

**A SURVEY OF LAND REFORM MEASURES  
IN PERU : 1950-1975**

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## PREFACE

In almost all the third world countries agriculture continues to be the strategic sector as it absorbs the majority of the population and its role in industrial development and foreign trade, therefore, can not be gainsaid. Given the fact that agriculture is the mainstay of an economy, the performance of the agrarian sector determines, by and large, the overall profile of the development process. An outmoded agrarian structure ('man-land' and 'man-man' relations in agriculture) admittedly stifles development through both the supply and demand constraints that it generates. So as to avoid these bottlenecks and to make agriculture more responsive to the needs of rapid industrialisation process, the archaic agrarian structure should be remodelled by correcting the excessive land concentration and its proper distribution essentially amongst the dispossessed.

Such an effort calls for radical land reform rather than an exclusive approach of 'scientific agriculture' as the problem involved is more institutional and structural than technical in nature. However, random application of land reform by way of mere redistribution of land and other tenurial measures is not

sufficient although it may bring forth immediate benefits like the opportunity to own land, increase in the income and hence the consumption level of the beneficiaries etc. But if it is to stimulate economic development by sustaining the immediate benefits, follow-up measures such as the provision of credit and technical services, marketing facilities etc., are necessary. It is in this context, Doreen Warriner, a distinguished authority on land reform, differentiates between 'Partial Reform' and 'Total Reform'. In the event that reform are total i.e., the land redistribution programme is dovetailed into a general programme of agricultural development, there is no doubt about its stimulating a broad-based economic development. Such an approach will also help in achieving the ultimate goal of development with social justice.

Latin American continent offers a fertile ground for an in-depth study of agrarian reforms. For, the agrarian structure of most of these countries are not only semi-feudal but also neo-colonial in character as the developed agricultural enclaves focussed more on the external market. The excessive concentration of land and other related resources and the simultaneous marginalisation lead the rural masses to destitution and permanent servitude. Hence, the existing agrarian

structure in most of the countries of this continent is a critical impediment not only to agricultural development, also to general social, political and economic development.

Nevertheless, ever since the decade of the 1950s with the resurgence of economic nationalism felt all over. Latin America, peasant movements of organised nature gathered momentum and became increasingly militant especially in the wake of recent Bolivian and Cuban revolutions. Perceiving the potential threat of the peasant movements to the established social and political orders, the ruling elites as well as the United States came out with a revolutionary (?) land reform essentially to mollify the rebellious sentiments of the peasantry. They passed lengthy legislations and created complex administrative apparatus but with tacit tilt towards colonization of virgin land. Although such counter-reform tactics failed to restructure the existing agrarian structure, it, nevertheless, succeeded in further instigating the peasants to demand more radical reform. More often than not, the political response to such situations has been the military coups that not only suppressed the peasant movements but also at times reversed the process of reform implemented already.

Among the Latin American countries which have implemented substantial land reforms, Peruvian land reform especially under the military junta, remains singular in more than one respect. The successful and irreversible land reforms in Mexico (1917), Bolivia (1952) and Cuba (1959) are the direct consequence of revolutions. Land Reform in Venezuela (1960), a reform without revolution, is a success thanks to the petro-dollars and it represents a reform achieved through a costly colonisation policy which many developing countries can not afford. Colombia's land reform (1961), despite its comprehensiveness, is more a colonization programme than land redistribution. Chilean reform (1964) which subsequently became radical during Allende's regime (1970-73), has completely been reversed after 1973 under the present military junta.

It is against this context Peruvian experiment, in the realm of land reforms, stands something different if not, unique. The radical land reform implemented under the military government brought about profound changes in the Peruvian agrarian sector. The land reform under the military was not only coupled with supportive measures but also formed a general programme of modernising the whole economy. Unlike other non-socialist reforms,

Peruvian reform instituted cooperatives of various types as the core of the reformed sector.

The present study aims primarily to survey the evolution of land reform process in Peru during 1950-76. An anatomy of the process will be made with a view to show that there were three stages in the evolutionary process of Peruvian land reform and each stage became more radical than the previous. An effort will also be made to identify the forces behind such radical orientation and to evaluate the reform programme in all its dimensions to the extent availability of materials and statistical data would permit.

The first chapter deals with the agrarian structure of Peru within the context of Latin America which is preceded by a theoretical analysis of the economics of agrarian structure and land reform. The subsequent chapter is concerned with the nature of peasant movements and the land reform measures implemented till 1968, starting with an analysis of the political dynamics of land reform based essentially on the Latin American experience. The reform measures implemented under Manuel Prado (1956-62) regime and that of Belaunde Terry (1964-68) are also critically analysed.



The third chapter describes exclusively the reform process initiated by the 1969 law under the military junta government of General Velasco (1968-75). The emerging tenurial pattern both in the coast and in the Sierra and its implications to different rural groups are also highlighted. Based on the limited availability of data, a final balance sheet of the reform process till 1975 is attempted.

The fourth chapter is concerned with a critical evaluation of the military's agrarian reform programme, the economic impact of the reform on the agrarian structure, income distribution and production productivity aspects. The socio-political implications of the junta's reform are also indicated. In the last chapter, a general historical as well as an international comparison is attempted to identify the uniqueness of the military's reform programme.

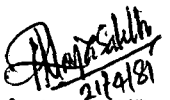
I am deeply grateful to my guide Dr. R. Narayanan, Head, Latin American Studies Division, Centre for American and West European Studies, School of International Studies, Jawaharlal Nehru University, whose inspiration and cooperation exceeded far beyond the academic bounds without which the present study would not have been completed. I also wish to acknowledge the insight which I drew from his expertise

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Chapter I

LATIN AMERICAN AGRARIAN STRUCTURE  
WITH SPECIAL REFERENCE TO PERU

## Chapter I

### LATIN AMERICAN AGRARIAN STRUCTURE WITH SPECIAL REFERENCE TO PERU

Whatever may be the historical - colonial or post-colonial experiences of the developing countries in social and political spheres, that most of these countries are essentially agricultural can not be gainsaid. Perhaps, with a few exceptions, agriculture has been and continues to be the mainstay of the developing countries. Again, a common experience shared currently by most developing countries viz. their economic underdevelopment, the actual dimensions of which are manifested in the high rates of unemployment, general levels of poverty, inexorable inflation and balance of payments crises can, by and large, be attributed to the sluggish, if not, the slow growth rate of agriculture.

In the absence of external resources, agriculture alone provides the necessary capital to finance even a modest rate of industrialisation in these countries. In the process, necessarily, agriculture has a crucial role to play in the preliminary stages of development. Also, through the provision of raw material and the much-needed market to sustain industrialisation, the agrarian sector, by virtue of its vast size alone can

give impetus for the dynamic growth of both the industrial and the service sectors. Emphasising the strong linkages between the process of industrialisation and agriculture, J.W. Mellor, a noted agricultural economist says; "Expansion of non-agricultural sectors require vast quantities of capital because agriculture initially commands most of the population, income and capital."<sup>1</sup> In addition to its crucial role in the domestic development process, agriculture has a place in the external sector of an economy, particularly in cases of countries which earn their foreign exchange through the export of their agricultural surpluses. Again, a rational agricultural production structure to meet the domestic needs through planned diversification can also save in case of countries where foreign exchange reserves are scarce. In other words, because of its pivotal role and its structural inter-relationships with the others sectors of the economy, any growth strategy to accelerate the process of development, necessarily will have to consider strengthening the basic agricultural sector.

That a fundamental change in the agricultural sector is indispensable and therefore, that this basic sector can not be under-rated, if not, neglected is

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1. John.W. Mellor, The Economics of Agricultural Development (Bombay, 1969), pp. 14-15.

amply demonstrated in the economic transition and evolution of the developed countries of today. The early transformation of the industrially advanced countries of today, undoubtedly has been fostered by a process of transfer of resources released essentially from the primary agricultural sector. When industrialisation gathered further momentum in these countries, there emerged an irresistible need for increasing the productivity of agriculture. At times when both labour and capital became somewhat scarce for the agricultural sector because of the fact that these inputs were increasingly committed to the industrial sector, mechanisation of agriculture became inevitable. Capital flowed into agriculture in the form of credit and investment. Thus, the symbiotic relation between agriculture and the other sectors engender a structurally interlinked system where economic impulses generated in one sector became visible in others, the culmination of which ultimately resulted in the economic "take-off" in these developed countries.

Notwithstanding the historical economic evolution of the developed countries where agricultural transformation has been both the cause and consequence of the modernisation process, in recent times many of the

developing countries in their justifiable anxiety and desire to accelerate the growth process have tended to ignore the crucial role of agriculture. Consequently, their industrialisation effort, to some extent, has been unsuccessful, producing sectoral imbalances and tensions resulting in economic dualism of a highly capital-intensive externally-dependent industrial sector unrelated, and juxtaposed to a labour-intensive subsistence agriculture.

Current experiences of most developing countries with what is known as the import-substitution industrialisation strategy (ISI), unmistakably demonstrated<sup>2</sup> the short-sightedness of such a growth process. To meet the challenges and the sectoral imbalances witnessed in such of those developing countries which adopted the ISI strategy, the developmentalists instead of refurbishing the basic agricultural sector, compounded their problems by adopting what is known as the export-led growth strategy, essentially to promote export sectors and orient the economic development on the basis of the receipt of the resources of the export sector. Such a strategy further disoriented the development process causing calamitous dislocations<sup>3</sup> in very many of these economies.

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2. See United Nations, Progress in Land Reform; Sixth Report (New York, 1976), pp.5-6.

With both the ISI and export-led strategies failing, such of those countries which adopted these two strategies now are re-examining their development processes to the point that a country such as Brazil is envisaging presently, what its planners call, government-induced agricultural programmes. Increasingly many of the developing countries too are frantically re-ordering their sectoral priorities giving agriculture the importance that is due. In sum, a well-rounded development strategy has necessarily to be agriculture-oriented especially in the developing countries, demanding the restructuring of the agrarian sector, primarily with a view to increase its productivity.

Antiquated Agrarian Structure and the Economics of Land Reform

To define precisely the concept of agrarian structure is rather difficult because it entails social, political, economic as well as anthropological aspects. Generally, it could be defined as "man-man" and "man-land" relations in agriculture. Strictly from an economic point of view a report of the United Nations has given an exhaustive and descriptive

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3. (contd.) See R. Narayanan and R.L. Chawla, "Limits to Export-led Growth; The Brazilian Experience During 1964-74", International Studies (New Delhi), Vol. 17, No. 2, pp.331-345.



account of the full import of the concept of agrarian structure as follows; "This term is used to mean the institutional framework of agricultural production. It includes in the first place land tenures, the legal or customary system under which land is owned; the distribution of ownership of farm property between large estates and peasant farms or among peasant farms of various size; the organisation of credit, production and marketing; the mechanism through which agriculture is financed, the burden imposed on rural population by government in the form of taxation; and the service supplied by the government to rural population such as technical advice and educational facilities, health services, water supply and communication."<sup>4</sup>

Accordingly agrarian structure comprises of three main institutional aspects viz.; (i) land tenurial arrangement; (ii) land tenancy system and (iii) various institutional mechanisms such as the supporting service structure and fiscal institutions.

The multiplicity of institutional arrangements may frighten the policy-makers in view of the wide

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4. United Nations, Land Reform; Defects in Agrarian Structure as Obstacles to Economic Development. (New York, 1951), p. 5.

scope and variety of policy measures necessary to transform, quickly and effectively, the traditional agrarian structure. In reality, however, the objective can be achieved by a radical change of the land tenure system alone. Such a policy can even go beyond the original aim in so far as the social and political power structures associated with the agrarian structure. For, land tenure relations, in reality, are social relations and therefore, they actually define the social and economic status of individuals in an agrarian economy.<sup>5</sup>

Because economic and political powers are associated with land ownership, all supporting services ranging from credit to community development programmes are in the hands of the landed gentry both at their formulation and at the implementation stages and consequently, they advantage the interests of the land owning class. Land tenure structure, therefore, is the kingpin of agrarian structure since the latter has emerged out of the former. However, the degree of effectiveness of this proposition depends

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5. See K.H. Parson, "Land Reform and Agricultural Development", in K.H. Parson, et. al., eds., Land Tenure (Madison, 1956), pp.3-4.

on the degree of land concentration and the socio-political power of the landed elite in each country.

There are different typologies of agrarian structure at present depending upon tenure patterns which have evolved out of the historical process over centuries. Broadly the land tenure systems as they exist presently can be classified into four categories; (1) customary or community tenure system predominant in parts of Latin America and Africa particularly in south of Sahara, (2) feudal-like tenure occurring mainly in Latin America but to a lesser extent in East and South Asia and Africa, (3) individualistic tenure prevailing mainly in South and South-east Asia and, (4) state-owned farms as in Israel, collective farms in Russia, China and Eastern Europe and co-operative farms in parts of Asia and Western Europe.

Among these variants, feudal-like tenure is most dangerous although others are equally fraught with problems of varying magnitudes. It is socially harmful as it limits upward mobility, economically perilous as it entails the underutilisation of land and misutilisation of labour and politically pernicious thanks to the ill-balanced power structure

it produces. Notwithstanding the variations and typologies of agrarian structure based on tenure systems, it is possible to generalise its impact on the process of economic development with appropriate and necessary qualifications.

The basic issue in agrarian transformation is whether farmers employ efficiently their land and labour resources both socially and economically. But the land-labour utilisation in the present agrarian setting dominated by feudal-like structure, is just the opposite of what the market conditions and the resource endowments warrant. The underutilisation of land and misutilisation of labour reduce the productivity of resources and hence production. In this connection M.J. Sternberg noted that although factors causing low productivity in agriculture are many like poor soil, unfavourable climate, backward techniques etc., the very system of land ownership and the resultant pattern of resource utilisation is by far the most important factor accounting for lower productivity.<sup>6</sup>

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6. M. J. Sternberg, "Land Reform and Employment, Potentials and Problems", in International Labour Organisation, Agrarian Reform and Employment. (Geneva, 1971), pp.6-7.

The underutilisation of resources itself suggests the meagre opportunity for increasing employment. This fact, in the face of vast reserve of unemployed in the rural area thanks to the swelling population, accounts for the token wage payment rather than based on productivity. The tenants and sharecroppers are also in a weak bargaining position which is further aggravated by the notorious debt relations. As a direct consequence of high rent, perennial debt, low wages and unemployment, both the peasants and workers and those depending on them are destituted into stark poverty. After analysing a series of case studies representing three continents Keith Griffin found an undeniable correlation between land concentration and rural poverty.<sup>7</sup> Urban poverty, an offshoot of the rural-urban migration, is also directly connected with rural poverty. Above all, particularly under feudal-like tenure, landowners obstruct the adoption of modern techniques and inputs in an effort to maintain the status quo. However, under individualistic tenure the problem assumes different dimension as modern inputs and techniques are virtually monopolised by a

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7. See Keith Griffin, Land Concentration and Rural Poverty (London, 1976).

few landlords while the majority of the peasants are outside the ambit of the influence of scientific agriculture.

