma Agraria Venezolana, CENDES/CIDA, 1967.

Another important factor in the distribution of social infrastructure is the degree to which the peasant syndicate has divergent or convergent internal interests. Generally, the syndicates on spontaneous settlements are less cohesive and have more divergent interests than those on official

settlements. As pointed out by Alezones, less than one-fifth of the direct beneficiaries on official settlements are members of divergent syndicates while on spontaneous settlements that proportion is 44 per cent. (Alezones, 1969, B;pp. 10-11). The fact that peasant syndicates on spontaneous settlements are less able to act as effective, cohesive pressure groups explains the results of Table 21.

The effects of the provision of services and supplies by the government on the use of more commercial inputs can be seen in Table 22. It indicates that the application of machinery, herbicides, improved seed, insecticides, fertilizers, credit, salaried workers, and visits by extension agents increased with the reform for both direct and indirect beneficiaries.

TABLE 22

TECHNIQUES EMPLOYED BY DIRECT ^{1/} AND INDIRECT ^{2/} BENEFICIARIES BEFORE AND AFTER REFORM ^{3/} (1966)

Techniques	Direct (in percentages)			Indirect (in percentages)				
	Only	Before	Never	Only	Only	Before	Never	Only
	After	and		Before	After	and		Before
Herbicides	18.0	3.7	76.8	1.5	4.2	1.5	93.3	1.0
Fertilizers	16.1	3.9	78.0	2.0	2.5	2.5	94.2	0.8
Insecticides	32.0	11.5	53.3	3.2	14.0	13.1	70.7	2.2
Selected Seed	29.4	5.8	61.1	3.7	12.1	3.2	82.6	2.1
Machinery	36.1	10.2	50.0	3.7	9.0	6.5	82.0	2.5
Credit from BAP	38.6	10.5	27.7	23.2	14.1	8.7	26.3	30.9
Visit from Agr. Technician	31.2	6.1	58.7	4.0	7.8	2.6	87.7	1.9
Salaried Workers	32.3	37.6	25.8	4.3	14.7	46.1	34.3	4.9

Source: Estudio CENDES/CIDA, Reforma Agraria en Venezuela, Vol. 5, 1969.

- ^{1/} Direct beneficiaries are those in IAN settlements who have been awarded plots or whose tenure situation has changed as a consequence of acquisitions or transference of lands to IAN.
- ^{2/} Indirect beneficiaries are those who are not direct beneficiaries but have received one or more of the other benefits (credit, housing, etc.).
- ^{3/} Table is based on observations of 1,173 direct and 720 indirect beneficiaries.

Although the Agricultural and Cattle Bank (BAP) does most of its business with medium and large commercial farmers, it has a special two-part program for the beneficiaries of the agrarian reform. One part of the program gives regular campesino loans, through which small farmers can receive up to Bs. 5,000 for financing annual operating expenses at interest rates of not more than three per cent per year as prescribed by the Agrarian Reform Law. For the five-year period 1961-65, BAP received almost 90,000 loan requests per year, amounting to almost Bs. 200 million annually. Of that amount, the Bank approved 71 per cent of the requests annually for about Bs. 133 million. The average size of loan was Bs. 1,167 (Consejo de Bienestar Rural, 1967; p. 130).

The other part of the program gives supervised credit, through which individual farmers can obtain up to Bs. 34,000 and cooperatives up to Bs. 68,000. In addition to financing short-term annual operating expenses, the program makes credit available for medium- and long-term farm improvements, such as livestock and machinery purchases. Since the inception of this integrated credit service to small farmers in 1963, BAP has awarded Bs. 95.7 million in loans, of which one-half have been for medium- and long-term improvements while the other half have been used for annual operating expenses. The amount loaned has continually increased from Bs. 8.7 million in 1963 to Bs. 47.1 million in 1965. (Consejo de Bienestar Rural, 1967; p. 132).

