

AGRARIAN STRUCTURES AND SMALL PRODUCERS: REVIEW AND PROSPECTS

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1. Introduction

The aim of this article is to make a global analysis of the situation and prospects of small agricultural and livestock producers in Central America: first, the structures of which they are a part; second, the evolution of the social sectors and product lines involved and the way these are conditioned by the political system; and finally, the challenges and prospects in relation to the role of the state, producers' organisations, and NGOs, and their potentials and limitations in encountering a road to development for this large Central American peasant population.

When we speak of *small agricultural and livestock producers*, we are thinking of several types of farmer:

- the different strata of the traditional peasantry (basically those called *poor* and *medium-sized*);
- the sectors emerging from the agrarian reforms (peasant settlements, production cooperatives, associative enterprises, some of which are governed by collective forms of tenure, while the bulk of them have become smallholders (*parceleros*) although they retain other forms of association for the purposes of marketing their products);
- medium-sized farmers fully integrated into export production, for instance in coffee, or into supplying urban food markets in fruit, vegetables, or milk for industrial production, who, although they may not exhibit the sociocultural and economic features of the more *typical* peasantry, nonetheless share with them the characteristic of being part of those groups subordinate to centres of national and international commercial capital.

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The paradox of the 1990s

The scenario of the 1990s is particularly favourable to the introduction of modifications in forms of land use in Central American agriculture. The farming activities which use the most land, cattle-raising, or have captured the best land in the isthmus — cotton cultivation — are at present in crisis. The best lands of the Pacific coast, in Guatemala, El Salvador and Nicaragua, are massively under-utilised, since cotton cultivation has virtually disappeared and such non-traditional crops as have been initiated absorb only a part of the areas previously down to cotton. Cattle-farming, which accounts for more than three-quarters of the agricultural land occupied by farms (*fincas*), has experienced a significant drop in the volume of meat exports; also, the regional herd is smaller than it was at the beginning of the 1980s. To this picture of the traditional agroexport sector can be added the increase in very small farms (*minifundismo*) resulting from the demographic growth of the peasant population and the impossibility of their being absorbed into other sectors of production.

In the nineties, we are again facing a divergence between agrarian reform and political relations in Central America. Since the period following the Second World War, when an agrarian reform was attempted under the Arbenz government in Guatemala, the United States, the multinational companies and the landowning classes have blocked any possibility that agrarian structures might be modified so as to lead towards a more democratic kind of capitalism. The agrarian reform of the 1980s in Nicaragua failed to develop because of the war and because it was unable to deploy the potential of the peasantry and the medium-sized producers. And in El Salvador, the agrarian reform occurred under the banner of counter-insurgency policy rather than as a reformist exercise, thus neutralising its potential for effecting change.

Today, the issue of land use and forms of tenure goes hand in hand with the issue of the depletion of natural resources and the need to find a strategy for *sustainable* development. In this respect the role of agrarian reform — viewed as an instrument to introduce modifications in land use by seeking more intensive and rational use together with a more sustainable model — would appear central to agrarian policy in the 1990s. Intensified land use and reversing the degradation of natural resources will not be achieved by making improvements in the legal aspects of the land market, but rather by putting forward policies for legislation on the land and by promoting family production units combining greater intensification and more

rational use of land, forests and water.

Here we come up against a paradox: because of the predominance of *neoliberalism* in economic policy, the political scenario of the nineties makes agrarian reform policies such as those attempted in the 1980s in El Salvador or Nicaragua unthinkable, although the structural conditions are relatively more favourable than those existing at the end of the 1970s, when the traditional agroexport sector was not in such a poor state as it is now and concern about natural resources was not yet on the public political agenda.

On the other hand, attempts at agrarian reform in Central America, as in the rest of Latin America, have always been envisaged as instruments for changing existing social power structures and political relations, rather than as instruments for transforming forms of land tenure and use. These attempts reflected to a large extent the pressure of the rising middle classes — largely the urban middle classes — in political and economic confrontation with the traditional property-owning sectors, and their role in widening the participation and mobilisation of the peasants in that confrontation. This took place under various guises, involving people ranging from reformist military men to guerrilla commanders, and including professionals, technicians and teachers *agitating* in rural areas; and indeed not omitting the mobilisation of peasants or agricultural workers in the struggle for land, which preceded and nourished the agrarian reform processes, but which, in order to take concrete form, required a political will on the part of the state, where the endorsement of the rising middle classes was decisive.

It should also be remembered that agrarian reform in Central America, just as elsewhere in the world, is the state instrument *par excellence* in the struggle to maintain or erode the bases of capitalism, or in the advance or containment of socialism. In fact, from the Arbenz reform to that of the Sandinistas, agrarian transformations have been conceived either as springboards for new orders or containing walls to protect existing ones. Agrarian reform was seen as a way to hold back the advance of communism (for instance, in the 1980s in El Salvador, under the auspices of the US administration), or as an element of the *new economy* or the *mixed economy* in Sandinista Nicaragua, where state forms and production cooperatives were the *superior* forms that looked forward to the transition to socialism and the handover of land to the peasants, a partial way of confronting the counterrevolution, while at the same time the maintenance of the private sector reflected the hope for a change in international power relations. The Guatemalan reform was a far more complex case: partially inspired by the thinking of the tra-

ditional Latin American Left, it aimed at full generalisation of capitalism in the countryside, as a long *stage* that would subsequently open the way towards socialist forms of production.