The macro economic implication of these pernicious consequences generated by an antiquated agrarian structure is still more precarious. The production pattern which is the by-product of the land-use pattern, is particularly inconsistent with the food and nutritional policy of the government. The result is the rising food import at the cost of precious foreign exchange. Apart from the supply constraint with its negative impact on the balance of payments position as well as on fiscal health, a demand constraint arising out of the unequal pattern of income distribution sequenced by the extreme concentration of land and allied resources accentuates the problem still further.

Moreover, the unequal pattern of income distribution engenders a dual consumption pattern which manifests itself on the dualistic demand pattern. Accordingly, there are two separate compartments in the market where, one is changing qualitatively in terms of demand while the other is growing only quantitatively, that is only by the addition of new entrants

as a result of population growth.<sup>8</sup> Consequently, the industrialisation is focussed on the former market for luxury and semi-luxury goods which inevitably excludes the vast majority of the population from benefiting out of the industrialisation.

To rationalise the agrarian structure many policies are being followed which can broadly be classified as: (1) tenancy and wage regulations, (2) diffusion of scientific inputs and providing credit, marketing and transport facilities, (3) land colonization and (4) direct land reform involving a radical redistribution.

Regarding the progress of tenancy and wage regulations a document of the United Nations points out: "While almost all countries have on their statute book one or more measures such as the fixation of rent, wages etc., a review of evaluation and research studies published so far reveals a depressing picture about the achievement of the tenancy reform progress".<sup>9</sup> Even assuming that if these measures are well intended, their actual implementation and effectiveness in achieving the desired objectives in the present agrarian set-up, dominated by landlords with social and political power

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8. See Celso Furtado, Economic Development of Latin America: A Survey from Colonial Times to Cuban Revolution (London, 1970), pp. 53-57.

9. Food and Agriculture Organisation, Provisional Indicative World Plan for Agricultural Development, Vol. II, (Rome, 1970), p. 409.

are almost impossible. Likewise, a narrow technocratic solution, while contributing to higher productivity per se, may nevertheless leave the institutional problems relating to the agrarian structure, by and large, unresolved. Also, the dispensation of special subsidies to small farmers still may not be effective because the basic unit of land upon which capital and other technical aid are to be worked, is very less.<sup>10</sup> Although colonization will add new land resources into the production system, it can neither substantially modify the agrarian structure nor be a substitute to a radical land reform. At best, it could only be a necessary complement to a land redistribution policy. What is needed, therefore, is a radical land reform so as to restructure the agrarian structure.

It may be said that the phrase "land reform" is one of the most misused and abused phrases. To some, agrarian reform is nothing but a modernisation programme, whose main thrust is 'scientific agriculture'. Such an understanding, however, excludes completely the problem of man in relation to land and its implications at the socio-economic plane. Emphasising the social, political

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10. See Michael Lipton, "Towards a Theory of Land Reform" in Lehman David, ed., Agrarian Reform and Agrarian Reformism; Studies of Peru, Chile, China and India, (London, 1974), p. 279.



and economic aspects, Edmund Flores defined land reform as "a revolutionary measure of passing power, property and status from one group of the community to other. To have an adequate understanding of land reform, its political, sociological and economic aspects must be studied. From the specialised viewpoint of economics, land reform can be defined as a redistributive measure; a capital levy on a few landlords that is distributed among many peasants."<sup>11</sup> Thus a successful reform will achieve the twin objective of changing the agrarian structure as well as bringing about an equitable distribution of income. The distributive effect of land reform would provide not only an impetus to industrialisation through an expanding market but also a political climate for rapid economic development.

Many growth theorists and particularly those who see land reform as a consequence of development than a condition for it, however, conceive a contradiction between distribution and growth. To them, any effort towards equal distribution in the initial process of growth will reduce the rate of growth by reducing

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11. Edmundo Flores, "Economics of Land Reform" in Rodolfo Stavenhagen, ed., Agrarian Problems and Peasant Movements in Latin America (New York, 1970), p. 81.

productive capacity via low capital formation. But unfortunately, in their obsession with the supply aspect and steady growth rate, they fail to recognise the importance of demand the prime mover of development. Above all, economic development can never be reduced to a mere statistical rise in GNP or per capita income for, it is equally concerned with welfare aspects and hence the significance of distribution. A recent study on the nature of growth process in seventy four developing countries concluded that the position of the poorest 60 per cent worsened both relatively and absolutely because of unequal distribution of GNP.<sup>12</sup> Such a growth process is ill-advised because there is no evidence of a trade-off between growth and distribution.

Land reform in the sense of a more redistribution of land alone is not sufficient for permanent transformation of the rural economy although it will certainly modify the antiquated agrarian structure and raise the general standard of living as well as enhance employment opportunities. For instance, in Japan, Taiwan, United Arab Republic (Egypt and Syria) and Iran, land reform as a redistributive measure has actually led to the increase in income and consumption standard of the

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12. See Irma Adelman and Cynthia Taft Morris, Economic Growth and Social Equality in Developing Countries (Stanford, 1973), pp. 179 ff.

beneficiaries. Specifically, in Chile, reforms implemented during 1960s have resulted in a 400 per cent rise in the income and hence higher standard of living for the peasants.<sup>13</sup> In other words, the most acute form of poverty has considerably been reduced. Likewise, employment per unit of land distributed has also increased in countries such as Mexico, Chile, Taiwan, Kenya and Cuba.<sup>14</sup> Such tendencies have also been found in India, Bangladesh, Malaysia, Sri Lanka and Pakistan.<sup>15</sup>

These effects can not last for long unless appropriate follow-up measures are not judiciously adopted to sustain the initial impact. In this context a report of Food and Agriculture Organisation (FAO) has categorically stated as, "[Land] reform now has the two-fold aim of serving as an instrument for equitable distribution of resources and a vehicle of increasing productivity and bring about desired improvement. Without the last effect, measures which are merely redistributive would achieve only a modest and temporary results".<sup>16</sup> To make such reform development-

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13. Sternberg, n.6, p. 20.

14. Ibid., p. 18.

15. International Labour Organisation, Poverty and Landlessness in Rural Asia. (Geneva, 1977), p.32.

16. Food and Agriculture Organisation, Report of the Special Committee on Agrarian Reform (Rome, 1971), pp. 1-2.

oriented, "it must be used in conjunction with a number of other programmes. Among other things, these programmes should promote capital formation and investment, higher work productivity and an increase in total production."<sup>17</sup> An efficient land reform programme must ensure that the new owners have access to credit, technical assistance together with marketing and storage facilities. Empirically, Doreen Warriner, a staunch proponent of land reform, has found in her study on Egypt, Syria, Eastern Europe and Mexico that a mere distribution of land without the necessary follow-up measures is the basic reason for the poor results of land reform in these countries.<sup>18</sup> So, she proposed a "broader conception of land reform"<sup>19</sup> as a part of a comprehensive strategy for development.

The effectiveness of the programme equally depends on the manner in which it is implemented. Technical,

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17. Raleigh Barlowe, "Land Reform and Economic Development", Journal of Farm Economics (Lexington), Vol. 35, May 1953, p. 176.
  18. Doreen Warriner, Land Reform and Economic Development in the Middle East (London, 1962), edn.2, pp.3-4.
  19. Analysing the Asian reform Experience Wolf Ladejinsky also emphasised the integral approach otherwise, according to him, all other efforts are "likely to be writ in water", See Wolf Ladejinsky, "Agrarian Reform in Asia", Foreign Affairs (New York), vol.42, No. 3, (1962), pp. 445-60.

administrative and financial aspects of a land reform programme should also be given adequate attention at the formulation stage itself. Once the programme is formulated on a sound footing then it should involve a "drastic, rapid and massive process of redistribution".<sup>20</sup> Although the massive approach is a fundamental condition in feudal-like structure in view of the lack of administrative capacity prevalent in many developing countries, some writers suggest a 'selective approach' giving priority to areas on the basis of land concentration, agrarian unrest etc., as was the case in Italy after 1950.<sup>21</sup> However, when the legislation is framed in unambiguous terms and the existing administrative apparatus is integrated vertically as well as horizontally with necessary regional autonomy, the massive approach is still a possibility. Nevertheless, in view of the differences in the tenure systems, crop pattern and geographic and climatic factors even within the country, some amount of flexibility in the implementation assumes is warranted. Focussing on this fact Jacques Chonchol wrote,

20. Jacques Chonchol, "Eight Fundamental Conditions of Agrarian Reform in Latin America" in *Stavenhagen*, n. 11, p. 159.

21. Ranan Weitz., *From Peasants to Farmers: A Revolutionary Strategy for Development.* (New York, 1977), p. 162.

"Nowhere can the land problem be solved adequately on the basis of only one formula, and it is most convenient to combine various formulas" determined by technical, socio-political, institutional as well as economic factors.<sup>22</sup>

As to the financial aspect, full compensation is neither possible nor feasible and in the process, it may defeat the distributive effect of land reform. A token compensation in the form of long-term bonds and the collection of annual instalments from the beneficiaries to liquidate the bonds, is a better financial solution. This policy will also have the dual benefit of pacifying the landlords and at the same time infusing responsibility in the minds of the new owners. The cost associated with training the administrative personnel, though may be high initially, will be reduced as implementation is progressing. Other possible costs, like that of providing working capital and subsidies to the beneficiaries, are not necessarily a cost of land reform as such, for, they have to be incurred in any case.

Turning to the role of land reform in the process of general economic development, it should be admitted without reservation that land reform is a critical input

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22. Chonchol, n. 21, p. 167.

in the development process of all the developing countries. Recognising it, the World Conference on Land Reform (1966) declared; "Agrarian reform is one of the important and urgent tasks facing majority of the developing countries. Without such reform a speedy growth of the entire economy and the achievement of economic independence can not be ensured"<sup>23</sup> However, there is still a controversy whether land reform is a condition or a consequence of economic development. Resolving this theoretical controversy Doreen Warriner stated realistically; "Land reform in the condition of many underdeveloped countries, is certainly a condition of development .... [But] it can only be the first step towards breaking the circle of getting a more balanced development."<sup>24</sup> Finally, the political nature of the problem should not be ignored which assumes explosive proportions in countries under feudal-like tenure. When land reform is implemented under such a structure it is essential to create new institutions like farmer co-operatives, local governments etc., to counteract effectively the reaction of the power-blunted landed

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23. Food and Agriculture Organisation, Report of the World Conference on Agrarian Reform and Rural Development. (Rome, 1979), p. 1.

24. Doreen Warriner, Land Reform and Economic Development (Cairo, 1955), pp. 17-18.



oligarchies. In such circumstances, land reform not only depends upon professional skill but also on political will.

Since land tenure problems and the attendant rural unrest are having strong implications to the peace and prosperity of the world system, the question of land reform has entered into the international dialogue ever since the 1950. <sup>25</sup> Emphasising the global nature of the agrarian reform a United Nations report stated, "The defects of the land tenure and related agrarian structures are not only affecting particular communities and countries but they have now assumed regional and <sup>26</sup> in some cases global dimensions." It is so because most of the serious problems of the world today like unemployment, poverty, lack of food and even ecological hazards can easily be traced to the skewed production and distribution structure especially in the agrarian sector.

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Consequently, in 1970, when considering the international development strategy for the second United Nations Development Decade, the UN Economic and Social

25. See for an account of the UN role in promoting land reform G. Hambidge, "Economic and Social Improvements Through International Cooperation" in Parson et.al., n. 5, pp. 57-63 and also J.S. Harris, "The United Nations and Land Reform" in Ibid., pp.63-69.

26. United Nations, n. 2, p. 3.



Council agreed to include agrarian reform among other measures. In pursuance of its resolution, agrarian reform was recommended as "the foremost instrument of social justice and a fundamental strategy of economic development."<sup>27</sup> Thus, ever since 1951, United Nations agencies are continuously providing technical aid as well as collecting, analysing and disseminating information on matters connected with land reform which remains an important source material for any study on land reform.

#### Characteristics of Latin American Land Tenure and Agrarian Relations

To label the numerous countries located south of Rio Grande in the western Hemisphere with their different sub-cultures and levels of economic development as Latin America may be a misnomer. Nevertheless, because of the common colonial heritage which largely contributed to a common land system, it is possible to delineate what may be appropriately called the Latin American agrarian structure.

Prior to the Iberian colonisation the agrarian structure prevalent in this region was dominated by communal land tenure systems differently named, such as ayllu in the Andean region under the Incas and

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27. FAO., n. 17, p. 4.

calpulli in the Mesoamerica under which land belonged to the entire community while cultivation was carried out individually or, in some cases, collectively.<sup>28</sup>

With the conquest and colonisation, the existing land system underwent massive change introducing thereby the encomiendas and capitancias by the Spanish and Portuguese respectively. The two systems were essentially systems of land grant to the colonizers by the Crown to which eventually through the process repartimiento, People were also assigned to these lands. Also, by mita system compulsory labour by the natives was provided especially in the mining regions.

Over a period of time, with the land resources being incorporated into a system of international specialisation, an agrarian structure dominated by latifundias emerged through land concentration. This process resulted in the liquidation of many communal holdings to satisfy the dual need of land and labour. Consequently, many became landless and were forced to exchange their labour for a small plot of land. These labourer-cum-peasants commonly known as campesinos came to be called differently as inquilinos in Chile,

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28. For a detailed description of the land tenure systems and their ethnic antecedents see Alberto Arca-Parro, "Land Tenure Problems Rooted in the Ethnic History of Latin America" in Parson et.al., n.5, pp. 277-83.

Colonos or Yanaconajes in Peru, huasipungueros in Ecuador.<sup>29</sup> The parallel process of land concentration and marginalisation during the 19th century culminated in the emergence of two kinds of latifundio-minifundio complexes viz. large estates with off-farm satellite small holdings and large estates with small holdings within their borders. The former prevailed in Argentina, Uruguay and southern Brazil where European immigration occurred and the latter pattern was prevalent in Peru,<sup>30</sup> Colombia and Bolivia which had large number of Indians.

Against this brief background, an attempt is made in this section to analyse the Latin American agrarian structure on the basis of 1960-61 data. This base period is taken not only because of the availability of comparable data and also because ever since that period many Latin American countries started implementing land reforms of some kind.

Table 1 depicts the gross inequality in the distribution of land which shows extreme concentration in the case of Peru and Chile. Such a tenure pattern led one observer to note: "There is no other region

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29. For an elaborate treatment of the Colono and other such systems see Sam Schulman, "The Colono System in Latin America", Rural Sociology (Texas), Vol. 20, No. 1, March 1955, pp. 34-40.

