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PEASANT AGRICULTURE AND DEVELOPMENT  
ALTERNATIVES IN CENTRAL AMERICA<sup>1</sup>

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1. Peasant agriculture in Central America

In this chapter, we have not tried to write a synthesis or draw conclusions from what has been presented so far. Instead we have attempted to portray the dynamic, critical and constructive role being taken on by peasant and indigenous agriculture in the regional process of accumulation and to emphasise the alternatives to neoliberalism being put forward by the peasant movement.

However, by way of conclusion, and drawing on the description and analysis of the more structural features of the Central American agrarian situation, we have tried to characterise the historical context in which peasant agriculture has related to the global process of accumulation. This is the key to an understanding of the agrarian origin and regional dimension of the crisis, and of the potential represented by the peasant productive forces for sustainable development in Central America.

As stated in a document published by Asocode, an organisation which has emerged as an important representative of the region's peasant movement, on the occasion of the postponed Presidential Summit on Agriculture which was to have taken place in April 1991: "*The massive process of migration by peasants and indigenous peoples from rural to urban areas and to other countries — a phenomenon made more acute by war — is the dramatic expression of the fundamentally agrarian origin of the crisis and the social cost of an economic model which concentrates income, which is oriented to foreign markets, and which is based on the super-exploitation of workers rather than on a recognition of the value that the peasant*

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*masses could have for the economy.*"<sup>2</sup> This process takes place in the framework of a model of accumulation characterised by, amongst other things:

- *Small size of the economies and high level of social polarisation*

The region enjoys great genetic diversity but its small size and concentration of wealth represent fundamental structural barriers to social and economic development in general and to the acceptance of agriculture and the peasant economy as a strategic focus for growth.

- *Changes in the pattern of international trade*

The second important factor is the decline in exports of three of the five commodities which were the main exports of the post-war period: cotton, sugar and beef. This has made the economy even more dependent on coffee and bananas. Moreover, coffee, which historically has been the region's most important product, is currently going through a deep structural crisis. The resulting steep fall in prices has made it unprofitable to make use of the most advanced technologies.

Meanwhile, the increase in non-traditional exports is a dangerous development. These exports are aimed at markets which are volatile and which are not very dynamic. Moreover, these markets quickly reach saturation point. This change in the pattern of exports signifies increasing technological dependence and a shift to foreign ownership of property and control of the marketing of agricultural production. The government has conceded large direct and indirect subsidies to encourage the development of non-traditional exports. Yet the sector has only grown slowly, as can be seen from the fact that in 1990 it only represented 8.8 per cent of the region's total exports.

- *Increasing reliance on external finance*

The problem of the foreign debt has a basically structural origin and, in large part, has been caused by the disorganisation of the domestic economy. The dependence on foreign finance has become more pronounced in recent years in all countries in the region. There are four internal structural causes of the debt problem.

- The excessive concentration of income. A small sector of society maintains a pattern of consumption which is highly dependent on the patterns of consumption prevalent in the developed countries. This phenomenon has become more pronounced as

medium and lower class sectors of society have also been incorporated into this pattern of consumption as a result of the financial dependence of these sectors on the money sent to them by members of their family working abroad. The situation has been aggravated by the liberalisation of trade and the exposure of domestic production to unfair foreign competition.

- The productive structure of the region suffers from serious technical deficiencies at both regional and national levels. This has resulted in a high level of dependence on imports of intermediate and capital goods, a situation which will tend to worsen due to the liberalisation process mentioned above.
- The region is dependent on exports for a significant part of its income but it has no power to exercise influence over international markets. This situation has been made more dangerous by the diversification of production towards non-traditional exports aimed at markets which are less stable than those of traditional agricultural exports.
- The high concentration of income and ownership of the means of production and the disorganised nature of production which are at the root of the sociopolitical instability in the region have stimulated capital flight.

As long as these structural reasons for the foreign debt exist, the implementation of economic policies seeking accelerated economic growth will result in severe balance of payments problems and the frustration of plans for economic expansion.

- *Heterogeneous character of agriculture*

There is a diversity of types of agricultural enterprise. They complement each other and each has a role in the model of economic development in place in the region. *Minifundios* (small farms with emphasis on subsistence and production of some goods for local markets) and *latifundios* (extensive properties generally dedicated to cattle ranching) co-exist with more modern small, medium and large properties. This heterogeneous pattern of agricultural production has resulted in both the over and under exploitation of renewable natural resources and the rural workforce, with serious consequences for the ecological balance of the region.

It is in this context that the peasant economy is exposed to the effects of the global process of accumulation. The sector's vul-

nerability means that its very existence is threatened by the prevailing neoliberal policies. This is especially so because policy makers have questioned its role as a provider of cheap food for the domestic market and have looked to the import of foodstuffs as an alternative.

- *Precarious nature of food supply*

This chronic problem has become more acute as the number of people living in poverty or extreme poverty has increased to almost 70 per cent of the region's population. This situation and the tendency towards greater dependence on food imports is caused by the disruption of peasant food production due to Economic Stabilisation and Structural Adjustment policies. The situation is more serious in the rural areas where 79 per cent of the population are judged to be living in poverty and 61 per cent in extreme poverty.

- *Low level of industrial development*

Another important characteristic is the weakness of industrial development. This is largely due to the fact that from the beginning, industrial development was unplanned and biased towards the more straightforward forms of import substitution. Industry was also highly protected and restricted in its development by the region's poverty and the consequent small size of the domestic market. So there are severe limitations as to the impact that the region's industrial sector can make on the international market. In addition, the scarcity of hard currency; the shrinking of the domestic market; the deterioration of plant and increasing technological obsolescence have led to the progressive decapitalisation of a large proportion of industry.

- *Unequal development of service and productive sectors*

The lack of any moves to democratise the ownership of the means of production has resulted in the extreme concentration and centralisation of capital. This has resulted in the tertiary sector absorbing the large numbers of people excluded from other sectors of the economy instead of responding to the needs of the productive sectors. Generally speaking, the service sector has not been able to make the technical and organisational advances necessary for it to meet the needs of agriculture and the economy as a whole.