2. Agrarian structures and small producers

The Central American agrarian structure is characterised by high land concentration. On the one hand, a small number of large operations controls the bulk of the land, while on the other, there are hundreds of thousands of peasant operations with very limited access to land.

This pattern of agrarian structure arose in the colonial period and was modified later by the introduction of coffee and bananas and, fundamentally, after the Second World War with the appearance of new agricultural exports. In effect, the introduction of cotton, the expansion of sugar and the increase in the export of meat provoked strong tensions within Central American agrarian structures. The area covered by farmland over the whole region, including Panama, expanded from 13 million hectares in 1950 to nearly 21 million hectares today; this involved the destruction of an important part of the region's woods and forests, resulting in ecological degradation. Also, the possibility of expanding basic grain production on good land became even more difficult with the competition for land due to the introduction of cotton (which eventually occupied 350,000 hectares of the best land in the isthmus) and sugarcane.

Table 1 shows the present situation as regards land use. We can see that annual and perennial crops occupy on average 23 per cent of farmland, while the rest is used for cattle, either as cultivated or fallow pasture. Table 2 shows the average agricultural land area per member of the economically active population involved in farming. These data enable us to make some observations:

- the similarities in profile between the six countries: the average agricultural land area corresponding to each member of the labour force is between 0.91 and 1.82 hectares per member of the EAP, with an average of 1.19 hectares regionwide. This would indicate fairly similar situations as regards technical levels, types of production unit, and access to agricultural land;
- the low access to agricultural land for the majority of the peasantry and, in general, the low utilisation of land for crop cultivation in contrast to its massive use for cattle-raising, generally by large producers.

Table 1: *Sizes of Central American agricultural operations ('000 ha, '000 producers)*

country	area of farmland	cropland area	pasture area	no. of producers
Guatemala	3,971	1,522	1,085	630
El Salvador	1,508	587	497	318
Honduras	3,989	843	1,750	330
Nicaragua	6,090	606	3,360	180
Costa Rica	3,052	617	1,641	114
Panama	2,251	557	1,292	210
Region	20,861	4,732	9,625	1,782

Sources: Guatemala, *Censo agropecuario* 1979; El Salvador, McReynolds et al. (1989); Honduras, *Encuesta agrícola nacional* 1988/9; Nicaragua, CIERA (1989); Costa Rica, *Censo agropecuario*, 1984.

Table 2: *Central America: farming labour force and agricultural land area, late 1980s*

country	EAP ('000)	agric. area per member of EAP (ha)
Costa Rica	467	1.33
El Salvador	627	1.19
Guatemala	1,416	1.05
Honduras	827	0.91
Nicaragua	439	1.33
Panama	301	1.82
Region	4,077	1.19

Sources: PREALC, FAO.

Types of productive structure

We can conceive of the Central American agrarian structure as being formed by four large segments:

- I the large estate / smallholding (*latifundio* / *minifundio*) complex;
- II borderline agricultural production;
- III the domestic and exporting agribusiness sector;
- IV intensive small production.

For the purposes of comparative analysis of these structures, we have merged categories I and II, since they can be considered as parts of the same process centred on large-scale cattle-raising and the more typical peasant basic grain production. Group III represents the most typical business sector among medium-sized and large producers both of export products and products for the domestic market. Group IV represents intensive small production (for export) or technified production of food for the domestic market.

Table 3: *Distribution of agricultural and livestock properties according to types of productive structure, late 1980s (%)*

country	I/II	III	IV	total
Guatemala	63	4	33	100
El Salvador	49	4	47	100
Honduras	57	18	25	100
Nicaragua	78	4	18	100
Costa Rica	29	19	52	100

Source: E. Baumeister, reworking of data from C. Benito (1990).

The preceding table enables us to distinguish the different productive configurations in Central American agriculture. It is notable that in Costa Rica the proportion of farms falling into groups I and II is lower than in the other countries, while small intensive production (producing coffee, some non-traditionals, fruit and vegetables for the domestic market, intensified cultivation of basic grains, and intensive dairy farming) have a much greater social weight than in the other countries. Nicaragua is at the other extreme of the spectrum, with a very high proportion of small producers and members of cooperatives growing traditional basic grains or large-scale cattle-farming (small, medium and large producers, including cooperative forms of production). These sectors represent 78 per cent of the country's farms and are the majority forms of production, while intensive small production is comparatively limited. In the case of Nicaragua, the agrarian reform succeeded in altering forms of ownership by extending state and cooperative land ownership and increasing the number of small landowners, but it was unable to effect any change in the land use of the majority of the farms either those that were beneficiaries of the agrarian reform or those belonging to the traditional landowning sector. More than 70 per cent of

the agricultural cooperatives continued principally to produce basic grains or cattle (Baumeister & Faune, 1992).

In the rest of the countries we can see that group I/II in general accounts for 50 per cent or more of agricultural operations, an indication of the social weight of the poorest peasants concentrated in the production of subsistence crops. In Honduras we note the weight of the business sector geared towards the export or domestic markets in bananas, African palm products and diversified products of the banana plantations, and business sectors existing in the form of large production cooperatives in the reformed sector); the size of the small production sector can be explained in the case of Honduras by the large number of small coffee-growers (65,000), a sector which saw a marked expansion in the 1970s and 1980s (Baumeister, 1990).