30. Furtado, n. 8, pp. 55-57.

Table 1

Tenure Structure in the CIDA Study Countries  
 (Percentage of Country total in each Size Group)

Countries		Subfamily	Family	Multifamily Medium	Multifamily Large	Total
Argentina	No. of farm units	43.2	48.7	7.3	0.8	100.0
	Area in farms	3.4	44.7	15.0	36.9	100.0
Brazil	No. of farm units	22.5	39.1	33.7	4.7	100.0
	Area in farms	0.5	6.0	34.0	59.6	100.0
Chile	No. of farm units	36.9	40.0	16.2	6.9	100.0
	Area in farms	0.2	7.1	11.4	81.3	100.0
Colombia	No. of farm units	64.0	30.2	4.5	1.3	100.0
	Area in farms	4.9	22.3	23.3	49.5	100.0
Ecuador	No. of farm units	89.9	8.0	1.7	0.4	100.0
	Area in farms	16.0	19.0	19.3	45.1	100.0
Guatemala	No. of farm units	84.4	9.5	2.0	0.1	100.0
	Area in farms	14.3	13.4	31.5	40.8	100.0
Peru	No. of farm units	88.0	8.5	2.4	1.1	100.0
	Area in farms	7.4	4.5	5.7	82.4	100.0

Source: Solon Barraclough, Agrarian Structure in Latin America: A Resume of CIDA Land Tenure Structures (London, 1973), Table 2.1, p. 16.

in the world where there is an extreme polarisation of farm land distribution into a few, very large estates and many, very small farms less than subsistence size.<sup>31</sup> If concession is given to the facts that majority of the sub-family farmers are tenants and squatters and many landless families are excluded from the calculations, then the number of families owning multi-family farms will decline to one per cent and families with little or no land will be 72 per cent of all farm families.<sup>32</sup> For the region as a whole, it was estimated that 93.8 per cent of the arable land is owned by only 7 per cent of the population.<sup>33</sup> The concentration of land is magnified still further, if we take into account the associated concentration of water resources, livestock and farm tools.

Given such a pattern of tenure, it is not difficult to infer the prevalence of the most cruel tenancy arrangement and harsh labour control system. To be real, tenants in the true sense, are virtually non-existent in Latin America, for, they are nothing but labourers or, at best, service tenants. Barraclough has defined

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31. Rainer Schikele, Agrarian Revolution and Economic Progress, A Primer for Development (New York, 1968), p. 196.

32. Ernest Feder, The Rape of the Peasantry, Latin American Landholding Systems. (New York, 1971), p.54.

33. United Nations, n. 2, p. 83.

these inquilinos, colónos etc. as "those who must give unpaid labour service to the landlords in exchange for a small plot"<sup>34</sup>. The campesinos and the floating workers are committed to the enterprise rather than the land. Also, the debt burden, the method of paying wages annually and preventing the workers from cultivating perennial and cash crops, force the workers to continue to work only in the hacienda lands. The plight of the minifundistas independent of the estate system and the community members are still more precarious as they indirectly depend on the estate owner for employment and for the use of hacienda roads and water resources and directly on traders and priests for outside contact.

The Inter-American Committee for Agricultural Development (CIDA) study has classified labourers into workers who own or having the usufruct right to a small plot such as the minifundistas, resident workers and sharecroppers and the floating labourers with no land. Their lack of bargaining power and the monopsony position of the hacienda owners in the local labour market, turn the wages to be determined unilaterally by the employers. Recent trend regarding hired workers on cash payment is viewed by some writers as an improvement. But cash

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34. Solon Barraclough, Agrarian Structure in Latin America; A Resume of CIDA Study. (Lexington, 1973), p. 252.

wage becomes a new source of misery in view of the inflationary spiral and after all, the main problem of unemployment still hangs over them. Moreover, as Rafael Barauna pointed out that the hired workers are nothing but "the most obvious product of the advanced and dramatic process of exploitation of workers".<sup>35</sup>

The above pattern of tenurial and tenancy systems, have engendered a social organisation and political power system which are so germane to the present analysis as they acted as a major hurdle for any progressive action. The rural social order under feudal-like structure is strictly hierarchical where the distribution of power is the maximum. The administrative personnel of the haciendas accounted for a third of the total work force in some cases, indicating thereby, the misallocation of labour and its resultant social waste.<sup>36</sup> Even now corporal punishment is said to exist. Trade unions are ruthlessly prohibited through intimidation of eviction and death. Schooling and other essential facilities are not provided despite legislations to that effect. Consequently, there is a virtual impossibility for improving the bargaining position of the peasants and workers

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35. Quoted in Feder, n. 32, p. 188.

36. Ibid., pp. 122-24.

and more so for social as well as economic upward mobility.

The diabolic effects of such an antiquated agrarian structure manifest itself in the utilisation of resources, their economic productivity and total production. While underutilisation of land and misutilisation of labour characterise the latifundio system, overutilisation of land and underutilisation of labour feature the minifundio system. This pattern of resource utilisation is not at all in conformity with the local market which is characterised by scarcity of essential agricultural products.

Table 2 confirms strongly the inverse relationship between the farm size and the rate of utilisation of resources. Despite the various serious constraints, the minifundios utilise 55 per cent of their holdings whereas the large holdings utilise only a 6 per cent although they command 23 times more land than the former. This phenomenon of underutilisation is coupled with the recent tendency of shifting of fertile as well as irrigated lands towards pasture and other extensive cultivations. For instance, in Cauca Valley of Colombia and Central valleys of Chile irrigated lands are being utilised for pasture and in the latter case 61 per cent of the irrigated





land of the area is under pasture.<sup>37</sup> It indicates that not only land resources are underutilised but water resources as well. In Minas Gerais and Bahia in Brazil lakhs of hectares which were diverted from cacao plantation to cattle-rearing, does not fall under any economic reasoning as the productivity in the latter use is abysmally low. The real motive behind such a shift is reported to be the desire of the landlords to have control over land and more importantly, to ease their responsibility.<sup>38</sup> Above all, vast tracts of land are laid fallow which accounted 43 per cent of the total idle land in the CIDA Study countries.<sup>39</sup> It is the direct result of the shifting cultivation marked by rotation of fields rather than crops.

The land-utilisation pattern of this kind is little conducive for increasing production and productivity of resources employed. Keith Griffin has established an inverse relationship between the size of the holdings and output, out of the data on Ecuador.<sup>40</sup> Sternberg has

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37. Ibid., pp. 69-70.

38. Ibid., pp. 67-68.

39. Ibid., p. 68. Fallow lands also include the lands formerly cultivated but now resting for regaining fertility for future cultivation.

40. See Griffin, n. 7, Table 5.9, p. 191.

confirmed this proposition for the whole continent by stating that the value of output per hectare in the small farms is 20 to 200 times more than that of the large haciendas.<sup>41</sup> Although productivity is high in the large farms, it is only a fifth to tenth more than that on small holdings. The better performance of the small holdings, even at the cost of soil fertility and with various other constraints, indicates the economic compulsion on the part of the campesinos who do not have any other source for additional income except from their small plots.

Alongwith the performance crisis generated by the uneconomic and iniquitous agrarian setting, unemployment in the face of underutilisation of land and other resources is yet another factor creating a variety of socio-political problems in the continent. The Latin American Institute for Economic and Social Planning and the Latin American Demographic Centre have estimated in 1960 that there was unemployment equivalent (ie., the sum of unemployment and underemployment calculated proportionately) of 32.6 per cent among the agricultural workers for the region as a whole. For industrial countries, it ranged between 24.1 per cent in Argentina, Mexico and Brazil and 50.2 per cent in Peru, Bolivia

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41. M.J. Sternberg, "Land Reform and Employment with Special Reference to Latin America" in ILO, n.6, p. 34.

and Ecuador.<sup>42</sup> In Chile, a third of the active agricultural population was redundant as the same output could be produced without them. The immediate result of unemployment and the stark poverty associated with it is the rural-urban migration. It is the mechanism that takes the rural misery to the urban sector which in turn, produces untold fiscal and socio-political problems.

Table 3

Estimated Rural-Urban Migration in the  
CIDA Study Countries between 1950-60

Country	Net Rural to Urban Emigration (in thousands)	Net Rural to Urban emi- gration as a percentage of 1950	
		% of total popu- lation	% of rural pop.n
Argentina	1,466	8.6	24.9
Brazil	6,301	12.1	19.0
Chile	685	11.9	29.0
Colombia	1,345	11.9	16.6
Ecuador	390	12.2	17.0
Guatemala	75	2.7	3.6
Peru	649	8.3	13.6

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Source: Solon Baraclough, n. Table 1,  
Table - 1.1, p. 11.

42. Feder, n. 32, p.

Of the rural-urban migration, community migration <sup>an</sup> is an important manifestation of the unemployed agrarian structure. In Guatemala, for instance, every year 2 to 3 lakhs of persons descended from the altiplano to the coast to get employment during the harvests of coffee and cotton which is a third of the total labour force.<sup>43</sup> The poverty generated by unemployment and underemployment with low wage rate, is a serious political threat, if such trends continued unabated. But it has been estimated that people below poverty line represented 75 per cent of the rural population of the continent even by 1970, notwithstanding the efforts to engineer industrialisation and implement make-believe land reforms.<sup>44</sup>

To some writers, the whole range of problems could be alleviated through the absorption of the excess rural labour by the modern sectors. Although this is absolutely necessary, a greater possibility of employing still more labour within the agricultural sector should not be missed. If the actual employment in family-sized farms is taken as a model, then some 14.5 million persons could be employed productively in the medium-sized farms alongwith 35.6 million in the

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43. Ibid., pp. 36-37.

44. Ibid., pp. 3-4.

multi-family farms.<sup>45</sup> It needs a radical transformation in the present tenure pattern and there lies the importance for a real land reform.

Some writers who see agrarian change from a purely technocratic angle by ignoring the institutional tangles associated with tenure system, are amazed by the landlords apathy towards the application of non-traditional inputs and other improved practices. No less a person than T.W. Schultz is puzzled by this reality. So he complains: "However one would expect that farmers who operate large enterprise, would actively search for new agricultural inputs. There are many farms in parts of South America that certainly qualify in terms of size but either farmers are not very successful in the searching they do or they are inactive in this respect.

Judging from the traditional factors they employ, why they have not done better on this score is a puzzle."<sup>46</sup>

The puzzle may, however, be resolved if one takes into account the prevalent agrarian structure dominated by landlords whose interests lay in maintaining the status quo and exploiting man rather than the land.

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45. Ibid., p. 28.

46. T.W. Schultz, Transforming Traditional Agriculture, (New Haven, 1965) p. 169.

Although modern estates do exist, dependent as they are on the external market and employing huge capital and new inputs, the condition of workers and the social structure remain virtually unaffected. Even the progressive landlords are forced to adhere to the traditional 'rules of the game' on account of the compulsions from their co-landowners. Notwithstanding these commercial plantations -- the symbols of capitalistic penetration into the agricultural sector -- most of the land resources in Latin America is still in the web of feudalistic structure.<sup>47</sup>

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Agrarian Structure in Peru

During the pre-colonial period, Peru had communal holdings called ayllu, the literal meaning of which is kin or group of kins. The ayllu lands were divided according to the uses as: (i) lands under immediate cultivation (Llacta-pacha) which were collectively owned but individually cultivated, (ii) pasture land utilised collectively and, (iii) fallow lands (Marca-pacha).<sup>48</sup> The ayllu has been the foundation of land-

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47. FAO, n. 9, p. 396.

\* Data and analysis given in this section are drawn primarily from Barraclough, n. 34.

48. Francisco Ponce de Leon, "The Problem of Land Ownership in Peru" in Parson et al., n. 6, p.265.

ownership pattern under the Incas. With the advent of the Incas the independent ayllus served the community as well the State. Thus there occurred a fundamental change in the land tenure system.<sup>49</sup> But cultivation as before was carried on by the community members. In the process, it not only brought the emergence of state property but also state regulations.<sup>50</sup>

Following Spanish colonization, the prevailing tenure pattern had to accommodate itself to the imported land systems. The liberal land grants initiated under the "Ordinance of Population" by Philip II and the Royal Charter of 1576 gave rise to the emergence of large landholdings coupled with feudal-like structures, liquidating the remnants of ayllu communities.

In the process, agrarian structure in contemporary Peru is in no way different from that of other Spanish Latin American land structure in that, that it evinces an extreme polarisation of land concentration. This pattern is depicted in the following table.

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49. A part of the land was devoted for the service of the State, another for the service of Sun (God) and the third part was for the community. The distribution of the community land between members followed the pattern viz. one tupa (tract of land) for each son and one half for each daughter. See Ibid., pp. 267 & 266.
50. According to Garcilazo, the cultivation of land should follow the predetermined sequence viz., worship land, Inca land and then only community land. Ibid., p. 266.



Table 4

Peru, Number and Area of Farms with Declared Lands, by Size  
and Tenure Types, 1961

Size Groups Hectares	Total Units		Independent Individual use units		Units Cultivated by individual Comuneros		Collective use Units		% of the Total lands in each size groups		
	% of Numbers	% of land	% of Numbers	% of Land	% of Numbers	% of land	% of Numbers	% of land	Indepen- dents	Commu- neros	Collec- tive use
Less than 1	34.2	0.6	34.4	0.7	30.3	1.3	--	--	94.4	5.6	--
1 - 5	49.0	4.9	48.9	5.4	51.9	8.7	--	--	94.7	5.3	--
5 - 20	12.6	4.7	12.5	5.0	13.9	9.0	13.7	0.1	94.1	5.0	0.1
20 - 100	2.9	5.2	2.9	5.6	2.2	6.9	36.7	0.9	94.5	4.0	1.5
100 - 500	0.9	8.7	0.9	8.9	1.3	21.5	19.6	2.7	89.8	7.6	2.6
500 - 1000	0.2	6.2	0.2	5.9	0.3	11.7	6.4	2.2	90.4	6.3	3.3
1000 - 2500	0.1	8.8	0.1	9.2	0.04	4.3	9.7	7.9	90.9	1.5	7.6
More than 2500	0.1	60.9	0.1	59.3	0.03	36.6	13.9	86.2	86.0	1.8	12.2
<b>Total</b>	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	88.3	3.1	8.6

Source: Compiled from Solon Barraclough, n. Table 1, Table 11.1, p. 253.

By 1961, Peru had a total of 8.8 lakhs agricultural units involving 18.6 million hectares. Communities having more than 2500 hectares each accounted four-fifths of all the area under collective use. The medium and family-sized farms are relatively unimportant and in most cases are operated by Yanaconos or colonos or mujeres (improvers). While the table speaks for itself, the concentration of land ownership is nevertheless hidden especially in certain regions like Chicama where 4 latifundios like Casa Grande which together controlled 90 per cent of the area in that region. The Cerro de Pasco is another glaring instance which controlled 50 per cent of the land in the La froyo region of the Department of Junin.