Moreover, many of the economic activities classified as part of the service sector, are no more than survival strategies adopted by farmers and workers who have been thrown off the land. A feature of the region's capitalist development is the clear correlation be-

tween the development of the service sector and the increase in poverty and extreme poverty.

To this outline of the model of accumulation presented above, we would like to draw attention to five structurally related problems. The inability to overcome these problems could impede or even eliminate the possibility of further agricultural development, especially in the peasant economy, and could interfere with the development of the economy as a whole:

- The increase in the number of *minifundios*; extension of the *latifundios*; and the high concentration of the ownership of the means of production and finance capital.
- The increasing rate of exploitation of renewable natural resources. This could result in the exhaustion of natural resources.
- The absence of profitable and dynamic markets capable of stimulating production. The result of this situation will be a progressive and continuous reduction of the already small national and regional markets and an increase in poverty within the context of the concentration and centralisation of capital which characterises capitalist development in Central America.

The loss of international markets for agricultural exports which have been the motor of the regional economy due to the substitution of these products brought about by the technological advances made in the developed countries in recent years (synthetic textiles, corn-based sweeteners, other synthetic substitutes, etc.). Central America has not been able to develop the alternative products needed to be able to continue to compete.

The sustained worsening in the terms of trade due to a combination of the fall in price of agricultural exports and the increase in price of machinery and other imported capital goods. To this can be added the oligopolistic control by the big transnational companies of agricultural exports on the international market and indeed of the national markets of the countries which export agricultural products. The purchasing power of the region's exports fell by 23.1 per cent between 1980 and 1990.

The unfair competition of developed countries due to their many subsidy schemes and protectionist policies. Central American producers have to compete against international prices which do not reflect the true costs of production and with producers who are shielded from the effects of overproduction on international markets.

- The lack of autonomous scientific and technological development in the countries of the region. The technology introduced by the green revolution is no longer enough to make products competitive in world markets. In any case, the use of green revolution technologies is restricted by the limited resources of the great majority of Central American producers. The exhaustion of the productive capacity of the green revolution has been accelerated by the liberalisation of the economy. The possibilities of investment are diminishing so any attempt to generalise the use of current technology would put even greater strain on the few resources that are available.
- Finally, there are the structural limitations imposed by the foreign debt and the greater dependence of the economy on external finance due to economic liberalisation measures. The faster rate of growth of imports when compared to exports generates a vicious circle prejudicing the region's productive structure.

The characteristics of the accumulation model set out here have accelerated the destructuring of the peasant economy in the region, a process which has caused a steady fall in the supply of basic agricultural consumer goods to the domestic market, resulting in the rural poverty and hunger mentioned above. Moreover, the region has had recourse to foreign food aid from developed countries, accentuating the vicious circle of dependence.

The magnitude and extent of extreme poverty, marginalisation and migration; the unemployment (20 per cent unemployed and 50 per cent under-employed); the increase in the cost of living; the hunger and malnutrition; the dependence on food imports (40 per cent of the food consumed in Central America is imported); are all linked to the absence of rural development and the exploitation of the productive peasant forces by the model of accumulation present in the region.

All the criteria used to compare the export and the peasant sectors of the agricultural economy: area of land cultivated; land tenure system; soil quality; availability of credit and other financial resources; area irrigated; use of inputs, mechanisation; yield and productivity per hectare, illustrate the contradictory logic of over-exploitation and lack of integration in the agrarian structure, which impedes the reproduction and expansion of the system and which explains the exhaustion of the present model of accumulation and the structural character of the crisis.

This situation has been increasingly leading towards the develop-

ment of a finance economy, dependent on foreign resources and less reliant on its own regional productive structure. This explains the fact that the region's imports of goods and services are growing at a faster rate than its exports. El Salvador is in the most serious situation, with imports three times greater than exports. Costa Rica, Guatemala, Nicaragua and Honduras all import almost twice as much as they export.

Nevertheless, recent years have seen a transformation of the traditional agrarian structure typified by *minifundios* and *latifundios* in which only a small number of peasants had adequate access to the land.

The modernisation programmes inspired by counterinsurgency policies implemented by reformist governments in several of the region's countries; the regional integration policies of the 1960s with their resultant industrial development; the green revolution and modernisation of agriculture, the long term impact of which has recently become apparent (loss of genetic diversity because of monoculture, exhaustion of soil fertility, dependence on pesticides, pollution, etc.) have all combined to transform the rural landscape, but in a negative way.

The scale of and the methods used in opening up new land to agriculture (principally through extensive cattle ranching — a phenomenon related to the traditional export model) have had devastating effects including massive deforestation, soil erosion and a decline in water resources.

Similarly, and despite their inadequate and uneven orientation, the land reform policies implemented in the region and the wave of peasant organisation have provoked an unprecedented degree of social and economic activity which has had a profound effect on the regional agrarian scene.

Without wanting to ignore their limitations and deficiencies, it is a fact that the Costa Rican concession of land titles to farmers and the land reform programmes in Honduras and El Salvador have given a significant number of peasant farmers access to land, finance, technical assistance and, most important, to new forms of organising production such as cooperatives. In El Salvador and Honduras, this process of land redistribution involved 26 and 12 per cent respectively of agricultural land. The percentage in Costa Rica and Panama was 6 and 6.5 per cent respectively. The most extensive redistribution of land has taken place in Nicaragua involving 36 per cent of agricultural land.

This process, organised by the State, has left many of the *beneficiaries* in debt. This, together with the introduction of economic

stabilisation and structural adjustment policies, has led them to the brink of bankruptcy and has certainly made it difficult for them to get access to new resources and capital. They are now threatened with having to give up their land. A further pressure is the government's policy of further fragmenting ownership of the land.

Another important change that has taken place during the last ten years, is the fall in coffee, cotton and meat exports. In 1980, these products accounted for 45 per cent of the region's total exports (2,220.1 million dollars). This figure fell to 30 per cent (1,300.3 million dollars) in 1990.