In Guatemala we see the weight of the poorest peasantry (reflected in group I/II) and also the thrust of an intensive small production sector producing basic grains and other food crops for the domestic or export market. In El Salvador the weight of the intensive small production sector is greater owing to the modernisation of a basic grain-producing sector and the social weight of the small coffee-growers.

The socio-economic importance of the small producers

The Central American countries exhibit a peculiarity compared with almost all other Latin American countries: they are, comparatively, very rural in terms of their human settlements, while at the same time agriculture is the basis of their chief forms of generating an economic surplus. In the rest of Latin America we find countries, like Argentina or Uruguay, where agriculture is very important as a central element of accumulation, but together with other productive activities, and where the significance of the rural population is less in relation to the urban population, since more than three-quarters of the population is located in urban centres. We can also find situations, such as in the Andean countries, where the rural population has a weight perhaps similar or superior to that in Central America, and is distinguished also by strong ethnic elements, but where the fundamental economic base rests on mining and oil-related activities, if we ignore activities related to *coca*.

In the 1990s, the countries of Central America are undergoing an important change in the socio-demographic sphere: in the isthmus as a whole the urban population is coming to have a relatively higher importance than the rural population — an indication rather of

the inability of agriculture to generate new opportunities than of modernisation processes capable of harnessing the labour force productively or of generating new jobs in industry.

• *Access to land*

Small producers and reformed-sector production cooperatives constitute the majority of production units and have a very limited access to land, as can be seen from Table 4, below:

Table 4: *Small producers: operations and land access in the 1980s*

country	% of operations	% of land occupied by farms
Guatemala	89.6	16.5
El Salvador	87.0	33.0
Honduras	89.7	21.8
Nicaragua	91.0	35.0
Costa Rica	73.0	13.5
Panama	66.0	4.0

Sources: **Guatemala:** Includes farms of less than 10 mz. Based on *Censo agropecuario* 1979. **El Salvador:** Includes farms of less than 5 ha and reformed-sector production cooperatives; members of cooperatives are counted amongst the number of operations. Taken from McReynolds et al. (1989). **Honduras:** Includes operations of less than 10 ha; taken from a description of basic grain producers in CADESCA's Food Security Programme. **Nicaragua:** Includes individual operations under 50 mz and production cooperatives, CCS (Service and Credit Cooperatives), *surco Muerto* (dead furrow cooperatives, where parcels are divided only by unused furrows), beneficiaries of the agrarian reform. Estimates from the end of the Sandinista government, based on CIERA (1989), Wheelock (1991), and author's estimates. **Costa Rica:** Based on *Censo agropecuario*, 1984, including farms of less than 20 ha, taken from Mario Fernández (1989). **Panama:** Farms of less than 5 ha, according to *Censo agropecuario*, 1980.

• *The weight of small producers in production*

In the following series of tables we must note that the small producers and the cooperative sector which arose from the agrarian reform process have a very significant presence in basic grain production in all the countries except Guatemala. They are also important in coffee, sesame, and in some of the so-called non-traditional crops. As a result of the agrarian reforms in Nicaragua, El Salvador and Honduras, their importance has extended to other export crops and to cattle-farming.

Table 5: *Guatemala: Percentage of land area controlled by operations of under 5 manzanas, 1979*

Basic food crops	39.3
Industrial crops	7.3
Orchards	11.4
Pasture	0.4

Source: SEGPLAN, based on *Censo agropecuario*, 1979.

Table 6: *El Salvador: Percentage of land area controlled by operations under 5 hectares and reformed-sector production cooperatives, 1989*

Coffee	24.6
Basic food crops	59.0

Source: McReynolds et al. (1989)

Table 7: *El Salvador: Productive weight of the reformed sector. Percentage of national production obtained from reformed-sector cooperatives and beneficiaries of Decree 207, 1986-87*

crop	cooper.	# 207	total
maize	4.05	21.8	25.8
rice	15.24	11.1	26.3
beans	1.19	20.7	21.9
sorghum	2.56	11.1	13.7
coffee	13.10	—	13.1
cotton	39.85	—	39.8
sugar	39.17	—	39.2

Source: Hernández Romero (1991).

Table 8: Honduras: Percentage of national production in farms of less than 10 mz. and the reformed sector, 1988-89

maize	66
beans	59
bananas	51
coffee	27
palm	59

Note: The weight of the reformed sector has shrunken drastically in banana production since some important cooperatives were sold to transnational banana companies in 1990 and 1991.

Source: Encuesta Agrícola Nacional, 1989.

Table 9: Nicaragua: Percentage of production in the hands of individual and cooperative small producers, 1987-88

maize	89.4
beans	92.4
rice	21.0
industrial sorghum	28.2
millet sorghum	98.1
cotton	19.7
sesame	98.5
coffee	47.5

Source: CIERA (1989), 31-2.

Table 10: Costa Rica: Percentage of production in the hands of farms under 10 hectares, 1984

maize	31.2
beans	30.2
rice	4.3
sorghum	10.2
coffee	37.5
bananas	0.6
sugarcane	9.0
cacao	18.0

Source: Census of 1984, quoted in IICA (1989).