The tenure pattern shown in Table 4 has a direct bearing on the pattern and the types of land use which is depicted in the table 5. It indicates the strong inverse relationship between the farm size and productivity. While there is a tendency among the small holders to devote their land for temporary crops, the large farmers devoted their lands for permanent crops or left them fallow. Consequently, overutilisation of small farms led to soil exhaustion and underutilisation of large farms resulted in lower land productivity.

Table 5

Peru: Overall Pattern of Land use by Farm Size Groups (1961)

Size Groups (hectares)	Land Use (as a Percentage of farm area)		Types of land use (as a percentage of the cultivated area)			
	Cultivated land including Fallow land	Others*	Temporary Crops	Permanent Crops	Improved pastures	Fallow
Less than 1	67.3	32.7	71.1	6.9	6.7	9.2
1 - 5	64.2	35.8	69.2	9.8	8.1	12.8
5- 20	54.5	45.5	49.5	12.5	24.1	13.9
20 - 100	34.3	65.7	46.8	17.3	21.0	14.9
100 - 500	20.4	79.6	51.9	18.6	15.3	14.2
500 - 1000	11.2	88.8	64.4	8.2	9.3	18.1
1000- 2500	7.5	92.5	59.0	8.4	13.3	19.4
more than 2500	4.2	95.8	35.6	19.3	11.1	33.9
<b>Total</b>	<b>13.7</b>	<b>86.3</b>	<b>53.6</b>	<b>14.0</b>	<b>14.6</b>	<b>17.9</b>

Source: Solon Barraclough, n. Table.1, Compiled from Tables 11.11 and 11.12, pp. 275 & 276.

\* Includes natural pastures, forest, idle and unproductive lands.

Present day tenure system and hence agrarian structure varies markedly between the three geographically distinct areas viz., the coast, the sierra (mountains) and the selva (jungles). As such the nature and magnitude of the problems vary considerably between these zones. Consequently, a brief geographical description is useful to understand the agrarian problems in their proper perspectives. The coast, a narrow desert strip situated along the littoral of Pacific Ocean to the east at about 1200-1800 meters above the sea level, is an area of 1,40,000 sq. kms or 11 per cent of the national territory. In 1961, 29 per cent of the total population was located in this region. Rainfall is very low and the rivers from the Andes are the major source of irrigation. The Sierra lies between the first spurts of the Andean cordillera where the coast ends to the eastern slopes and where the selva starts. The puna (high table lands) situated 3500 meters above the sea level is a natural pasture zone and above that level cultivation is risky. Frosts and droughts are frequent hence year-round cultivation is infrequent. This region accounts only 26 per cent of the national territory but has 56 per cent of the total population

ever since 1961. The selva consists of vast zones of underutilised lands of the Amazon basin as well as the eastern slope of the Andes. It accounts for 63 per cent of the total area while accomodating a mere 11 per cent of the population and concentrated on the coffee estates of eastern slope of the Andes. Only 15 per cent of this area consists of fertile land usable for tropical crops cultivation and the rest is of marshy and poor quality land which could be productively used only by huge investment on land clearance, fertilisation etc. This area, however, get year-round rainfall.

The coastal agrarian structure is dominated by the modern estates and transitional haciendas which control majority of the land and other resources. The most noteworthy feature on the coast is the relative absence of traditional haciendas and the virtual absence of community holding. There were 54320 farm units with 1,29,500 hectares, out of which only 64,000 hectares were under cultivation by 1961. Modern commercial plantations producing sugar and cotton along with rice, beans and vegetables, are the core of the coastal agriculture. They employ more capital and modern inputs. For instance, the coast accounted 75 per cent of the total agricultural credit lent by the Bank for Agricultural Development in

1960.<sup>51</sup> Likewise, in 1961, 84 per cent of the 6950<sup>52</sup> tractors, were concentrated in this region.

Although coastal agriculture contributed 40 per cent of the national total, it employed only 4 per cent of the total labour force in the country.<sup>53</sup> However, the condition of workers especially in the large plantations is relatively satisfactory thanks to their better bargaining position derived from unionisation. Nevertheless, the process of proletarianisation whereby small cultivators are made as mere workers, is more visible and obvious. The family farms having 13 per cent of the total farm units but controlling only 4 per cent of the total area, are mostly cultivated by Yanaconas under tenancy arrangements. However, their living condition is better than the hired workers and the latter's condition is precarious in medium farm units due, primarily, to the lack of their bargaining position. So, the main problems of this region pertain to the regulation of the Yanaconaje system and improving the lots of the hired workers. It is equally urgent to arrest the process of proletarianisation and raising production and productivity by increasing the area under cultivation and its better utilisation.

51. Jeffery H. Paige, Agrarian Revolution, Social Movements and Export Agriculture in the Under developed Countries. (New York, 1975), p. 127.

52. Ibid., p. 128.

53. Idem.

Table 6Peruvian Coast:Average Area Utilised and Productivity based on 65 Case Studies (1962).

Size Groups	Number of Cases	Average area utilised (Hectares)	Net income per hectare used (soles) *	Capital product Ratios (1)	Ratios of Net income to total cost (2) %
Multi-family large	16	350.6	819	4.8	10.7
Multi-family Medium	14	24.0	2279	5.5	47.8
Family	19	5.8	2852	2.9	43.2
Sub-family	16	1.1	4245	2.5	56.8

\* Calculated after deducting the computed rent of 6% of the value of land along with the wages for the operators. 43 Soles = 1\$

1. Ratio of Fixed Capital to Gross income.
2. Ratio of Net income to total cost including rent and wages for the owners.

Source: Solon Barraclough, n. Table 1, compiled from Tables 11.3 and 11.4, pp. 257 & 258.

An analysis of 65 case studies conducted by the CIDA in collaboration with the Instituto de Reforma Agraria Y Colonisacion (IRAC) shows that there is marked disparity in land utilisation, productivity and net income between various size groups in the coast. As the table<sup>6</sup> depicts, the area utilised by large plantations is 60 times more than the family farms and 300 times more than that of sub-family units. Still then, net income per hectare is much higher in the latter cases than the large farms. It reveals conclusively the inverse relationship between land size and land productivity and that too, in the modernised coastal region. In spite of the better management and capital resources, capital-output ratio is much higher in the large farms, reflecting necessarily the lack of better utilisation of resources. This also suggests the possibility of increasing output through more employment of labour for intensive utilisation of land resources. Better performance of the smaller units implies essentially their intense use of labour and appropriate land use pattern which counter-balance the effects of poor soil and lack of capital.

The sierra is having the most complicated tenuro pattern dominated by feudal-like traditional haciendas and Indian communities and remains to be an epicentre of myriad social, political and economic problems.



Table 7  
Peruvian Sierra:  
Number and Area of Farms, Land Utilisation and Productivity\* (1962)

Size Groups	Number of Farm Units %	Area of Farms %	Average (Hectares)	Number of Cases	Average and utilized (Hectares)	Net income per hectare used (Soles) (1)	Capital product Ratio(2)	Ratio of Net income to total cost %
Multi-family large	1.3	75.0	1284.8	28	8481.9	33	7.9	39.8
Multi-family Medium	2.7	5.0	39.8	12	85.2	365	3.3	43.3
Family	12.5	4.8	8.2	16	15.3	935	4.8	35.5
Sub-family	83.4	4.7	1.2					
Independent Individually owned	--	--	--	27	2.5	2367	2.6	84.7
Colonos	--	--	--	8	1.6	3337	1.8	117.4
Communities	0.1	10.5	1985.1					
Community-Members	--	--	--	30	1.2	481	1.1	26.1

\* Productivity and land utilisation are based on 121 case Studies conducted by the CIDA study.

1 Derived after deducting the imputed rent along with wages for the owners.

2 Derived by dividing the Fixed Capital by the Gross income.

Source: Solon Barraclough, n. Table 1, compiled from Tables 11.5, 11.6 and 11.7, pp. 260, 266&67.

While coastal agriculture is capital and land intensive, oriented towards external market, the sierran agriculture is feudal, where capital is scarce and basically, it is subsistence in nature. In most places in sierra, about 30 to 40 per cent farm units lacked even animal traction.<sup>54</sup> High man-land ratio, heavy dependence on rain and unequal variation in topography should be borne in mind in any analysis of the profile of agriculture in this region.

There are 7,08,050 farm units with an estimated area of 15.2 million hectares of which only 1.7 million hectares are under cultivation.<sup>55</sup> The largest units numbering 1.3 per cent of the total farm units control 75 per cent of the area in farms surveyed. The medium and family farms do not figure prominently as they own a meagre 4.8 and 4.7 per cent respectively. Although the sub-family farms account 83 per cent of the total farm units, they constitute only 4.7% of the total area under farms. The size of the farm holding is small constituting not more than three or four banana trees called microfincas.<sup>56</sup> Consequently the average area in the large holdings is 1000 times more than that of the minifundios. Indian communities, a special feature of

54. Idem.

55. Quoted in Ibid., p. 126.

56. Doreen Warriner, Land Reform in Principles and Practice, (Oxford, 1969), p. 225.

the sierra numbering 0.1 per cent of the total farm units cover only 10.6 per cent of the total area in farms. Transitional haciendas are found not only in Caja Marca, Arequipa milk sheds in the sugar zone of Huanuco Department and also in areas in the vicinity of the cities of this region.

The Colonos and Yanaconas who form the small holders and constituting the main source of work force thanks to the peculiar tenancy arrangements are virtually under perfect servitude. In return for using a small hill side plot or for a few cattles, they have to give 160 work days in a year along with the additional service if required and wives and children of the colonos are also liable to do household jobs for the land owner.<sup>57</sup> The patron could also rent the obligatory days<sup>58</sup> of the peasants to other estate owners or businessmen. Due to the notorious debt bondage, prohibition to keep livestocks in any significant number and the purchase of necessaries from the landowners' stores at exorbitant prices and selling of his produce, if any, at low prices, the colonos are sucked out economically and suppressed socially.

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57. Andrew Pearse, "Agrarian Change Trends in Latin America" in Stavenhagen, n. 11, p. 20.

58. Paige, n. 51, p. 179.

The problem of Indians which rocked Peru in the past adds yet another dimension to the iniquitous agrarian structure of the sierra. To be real, this problem is originally a part of the general problem of the land tenure system. Although, Indian communities existed in all parts of the country formerly, the Bolivarian law of dividing the community land and the process of land concentration led by the impulses of external market, resulted in the practical liquidation of them in the coast and a partial liquidation in the Sierra. The communal holdings named variously as ayllu, parcialidad, pago anexo etc., are primarily a social organisation rather than a tenure system per se. The internal organisation is highly democratic in which each member is having a say. While land is owned collectively and cultivation is carried out individually, common works of the community are being performed by collective efforts. However, in certain cases particularly in the crop land areas, the communities appear as an association of mini-fundios since the members behave like independent owners.

The number of families in a community varies between 20 to 1000 and the total population under communal tenure has been estimated as ranging within 2.5 million to 4 million representing more than 25 per cent of the

national population. The Agrarian Reform and Housing Corporation reported the crux of the problem in 1959 as: "Within the communities, their members suffer from the same evil which characterises the agrarian structure of Peru - the scarcity of good lands. Each family has, on an average, only a total of 27.6 hectares of natural pastures and 5.3 hectares of tillable land ... (but) if it is considered that only 30 per cent of the tillable land is cultivated annually... (then) each family within the community has an average of only 1.6 hectares of land for crops per year, an extremely small area insufficient to meet the family needs". Even the livestock<sup>59</sup> per family is very low which is an equivalent of 53 sheep. Their method of cultivation is primitive. Except few centralised markets, most of the trade is carried out by mestizo traders who prosper at the cost of the tillers. Market availability of surplus is only a third reflecting the subsistence nature of the agriculture.

An analysis of 121 case studies which includes all forms of tenure reveals that average net income is higher in the smaller units than in the larger ones.

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59. The number of sheep has been taken as a common denominator so as to facilitate comparison. For instance, 3 sheep - 1 llama or alpaca, 6 sheep - 1 cow and 8 sheep - 1 horse.

As in the coast, capital-output ratio is lower for the small units than the larger estates. Exception to this general trend is the medium farms which, it seems, perform well at least relatively. Investment per hectare in the large holdings on the sierra is very much lower than on the coast which is primarily due to the high land value on the latter.

Agrarian structure in the selva follows the same pattern of land concentration as they exist in other regions but with relatively less inequality. The future hope of Peruvian agriculture depends on this region in view of the possibility of incorporating more land in the production structure which needs huge investment. The process of land concentration in this region began in 1889 with a government decree of ceding 2 million hectares to foreign creditors who financed the war of Pacific. The mountain land grants made in 1909 furthered the process of land concentration. However unlike other regions, land concentration in selva was not accompanied by the simultaneous process of marginalisation of the peasants because of the existence of vast unexploited land resources. Thus in 1960, 9 per cent owned 97 per cent of the 5 million hectares awarded under the mountain land grants law.

Table 8

Peruvian Selva:  
Number and Area of Farms, Land Utilisation and Productivity by Size Groups\* (1962)

Size-Groups	Number of Farm Units %	Area of Farm units %	Average Per unit (hectares)	Average(1) Area Utilised (hectares)	Number of Cases	Net income Per hectare used (Soles)	Capital product Ratio	Ratio of net income to total cost %
Multi-family large	0.7	73.6	2406.4	180.5	12	556	3.3	7.7
Multi-family Medium	2.4	8.2	78.1	52.3	4	1287	3.4	63.9
Family	4.1	4.9	27.3	14.3	14	1401	2.6	88.5
Sub-family	92.8	13.3	3.3	3.5	12	1038	2.3	33.8

\* Productivity and land utilisation are based on 42 case studies.

1 Not total area but only land under pastures and crops cultivation.

Source: Selon Barraclough, n. Table 1, compiled from Tables 11.8, 11.9 and 11.10, pp. 268, 272&73.

There are 89,000 farm units with approximately 2 million hectares, of which only 20 to 25 per cent is cultivated annually. The degree of land concentration can be judged by the fact that 600 large units controlled three-fourths of the farm land. More often than not, the medium-sized and family farms are operated by ocupante precarios (squatters or invaders). The sub-family units accounting 92.8 per cent of the total farm units owned only 10 per cent of the total area under farms. Most of them are owned by arrendires whose position is just like that of colonos and Yanaconos. Although they have to furnish free services in lieu of a plot of land, sometimes they may be given jurka or hurka, a token salary for the work above the obligatory level. The average size of their plot presently is no more than 0.88 hectare whereas it used to be 55.3 hectares. The deterioration in average size may be explained by the increasing migration from other regions especially from sierra. Also, products of arrendires are bought by the landowners at prices well below the free market price. Nevertheless, considering the lot of their counterparts in other regions, the living condition of the arrendires, cultivating the cash crops along with the possibility of earning additional income through jurka, is far better.