There has been an important expansion in the total area under agricultural production. The total area of cultivated land (including annual and permanent crops and pastures) increased from 16.3 million hectares in 1980 to 17.2 million in 1990. This expansion is mainly due to the growth of extensive ranching which in 1990 accounted for 77 per cent of cultivated, worked land. This development is also illustrated by the fact that the number of animals per hectare fell from 0.87 to 0.82 between 1980 and 1990.

The region's domestic markets have also undergone, in this period, a reorganisation and contradictory influences of depression and growth, according to particular national circumstances. Among the factors which have had an influence on the situation are: the improvements in communications, the growth in urban markets, the extension of the agricultural frontiers on the Atlantic coast of Costa Rica, the increase in the number of small and medium-sized coffee farms in Honduras, and the reorganisation of commerce consequent on the armed conflicts in Nicaragua, Guatemala and El Salvador.

The more recent changes in Nicaragua and El Salvador with the distribution of land to ex-soldiers (a kind of land reform) and the relocation of peasant settlements directly affected by the wars add another dimension to the potential of the peasant sector to play a role in the process of regional development and economic reconstruction.

So there is a many-faceted and contradictory process under way in Central American agriculture. On the one hand, the implementation of economic stabilisation and structural readjustment policies has led to many peasant farmers being thrown off the land. Meanwhile, local circumstances have facilitated the emergence of dynamic peasant sectors which could generate important surpluses if they were able to work within a strategy different to that of stabilisation and structural adjustment.

Other recent and little-studied phenomena related to the changes in Central American agriculture include the remittances sent to their

families by emigrants of peasant origin, resident abroad (USA, Australia, Canada); the proliferation of NGOs; and the constellation of rural development micro-projects which have been channelling resources and disseminating technological innovations of diverse inspiration throughout the last decade.

These processes are of increasing significance and complexity because of the way that the crisis has transformed external cooperation and access to external resources from a subsidiary to a central factor in any development strategy.

Although it would generally be correct to say that foreign aid has not furthered development and has had short term objectives, it is equally true that many of the programmes implemented at a *micro* level have depended on initiative at the grassroots and have reinforced alternative practices important for a long term development strategy. There is a problem though in that in the medium term there is likely to be a drastic reduction in these sources of aid. We must therefore make the most of this assistance now and make sure that this process adds to the bank of human and material resources that we need for sustainable development.

In this process of transformation, it is the explosive problem of access to land which continues to be the epicentre of the current crisis just as it was the detonator of the armed conflicts of the last decade.

The exodus of the rural population to urban areas and beyond the frontiers of Central America; the increase of poverty caused by growing unemployment, under-employment and the black urban economy; the distortion of the economy by the incoming remittances sent by economic exiles and foreign aid are among the many factors which have profoundly modified the economic, political and social landscape of the region. They continue to illustrate the need for immediate and substantial changes to the region's economic model based, as it is, on reliance on external markets, concentration of land ownership and a purely short term, extractive vision of how to use the region's natural resources.

The agrarian reality of Central America presents us therefore with a complex mosaic of contradictory and failed attempts to revitalise a regional economy which is based on traditional agricultural exports and which has consistently ignored the productive capacity of the peasants and their potential role as dynamic and important agents of development.

Nevertheless, despite all the adverse factors and the general tendency for decline that the region's peasant economies are going through — a process accelerated by structural adjustment — the

fact is that the peasant sector continues to account for around 80 per cent of the region's agriculture and 96 per cent of basic grains producers out of a total of 1.4 million in the region as a whole.

This sector continues to be the most important productive sector for basic foodstuffs and one of the main components of the domestic market, if you take into consideration that it represents 30 per cent of the population. The paradox is that no government has implemented policies which have recognised the important role that the peasant sector could play in development.

The sector's socio-demographic weight alone should have been historically sufficient for governmental policies to have reserved a dynamic role for this sector. However, the region has had to wait for the end of armed conflicts, complex negotiation processes, presidential summit meetings and a critical analysis of the experience of adjustment to be able to recognise the need to bring the peasant sector in the national and regional debate on development.

It is therefore within a relatively new set of circumstances involving a fluctuating and wide-ranging process of social, political and economic change in the region, that the peasant movement has begun to emerge as a key actor with its own independently formulated proposals in the vast and complex attempt to repair the economic and social fabric of Central America described by Torres-Rivas in the chapter on democracy and the peasant movement.

Ever since the reformist development experiments of CEPAL in the 1960s, and on through the phase of import substitution and the green revolution, up until the current neoliberal crusade of structural adjustment expounded by the international financial institutions, the solution to the problem of rural development and a proper recognition of peasant needs continues to be the key element missing from regional economic policy.

However, governments and peasant movements are modifying their positions in response to the crisis and the more global, historic and complex transformations taking place throughout Central American society and the world in the run-up to the turn of the century. This does not mean that they have the same objectives.

The work presented by Hernández describes the unprecedented process of cooperation and the increased political profile of the peasant movement in the latest phase of Central American development. In this key chapter, he draws attention to how the rural social movements are developing concrete proposals which go beyond purely sectoral economic and political interests to develop an integrated vision of development and set out a new programme for cultural and social progress in Central America.

## 2. Peasant organisations in the 1980s: an unprecedented transformation

Without underestimating the historical web of cause and effect behind the process of accumulation in the region, the structural adjustment measures that have mainly punished the *backward and inefficient* peasant economy have acted as a catalyst for the peasant movement to develop counter-proposals. The experiment of structural adjustment has obliged small farmers to compete with producers in the developed countries from a position of disadvantage, with no protection and a lack of resources. It has obliged them to produce and export non-traditional products, a risky business and one which demands sophisticated technical management for successful production, distribution and marketing.

The peasant sector, subjected to a lack of credit and technical support and faced with the need to make abrupt changes in production, changes for which they were not prepared, are confronted with the need to react and to achieve the economic targets of profitability and competence.