In spite of the continually increasing amounts of credit being made available to small farmers, the case of the Leonardo Ruíz Pineda settlement indicates that those who receive the greatest amounts of short-term credit

are those with the lowest net farm income (Table 23). This money is used for purposes of consumption and is seldom repaid. This is particularly true of those located in the fourth quartile. In this situation, credit becomes a government subsidy.

TABLE 23

SHORT-TERM CREDIT FROM AND DEBT TO BAP (AGRICULTURAL AND LIVESTOCK BANK) DURING 1965 AGRICULTURAL YEAR, BY INCOME QUANTILES

Quartile	Mean Net Farm Income Bs.	Short-Term Credit Bs.	Unpaid Debt to BAP Bs.
1	11,178	465	144
2	1,028	612	425
3	38	1,023	559
4	- 965	1,096	965

Source: Thiesenhusen, Leonardo Ruíz Pineda: A Case Study of a Venezuelan Agrarian Reform Settlement, in CENDES/CIDA Study, Research paper No. 7, 1968.

Results similar to those in Ruíz Pineda are evidenced in the Caicara de Maturín settlement, where large quantities of low-interest production credit made available to the settlers have been used for subsidized consumption. Consequently, 100 of the 138 settlers are deeply in debt to BAP as of 1966. (Mathiason and Shearer, 1967, p. 73). One can conclude that the credit program benefited only a few of the most entrepreneurial beneficiaries in Caicara, while it accentuated the economic stratification of the beneficiaries.

In order to adapt the farm credit system in Venezuela to the existing conditions, i.e., large numbers of small borrowers and a high default

rate on repayment - borrowers associations with a maximum of 100 members were organized in 1964-65. The management of credit assistance to the members was handled by a campesino committee elected by the members, while farm planning advice and extension services were provided by the credit agency. Growth in the number of participants in the program has been steady, increasing from 1,280 members in 1965 to 7,700 in 1969, including members from 154 land reform settlements. The planned membership for 1970 is 15,500 farmers, or about 10 per cent of all farmers who have received land under agrarian reform program (IDB, 1970, A; p. 176). Defaults on loan repayments under this program have become negligible (less than 10 per cent), decreasing from pre-program highs of 40-50 per cent.

Many beneficiaries value very highly the collateral services which are offered with the asentamientos and which were nonexistent before the reform. This could be one explanation of why many beneficiaries who are earning equal or smaller incomes now as compared to before the reform do not abandon their lands and do consider themselves to be in a more favorable situation.

G. Broader Effects on the Economy, Society and Polity

The differential distribution of resources according to type of asentamiento by organizations connected with the agrarian reform has resulted in a greater proportion of beneficiaries who have "commercial" economic behavior being located in official settlements, while in spontaneous settlements there is greater emphasis on "traditional" economic behavior. ^{4/}

The proportion of beneficiaries with commercial economic behavior vs. traditional economic behavior in official settlements is 26.1 per cent to 73.9 per cent, while in spontaneous settlements the proportions are 15.8 per cent to 84.2 per cent. Of the total number of beneficiaries with commercial economic behavior, 69.4 per cent are located on official settlements. (Alezones, 1969, B).

The use of "commercial" patterns of employing resources, however, does not automatically imply more favorable economic results than those corresponding to the beneficiaries using "traditional" economic behavior, since irrational employment of modern technologies can lead to more adverse results than those obtained by traditional patterns of use.

If the beneficiaries are examined according to type of asentamiento and pattern of resource use, it is observed that even though the proportion

^{4/} For this study the characteristics of traditional economic behavior are: (a) low use of technical inputs, (b) high area utilized, planted with traditional crops, (c) low cash expenses, (d) large part of production used for family consumption and only small part sold in the market, (e) low level of gross investment, and (f) small availability of resources, principally land and circulating capital. As one or many of these above conditions change, commercial or market-oriented economic behavior is approached. (Alezones, 1969, B; p.14)

of campesinos using commercial patterns is greater in official settlements, in both types of asentamientos there is a similar distribution between successful and unsuccessful commercial beneficiaries. This result indicates that adequate use of resources depends fundamentally upon the characteristics of each individual rather than upon contact with governmental agencies.