3. Central American agriculture in the 1990s

Central American agriculture grew very little in the 1980s. In the 1990s, looking at the five countries together, we find a greater drop in the value of exports, owing to the fall in coffee prices and the sluggish tendencies of the other traditional exports. Non-traditional products have not succeeded in compensating for the poor showing of traditional products, with the additional disadvantage that their development, both in production and commercialisation, is centred in large transnational companies. At the national level it is necessary to distinguish between countries. On the one hand, Nicaragua and El Salvador suffered a decline in production and agricultural exports in absolute terms in the 1980s, with Nicaragua maintaining a strong contraction in its agriculture. On the other hand, Guatemala had an annual growth rate between 1980 and 1989 of barely 0.26 per cent; Honduras and Costa Rica enjoyed positive annual growth rates during the eighties of 2.1 per cent and 2.6 per cent respectively, but lower than those in earlier decades, and less than population growth.

The 1980s also saw two important agrarian reforms, in Nicaragua and El Salvador, joining the previous experience of Honduras. Finally, the behaviour of the non-traditional crops is important, for, contrary to expectations, this sector represents no more than 10 per cent of agricultural exports and only a small number of producers concentrate on these crops.

The outlook generated by this overall picture is for a return to the years before the 1980s. Now that the *threat of revolution* is past in Central America, now that neoliberal policies are in place and political regimes have been formed which broadly legitimate capitalist forms of production, expectations have been created of a rapid return to the golden years of the agroexport bonanza before 1980. This has been particularly noticeable in Nicaragua, where the UNO government promised a rebirth of the cotton industry in its first year of office, and also in other agroexport product lines. This rebirth is far from having been achieved, since, after several years of the new regime, Nicaragua's agricultural exports are lower than those reached in the mid-1980s amidst war and economic blockade.

Problems for agroexport activities continue into the 1990s, not only because of sharp drops in commodity prices but also because of restrictions on purchasing countries, with the result that current export levels are in absolute terms lower than they were at the end of the 1970s. In the 1990s, the emergence of new agricultural producers and the differentiation between them are accentuated,

with the evolution of new products and the development of the political system also acting as a conditioning factor.

Processes of social differentiation

• *Rural impoverishment*

Poverty levels in the Central American countryside are increasing in the 1990s in two respects: on the one hand, the bulk of the poor in the region (about 64 per cent) are concentrated in the rural zones, which is higher than the proportion of the total population living in rural areas (about 56 per cent). Second, the poor rural population as a proportion of the total population has increased during the 1980s and this trend is expected to persist in this decade. In fact, while it was estimated around 1980 that the poor in rural zones amounted to 64 per cent of the population, by 1990 this figure had reached 70 per cent. It should be pointed out that the net increase of 6 per cent is concentrated exclusively in the area of so-called extreme poverty (i.e., people whose income is insufficient to cover their basic food needs), which has grown, across all the Central American countries, from 42 per cent of the total rural population in 1980 to 48 per cent at the beginning of the 1990s (Fallas, 1993).

• *Emergence and characteristics of new producers*

Within this general picture of the impoverishment of the rural population we can discern the emergence of new groups of small and medium producers with potential for development. Through a combination of structural factors, public policies and initiatives springing from the organisations themselves, these groups are succeeding in taking shape throughout the region.

Guatemala: In the case of Guatemala, still enmeshed in a civil war that involves extensive indigenous areas, processes of emergence and consolidation can be observed in those segments which have managed to incorporate themselves into irrigation programmes, to make inroads into the production of fruit and vegetables both for the internal and export markets, and to develop efficient marketing schemes. Factors contributing to the empowerment of these groups include some state actions (e.g. the promotion of small-scale irrigation schemes in the western highlands) and pressure from indigenous peasant groups identified with ethnic demands organised around Mayan culture. The latter have formed some successful NGOs which are expanding throughout the highland zones and have promoted soil conservation, organic fertilisers, mixed cropping,

combined with the use of modern inputs.

Three additional factors must be taken into consideration in assessing the potential of small producers: (a) the marked tendency to form associations among the indigenous people, expressed in the large number of local development associations; (b) the combination of agriculture with craftwork and trade in extensive sectors; and (c) the importance, in some parts of the highlands, of remittances from family members in the United States, in terms of both support to the families and contact with certain modernising processes such as access to inputs, land purchase, etc. These trends are occurring in a political context which excludes the vast majority of indigenous people and in a framework of high demographic pressure, which makes the *traditional* agrarian problem an inescapable issue on the agenda of democratisation and development in Guatemala.

El Salvador: In El Salvador, emerging from a long civil war, the potential of small producers lies in two areas: (a) the sector of intensive small producers of basic grains, vegetables and coffee (see Table 3), and (b) the possibilities open to the emerging agrarian reform sector and the demands for land by the demobilised guerrilla combatants. Added together, all these groups of small farmers and cooperatives account for 33-40 per cent of the country's agricultural land area, forming the basis for a popular economy sector which includes non-agrarian productive sectors, savings and credit operations, and internal and external marketing operations.

The fragility of this initiative has to do with the consequences of the economic adjustment programmes and the possible future directions the country may take politically, in the context of the postwar period, the slackening off of US aid and the results of the 1994 elections. Another imponderable is what type of relationship will develop between the private business sector (traditionally dynamic and commercially very aggressive) and the sectors of the *popular economy*. To what extent will they try to destroy the private sector, coexist with it, or incorporate it into their own dynamic?