But, the condition of allegados who are the sub-tenants sharing the work obligation of the arrendires, is the most precarious one. There are 60,000 workers both skilled and unskilled.

The return on the factors of production both in the large and medium-sized farms perform well as compared with other regions. But, the same inverse relationship between farm size and productivity found in other regions is also true in this region.

The unequal land distribution has generated the most skewed distribution of income and it varies in degree and magnitude between the three regions which has been highlighted in the following Table.9.

The disparity in the distribution of income between regions determines and also explains the nature of agrarian relations and its serious implications. The inequality is at its extreme in both the sierra and the coast. Relatively, the range between the per capita income of the multi-family farm owners and that of the small farmers is very low in the selva. Perhaps, this is due to the possibility of coffee production even in small farms and the opportunity of owning additional land in view of the existence of unexploited land resources. It is to be noted that the income of the

Table 9

Peru,Per capita income of Socio-Economic Status of Farm Operators in Regions based on Case Studies (1962).\*

Land Tenure Status of Family Head	Coast		Sierra		Selva	
	Number of Cases	Per capita income (in Soles) (a)	Number of Cases	Per capita income (in Soles) (a)	Number of Cases	Per capita income (in Soles) (a)
Multi-family Large	18	1,81,502	12	91,831	10	54,281
Multi-family Medium	12	14,517	10	17,331	2	19,365
<u>Family Sized Farms</u>						
1) Independent units	20	3,587	14	3,587	13	5,085
ii) Community Member	--	--	6	5,452	--	--
<u>Sub-Family</u>						
1) Independent Units	20	2,285	38	1,313	13	2,374
ii) Community Member	--	--	23	967	--	--
Colonos	--	--	28	579	--	--
Salaried Workers	68	1,622	56	831	27	1,964

\* While income includes only farm income for the 3 largest units, for the others it includes income earned outside the farm also.

(a) Estimated on the basis of 5 persons per family in the multi-family units and the real numbers of family members in cases studied.

Source: Solon Barraclough, n. Table 1, compiled from Table 11.13, p. 280.

salaried workers is not only higher than that of their counterparts in sierra but also higher than that of the comuneros and colonos. This may be attributed to their organised power and bargaining capacity. The independent owners of small holdings in the coast earn more than that of both the salaried workers of the coast as well as the independent units of the Sierra. This may be attributed to their better economic performance and the existence of the possibility of earning additional income outside agriculture. The overall pattern of income distribution between regions, however, conceals the differentiation within each strata. It is reported that in the sierra an average family's income is only <sup>60</sup> 20 even in 1971.

Since the lower strata of the distribution syndrome forms the majority which is left with little or no income to expend on industrial goods, the industrialization process is facing the demand constraint not to mention about the supply constraint of essential food products with its immediate effect on the urban salaried class. Inevitably, most of the industries including those based on agricultural goods like sugar and coffee, are oriented towards external markets and their integration into the national economy is increasingly difficult.

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60. Feder, n. 32, p. 152.

This leads to the penetration of multinationals with their control over the external market and finance.

The semi-colonial and more importantly, the neocolonial land tenure system and the agrarian structure emerged thereof, are not conducive to modernisation and development of the national economy and more importantly stifle the growth of industrialisation.

The agrarian scenario of Peru prior to 1964 can broadly be summarised as follows: The 3 per cent growth rate of agricultural production registered during 1950-64 reflected primarily the growth of cotton, sugar and coffee, all of which were externally oriented commodities. Food articles suffered a neglect impinging on the balance of payments position. Food crop land even at the end of the 1960s remained a low 13.7 per cent of the total farm land. As a result, in 1963, Peru imported 72.3 per cent and 4 per cent of the total consumption of wheat and beef respectively. Rice, an important Peruvian diet, continued to loom large in the import bill of Peru.

The foregoing survey, highlighting the crucial role that agriculture plays in redeeming not only the problem of under-development in all its aspects but also positively contributing to the modernisation processes, amply signifies the need, in the context of the prevalent

antiquated agrarian structures obtaining in Latin America as a whole, for a rational and well-thought-out strategy for agrarian redevelopment. Peru, as one of the Spanish Latin American countries, as the survey on its agrarian structure shows, is no exception in this regard. The pattern of unequal distribution of land which is partly its historical heritage as well as a lack of any effort to transform the agrarian structure, in turn, despite its resource endowments has impeded significantly its development processes. That the agrarian structure in Peru calls for a radical change can not be gainsaid. An attempt is made in the following chapter to describe the efforts made in recent times, especially in the post-Second World War period to initiate some agrarian reforms. To what extent these reforms really meant to bring about the needed transformation and how political forces determined and to some extent, distorted these reforms are analysed.

Chapter II

PERUVIAN PEASANT MOVEMENTS AND  
LAND REFORM MEASURES TILL 1968

## Chapter II

### PERUVIAN PEASANT MOVEMENTS AND LAND REFORM MEASURES TILL 1968

Although land reform is an essential ingredient of the process of economic development, its efficient implementation depends largely on the leadership and therefore, is a matter of political decision. In that sense, the politics of land reform can not be separated from its economics. So determining is the role of the political forces in the implementation of the land reforms that writers and policy planners on the subject often emphasise a new strategy known as 'reform mongering', the aims of which are at drawing support from both moderates and the progressive forces, to move the political balance towards reformism.<sup>1</sup>

#### Political Dynamics of Land Reform

Once land reform is implemented, then it will, in turn, produce changes in the existing socio-political structure depending upon the political power derived from land ownership. For, the "type of land tenure constituted a significant determinant of the pattern of political power, and a specific power pattern perpetuated

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1. See Albert. O. Hirschman, Journeys Towards Progress: Studies of Economic Policy-making in Latin America. (New York, 1968), esp. last Chapter.

a particular type of tenure"<sup>2</sup>. This apparent vicious circle can be tackled by the inevitable outward-oriented forces emerging out of the dynamic process of social and economic change.<sup>3</sup> So, it is essential to understand the political genesis of land reform within the context of the historical process and the dynamic forces both within and independent of the process of economic growth of the Latin American continent.

Eversince the formation of independent states after the decolonialisation process, the urban groups dominated the political scene but was invariably dependent politically on the landed gentry as the latter controlled local population. In such a relation political support and political favour were traded off for their mutual benefit, and in the process the Indians and peasants were virtually ignored. Military, a powerful extra-constitutional institution in almost all countries of the continent, successfully maintained such a process. But from the turn of the present century and particularly after 1940, the relationship of the urban groups and the military with the landed class showed some strains

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2. Hung-Chao Tai, Land Reform and Politics: A Comparative Analysis (London, 1974), p. 1.

3. See for a lucid discussion on the concept of inward and outward-oriented forces and their implications for the process of change, Joel S. Migdal, Peasants, Politics, and Revolution. (Princeton, N.J., 1974), p. 3 ff.



thanks to the conflicting interests developed out of the incorporation of the continent into the system of international specialisation as well as the incipient industrialisation process embedded into the semi-colonial structure. Around 1950s, the industrial bourgeoisie consolidated their position through foreign private investment from Europe and the United States. The appearance of middle sector in a bipolar class system and the possibility of outside economic and political support, did actually reduce the dependence of the bourgeoisie on the oligarchies and feudal lords. Moreover, the military which saw a hope in the industrialisation, sided more with the industrial bourgeoisie than with the landed groups.

Conscious of their own interest, the industrialists started viewing the existing agrarian structure as an impediment in their effort to harness the internal market. In the meantime various mass-based political parties emerged and they advocated land reforms as a political expedient so as to rally the peasants and landless labourers who were the victims of the antiquated agrarian structure. Although their advocacy amounted to nothing more than demagoguery, nevertheless, some

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mobilisation occurred as a consequence. Alongside, an intellectual campaigning also began focussing the structural rigidities created by the agrarian structure inhibiting the industrialisation process. In this, the efforts and writings of the structuralist school of the Economic Commission for Latin America (ECLA) of the United Nations need be acknowledged.

While these forces were at work at the political arena, there occurred certain dynamic forces independent of the very socio-economic process which rocked the rural sector producing thereby the multi-variate outward-oriented forces for change. They were the inexorable demographic growth, technological advancement and the attendant changes in the value patterns and aspirations of the masses. Since these factors are operating within the antiquated agrarian structure and in the face of slow growth of employment in the industrial sector, they aggravated the agrarian problems into serious proportions.

Latin American population has in recent decades been growing at a phenomenal rate of 3 per cent per annum. far excelling the global rate of 2 per cent.<sup>4</sup>

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4. T. Lynsmith, Studies of Latin American Societies  
(New York, 1970), pp. 53-54.

Consequently, a 6 million, almost the present population of Chile, is added annually to the prevailing stock which may head to a 700 million by 2000 A.D.<sup>5</sup> The profound impact of the "demographic revolution" as Lynsmith would term, on the agrarian structure is the sudden spurt in the number of sharecroppers, tenants and landless labourers which, in turn, would tend to inflate rent and depress wages. Coupled with these tenancy problems, tenure pattern has also been changing due to the rapid sub-division within the minifundio sector. For instance, in Brazil during 1960-70 minifundios had increased from 7.4 million to 12.6 million, signifying almost a 100 per cent increase.<sup>6</sup>

The advent of technology in the rural side has both positive and negative effects. Although technological application in agriculture is minimal, except in the export enclaves, thanks to the availability of cheap labour and absentee landlordism, in recent years, technology as an input is increasing primarily because of the newly emerging labour and peasant troubles as also on

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5. Solon.L. Barraclough and Arthur.M. Domike, "Agrarian Structure in Seven Latin American Countries" in Stavenhagen, op12, Ch.I, p. 44.
  6. Eric.H. Jacoby with C.F.Jacoby, Man and Land: The Fundamental Issues in Development (London, 1971), p.41.

account of the prestige and economies associated with it. However, whenever technological application increased, marginalisation was high, aggravating the rural inequality still further. On the positive side, the advent of mass media such as radios, news papers and communication network and the outside contact they provided, have broadened the vision and understanding of the colonos and other depressed groups about the outside possibilities. The social implication of these changes is the formation of a new class comprising of shopkeepers, petty traders, drivers and technicians etc., which is relatively independent of the landlords and consequently contributed to cleavages in the traditional bipolar hacienda society. Thus, the "village as a reference group for confirming social status has declined in importance"<sup>7</sup>. Moreover, the impact of the frequent economic crises resulted in the eventual erosion of the traditional institutions.

The second range of forces emanating from the socio-political changes are equally powerful and have implications far beyond the agrarian sector. The rural exodus, the process of semi-urbanisation and the peasant movement are very important of such forces.

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7. J.M. Potter, Quoted in Higuera, n. 3, Ch.II, p. 195.

These aspects having some inter-relationship with each other, also tend to create a favourable climate for the political genesis of land reform.

The Latin American migration is not a pull-migration but a push-migration impelled primarily by the poverty in the rural sector.<sup>8</sup> A recent study conducted in many Latin American countries including Peru concluded that the progenitor of this distress migration, is the land tenure system itself.<sup>9</sup> Alongwith, the strain on the public exchequer, the problems associated with town planning and the scarcity of essentials, the emerging process of semi-urbanisation has actually engendered social tensions and political turmoils in the cities. This is the social price that the Latin American countries have to pay so as to maintain the distorted man-land relations in agriculture.

The changing class composition of the cities as a consequence of the rural influx, has some implications for land reform. Writing on the Chilean land reform process, Kaufman noted: "The rural-urban transition also tends to increase the range of competing claims and

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8. For a discussion on this aspect see Michael.P. Todardo, Internal-migration in Developing Countries, ILO, (Geneva, 1976), pp. 26-27.

9. See R.P. Shaw, "Land Tenure and Rural Exodus in Latin America" Economic Development and Cultural Change (Chicago), Vol. 23, No.1, October 1974, pp.123-32.

demands from groups which perceive little salience between their day-to-day interests and rural reforms".<sup>10</sup> #  
 The urban middle sector groups who are the frequent sufferers from inflation and scarcity of essentials, constitute an urban ally to the peasants and the reform mongers can turn to them for political support.<sup>11</sup> In this context Elias Tumas concluded after having analysed eight separate land reforms, that "the more dissatisfied the middle class the more likely the reform".<sup>12</sup>

The peasant movements add yet another dimension to the politics of land reform. To be sure, peasant uprisings is not a new but a recurrent phenomenon of the history of the continent. Even during the late 18th century, a violent revolution swept Haiti which culminated in the practical liquidation of latifundios and an auto-land redistribution process.<sup>13</sup> Except this, the capricious peasant uprisings in other parts of Latin America could never assume a serious political threat as these violences from below were successfully suppressed by the violence from above. But, in the second half of the present century, peasant movements have become more

10. Robert R. Kaufman, The Politics of Land Reform in Chile, 1950-70. (Massachusetts, 1972), p. 40.

11. Hirschman, no. 1, Ch. II, pp. 272-73.

12. Quoted in Kaufman, no. 10, Ch. II, p. 221.

13. Lynsmith, no. 4, Ch. II, p. 299.

widespread and organised, manifesting themselves in large scale land invasions and organised peasant revolts and strikes.<sup>14</sup> The ruling elites saw in them a revolutionary potential which could well be utilised by the burgeoning guerrilla groups especially after the Cuban revolution of 1959. In turn, it led them to replace their age-old strategy of repression by a strategy of compromise aiming at the pacification of the peasants.

When the above process was in progress, two external events occurred and in a sense both were the cause and consequence of the ongoing rural unrest in Latin America. The first is the occurrence of revolutions in Bolivia (1952) and Cuba (1959), and the consequent massive land redistribution undertaken in both instances, which instigated a new wave of peasant uprisings, but this time, backed by leftist groups, demanding land redistribution. The second phenomenon was the initiation of Alliance for Progress Programme by the US in 1961 which called for an "effective transformation of unjust structures and systems of land tenure and use" with a view to "replacing latifundio and dwarf holdings by an equitable system of land tenure".<sup>15</sup> The United States

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14. In the Latin American context, peasant strike means simply the refusal to pay the unpaid works to the landlord. It is advantageous to the peasants, unlike the industrial strikes, as it provides more time for the peasants to devote on his own plots.

15. Quoted in Feder, n. 32, Ch. I, p. 185.

under this programme announced a \$ 20 billion assistance spread over a ten year period in return for the commitment of the countries of Latin America to undertake structural reforms.