In summary, the following points should be emphasized: 1) the type of asentamiento in which a beneficiary is located influences his economic behavior. "Commercial" campesinos are more frequently located on official settlements than on spontaneous settlements; 2) the difference in degree of responsibility of IAN in establishment of asentamientos, the type of campesino organization, and the age of the asentamientos, are factors which have determined a greater concentration of technical services toward official settlements, contributing to a more favorable atmosphere for development of individual "commercial" beneficiaries; 3) the availability of services in connection with programs of social integration have depended more upon policies followed by some public institutions than aspirations and desires of families, even when there are clear indications that pressure by campesino syndicates has frequently been a factor in decisions taken by the authorities; 4) the adequate and efficient use of resources has depended fundamentally upon the personal characteristics of the beneficiary, more than upon contact with technical agencies for even though there is a clearer tendency for existence of beneficiaries using "commercial" economic patterns in official settlements the distribution of commercial campesinos into "successful" and "unsuccessful" is similar in official and spontaneous settlements.

One of the objectives of the Agrarian Reform Law of 1960 was to convert peasants with little or no land into self-sufficient, small, market-oriented landowners. Estimates placed the number of peasants in this category at one-half of all farmers in Venezuela. There is little doubt that as these peasants were awarded plots of land their standard of living increased measurably: they subsequently obtained better housing, sanitary drinking water, adequate sewage disposal systems, schools, dispensaries, and protected access to the market place, both as producers and as consumers.

A case study by Mathiason and Shearer on the settlement of Caicara indicates that in addition to increased agricultural production 80 per cent of those on the settlement had obtained adequate housing and living conditions by 1966. More than 75 per cent of the houses have electricity and most settlers have a potentially sanitary water supply. (Mathiason and Shearer, 1967; p. 66).

In spite of the fact that the standard of living of most beneficiaries of the agrarian reform increased considerably, there was an economic stratification process in which the incomes of some increased while those of others remained the same or declined. This is pointed out by the cases of Leonardo Ruíz Pineda and Caicara de Maturín. While those with some know-how progressed rapidly, those without any skills did not. This stratification was accelerated by the unsupervised credit program during the early part of the agrarian reform program. Those who had management capabilities superceeded their previous economic and social conditions, while those lacking this capacity became debtors. Those

who did not have the education and training to advance rapidly adjusted to the situation by hiring themselves out to the more successful beneficiaries in a type of reverse sharecropping. Still others sought employment elsewhere, many times in the towns and nearby cities.

Although the process of social and economic stratification would most likely have taken place in rural Venezuela anyway, the conditions were such that the agrarian reform accelerated that process.

One of the main achievements of the Agrarian Reform since 1960 has been to assure the Venezuelan campesinos both security through landownership and participation in the material benefits of Venezuela's development mainly through the FCV and IAN. These conditions have generally led to peaceful settlement of problems and preservation of the democratic system while achieving broad reforms.

IV. Summary and Conclusions

Agrarian reform in Venezuela has been faced by a set of unique conditions non-existent in other Latin American countries.

1. Among these are large extensions of unsettled land, a strong peasant organization to pressure for and implement reform measures, a weak and unorganized landed class, and a non-agricultural economy based on petroleum production. Because of export earnings from petroleum, financial resources have not been a serious constraint in the development of land redistribution and settlement programs.
2. The characteristic Latin American land tenure structure of latifundio-minifundio existed in Venezuela before the reform, but not to the same extent as in other countries. This led to great inequalities of wealth and income in rural areas.
3. Before 1960, most programs for increasing agricultural production benefited only the large commercial farmers who had the necessary resources and knowledge to take advantage of them.
4. There was wide concensus among Venezuelans in 1960 that an agrarian reform was needed. However, the subsequent years saw a disintegration in the political consensus and the formation of a smaller political base of support concentrated in the AD-COPEI coalition until 1964.
5. Venezuelan agrarian reform legislation recognizes that land redistribution by itself is not sufficient to make the peasant a commercial farmer who can provide for all his needs on his own parcel of land. Venezuela's "integral" approach include emphasis on land ownership, credit, technical assistance and training.