Honduras: In this country a sector of small and medium-sized coffee producers grew in number and productive weight in the 1970s and 1980s (Baumeister, 1993). The impact of the expanding non-traditional crops was less among small producers and the agrarian reform sector has been eroded by the loss of dynamism in this process and — more recently — by the sale of lands in the northern zone to large banana companies.

The small Honduran coffee-growers are also affected by the

world coffee crisis, and the pace of growth maintained in previous decades is set to slow down. However, these producers have the advantage of a very extensive production model, with low utilisation of purchased inputs and relatively low production costs in monetary terms in comparison to production models such as the Costa Rican, which are highly input-intensive.

The prospects for *business reconversion* in the sector of cooperatives and agrarian reform settlements are uncertain at present. Conversion will depend to a large extent on supportive external initiatives and national NGOs, and also on the possible changes in public policy that may arise from the general elections at the end of 1993. More than three decades of close relations between the peasant organisations and the state will make it difficult to achieve *business reconversion* without the support of the state, which has up to now been insisting upon privatising state lands and forests and the services the state renders to the reformed sector in credit and commercialisation.

Nicaragua: Nicaragua presents the most difficult economic, social and political scenario in the isthmus. The depth of the economic crisis, the crisis of political leadership and the government's inability to cope with the postwar situation are the most glaring in the region.

If the political crisis could be channelled, it is possible to imagine the broad sector led by the National Union of Farmers and Cattle-Farmers (UNAG), the former National Resistance and the Area of Workers' Ownership burgeoning into an important sector of the national economy, despite the tendency towards *Africanisation* — an increase in extreme poverty, the absence of the most minimally viable economic strategy, the impossibility of consolidating a national government that can establish legitimate rules for the conduct of political life, and rising political factionalism, which, if it has not quite arrived at a situation of *clan warfare*, is not far from it and cuts across all political bodies.

A central problem of post-revolutionary rural institution-building is the difficulty of consolidating business organisations which can successfully combine economic rationality (which did not exist at all in the context of the Sandinista revolution) and socialised control.

Costa Rica: Here the diversification towards non-traditional products and more intense activity on the domestic market (in vegetables, fruit, milk, etc.) is more extensive than anywhere else in the isthmus. For small producers the Achilles' heel of the non-traditional

products continues to be located in commercialisation processes, and it is noticeable that many farmers are retreating after repeated failures and tending to concentrate on less demanding and less perishable products, such as those aimed at Latin American markets in the United States or at the domestic urban market itself, which is quite extensive and diversified.

Coffee has been hit hard, owing to the constraints of a very input-intensive model of production which make it hard to cover production costs; consequently a series of coffee-growing cooperatives have gone bankrupt, processing plants and properties have been sold off, and many small growers have withdrawn from production.

Trends in the principal product areas

A combination of restrictions on exportable production due to shrinking international demand is affecting traditional export products such as cotton and beef, which show exportable quantities in the 1980s and 1990s smaller in physical terms than those obtained in the 1970s. In the cases of sugar and coffee, prices have fallen. Banana production enjoyed marked growth in the 1980s and at the beginning of the 1990s, and there were widespread expectations of a strong expansion to meet the growing markets of Western Europe and the former socialist countries. But, as a result of changes in European trade patterns, the outlook for these exports is for slower growth in the next few years.

As for non-traditional crops, altogether they have a share equivalent to only 10 per cent of the total agricultural exports (traditional and non-traditional) of Central America, and, because of the nature of the products (which are basically products designed to supply the North American market in periods when they cannot be produced there) and the very restricted markets at which they are aimed, they are not tending towards very large growth. Moreover, the conclusion of the North American Free Trade Agreement brings the disadvantage that these Central American products are competing directly with similar Mexican products, which means that it will be harder to insert them into US and Canadian markets, to which Mexican products will have easier access, being already well integrated into neighbouring countries in these product lines.

Even the basic areas of the domestic market (grains and dairy products) face problems of external competition and restricted national markets. The expansion of domestic demand for fruit, vegetables, or products from cattle-farming is dependent on an

increase in tourism, where consumption of these goods is high. For this decade, significant possibilities in this respect are only to be envisaged in Costa Rica.

Implications of changes in the state for small producers

Recent years have seen changes in the role of the state towards economic activity and in relation to the articulation of social interests. In the 1960s and 1970s, as part of the *developmentalist* thrust of Latin America, the state in Central America took on new roles in relation to the promotion of economic development. This met with the general approval of the national propertied classes, and was part of a policy carried forward by the international agencies. As is well known, from the 1980s onwards new policies became generalised, driven by the international financial organisations, which wrought significant changes in the role of the state.

In some cases, such as Nicaragua under the Sandinistas and El Salvador during the Christian Democrat government, the development process was slower to take shape and, in the case of Sandinista Nicaragua, was in the end far more radical, but within the mould of what could be called the national-developmental state, a state that mobilised resources and brought popular sectors together.

In the 1990s, the picture is totally different, and this has consequences for the kind of agricultural development undertaken and the participation of the popular sectors. Below, we outline briefly the effects which issues like state reform, economic and social *concentración*, privatisation, and combating poverty could have on agriculture and its leading actors in the rest of the decade.

• *Guatemala*

Comparatively speaking, the Guatemalan state has been the least *interventionist* in relation to economic and social issues, if we exclude the role of the military as a political — and increasingly economic — actor. Although *privatisation* does not have a broad field of action, neither, owing to this more limited state role, has there been any process of concertation or legitimate incorporation of the popular sectors. The potential role of NGOs in channelling services to small producers or other sectors of the population has been fiercely opposed by both the state and the traditional private business sector, which has strong corporate links with the state apparatus, despite a certain anti-state rhetoric.