Despite its headlong failure, the Alliance made two important contributions to the actual land reform process of this continent. The CIDA established by the Alliance in August 1961, produced a well-documented account of the sordid land tenure systems of Latin America, a document that continues to remain as the basis for any study or policy for land reform in this continent.<sup>16</sup>

Another important contribution of the Alliance has been that in response to the funds provided under it as well as thanks to internal pressures most countries of Latin America (excluding Mexico, Bolivia and Cuba where land reforms have already been implemented) passed land reform legislation of some sort. Although, they are essentially colonization programmes with little or no emphasis on land redistribution per se, these laws, however, signify the entry of 'land reform' into the political dialogue with some importance attached to it.

A survey of the history of land reform in Latin America reveals three different stages where the motive

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16. CIDA is represented by FAO, ECLA, IADB Organisation of American States (OAS) and Inter-American Institute for Agriculture Sciences (IIAS).



Table 2.1

DATE OF ENACTMENT OF LAND REFORM LAWS  
IN SELECTED COUNTRIES OF LATIN AMERICA  
SINCE 1960

Country	Year
Brazil	1964 <sup>*</sup>
Chile	1962 <sup>**</sup>
Colombia	1961
Costa Rica	1962
Dominican Republic	1962
Ecuador	1964
Guatemala	1962
Nicaragua	1963
Panama	1962 <sup>***</sup>
Peru	1964
Venezuela	1960

\* Preceded by a partial legislation in 1963.

\*\* Replaced by a new law in 1967

\*\*\* Preceded by a partial legislation in 1969.

forces for land reform were entirely different. The first phase covers roughly a sixty year period commencing from the turn of the present century with Mexican post-1910 revolution land reform and included the 1952 reforms

of Bolivia and Guatemala and that of Cuba in 1959. All these reforms were preceded by revolution and/or violent peasant movements and therefore, the implementation of the programmes was somewhat radical. Except Guatemala where the reform process was completely reversed after 1954, all other reforms have made a fundamental change in the social, political and economic structure of the respective countries in varying magnitudes.

The second phase beginning since 1960, included land reforms of the early 1960s undertaken by Venezuela, Colombia, Brazil, Peru and Chile. These reforms, to be real, are palliative in nature with a main aim of pacifying the peasants.<sup>17</sup> Naturally, they produced no significant changes in the agrarian structure. Nevertheless, the most effective of these reformist reforms is that of Venezuela thanks primarily to its petro-dollars and fast-moving industrial sector.<sup>18</sup>

The third phase began in the late 1960s when Velasco's regime (1968-75) in Peru and Allende's government (1970-73) in Chile implemented radical reforms within

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17. Land reforms of the early 1960s are largely viewed as counter-reforms rather than reforms. Counter-reform is not a programme but a bundle of policies, practices designed to undo the reform. See Ernest Feder, "Counter Reform" in Stavenhagen, n.12, Ch. I, pp. 173-228.

18. International Bank for Reconstruction and Development (IBRD), Land Reform in Latin America: Bolivia, Chile, Mexico, Peru and Venezuela, World Bank Staff Working Paper No. 275, (Washington, D.C., 1978), pp. 7-8.

the legal framework but with a deep sense of commitment to changing the traditional agrarian structure despite the differences in the motivation behind the two reforms. After 1970, a new impetus has been given to the Mexican land reform process thanks to the increasing rural <sup>19</sup> unrest.

Against this backdrop of the Latin American reform experiences, in the subsequent section, an attempt is made to analyse the evolutionary process of Peruvian land reform efforts till 1968. Interestingly enough, Peruvian land reform legislations got radically revised at each subsequent stage thanks to the pressure generated by the peasants in the form of land invasions and strikes.

#### Recommendations of the 1956 Agrarian Commission

Agrarian question which is often linked with the native Indian problem in the Peruvian context manifested itself in the form of various peasant rebellions even during the colonial period. The most important among them is the Tupac Amaru uprisings of 1780s, challenging the very power of the colonial Spaniards.<sup>20</sup> To this day these uprisings remain an important source of inspiration

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19. See Gerrit Huizer, Peasant Rebellion in Latin America (New Delhi, 1978), p. 42.

20. For a short account of this event See, Frederick.B. Pike, The Modern History of Peru (New York, 1967), pp. 33-34.

to the peasantry. Although they were successfully suppressed, such frequent occurrences have always been of serious concern to the ruling elite ever since the so-called independence. Occasionally some measures were initiated such as those were introduced during Augusto Leguías regime in the 1920s to distribute abandoned land and regulate Yanaconaje system and other tenancy arrangements.<sup>21</sup> \*

After the collapse of his regime, certain mass based political parties like the Alianza Popular Revolucionario Americana (APRA) emerged which started organising the tenants, workers and peasants. The APRA-inspired movements grew in such intensity that in 1934 the labour bureau had to intervene thirteen times so as to avoid the landlord-tenant conflicts. The high incidence of of tenants' protest led to the abandoning of the tenancy arrangements by the landlords who started direct cultivation in the coastal region.<sup>22</sup> The peasants organised by Hildebrando Castro Pozo, the first head of the Department of Indian Affairs, invaded lands in the rice and cotton zones.<sup>23</sup> With that began the peasant movements in the highlands particularly in Ayabaca.

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21. Colin Harding, "Land Reform and Social Conflict in Peru", in Abraham F. Lowenthal, ed., The Peruvian Experiment: Continuity and Change under Military Rule (Princeton, N.J., 1975), p. 226.

22. Ibid., p. 227.

23. Idem.

To some extent, the prevailing rural unrest was responsible for the overthrow of the government of Jose<sup>1</sup> Bastamente i Rivero in 1948. After 1948, peasant movements were suppressed by the military regime of General Manuel Odria. Nevertheless, he had to pass various legislations to halt eviction and assure security of tenure. Since 1956, when Manuel Prado assumed office as president, however, with the changing political climate, the somewhat lukewarm peasant movements flared up in the form of strikes and invasions.<sup>24</sup> In response to the growing rural unrest, Prado established a special Commission on Agrarian Reform and Housing in August 1956.<sup>25</sup> It was entrusted with the task of studying the agrarian and housing problems and to make specific recommendations to correct the particular shortcomings in the agrarian sector. After four years of study, the Commission came out with a report along with a draft of a land reform programme. This projected law with 294 articles organised in 33 chapters submitted in the Peruvian Congress in September 1960, was not at all acceptable to the Congress. Instead, a colonization programme was passed.

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24. Alvin Cohen, "Societal Structure, Agrarian Reform and Economic Development in Peru", Inter-American Economic Affairs (Washington, D.C.), Vol. 18, No.1, Summer 1964, p. 45.

25. Commission Para La Reforma Agraria Y Vivenda

Nevertheless, since this projected law has ever since remained an important basis for future land reform programmes in Peru, a brief account of which is perhaps useful at this juncture. The Commission reported that poverty and stagnation of production are the two principle problems of Peruvian agricultural sector. To solve them, it proposed a change in the land ownership pattern and tenancy arrangements as well as expanding the cultivated area and introducing institutions in the agrarian institutional set-up. Though the suggestions are laudable, the strategy by which the change was to be effected, however, was highly questionable. Since the Commission was primarily concerned with productivity, it suggested that the colonization of the montaña was a durable solution. To justify such a strategy, the Commission argued with the statistics of man-land ratio. Assuming annual population growth at 2.5 per cent, and to maintain the existing cultivated land per capita, then, an annual addition of 50,000 hectares of cultivated land was estimated as necessary.<sup>26</sup> However justified the Commission's estimate, it did not take any serious account of the problem of land concentration. Also, the Commission's plan to colonize land of such magnitude casts serious doubts as to the feasibility of such an

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26. Cohen, n. 24, Ch. II, p. 51.

effort in view of the cost associated with it and the non-availability of that much land in Peru. Moreover, because of political instability, many such earlier grandiose schemes had failed in Peru.<sup>27</sup>

Despite its serious concern over productivity, nevertheless, the Commission could not ignore the problem of land concentration. While admitting that land concentration is a problem, the Commission in view of the high productivity of the coastal lands, highlighted the concentration as a problem of the sierra and not of the coast. In doing so, the Commission maintained that the immediate problem in respect of land concentration was <sup>of</sup> one consolidating the minifundios so as to increase their productivity and postpone to the future the task of liquidating the latifundios. Accordingly the National Institute of Agrarian Reform (INRA) established in 1959, was charged to attack gradually the problem of land concentration only after solving the immediate problem of minifundio. The Commission specified immediate expropriation of such latifundios worked by tenants and where population density was high and the Indian problem was acute. Even this limited expropriation provided for exemptions on the basis of the power

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27. Ibid., p. 55.

framework within which the proposed programme was to be implemented.

Along with so many such built-in legal protections to large estates, the exemptions were so generous that could not make any impact on the problem of existing land concentration. For, the projected law specified the exemption limit of 250 irrigated hectares together with 5,000 hectares of pasture land. Also, upto 80 per cent of the land could be exempted provided "if the living conditions of the labourers meet socially acceptable minimum"<sup>28</sup>. Above all, the normal exemption limit could not be applicable to certain industrial enterprises which on the other hand depended upon the "permissible extent of nationalisation"<sup>29</sup>.

Even after all these exemptions, if any land was expropriated, compensation was to be given without which INRA could not initiate the process of adjudication. The compensation will be determined on the basis of market value, potential productivity and value declared for taxation purposes. It was to be given in the form of cash (20 per cent) and bonds (80 per cent) payable in five equal instalments together with interest.<sup>30</sup>

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28. Ibid., p . 54

29. Ibid., See footnote in p. 54.

30. Ibid., p. 55.



Interestingly enough, the landowners would be given ten years to fight their claims in the court.

Table 2.2

EXTENT OF NATIONALISATION STIPULATED BY  
THE PROJECTED LAW - 1960

size (hectares)	Projected extent of Nationalisation (percentage)
200 - 500	20
500 - 1000	30
1000 - 2000	45
2000 - 3000	55
3000 - 4000	64
4000 - 5000	73
5000 - 6000	82
6000 - 7000	90
More than 7000	95

Source: Alvin Cohen, "Societal Structure, Agrarian Reform and Economic Development in Peru", Inter-American Economic Affairs (Washington, D.C.), Vol. 18, No. 1, Summer 1964, p. 54 (foot note).

Although a good portion of the report has been dedicated to the Indian problem, the suggestions thereupon were neither new nor bold. Despite its serious concern over the minifundia problem, the projected law could not make illegal the Indian custom of dividing land, the major source of the very problem. It did not specify the legal minimum except saying in Article 199 that plots should never be smaller than "the minimum agricultural unit which can permit the socially acceptable minimum living."<sup>31</sup> But the Commission recommended official recognition of the Indian communities and increasing their registration through incentives like land tax exemptions, and other benefits. In these registered communities, land-use and crop patterns have to be determined by elected committees with power to expropriate the land that belonged to the members who were not abiding by the general decisions. However, land holdings more than three times of the basic minimum size would not come under those decisions. It should be noted that most of these suggestions incorporated in the projected law were nothing but the provisions in the Peruvian legal code which were ignored in practice.<sup>32</sup>

Thus, it is obvious that while the projected law's concern over productivity protected the coastal

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31. Ibid., p. 57.

32. Ibid., p. 58.

agriculture, its exemptions and legal loopholes left untouched the sierran haciendas. Even if this law were to be implemented, it would have certainly left the large estates virtually intact. But, there is one estimate, according to which the projected law, if implemented, would have affected 25 per cent of the country's farm land (one lakh hectares in the coast and 3.5 lakh hectares in the Sierra).<sup>33</sup> However, this estimate based on the ceiling limits and the size pattern of holdings, ignored the legal and administrative loopholes. In view of the legal provisions and the political climate, this law could not have produced an impact on the agrarian sector necessary to effect vertical mobility, the essence for an evolutionary development.<sup>34</sup> Eventhough most part of the 3 per cent total revenue earmarked for reform was utilised for colonization, the number of peasants likely to benefit by the scheme was insignificant. The suggestions regarding the Indian communities would have rather institutionalised the system and protracted their integration with the national mainstream. However, it can not be ignored that the immediate result of the projected law was parceling of large estates by

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33. Thomas.F. Carroll, "Land Reform Issues in Latin America" in A.O. Hirschman, ed., Latin American Issues; Essays and Comments. (New York, 1961), p.195.

34. Cohen, n. 24, Ch. II, p. 58.

the owners (including the Church) as a defensive<sup>35</sup> measure against invaders particularly in sierra.

On the positive side, however, an initial administrative base was created with the establishment of INRA in 1959 and the Agrarian Investigation and Promotion Service (SIPA) in 1960. Although the projected law was disapproved, the draft law and the Commission's report represented for the first time the political awareness for land reform and ever since, land expropriation figured importantly in the Peruvian political dialogue. One important recommendation of the Commission accepted by the Congress was the legalisation of peasant unions. The organised peasant movements emerged thereafter are the irrefutable phenomena which sustained the political pressure for land reforms in Peru. #

#### Nature and Scope of the Agrarian Movements

The agrarian movement that grew since 1956 are of two distinct types differing both in motivation and scope, reflecting essentially the differences in the agrarian systems from which they emerged. While labour movement dominated the Coast, peasant movement demanding land characterised the sierra. However even in the Coast especially in the cotton zones peasant movement

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35. Harding, n. 21, Ch. II, p. 229.

gathered momentum, resulting in land invasions as against strikes and lock-out in the sugar zone where labour movement was strong ever since the 1940s. The two biggest invasions that occurred in the cotton zones were, the one carried out by the indigenous community of San Juan de Catacaos involving 12,000 peasants and the other, led by 2000 campesinos to seize 6 haciendas.<sup>36</sup> Broadly, there was a strong correlation between sugar zone and labour events and between cotton zone and peasant events. However, in the Coast taken as a whole, labour events outnumbered the peasant events. For instance, out of the total 166 events coded from the Lima press sources during 1955-70, 155 were labour events and only the rest<sup>37</sup> were peasant events.

The agrarian movements of sierra participated by the peasants, neither shared the reformist tactics nor the respect for property. It represented a first major challenge to the traditional pattern of land ownership and tenancy unquestioned for centuries. Notwithstanding its localised nature, it seriously affected the national politics through its violent protests demanding radical reform. As such its impact extended far beyond La Convencion and Lares where the movement emerged. Hugo Blanco,

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36. Paige, n. 51, Ch. I, p. 160.

37. Ibid., p. 156.

the leader of the movement (who was often described as the 'Fidel of the Andes' by the American press) is correct when he says; "The fate of the peasants of La Convencion and the entire department, will be the fate of the Peruvian peasantry"<sup>38</sup>. This, in fact, has been confirmed by the recent history of Peru.