6. The Campesino Federation (FCV) has played a major role in the implementation of land reform policies. It was instrumental in the distribution of lands to its members, and up to 1968 it had been responsible for more than 90 per cent of the petitions for land made to the government.
7. Although 30 per cent of the plots distributed among the campesinos were less than five hectares, and by themselves too small to be exploited economically, there was some improvement in the pre-reform situation in that 40 per cent of the recipients had no land before the reform, and 60 per cent of the previous landowners had parcels of less than 15 hectares.
8. By the end of 1967, 96,000 peasants families had been directly benefited by the land reform program.
9. The main reason for the steady increase in agricultural production on the asentamientos has been the increased extensions of land put into production, rather than increased productivity per hectare. Nevertheless, the value of production on the asentamientos is still low, only half of the country average in 1965.
10. Among the beneficiaries there is a wide range of types of family economies from traditional to commercial exploitation. On the average the lowest incomes correspond to those families highly dependent on on-farm consumption, medium incomes correspond to those who succeed in diversifying their sources of income, while the highest incomes correspond to the ones who extensively participate in commercial agriculture through salaries, sales in the market, or both.

11. One-third of the reform beneficiaries have higher total family farm incomes after the reform than before, while the remaining two-thirds are earning the same or less after the reform than before. Of those one-third with higher incomes, there is a positive correlation between market orientation and increased income.
12. The liberal policy of land allotment and the inconsistencies in the payment of their plots has made some beneficiaries reluctant to shoulder a debt obligation while others are not required to pay anything for their land. In addition, the policy of awarding credit to beneficiaries as they receive their plot has led the campesinos to believe that credit is also an inalienable right. This is reflected in the high default rate of BAP loans.
13. Large quantities of low-interest production credit made available to the settlers through BAP have been used for subsidized consumption. Only the few most entrepreneurial settlers have benefited from the credit program, while the result has been economic stratification of the beneficiaries.
14. Borrower associations have been established among the beneficiaries and have succeeded in lowering the default rates on loan repayments from the prereform high of 50 per cent to the present 10 per cent level.
15. In spite of earning lower incomes after the reform many beneficiaries feel that they are better off because of the collateral services made available to the settlers. The standard of living of the beneficiaries has increased considerably: they have better housing, sanitary drinking

water, adequate sewage disposal systems, schools, and protected access to the market place both as consumers and producers.

16. The mobilization of the peasantry through their unions has probably been the most important result of the reform. The unions have been the vehicle for expression of its members' needs and desires and the principal means for their incorporation into the economic and political system of the country.
17. With the high rates of rural to urban migration and rapid growth of towns and cities, the rural population no longer has the electoral majority that it had ten years ago. Even though the needs of the peasantry are still critical at the level of daily living, agrarian reform matters no longer command the political attention they did previously. It is thus necessary for those interested in agrarian reform to find political support for their programs among other elements such as agricultural entrepreneurs and business elites in the farm implement, fertilizer, food processing, and marketing fields. However, to obtain this support the agrarian reform programs must be presented in terms of commercial agricultural development rather than peasant welfare. These programs can no longer clearly state the objectives as increasing the employment of poor peasant families; they must be stated in terms of increased agricultural productivity. Thus, the original objectives of social and political redistribution of power must be replaced by agricultural and capitalistic development.
18. It should be remembered that the incorporation of the campesino into the process of economic, social, political, and cultural development is not complex than that. Individual exploitation may not

be the most ideal means for fulfilling the preestablished objectives, so that efforts should continue in the search for formulas for integration, cooperation, collectivism, etc., adapted to the Venezuelan reality, which would permit the advantages of economies of size and application of modern technology and at the same time fulfill the individual goals of the campesino beneficiaries.

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