For the first time in the history of Central America, there is a genuine debate on development and regional integration with the participation of a vigorous peasant movement which has its own and innovative proposals for sustainable development. This is a national and regional response to the aggressive and exclusive economics of structural adjustment.

Without going into detail about the specific characteristics of the organising process of the peasant sector or the role assigned to the peasant economy by governmental policies during the last decade, we will try here to explain some common features of the transformation that has been occurring in the political organisation of the sector in the various countries.

The existence of peasant movements throughout the history of Central America seems to be linked traditionally with two central and legitimate demands: access to land and the improvement of working conditions in agriculture.

It is not until recently that these central demands were amplified and enriched by a more detailed programme incorporating various issues related to agricultural production and investment such as credit, technical support, marketing, post-harvest management, industrialisation of primary commodities, etc. All these issues are important for the different kinds of peasant farm (individual, cooperative, associative and mixed production units) producing goods, especially staple foods, for the domestic market and for regional and

international markets as well. The case of Costa Rica illustrates the difficult and troubled path trodden by the peasant movements on their journey from protest to proposal.

Traditionally, as we have already pointed out, peasant agriculture has always been at a disadvantage because of the social, economic and political context in which it has operated. The governments of the region have done nothing to assure a sustained and broad rural development. Until recently, the organisations of the peasant movement have responded to this situation in a defensive way. This has been conditioned by the lack of political freedoms that would have permitted peasants to defend their basic rights, beginning with their *right to produce*.

Most peasant organisations came into being in response to the social pressures created by the extreme concentration of land ownership, the intransigence of the big landowners and the absence of government policies recognising that peasant agriculture could have a part to play in development. These factors have been and continue to be a constant in most of the region's agrarian conflicts. Instead of listening in an objective way to the points of view of the peasants and taking their interests into consideration as part of a broader policy of national development, governments have branded peasant actions and demands as *illegal* and *subversive*.

Until recently, most independent peasant organisations have had to fight for the right to organise. So most legislative change in the area of agricultural and land reform has come about as a response to rural conflict. The history of peasant organisations has been one of extreme conflict with the State and Capital characterised by tactics of confrontation and resistance, cooption and/or repression.

Generally speaking, the type of peasant organisation that emerged and the demands that fed their development resulted from the agrarian structure and government policy.

Up until the 1960s and 1970s when a period of reform and agricultural modernisation began under the banner of the *green revolution*, the dominant type of organisation was the rural trade union with a platform of demands based on the circumstances of the moment.

Although peasants raised land issues (for example, titles to land occupied by squatters), their programmes contained more immediatist demands of a political, social and economic nature; condemnation of an unjust society, demand for better working conditions, lower hours and social protection measures.

In this period, we find organisations with platforms fundamentally based on demands of a defensive nature and characterised by

an attitude of resistance to official agrarian policies. The kind of demands made, the internal organising tactics, the methods and instruments of struggle and the results obtained all have a social and political rather than economic character.

The platforms put forward, though legitimate, were quick to condemn but, in general, did not put forward any proposals reflecting a strategic view of the role small farmers could play in an alternative development model.

However, new types of people's organisations have emerged. They have drafted programmes which seek to find common ground among various sectors of society. This is a more recent phenomenon but one which is visible throughout the region.

Apart from Guatemala, where until recently the climate of extreme polarisation restricted the possibility for the sector to express itself, there is a tendency for new forms of peasant organisation to emerge. They are characterised by the dynamic of *concertación* and they have a more global interpretation of the agrarian situation. They treat agrarian problems as intimately linked to national development, not only as being of purely sectorial interest. In several of the countries in the region, this vision has encouraged a level of inter-sectorial cooperation which points the way towards the development of common programmes of demands and which strengthens and crystallises the peasant sector's own proposals, not only in relation to agricultural production but also in relation to national development.

The vigorous presence of the indigenous peoples' movement as new actors on the social and political stage in the national and regional debate on development, as is the case in Panama and Guatemala, has raised hopes that Central American societies will be able to draw inspiration from the very roots of civil society, from sectors previously marginalised from political activity.

This dynamic process of inter-sectorial collaboration has found political expression in organisations which enjoy increasing prestige and which are living proof of a new vigorous peasant movement that is demanding a central role in social and economic development both in relation to agricultural production and national development.

Such is the case with the Coordinating Council of Honduran Peasant Organisations (COCOCH) and the *Platform of Struggle* in Honduras; the Democratic Peasant Association (ADC) and bodies like the *Intergremial* (an inter-sectorial platform of unions) and the Forum for Social and Economic Cooperation in El Salvador; processes of *concertación* of the National Union of Small and Medium Farmers (UNAG) with the peasant supporters of the *contras* in

Nicaragua; the UPANACIONAL and the National Council of Small and Medium Producers *Justice and Development*, important peasant groupings which have been participating in discussions about a productive strategy for the sector in Costa Rica; the Panamanian Association of Small and Medium Producers (APEMEP), expression of the beginnings of peasant cooperation in that country; others in Belize. All these organisations are members of the Association of Central American Peasant Organisations for Cooperation and Development — Asocode.

All these national peasant cooperation forums have begun to debate issues relating to production and to adopt a regional profile. In the process, they are discovering much in common with each other including the richness and diversity with which they are responding to the negative impact of structural adjustment. They are also learning about the obstacles and limitations which have prevented them playing a greater role in the formulation of alternatives for development and regional integration.

It is in this context that a serious debate has developed on problems such as the security of food supplies, the management and organisation of production, finance, marketing, technological development, industrialisation of agriculture and on how to incorporate solutions for all these issues into a sustainable model of agricultural development for the peasant sector. This debate has evolved in a way that has allowed the issue of agricultural development to be treated in a new way, one requiring new parameters and innovative, alternative proposals. It has been a learning process and one that has encouraged dialogue.