The peasant movements of the late 1950s and early 1960s in the sierra were more radical which also assumed guerrilla posture. The one led by Luis de la Fuente Uceda near Cuzco and the other by Hector Bejar near Ayacucho, should properly be called guerrilla uprisings and the participation of peasants in either cases is doubtful.<sup>39</sup> But, the movement led by Hugo Blanco in La Convencion and Lares, is entirely a peasant phenomenon and syndicalist in nature, though at a later stage assumed guerrilla position as a result of police repression.<sup>40</sup>

As any other peasant movements in Latin America, the sierran movement emerged in relatively developed regions viz. La Convencion and Lares. However, these

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38. Hugo Blanco, Land of Death, The Peasant Struggle in Peru (New York, 1972), p. 52.

39. See J.S. Gitlitz, "Impression of Peruvian Agrarian Reform", Journal of Inter-American Studies (Florida) Vol. 13, July-October 1971, p. 467.

40. Ibid., p. 467.

regions still retained most of the characteristics of feudalism and remained as instances of neo-feudalism.<sup>41</sup> Consequently, the unpaid services and insecure tenancy were widespread phenomena. When the first peasant union emerged in 1952, a lawyer was hired by the peasants to fight against evictions. Since the peasants of the nearby haciendas also followed the example, a number of similar unions emerged in that region. In 1958, all of them joined to make the Federacion Provincial de Compesinos de La Convencion Y Lares. After the entry of Hugo Blanco, union activities gained further momentum and direction. He changed the strategy of struggle from legal action to direct action at three stages: first, the refusal to pay the unpaid services; second, work the idle lands of the haciendas and third, invade the hacienda land itself. Thanks to the intransigence of landowners and repression, the movement went beyond its original demand and peasants "have, at present, the land as their fundamental objective. It is for this reason the revolutionary slogan 'Land or Death'.<sup>42</sup> Under this slogan more than eighty haciendas were successfully invaded and controlled.<sup>43</sup> This was also accompanied by

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41. See E.J.E. Hobsbawm, "A Case of Neo-Feudalism, La Convencion, Peru", Journal of Latin American Studies and World Affairs (London), 1 May 1969, pp.31-50.

42. Blanco, M. 38, Ch. II, p. 120.

43. Paige, n. 51, Ch. I, p. 181.

accompanied by a general strike on all haciendas in these regions. These two factors impelled Manuel Prado to issue a presidential decree on 24 April 1962 which abolished all unpaid services. Meanwhile, a leadership crisis occurred in the movement on the question of the speed and strategy of the peasant struggle. While some leaders adopted a moderate line, Hugo Blanco espoused radical approach advocating armed resistance implied in his slogan 'Land or Death'.

While the peasant movement of Cuzco carried out organised invasions and strikes, spontaneous uprisings of both Comuneros and Campeños were also witnessed in other parts of the sierra like Pasco and neighbouring areas of Junin. Mostly, these spontaneous invasions were carried out by comuneros rather than the campeños. This is due to their live memory of their own land usurped by the adjacent hacendados and the shrinking land base of the communities. As for instance, out of the 418 events occurred in sierra during 1955-70, 270 events were carried out by comuneros. More importantly, 72 per cent of the campeño events occurred only in La Convencion and adjacent provinces of Anta and Urubamba.

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44. Ibid., p. 166.



The abortive military coup of 18 July 1962, in fact, took place during this very period of large scale rural insurgency and when the traditional conservatives and APRA indulged in a complicated political manoeuvre to obtain office.<sup>45</sup> The junta, after having failed to suppress the peasant rebellions, passed a special agrarian reform law (decree no. 14444) in March 1963. Along with the immediate legalisation of the de facto control of the peasants over the invaded land (for which they have to pay over 20 years), the law also specified for expropriation of other lands but with full compensation. The expropriation of haciendas was to be determined on a priority basis of: (i) estates operated with the help of arrendires and allegados, (ii) estates which are underutilised and, (iii) those constituted an extreme concentration of property. The junta also undertook politically prudent and strategically located colonization projects through INRA to augment its strategy of bringing a renewed social equilibrium in violent-torn zones.

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45. For an account of the motives behind this coup see Peter Nemenkis, Latin America: Myth and Reality (New York, 1964), pp.93-104. Also see Pike, no.20, Ch. II, pp.282-320.

Peasant leaders, particularly, Hugo, opposed compensation and payment in any form and the peasants too did not agree to the junta's proposals. Though the government entered into negotiations with peasants, once they failed, it engaged in repression which culminated in large scale arrests of the peasantry. Hugo Blanco was also arrested in May 1963. As a consequence, peasant movement of Cuzco lost its dynamism and abruptly ended. The remaining docile peasant leadership was forced to the terms of the junta and with that, land invasions subsided.

Lands were sold in Cuzco, the title of which were given only after the full payment made through twenty years. However, land distributed under the special law was very significant. By July 1963, only 260 of the 16000 landless peasants of the La Convencion Valley where the law was actually applied, received land.<sup>46</sup> The colonization projects undertaken by the junta could not benefit immediately because of its longer gestation period. However, arrendires were legalised of their invaded land. Although this atomised reform failed to make even a regional impact, it nevertheless, succeeded in halting land invasions for the time being, at least in Cuzco.

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46. James .F. Petras and Robert Laporte, Cultivating Revolution, The United States and Agrarian Reform in Latin America. (London, 1971), p. 49.

The Law 14444 represents yet another stage in the evolution of land reform where, a direct reform process was initiated at least at a regional level. It instigated a new wave of land invasions in other parts of the sierra encouraged by the governments approval of the de facto reform in the La Convencion Valley. Thus, just before the 1964 election, there exploded a series of massive invasions participated by nearly 3,00,000 peasants at its peak. Nearly 75 per cent of the total 463 events occurred during 1965-70, concentrated in the period between 1962-64.<sup>47</sup> Most of the invasions carried out by comuneros and campesinos occurred particularly around the election year indicating the peasants' intense expectation for land reform from the newly elected president.<sup>48</sup>

#### Belaunde's Agrarian Reforms

As was expected, all parties contesting the 1964 election had land reform as their main plank and it was reported that one candidate, Belaunde Terry, distributed small bags of earth as an advance on the land which he would distribute after becoming president.<sup>49</sup> However,

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47. Paige, n. 51, Ch. I, pp. 165 & 181.

48. In 1960 only 4 invasions took place. In the election year there occurred 39 invasions. But after Belaunde took office, there occurred a total of 91 invasions. See Ibid., pp. 165-166.

49. Huizer, n. 19, Ch. II, p. 77.

once elected as president, Belaunde introduced a land reform bill in the Congress on 12 August 1963. But, there were several bills on the floor of the Congress proposed by each party alongwith one proposed by an independent member. Among them, the only bill called for a radical land reform was that tabled by Fronte Nacional Liberacion (FLN), the pro-Moscow communist party of Peru. Surprisingly, APRA, a party committed to social and economic reforms, came out with a conservative bill suggesting the exclusion of coastal agriculture from the reform process. Belaunde's bill, however, was modest in tune with his own conviction.<sup>50</sup>

Inevitably, a compromise bill emerged accommodating the suggestions and amendments of all parties (most of them representing the landed interests). After months of acrimonious debates, the Congress finally passed the bill which was signed subsequently by the president on May 1964 as the Agrarian Reform Law 15037 containing 248 articles alongwith some 500 additions concerned with administrative directives and a multitude of implementative regulations. Since the effectiveness of the programme depends on its legal framework i.e.,

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50. Writing in 1959, Belaunde noted that "Peru needs tillable land to meet the pressing problems of malnutrition and population growth and the ceja de montana is the solution", Quoted in Petras and Laporte, n. 46, Ch. II, p. 52.

the law, the administrative apparatus and finance, it is necessary to look critically at these aspects in order to understand the Peruvian reform process and its impact since 1964.

The Law 15037 contained many provisions limiting its effective application. The major provision which had significant implications for the peasantry was the Title XV which was, in fact, a last minute addition to the law. This title dealing with the preferential rights of the feudatarios (a broad term includes all tenants, sharecroppers and campesinos) although aimed at giving legal titles to their small plots, had an effect contrary to the intention. While in the reform zone, actual transfer of land occurred, in other regions certificates of possession alone were distributed. It sequenced unprecedented evictions. Since, the actual transfer of plots to the feudatarios depended upon the compensation payment by the government, the process was still more delayed. As for instance, out of the 1,20,000 feudatarios registered with the Oficina Nacional de Reforma Agraria (ONRA) only 32,000 certificates were distributed which would become deed only after the feudatarios paid for it through instalments.<sup>51</sup> The actual effect of this provision contradicted the stated objective

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51. Feder, n. 32, Ch. I, p. 208.

of the law viz. to end the minifundio problem (Articles 1,2,6 and 95) as it actually perpetuated it.

The exemption limit was rather generous and which could further be relaxed in certain cases. The law provided a basic exemption of 150 irrigated hectares or 1,500 hectares of pasture or dry land. A landowner could also claim an additional 20 per cent exemption provided his estate was well managed with better labour conditions. Moreover, Article 25 of the law provided for the maximum permissible exemption for each member <sup>corporations</sup> of the landed/which in effect virtually left the coastal sugar and cotton estates intact. Indeed, large blocks of land belonging to certain processing industries, could also be exempted if the president had declared to that effect. Other Articles, such as 29 and 34, also listed numerous exemption provisions.

Compensation was very high and in most cases it reached close to the market value of the property. The amount was to<sup>be</sup> paid partly in cash and partly in bonds carrying interest. Both the amount and the mode of compensation payment varied with the types of land ex-propriated.

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52. United Nations, Progress in Land Reform: Fourth Report (New York, 1966), p. 108.

Table 2.3  
Stipulated Compensation  
by Type and Usage of Land

	Cash per hectare (soles)	Bond's Maturity (years)	Interest rate
Type A (Idle & Uncultivated land)	50,000	22	4%
Type B (Poorly cultivated)	1,00,000	20	5%
Type C (well-exploited)	2,00,000	18	6%

Source: United Nations, n. 52. ch. II

According to the stipulation of the law, the amount of compensation was to be determined by the Technical Corps Appraisers, on the basis of (i) the declared value for tax purposes, (ii) potential productivity, and (iii) in accordance with the recent rules of the Corps Appraisers. But in the case of unutilised land, an amount equal to the investment necessary to make the land productive, was to be deducted from (ii). Nevertheless, expropriation of all installations, the value of the present crops and cattles were to be fully paid in cash. Above all, the landowners could challenge

the amount of compensation determined by the Corps Appraisers which will, then, be considered by a three men committee consisting of one college engineer, one member of the local landowners's association and a Corps Appraiser. Such time consuming procedures designated by Articles 75 and 77 resulted in long delay not to say about the financial cost involved.

The most glaring defect which affected the spirit of the law was its Title V which was denounced even by the members of the ruling party. This permitted the landowners to retain water rights instead of making it as a national resource. Although the law did establish clear objectives and criteria for the use of water in relation to land tenure (Articles 81, 84, 109 and 121), the qualifications and exemptions (Articles 110 and 123) largely annulled the original intent of other articles relevant to water rights. Consequently, the feudatarios and other campesinos benefited were often subjected to intimidations. In effect, the provision on water rights had belittled even the small benefit resulting from the atomised reform process.

The law lacked strong sanctions against the landlords who did not comply with it. Articles 65 and 240 did establish penalty for non-compliance but they



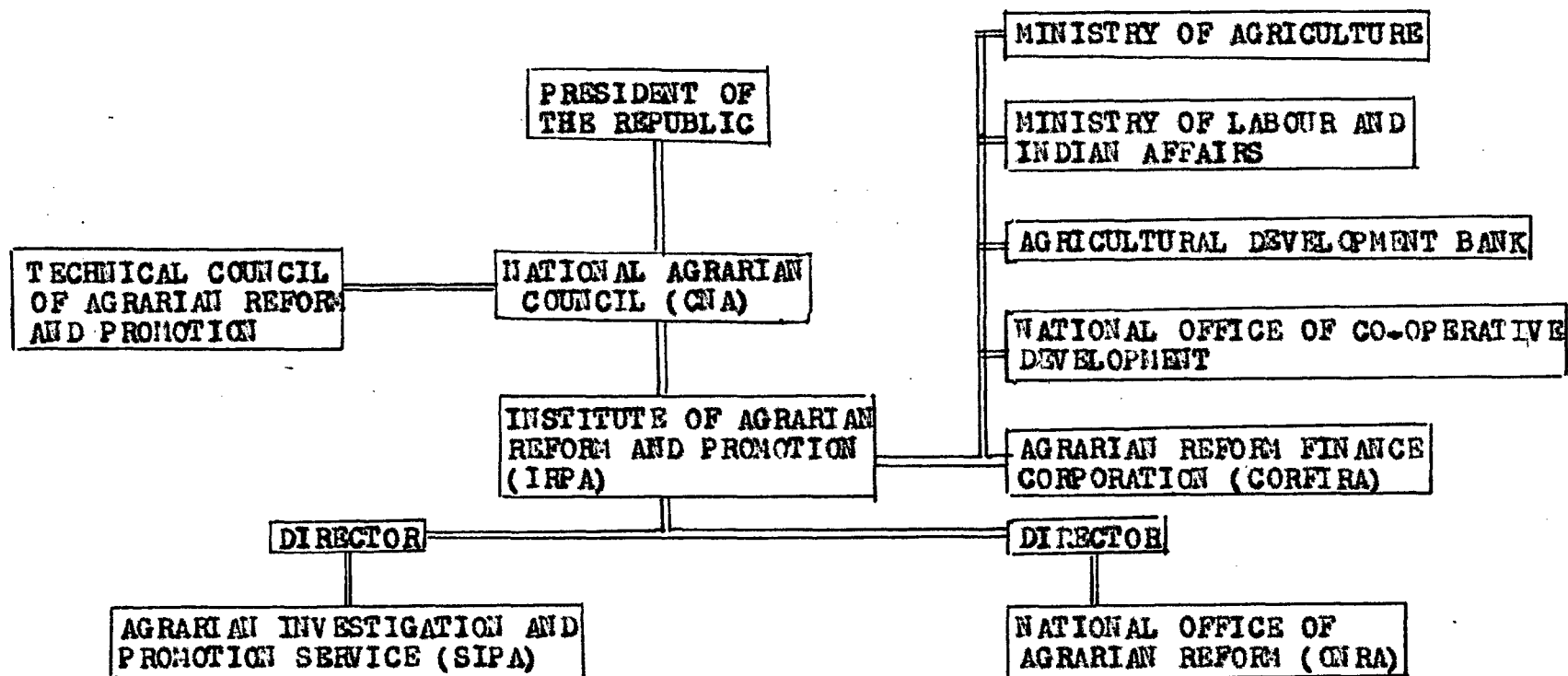
were benign. There was no sanction at all against those landlords violating Articles 27 or 56 nor for Titles XIV and XV. However, severe sanctions were established against the invading peasants which were utilised by the landowners to provoke campesinos to create further legal complications. As a consequence of the extensiveness of the law, contradictions existed between Articles 41, 42, 72A and B. Article 118 (Reglamento de Tierras) allowed for the suspension of land distribution, while the law itself did not admit such delay tactics.