Thus, we are faced with a sharpening contradiction, partly expressed in the rise of ethnicism in recent years, involving the emer-

gence of organised indigenous groups with proposals to make and embracing a good number of professional and technical people, NGOs, and other sectors of civil society who are unable to incorporate themselves legitimately into processes of concertation and democratisation.

• *El Salvador*

In the 1970s, initiatives of a national-developmental kind in El Salvador, put forward by groups among the military, were thwarted. These were partially continued under the Christian Democrat governments of the 1980s, despite the strong counterinsurgency emphasis of state measures and the prevailing climate of war.

El Salvador has a strong private business sector, with the peculiarity — in contrast to Guatemala or Nicaragua — of having developed its own political party, ARENA, with potential for electoral success, and an institute, FUSADES, which is amply capable of formulating policies and initiatives.

In the postwar period, concertation processes are observable which could legitimate the economic and social participation of the popular sectors. This would result in a field of debate with two strong contenders: on the one hand, a private sector with the capacity to make proposals and carry out political and electoral action, and on the other the popular sectors coming out of the agrarian reform, the current struggles for land, and other sets of demands, with the aim of creating a broad-based popular economy sector.

• *Honduras*

Changes in the role of the state have had serious repercussions on peasant organisations in Honduras, particularly those organised around the agrarian reform. A sharp crisis has arisen as regards the traditional intermediary role of these organisations between the peasants and a state which has been responsible for allocating lands and intervening in credit and marketing.

In recent years, organised groups of small and medium-sized coffee-growers have tried to create their own economic institutions, seeking to improve their negotiating position with the dominant traditional commercial export sector. In the 1990s, the unknown quantities here are the possible changes in the mode of action of the trade unions and the possibility that the Catholic Church may convert its work in the rural zones into the creation of economic bodies designed to empower small producers.

• *Nicaragua*

In Nicaragua, owing to its belated and radical experience of national development and mobilisation of the organised popular sectors, the impact of the new economic policies and the new role of the state in general are the most drastic in the region. This is partially reflected in the country's deepening crisis of political leadership.

The singular way in which the Sandinistas were removed from power electorally, the acute internal inconsistency in the coalition that won the elections, and the transformations wrought by the Revolution together create an extremely complex picture. Despite the grave economic crisis, processes of concertation in which the popular sectors are playing a significant part can be seen. The legitimacy of the organised popular sectors and their potential for becoming real economic actors are among the prospects for the rest of the 1990s.

However, there are strong opposing factors, which can be summed up in the deepening of the crisis at all levels. These could make the country unviable as a nation or a state, especially when the postwar international financial arrangements expire in 1994.

In a certain sense, Nicaragua combines a radical experience in the application of financial stabilisation programmes and reduction of the state with an important process of concertation and of privatisation in favour of the popular sectors, especially in relation to the organised agrarian groups, both those created by the agrarian reform and the groups of small and medium-sized producers.

• *Costa Rica*

Two processes linked to small agricultural producers have been developing over the last few years: (1) the consolidation, initiated in the 1980s but broadening in the 1990s, of trade-union-like groupings of small and medium-sized farmers, with a presence at national level and a growing capacity to put forward proposals; (2) a growing process of concertation between these groups and the state in recent years.

These developments are taking place in an economic and social context which is contradictory for small farmers. If farmers decide to move into non-traditional crops there will be marketing problems. On the other hand, the crisis in coffee blocks a central group of small landowners. And there is the rise in exports of such products as milk and citrus fruit, which includes sections of small and medium production organised in cooperatives. There were reductions in basic grain cultivation in the 1980s with the application of liberalisation measures, but both organised producers and the government

itself are putting up significant resistance to applying the full grain import liberalisation package.

Overall, the Costa Rican experience in agriculture from the 1980s to the present day reflects to a large extent the typical features of the political style which has been prevalent for decades: a combination of entrepreneurial development favouring the landowning sectors, including foreign capital, with social compensation measures aimed at the lower income groups and the incorporation of the demands of organised labour.

The big question for the 1990s will be whether these organised trade-union sectors will be able to broaden the development of their own economic institutions so as to empower small farmers as relevant economic actors, in a context that is very different from the period after the Second World War, when state action enabled the development of small and medium coffee-growers organised in cooperatives.

4. Civil society and alternatives small producers

Since the end of the 1970s, a series of crises — but also several significant initiatives for change — have been building up in Central America. Agriculture has been the principal theatre for these developments.

The effects of structural adjustment

Since the mid-eighties, economic policies have become generalised throughout the region which have profoundly changed the part played by the state in agriculture, by abolishing or diminishing the role of government agencies in credit, marketing, technical assistance, and access to land for the peasant sectors. This process, which is incomplete, has several consequences:

- it seeks to boost the importance of the market as a mechanism of intervention in goods and services, strengthening traditional commercial sectors;
- it creates the possibility for the small farming and cooperative sectors themselves to become inserted into these activities of intervention, agroindustrial processing and financing;
- there are clear limitations to the attempt at total privatisation of state activities: in fact, state activities directed at small producers are not being taken over by private agents, provoking

an institutional vacuum and the productive and economic deterioration of important areas of small production and resulting in increased levels of rural poverty.