Before moving on, it is important to emphasise the most important problems and obstacles faced by the peasants in this process of organisation and collaboration. Their strategy will have to be able to overcome a whole series of problems ranging from the simple to the complex. Among these obstacles are:

- The repressive system which defines limits to political, economic and social organisation in the region has always stood in the way of peasant organisation because such organisation interferes with the system of domination. This circumstance has been a constant in the history of the region and it remains so today, with different nuances, according to the country. While the contradictions and conflicts in the agricultural sector have fed intense processes of organisation in the sector, the State has introduced laws to regulate the organisations that have emerged in an effort to co-opt and use them in order to maintain political stability.

Where peasants have formed independent organisations, they have been attacked as illegal and have either disappeared or been co-opted. This is still part of everyday reality as has been shown by the difficulty Asocode has had in developing and consolidating its activities. Some of the region's governments have done all they can to eliminate or co-opt Asocode. As they have not succeeded in this, they have set up parallel organisations with a view to occupying the political space currently occupied by the independent organisations.

- The organisation of production and markets according to the dictates of neoliberalism also imposes, through the hand of the State, a series of mechanisms designed to put a stop to the peasant organisations. The neoliberal view is that such organisations distort the laws of the market and therefore interfere with the allocation of resources.
- The policy of economic stabilisation and structural adjustment has signified a drastic reduction of the financial resources channelled into peasant production and the near disappearance of other services which, though marginal and insufficient, were directed into the sector. This has faced peasant organisations with serious problems in relation to the efficient use of their land and workforce and represents a further disadvantage for them.
- The existence of different levels of development among peasants and indigenous organisations in the various countries is an obstacle to cooperation at a regional level. Peasant leaders need to be very mature politically to allow them to see further than their sectoral and national interests; to put their experience at the service of the countries with less organisational experience; and to avoid using their experience to obtain advantages for themselves and thus weaken the process of regional cooperation.
- The lack of a political culture of cooperation, unity and ideological pluralism on the basis of a common programme for national and regional development is still without doubt an obstacle to the consolidation of peasant organisation at national and regional levels. This problem is more serious in that these organisations need to maintain their independence from the State and political parties in order to avoid adopting a sectarian approach in the process of peasant organisation.

This does not mean to say that the peasant organisations should be politically neutral. On the contrary. In the degree that they seek a more equal society and new ways of promoting development, they take their place as political protagonists in the process of social, political and economic transformation in its historical and general sense. The central point here is the need to be clear that cooperation on production and development can only take place within a framework of political pluralism.

### 3. The context of structural adjustment and the peasant view of the regional agrarian situation.

Central America, in the 1990s, finds itself in an extremely unstable situation. This makes it difficult to appreciate clearly the full economic, political and social consequences of the intense crisis that it has experienced during the last decade.

Nevertheless, four main and inter-related factors appear to be of particular significance for the region. The first is the restructuring of the world economy according to the ideas of the multilateral financial institutions such as The World Bank, the International Monetary Fund etc. This restructuring reserves a disadvantageous role to the Central American regional economy. There has been a lack of concrete counter-proposals to their strategy and the financial frailty of the region's countries has provoked only dogmatic responses lacking in pragmatism. In relation to this first point, it is important to emphasise the emergence and consolidation of large economic blocs (United States, Canada and Mexico; the European Community and Eastern Europe; Japan; and South East Asia) as part of the restructuring of the international economy. These blocs are seeking new ways to maintain or extend their position in domestic and foreign markets. The emergence of these blocs is also having repercussions on the ways in which the nation state functions and takes policy decisions.

The second point is that after a period of passive acceptance created by ideological propaganda, the most affected sectors of the population are offering resistance to the economic stabilisation and structural adjustment policies and putting forward alternative proposals which seek to revitalise the region's economy on the basis of a new social consensus and national sovereignty.

The application of structural adjustment economic policies has provoked significant changes in the orientation of the economies and the agriculture of the region, particularly because of the so-

called *Agricultural Sector Adjustment*. The neoliberal policies have led to massive privatisation, the liberalisation of prices, the elimination of import duties and a reduction in the interventionist role and social service provision of the State.

The precipitate change towards *non-traditional* agricultural exports (special flowers, exotic fruits, etc.) with the help of massive credits conceded to certain sectors of private business has had a detrimental effect on other sectors. This is the case of the small and medium farmers producing basic foodstuffs for the domestic market. It is also the case for exporters of traditional products who have suddenly had to compete in disadvantageous conditions with North American and European producers or take the risk of moving into *non-traditional* products which generally require new, sophisticated and expensive technology; and the penetration of extremely competitive and small markets with no short, medium or long term security.

The third factor is the deepening of the structural weaknesses of the economy and the accentuation of the social polarisation and concentration of income caused by neoliberal policies. This is illustrated by the fall in regional (five countries) per capita GDP by 1.8 per cent between 1980 and 1990. The number of people living in poverty has increased while the poor of 1980 are poorer still. Poverty is more accentuated in rural areas. Real minimum wages have fallen between 1980 and 1990 in all the region's countries with the steepest fall in El Salvador and Nicaragua. Unemployment has risen and under-employment is the main characteristic of the labour market.

Fourth is the strengthening of civil society in the region and the replacement of the tactics of confrontation prevalent in the last decade with the will to adapt and negotiate. This development is a result of the end of the East-West geopolitical conflict which until recently divided the world into two great blocs. This change has had its influence on the peasant sector since the 1980s. However, despite the peace process and moves towards democracy, the problems associated with demilitarisation, the drop in the incomes of the middle and working classes and agrarian problems remain sources of tension and instability. Moreover, new tensions and demonstrations of resistance have been generated by the predominance of neoliberal political and economic policies in the region, despite the creation of so-called *Social Compensation Funds*.

However, the strategy of confrontation typical of the last decade and the result of economic and social polarisation seems to have been exhausted even though that polarisation still exists today. This

is shown by the historical failure of opposing forces to solve the conflicts by means of authoritarian, hegemonistic and exclusive processes.

There remains a major question mark over the conduct of the protagonists and the content, direction and viability of the short, medium and long term transformation of Central American society. However, in the current transitional period, the dominant tendency is for negotiation and consensus seeking.

On the other hand, the implementation of structural adjustment policies has generated, at both national and regional levels, a trend towards the homogenisation and aggravation of the deep-seated problems that face peasant farmers. This situation has provoked a unification of demands and process of rapprochement between important groups of peasant organisations. This process, expressed locally according to national circumstances, has promoted inter-sectorial cooperation and new forms of struggle by peasant organisations on a regional scale for the first time.

This new process is characterised by the search for a new synthesis combining the political pressure which previously led to confrontation with the state and the formulation and proposal of alternative solutions based on a critical analysis of the potential for accumulation possessed by its own production systems. A positive value is attributed to peasant agriculture as a motor of development, if the brakes would be lifted that have denied peasants real access to financial resources, technological advancement, industrialisation and commercialisation.

This new vision has allowed the peasant movement to go beyond the ineffective defensive posture and resistance tactics with which it previously confronted the agrarian policies that did not take its interests into consideration. Rather than rejecting out of hand the official agrarian policies which systematically denied their demands, the movement is seeking to develop its own alternative proposals for agriculture and broader development issues on the basis of a negotiated consensus.

Seen from a critical perspective, official agrarian policies towards the peasant sector have traditionally been based on a stereotyped vision of peasant farmers as *backward* and *inefficient*. Governments have assessed *profitability* on the basis of ill-defined and inadequate criteria which have ignored aims such as self-sufficiency in basic foodstuffs and sustained national economic growth.

This official view of peasant agriculture is the historical consequence of the *productivist* conception of development massively disseminated by the industrialised countries. Inspired more by such

conceptions as these and characterised more by disruption than continuity, the *agricultural modernisation* and *land reform* policies implemented in the region, with some exceptions, could only end up benefitting a relatively small groups of producers, especially if you take into account the enormous number of landless peasants and a pattern of land use characterised by extensive cattle ranching and the under-exploitation of land.

In the context of structural adjustment, there is talk that agriculture was sacrificed in favour of industrial development in the 1960s and that it should now become a dynamic sector of the economy. However, the sectors making this analysis consider the peasant economy to be *unprofitable*, without taking into consideration how official policies have prevented the process of accumulation and development.

According to the doctrinaire economic logic of structural adjustment, the production of basic grains, the basis of the peasant economy, is an unprofitable activity which should either become efficient or disappear. It says that the criteria for assessing efficiency are international market prices. However, an end to the production of grains would make Central American dependent for food supplies on developed countries and would bankrupt the 1,400,000 farms in the region which are currently dedicated to producing for subsistence and for the domestic market.

The bankruptcy of thousands of farmers could only aggravate the process of migration to urban areas which do not offer the economic alternatives they are sometimes thought to. The resolution of the armed conflicts of Central America can not wipe out the region's social problems. Poverty is laying waste the isthmus. In Costa Rica, 25 per cent of the population have incomes below the poverty line (1986); in Panama, 34 per cent (1986); Honduras, 65 per cent (1987); and Guatemala, 68 per cent (1986); that is one person out of four Costa Ricans and seven out of every ten Guatemalans are living in poverty.

With the implementation of structural adjustment policies in all the countries of Central America, the situation of small and medium producers has little chance of improving and attention will tend to turn away from this sector because of its lack of *profitability*.

Faced with this new challenge, the producers' organisations have begun to put forward alternative proposals, in an effort to play a more active role in the definition of national economic policies. This does not mean that they have stopped putting pressure on the government to respond to their more immediate demands.

Many peasant organisations in the region have begun a process

of analysis and consultation with a view to defining their needs and formulating their own strategies for regional development. They propose alternatives which would lead to the integration of the peasant economy with the national economy and thus open the way for them to produce surpluses, accumulate capital and participate in development.

These programmes have been formulated by the producing organisations themselves and centre on the need to eliminate the brakes which have so far impeded the peasant production system's capacity to reproduce itself, gain access to new technology, generate more surplus value and income that could be reinvested in rural development. In brief, the aim is to make viable new systems of agricultural production in which the small and medium producers can become a dynamic sector and play a key role in economic and social improvements in the region.

The organisations of small producers, aware of the need to have a regional and long term perspective on the political and social dynamics of the region, have developed programmes which go further than just making demands. They are also putting forward ideas on how their problems may be solved. A case in point is Asocode, which has inspired these reflections and which provides a reference point for the discussion of alternatives for regional development.

Our interpretation of the crisis, of the transformations that are under way at an international level and of recent developments in the region leads us to believe that there is a growing tendency to take a regional perspective in Central America and to press for measures aimed at regional integration.

The phenomena of insecure food supplies, extreme poverty, massive waves of migration and social and economic marginalisation are expressions of a fundamentally agrarian tension which knows no bounds and which obliges us to formulate regional solutions for the problems of Central America.

This tension could also explain the historically unprecedented level of cooperation between peasant farmers at the grassroots. The emergence of this new organisational force plays a profoundly important role in that it is promoting discussion on how to solve the deep-rooted problems which face the region at a moment when there are relatively limited options.

The organisational dimension is a key connecting thread running through discussions on food-security, credit, marketing, agro-industry, technology and environment. These problems raise new and important questions about the logic and objectives of current

development models. The answers to these questions could allow us to overcome the schematic and ideological view of the world which has prevented people coming together around common demands.

#### 4. Seven theses on the transformation of the peasant sector: between utopia and the possible

The viability of the alternative model of development and society that is being put forward by the peasant and indigenous peoples' movements, depends on the analysis and successful resolution of a series of structural problems. All these need to be addressed immediately though not necessarily resolved simultaneously.

Below, we set out these problems under seven headings which we hope will encourage debate about how the peasant and indigenous sectors can play a part in the economy and society of Central America.