This situation has led international financial organisations to raise the question of the need to make the fight against extreme poverty a permanent priority, not just a temporary, transitional measure to soften the application of structural adjustment measures. Nonetheless, it is hard to see to what extent these increasingly frequent calls to address the *social* consequences of adjustment, like the references to the environment, are simply part of the dominant ideology, or whether, on the other hand, we are really seeing a turnaround in the original concept of adjustment as it has been applied in Latin America.

Government policies and the opportunities for small producers

In the early 1990s, Central American governments have been introducing initiatives around agriculture. A notable example is the agricultural modernisation law in Honduras, promulgated at the beginning of 1992, which seeks to eliminate the *threats* represented by the agrarian reform law of the 1960s and 1970s, and at the same time attempting to *privatise* the larger part of the land area which has hitherto been nationally or communally owned (*ejidos*), including the large forested zones. Another important effect of the *agricultural modernisation* initiatives has been the sales of land belonging to important cooperatives in the northern part of the country to foreign banana and African palm companies.

In Guatemala the government's policies centre on the peace plan, which includes the distribution of national land and the purchase of land from traditional owners at market prices in order to sell it collectively to peasant groups; in such a way, however, as to pose no *threat* to the landowning groups, which can in any case benefit from selling their land in a period of downturn in their traditional exports. Obviously, also, this process will not be able to reach large sectors of the peasantry who are excluded from buying and selling land at market prices.

In El Salvador and Nicaragua, post-war neoliberal treatment seeks to remove reformed-sector lands from state control and divide them into small plots (*parcelas*); however, the maintenance and even the possible strengthening of an important sector of agricultural cooperatives and small producers are accepted. Nonetheless, the changes in forms of commercialisation and credit provision brought about by

the large-scale withdrawal of the state has put into doubt the economic viability of these *post-reformed* sectors in general; although there do exist some possibilities for producers who can insert themselves into more intensive activities, either for export or the domestic market, or, basically, for those sectors who can establish cooperation agreements, including joint investments, with sectors in Northern countries interested in supporting such social experiments of the Central American peasant movements (the cooperative movement, environmental networks, fair trade organisations, NGOs, etc.).

In Costa Rica, the country least affected by war, the process of economic diversification continues, including non-traditional crops and other, non-agricultural product lines. The drastic fall in coffee prices has been a severe blow to a production model based on intensive use of imported inputs. Equally, the opportunities in non-traditional crops for small and medium producers are tending to diminish.

Moreover, it can be seen that the attempt at full liberalisation of food production for the domestic market has generated adverse reactions on the part of productive sectors, who are trying to delay liberalisation by invoking *food security*. It is possible that products like beans will not be massively displaced by the freeing of Central American trade currently going on. Products like milk or citrus fruit illustrate the productive energy of Costa Rica, which rests on cooperative production structures and has led to Costa Rica taking a decidedly high profile in the Central American regional market, and with prospects of gaining a niche in larger markets such as Mexico.

An important consequence of the reduction of cotton in Central America has been the relaunching of the African palm as a source of oil and margarine. The transnational companies, from their positions in Honduras and Costa Rica, are seeking to expand across the rest of the region and even to penetrate extra-regional markets.

New actors and their initiatives

Two major initiatives — on the one hand from the NGOs and on the other from the producers' organisations themselves — have emerged from civil society in the quest to open up a wider space for small producers in product marketing, supplies, credit, technical assistance, and other forms of support.

• *The Central American NGOs*

The NGO sector — a very heterogeneous group spanning the whole political and ideological spectrum in each of the countries — has grown significantly in the 1980s and has a local presence in large areas, both rural and urban, of the Central American countries in the form of microbusiness projects, women's collectives, alternative technical assistance for peasants, marketing and rotating credit funds, organic agriculture, popular health and education, and the like. By their very nature these tend not to have national perspectives on the issues with which they work, and they are the bearers of new forms of mediation and client relations to the peasant sectors. A considerable number of initiatives focus on humanitarian aspects (food-for-work projects, communal people's kitchens, attention to street children, etc.) and try to alleviate extreme poverty, but they reinforce relations of strong dependence in the popular sectors. On the other hand, from the standpoint of the international financial organisations, the NGOs are viewed as one of the forms of *social compensation* generated by structural adjustment policies, while fulfilling a role in the process of cutting back the governmental apparatus by taking on some of the tasks previously carried out by the state at a national level.

The progressive NGOs are influenced implicitly by the world ideological context: the crisis in the parties of the Left and in the class representativity of the popular sectors, and also the crisis of the interventionist state and the cultural influence of postmodernism. This is reflected in a marked tendency to abandon *political* or *classist* issues. The rise in extreme poverty and the difficulty of thinking of development alternatives places them, together with their European counterparts, in the contradictory position of throwing themselves into programmes more typical of humanitarian organisations.

• *The producers' organisations*

The other initiative is that of the producers' organisations, which arose largely out of the agrarian reform processes of the 1970s and 1980s and which, because of changes in state policies, have become involved in the implementation of economic projects to sustain production on the land they obtained.