*Thesis 1: The lack of profitability and competitiveness of the peasant sector is due to the nature of the relationship between peasant agriculture and the national model of accumulation and not to the methods of production used by peasant farmers.*

The external causes which have resulted in the low profitability of the peasant systems of production can be summed up in five points:

- The oligopolistic prices of inputs and machinery have a direct effect on the profitability of peasant production. The importing companies take a large profit and therefore inflate the price to the consumer. In addition, the lack of official controls over standards and quality means that the farmer often buys goods with incorrect specifications and which therefore do not function properly. This further undermines the farmer's profitability.
- The marketing systems for the goods produced by farmers are speculative and inefficient. This is due to the major role played by intermediaries between the producer and the market.
- The scarcity of credit from either the state banking system or private sector institutions deepens the dependence of the small and medium producers on money lenders. In most cases, interest rates are high and harm profitability. The problems of the price of inputs, the marketing systems and credit are inter-related and are profoundly prejudicial to the profitability of peasant production.

- The lack of industrialisation or vertical integration of the peasant economy affect the levels of profitability of peasant production. In addition, the peasant farmer's level of dependence on income; the lack of credit; and the inadequacy of marketing systems, leads him on many occasions to sell his produce when supplies are abundant and the price is therefore low.
- The developed countries policies of offering subsidies to their farmers create gluts on the international market and depress domestic prices. This unfair competition affects the profitability of the peasant economy.

*Thesis 2: The participation of peasants in the process of accumulation on favourable terms to them is a key factor in the transformation of the peasant economy into a dynamic and profitable sector of the economy and can not be delayed.*

It is necessary to break through the structural limitations to the redistribution of resources to the peasant sector and implement new economic policies that will allow peasant farmers to participate in the dynamic of accumulation and thus achieve the development of their productive capacities.

This implies a redefinition of the desired relationship between the State and the market. Part of this process must involve making the institutions of the State more representative of society as a whole. Spurious debates on the size of the State apparatus must give way to discussion on the kind of State most appropriate to deal with our problems.

Limits to the freedom of the market to operate independently should be set out according to a definition of long term social and economic strategies which guarantee the provision of basic social services such as health, education, nature conservation, etc.

The State should combine policies of income redistribution — which in the short term would seek to avoid the worsening of rural poverty — with massive employment generation policies. Resources should be channelled towards micro, small and medium-sized producers and aimed at facilitating access to and investment in the land. This would permit that, in the medium and long term, the problems associated with structural employment, the concentration in the ownership of the means of production and rural poverty could be resolved.

As peasant production requires a smaller amount of capital investment for each job created and given that there is great scope for applying existing technologies more widely, investment in this sector could have a significant impact on employment and produc-

tivity levels in the region, helping to make the regional economy more competitive.

*Thesis 3: A strategy for the transformation of peasant production must include sustainable development as one of its aims.*

The historical and external influences on the way that peasant production relates to the market and the pressure on natural resources that this has entailed now endanger the very existence of the present economic, social and cultural system.

The most important external factors involved here are: the market, new technology, diversification of production along lines determined outside the region (non-traditional agricultural exports) and agro-industrialisation. These factors coupled with changes in the social organisation of work will make things worse and could inflict irreversible damage on the peasant economy if monoculture is allowed to displace other forms of production.

The increase in the number of *minifundios* is another factor prejudicing the sustainability of agriculture. The intensity of land use which characterises small and medium-sized farms; the scanty attention given to conservation measures; and the fact that they generally occupy poorer land are all factors which have contributed to the damage caused to the environment by farmers. In many cases the damage is irreversible and is witness to the unsustainability of this kind of production system.

The definition of the concept of sustainability which we are using is that used in the book *Democracy without Poverty*. It consists in: "Defining limits in a situation of socio-economic imbalance to: the level of use, conservation and development of renewable natural resources; the use of technology and its relation to man and the environment; the acceptance of strictly economic logic and the relationships developed with the national, regional and international economy. These limits seek to correct the distortions caused by the market economy which if left to operate solely with reference to the criteria of efficiency and profit, can provoke the deterioration of man, nature, the nation or the region".<sup>3</sup>

*Thesis 4: Organisation and cooperation are necessary for broad processes of accumulation and the economic, political and social management of the interests of the peasant sectors.*

This thesis in turn assumes the need for political changes that will permit peasant organisations to participate fully in the economic, political and social life of the nation. This process will also depend on the sector's growing capacity to cooperate and negotiate

with the representatives of different sectors of society and within different institutional contexts given that the sector's proposals tend to go beyond sectoral interests and purely economic matters to examine the existing institutional framework and address the need for a regional dimension to the solution of their problems.

The predominance of the *minifundio* and small farms in peasant production and the organisation of production on a fundamentally individual basis prejudices agricultural development. The transformation of peasant production depends on the promotion of new ways of organising production that will be capable of attracting and absorbing capital. In order to further their scope for participating in the political institutions where the decisions are taken about the allocation of resources for production, peasant organisations need to develop links and cooperation with the urban and rural labour movement and other sectors in addition to organising farmers at a local and national level.

The transformation of peasant production on the terms addressed in this thesis depends on regional cooperation between peasant organisations. The consolidation and development of Asocode is a strategic factor in this process of local, national and regional organisation. In addition to furthering cooperation and facilitating the elaboration of proposals for the development of the peasant economy, Asocode could have an important role in the management of international cooperation outside the region.

Despite the significant strides in peasant organisation and cooperation made so far, further progress has to be made if they are to become the strong and independent political force that they would like to be. We must not continue to commit the error of thinking of the Central American peasant or indigenous person as backward, bowed, passive and unproductive. Such a caricature could only survive in the mind of sociologists far removed from the reality of the region. The fact is that the peasants are fighting for their rights despite the adverse conditions with which they are faced.

The existence of more than 150 peasant organisations (including federations; local, zonal and national organisations; cooperatives; etc.) involved in seven processes of peasant cooperation in the seven countries where Asocode is present, and the other innumerable peasant organisations of the Central American Isthmus, is proof that this sector is becoming an increasingly significant political force and putting itself in a position from which it will be better able to influence the process of democratisation in the region. This is partly the result of the growing participation of these organisations in the control of the means of production and the way in

which political organisation and productive economic management have reinforced each other's development. The development of its organisational structures and its success in generating surpluses and contributing to aggressive processes of accumulation will determine the political role to be played by the peasant sector in the definition of the future society of the Isthmus.

Thesis 5: *The vertical and horizontal development of peasant agriculture is indispensable if it is to generate surpluses and capital through the sustained creation of added value.*

This thesis assumes a redefinition and transformation of the relations which have historically determined the disadvantaged position of peasant agriculture in the economies of the region. It assumes the development of a new and dynamic relationship between productivity and democratisation.

Peasant production can only begin to accumulate capital and overcome the structural obstacles which harm profitability if it has a clear development strategy for the production, marketing and management of its produce and services. Such a strategy is equally indispensable in order to modify its relationship to the regional, national and international economy.

Vertical development consists of developing simple and complex processes of industrialisation until an advanced level of integration has been achieved. This industrialisation must seek to add value to production and exploit both main and by-products. The whole concept depends on taking a broad view of the system of production as a whole and aiming, for example, for self-sufficiency in energy through the use of agricultural and animal waste matter.

This search for what has been termed *synergy* in agricultural and industrial production is considered to be the ideal strategy for increasing rates of accumulation and increasing competitiveness on regional and international markets. This ability to compete depends on increasing productivity and lowering costs (optimising the use of soil, water, climate, flora and fauna) in agriculture and developing a multi-faceted agro-industrial structure. This signifies obtaining a diversity of goods from each chain of production or set of primary materials.

The concept of vertical development set out above signifies, among other things, the transformation of peasant production into an agricultural and food production system capable of meeting the food consumption needs of the Central American region and, in addition, competing on the international market. This transformation would also create many jobs and help solve the serious problem of

under-employment and unemployment.

The vertical and horizontal development of the peasant economy will depend on producers developing systems for acquiring machinery and other inputs and for organising the credit and financial services needed for investment and modernisation of production. This will involve eliminating the obstacles which, as we have already mentioned, have made peasant production uncompetitive and un-sustainable.

*Thesis 6: The management and viability of a sustainable peasant production demand a radical and immediate transformation of the peasant sector into a dynamic and central economic, political and social agent for national and regional development.*

The full participation of the peasant sector in the economic, political and social life of Central America means that peasant and indigenous people have to develop the experience and ability needed to manage production and participate politically.

It is indispensable to increase its capacity to deal with the political and administrative structure of the State and with society as a whole in order that it can participate to its satisfaction in the planning, implementation and management of the economic, social and political system. This transformation of the peasant sector into participants in decision making at a national level would signify casting off its historical role as a backward sector shaped by external influences.

*Thesis 7: The regionalisation of peasant economic activity is essential for it to succeed in these markets and for it to reach optimum levels of production.*

The small size of the economies of the Central American Isthmus imposes limitations on the capacity of producers of goods and services to compete with more industrialised countries. This is even more the case given the open and unprotected nature of the regional economy.

This situation means that peasants need to coordinate their activities at a regional level if they are going to generate the surpluses and increase profitability in the way they desire. The new peasant and indigenous peoples organisations must develop the structures necessary to be able to influence events on a regional level. Such integration will facilitate the peasant producers' attempts to develop international trade to their own advantage and to successfully exploit new and more advantageous and fruitful forms of relating to the international economy.

##### **5. An alternative development model: towards the turn of the century**

The wars that have taken place in the region and the medium and long term impact of the policies adopted to fight them in the 1980s, have transformed the region's social and political landscape. This situation of conflict, characterised by many contradictions, was impossible to sustain from an economic point of view and impossible to tolerate because of the level of poverty and marginalisation it provoked and the degree of political instability involved. It is encouraging to see that the region seems to be entering a phase of transition towards democracy.

The dynamics of confrontation, caused by extreme economic and political polarisation, appear to have been irreversibly superseded by a new period of negotiations within a framework of economic and political pluralism.

The replacement of military regimes by elected civilian governments in almost all the countries of the region: elections and dialogue in Nicaragua; dialogue and negotiations for Peace and Reconstruction in El Salvador; attempts at dialogue in Guatemala; and the international mediation which has supported the efforts to negotiate peace, are unmistakable signs of the trend towards democratisation and the strengthening of civil society.

Nevertheless, it is important to emphasise that if this process of political democratisation does not result in changes of an economic nature, it is unlikely to modify the structural factors that gave birth to the crisis which still afflicts the region. The region could slip back into social and political instability and, if it does, it will be the peasants and the indigenous peoples who will suffer more than anybody else.

With the turn of the century on the horizon, there is a need for people to analyse and question the present state of affairs and come up with solutions for the problems experienced by Central America at this moment in history. The peasant movement knows that it has to convince society at large that its own interests converge with the interests of the country as a whole. It therefore seems to have an important role to play in the strengthening of democracy in Central America.

The programme under discussion by Asocode aims at defining an alternative model of development based on the perspective of a democratisation of the economy. But the peasant movement first of all has to make sure other sectors of society understand that its attempts to improve its position are an important element in the

historical transformation of society.

The peasant organisations are undertaking these efforts both as a productive sector and as a social and political expression of a majority of the population that historically has been largely deprived of the wealth that was the fruit of its own efforts. Their capacity to come up with concrete proposals gives us confidence that its vision on development and on the society it aims to build, will be able to contribute to the creation of a truly alternative development model for the region.

#### NOTES

1. A first draft of this chapter was the basis for a presentation Salvador Arias made at the TNI-Conference in Wageningen, The Netherlands, 22-23 april 1993.

2. ASOCODE (1991) *Estrategia productiva de los pequeños y medianos productores del istmo Centroamericano* Regional Coordination Commission (CCR), agosto 1991 (San José: ASOCODE).

3. Stein, Eduardo and Arias Peñate, Salvador (eds.) (1992) *Democracia sin Proeza: Alternativa de Desarrollo para el Istmo Centroamericano* (San José: DEI).

## Part II

### Strategies towards Europe