In general, they are going through a process of adjustment to a scenario that is now very different from the one that gave them birth. Many of them arose as groups demanding land connected with revolutionary groups or radicalised sections of the Church; later, they inserted themselves into the agrarian reform processes,

playing an intermediary role with the state. As state policies change, these organisations must take on new roles in the economic sphere while at the same time reformulating their strategies for negotiating with the state and other actors. In particular they are seeking links with international cooperation as a way to get alternative economic projects under way.

It is now very clear that the international financial institutions see the NGOs and the producers' organisations as intermediaries in their programmes of research, transfer or execution of alternative credit or marketing schemes, among other reasons because of the general withdrawal of their state counterparts, which have been hard hit by reforms of the state. However, they are still far from being legitimated as agents of the state by either the national governments or the big international agencies. Even though it may be possible to win specific successes and set up cooperativist schemes within these initiatives, it is hard to imagine these proposals being carried out on a large scale unless economic policy can be redirected in such a way that the state promotes initiatives on the part of small and medium producers in Central American agriculture.

Four challenges for producers' organisations

Producers' organisations face four challenges: (a) institution-building as trade unions (b) developing their capacity to formulate demands, apply pressure and negotiate; (c) developing their own economic institutions; and (d) finding a new ideological and cultural cohesion. These aspects need to be addressed almost simultaneously, in contrast to the history of similar organisations in Northern countries such as the Nordic countries, Holland, and France, among others, where the producers' organisations that enjoyed state support after the Second World War and in some cases, such as Sweden, date practically back to the time of the First World War.

First, the organisations, many of which are in their early stages, recognise the need to consolidate and extend themselves quantitatively in aspects that are classic trade-union practice. Here, one of the big challenges is to achieve a basic cohesion that will enable them, for instance, to regularise their associates' subscriptions and thus become self-sufficient as popular organisations rather than depending too much on NGOs.

The second problem is that of mobilisation around demands and proposals, basically those concerned with preventing structural adjustment measures from causing further deterioration in important groups of producers, preventing *unfair* competition with products of

the Northern countries from displacing national production, and defending state-owned banks for the promotion of small producers. This is another *classic* element of organisations of this type, which have nonetheless undergone profound transformations as a result of the decline in class-based proposals and of the altered possibilities for pressure and negotiation with the state aimed at obtaining its intervention with regard to land or other economic issues.

Third is the organisations' concern with building intermediary commercial and financial enterprises to replace the role formerly played by the state. The organisations are putting their main energies into these initiatives, and it is as yet too early to evaluate their impact.

The climate of the period in which these initiatives sprang up (the later 1980s and early 1990s) can be judged, worldwide, by phrases like *cost-effectiveness*, *zero subsidies*, and so on, and by the need to *modernise* management methods, by the use of computers, by the recruitment requirement that managers should have taken courses in business administration, preferably in international institutions, and the like. Clearly, many of these things are prerequisites in the light of the prevailing *rules of the game*. But there are two great challenges here: how to maintain and develop the social character of the initiatives undertaken (in terms both of management methods and beneficiaries of the proposed results), and how to develop a business leadership with its roots in the peasantry, in order to ensure that the need to call on middle-class technical staff is limited to a *transitional* period. It would appear that even if playing the commercial game by its current rules is inescapable, it is necessary to think of less conventional methods of management, especially when we consider the syndrome that currently affects practically all development projects — a preoccupation with contracting technically qualified staff, well-appointed offices, modern computing equipment, etc. — that involves copying the way government offices or big foreign agencies operate. The problem lies not in the call for *modernity* in itself but in the fact that often these technical and bureaucratic structures are not congruent with the material base on which they rest or the social bases with whom they wish to work and whom they want to benefit.

Last but not least is the question of how to draw together in ideological and cultural terms the economic initiatives springing from the new organisations of producers. At the present moment, we are moving away from a very political emphasis, in the recent past, in which organisation was based on links with political parties or government agencies, towards a growing emphasis on economic

aspects, in which it is not clear what the bases for cohesion are, apart from a closer involvement with the market.

In this context, it seems a central concern to develop a broader ideological and cultural perspective, one which can situate class positions and ethnic positions where appropriate within a plan that promotes sustainability of natural resources and solving the basic problems caused by poverty that affect the majority of the Central American peasantry. Obviously this is not easy, but it seems indispensable if economic projects are to be combined with a social project for the small producers of the region.

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ASOCODE: CHALLENGES AND PERSPECTIVES FOR THE CENTRAL AMERICAN PEASANT MOVEMENT

Jorge Hernández (*)

1. The old challenges: the anti-peasant bias

The poverty of the peasant and rural sector increased with the application of structural adjustment programmes, coinciding with the exclusionary model of development that marked the postwar period. During this period, the Economic Commission for Latin America (ECLAC) promoted an integrationist, import-substitution-seeking strategy — a model of development characterised by:

- promoting and legitimising state interventionism by means of public investment;
- encouraging industry through a variety of fiscal, financial, and labour policies;
- favouring accelerated growth in the public sector, with the state rapidly taking on various areas of production, services and apparatuses of control and cohesion;
- extending and diversifying the penetration of transnational capital, especially in the most dynamic branches of the new regional economic space;
- facilitating a progressive and irreversible cultural invasion;
- permitting military repression and social and cultural subordination. Models of social containment in Central America display a broad array of strategies, from the institutional and legal subordination seen in Costa Rica to the repressive military state in Guatemala and other countries;
- rising external debt, impossible for the region's weak economies to pay and bringing in its wake more extensive and varied external dependency.

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