The title XII provided for the creation of a complex administrative apparatus on the reasoning that the already existing structure was inadequate to modernise the agrarian sector. Charts 1 and 2 throw some light on the administrative structure and the inter-relationship that existed between agencies involved in the execution of the reform.

It should be noted that the National Agrarian Council (CNA), the highest decision making body with power to appoint all high officials of the executive body viz. the CNRA and to suggest the president for the declaration of the agrarian reform zones, was fully dominated by the landed interests and their allies. In fact, the CNA dominated by the counter-reform groups,

Chart 1

Government Agencies Involved in the Reform Process, 1964-68\*

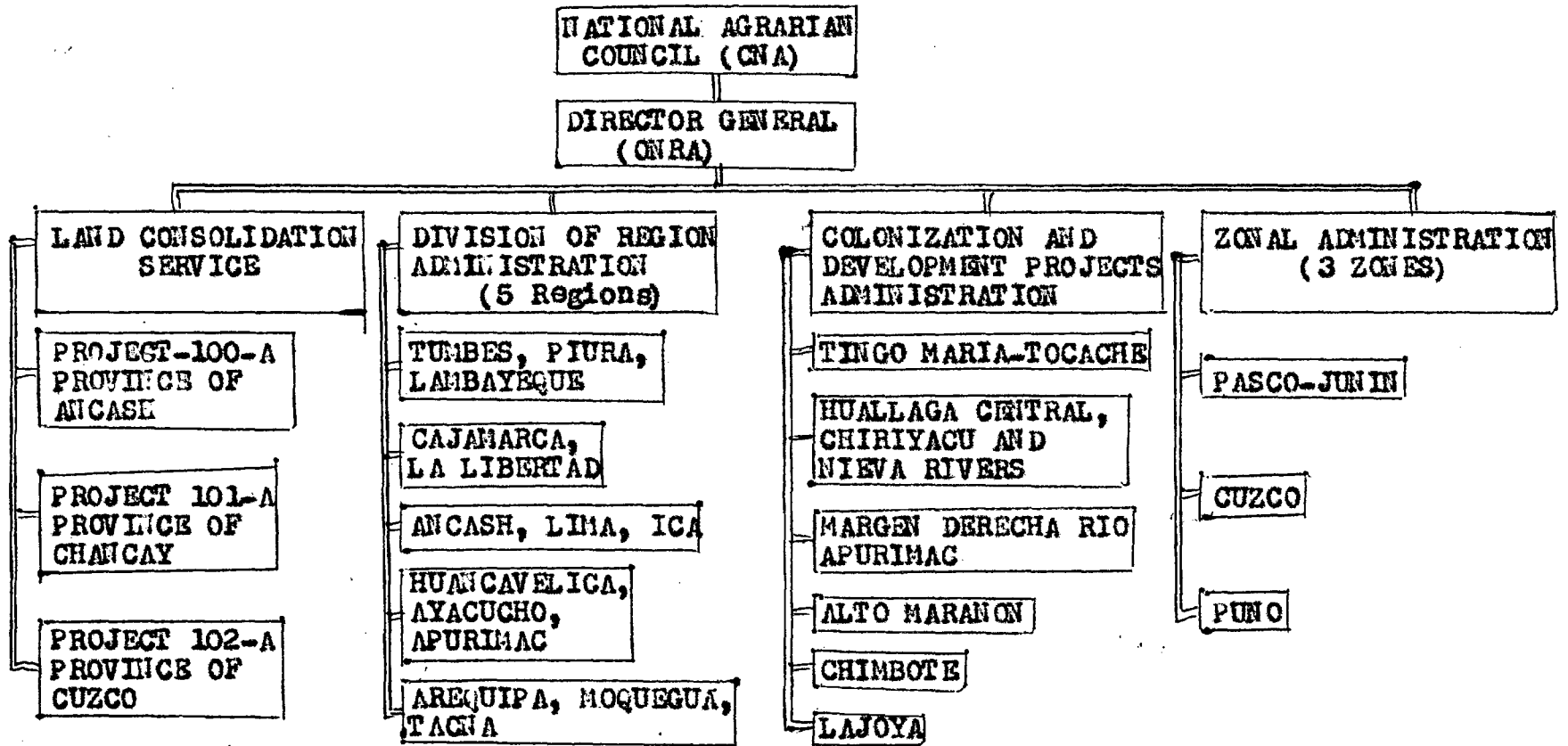


\* Based on Articles 191-223 of the law 15037.

Source: James F. Petras and Robert Laporte, n45, Ch. II, p. 61.

Chart 2

Administrative Organisation of ONRA



Source: James F. Petras and Robert Laporte, op.cit., pp.62-63.

has been an efficient built-in sabotage mechanism which inhibited the implementation of even the limited provisions made by the law.<sup>53</sup>

Above all, there was very little co-ordination between different agencies directly involved in the implementation of the programme. Instead, conflicts were common, as for instance, between SIPA and ONRA ever since the former was integrated with the latter after 1964. Leaving alone the lack of horizontal integration, the vertical integration was weak with the conspicuous absence of zonal autonomy. Cesar Fuente, a former zonal director, explained the Central-zonal relation as, "though expropriation can take place before court proceedings, the CNA undermined many zonal chiefs' decision on expropriation action. The law allows for expropriation but political decision-makers undermine the attempts to carry it out".<sup>54</sup>

As a result, even the available technical personnel could not be utilised fully and were misallocated between regions. For instance, 23 per cent of the SIPA personnel and 20 per cent of ONRA were concentrated in the city of Lima itself.<sup>55</sup> Moreover, committed personnel

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53. Feder, n. 32, Ch. I, p. 210.

54. quoted in Petras and Laporte, n.46, Ch. II, p.69.

55. See Ibid., Tables II and III, pp. 72 & 73.

were rare and if at all there were any, they were either kept away from the reform process or sacked. Viewed in the light of these features of the administrative set-up, it becomes obvious that it has been tailored to a slow-motion reform process.

Financial aspect of the reform programme was so serious due to the high compensation and the policy priority towards colonization. Although the Articles 216 and 217 of the law stipulated the earmarking of 3 per cent of the total revenue, the actual sanction never reached that level. For instance, in 1965, against the stipulated amount of 735 million soles, only 455 million soles were ever authorized. The same pattern continued till 1968 where only around 68 per cent of the stipulated amount was given to the Agrarian Reform Financing Corporation (CORFIRA). However, along with this paper provision of 3 per cent of the total revenue over 20 years period, the CORFIRA was also authorised to issue upto 6 billion Pesos (gold) worth of agrarian bonds to finance reform.<sup>57</sup> But it should not be overlooked that according to the Article 220 of the law, CORFIRA itself can not issue the bonds which needed the authorization of the CNA. This provided grounds for manipulation by

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56. Ibid., p. 87.

57. Feder, n. 32, Ch. I, pp. 217-18.

CNC even in the financial matters. Moreover, the actual amount sanctioned to CORFIRA that went to finance expropriation, was very less in view of the administrative cost and diversion of funds towards colonization.

More importantly, external finance promised by the US, the progenitor of the Alliance, never materialised. The Inter-American Development Bank (IADB) and US Agency for International Development (USAID) declined to provide credit as their constitution would not allow any assistance

to expropriations.<sup>58</sup> In addition to these constraints, the expectation of the government that the beneficiaries under the scheme would reimburse the cost through installment payments, was not met. For instance, the comuneros in the central sierra who received 78,417 hectares of neighbouring hacienda lands, strongly opposed payment for the lands which they had already controlled through

invasions.<sup>59</sup> The financial situation was dramatized by one official of the ONRA: "We need 300 million soles to complete the currently projected expropriations but we only have 46 million soles so far."<sup>60</sup>

As an inevitable outcome of the above indicated legal, administrative and financial hazards, actual expropriation of properties and their distribution was delayed.

58. Petras and Laporte, n. 46, Ch. II, p. 88.

59. Harding, n. 21, Ch. II, p. 234.

60. Benjamin Samanes, Quoted in Petras and Laporte, n. 46, ch. II, p. 87.

Table 2.4Administrative Procedure Necessary for  
Expropriation Before President's Decree (1)

Sequence of Procedure	Time Allowance by Law (Days) . . . .
Cadastral Plan	70
Legal and Technical Justification	30-60
Provisional Plan of 'Affectation'	15
Notification of Owners	7- 15
First Appeal of Owners	60
Revision of Provisional Plan	45
Appraisal of land	60
Second Plan of affectation (Prelim) <sup>2</sup>	10
Adjustments of Second plan	60
Second Plan of affectation <sup>2</sup>	10
Final Plan of affectation	10
Resolution of CNC of CNRA	<u>15-90</u>
<b>Total</b>	<b>392-490</b>

1 Based principally on Articles 62-77 of the law 15137

2 Area of each estate which could be subjected to expropriation.

Note: This Table, however, excludes the legalistic delays, time required for establishing a land reform zones and the actual distribution of lands to the peasants.

Source: Ernest Feder, The Rape of the Peasantry: American Landholding Systems, (New York, 1971) p. 208.

Despite the scantiness of authentic information regarding the actual impact of the law 15037, on the basis of studies conducted by CIDA, FAO missions and other experts, the achievement of the law can be summarised as follows. (See Table 2.5)

It is obvious that only 18.9 per cent of the projected minimum land to execute an effective reform was made expropriable. Actual expropriation was still less as only 45.3 per cent of the expropriable land was expropriated which represented only 0.8 per cent of the total land needed for an effective reform. However, it is to be noted that of the total land acquired by the government, only 44.4 per cent was from actual expropriation and the remaining were purchases at prices higher than market price and colonization.<sup>61</sup> But if the lands acquired through colonization and the expropriation enforced under the previous law 14444 are excluded, then the actual land acquired under the law 15037 was only 4,35,574 hectares. This represented a mere half a per cent of the land required for an effective reform programme.<sup>62</sup>

As to the reform beneficiaries there existed wide discrepancy. While ONRA claimed that 11,163 families

<sup>61.</sup> Ibid., pp. 92-94.

<sup>62.</sup> Ibid., p. 44.



Table 2.5  
A Final Balance Sheet of the Law 15037  
(July-1968)  
(Land in Hectares)

	<u>Topographical Area</u>			<u>National Total</u>
	<u>Costa</u>	<u>Sierra</u>	<u>Salva(1)</u>	
No. of Landless and Land-short Families	69,388	9,11,079	1,11,973	10,92,420
Estimated Farm size Required Per Family	6.5	6.5	30.0	
Projected Total Land Required	4,50,892	59,22,014	33,59,190	97,32,096
Existing Land in Sub-family Units	1,29,000	3,55,000	2,72,600	7,56,600
Total Land Required	3,21,892	55,67,014	30,86,590	89,75,496
Land Expropriable under Law 15037	1,21,000	1,45,000	14,31,900	16,97,900
Percent of Land Expropriable Under Law 15037	37.6	2.6	46.4	—
Land Expropriated or Sold to Government Under Law 15037	4,186	3,97,963	25,347	4,27,496
No. of Families Benefited	400	10,094	849	11,343
Percent of Families Requiring Land who Received Titles	0.6	1.1	0.8	1.0

Source: James F. Petras and Robert Laporte, Table viii, p. 93.

(1) Figures for Selva include all colonization projects.

benefited with 3,53,000 hectares, another official estimate showed that 9,224 families benefited with 3,14,000 hectares.<sup>63</sup> Adding to this confusion Belaunde himself stated in December 1968 that 60,000 new land-owners emerged after 1964.<sup>64</sup> But according to Solon Barraclough's estimate, only 14,000 campesino families (1 per cent of the potential beneficiaries) alone were benefited both from colonization and redistribution.<sup>65</sup> This inconsistency in the assessment is inevitable not only due to the inclusion of those who benefited earlier but also, the equating of those who were designated as being "affected" with the actual beneficiaries. In any event, actual beneficiaries were no more than 11,000 which was the net annual addition to the stock of land-less peasants.<sup>66</sup>

Even this limited reform was brought about through colonization. It should however be emphasised that colonization is not a substitute but only a complementary policy to redistribution. In reality, the

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63. Feder, n. 32, Ch. I, See footnote in p. 251.

64. Petras and Laporte, n. 46, Ch. II, p. 94.

65. Solon.L. Barraclough, "Agrarian Reform in Latin America: Actual Situation and Problems" in FAO, Land Reform, Land Settlement and Co-operatives. (Geneva, 1965) pp. 111.

66. Petras and Laporte, n. 46, Ch. II, p. 257.

colonization projects started under the 1964 law as well as those uncompleted projects undertaken earlier, competed with redistribution for finance. Due to the longer gestation period and heavy infrastructural requirements even before the maturity of the projects, the number of peasants benefited bore no relationship with the amount of finance expended. The beneficiaries of the three projects started before 1964, were only a few thousands.<sup>67</sup> Also, much could not be expected from the schemes undertaken after 1964. For instance, during the period 1961-69, families settled have been around 1,500 per annum.<sup>68</sup> Given this trend, certainly colonization can not be dependable to effect any substantial change in the agrarian structure. Although the law initiated consolidation schemes, because of the non-availability of land from expropriation the minifundistas could not benefit much under the scheme. In Peruvian conditions, while co-operative arrangement alone can solve the consolidation problem, the fact that the law made no emphasis on co-operation is an evidence of a serious lacune in the legislation.

The three-pronged objective of the reform, focussing on land redistribution, colonization and land

67. The colonization projects and the beneficiaries in each case, by 1969, were; La Joya (1946)-914, Chimbote (1955)-137 and San Lorenzo (1961)-1315. See Craig L. Dozier, Land Development and Colonization in Latin America, Case Studies of Peru, Bolivia and Mexico. (New York, 1969), pp. 31, 88 & 113.

68. Feder, n. 32, Ch. I, See foot note in p.251.

redistribution, colonization and land consolidation while laudable, it virtually failed in its implementation. Moreover, the law actually united the political forces opposing real reform. The focus of the political pressure was on the administrative machinery and the source of finance. The 'estate to estate' approach instead of a 'massive approach' towards expropriation also limited the effective implementation of the reform programme. Consequently, the coastal agriculture was virtually intact. In sierra (excepting the reform zones) the impact was very little with the exception of the auto-reform process by the landowners through parcelling among their familial and friendly circles. Even in places like the zone of Quillabamba and Pasco-Junin, where large areas changed hands, the reform had only a limited regional impact. In Cuzco and particularly in La Convencion and some other areas of the sierra fundamental change in the agrarian structure had occurred. But, it is not the effect of the law as such but of the efforts of peasants through land seizures. Moreover, in La convencion, it was the arrendires producing commercial crops and employing hired labour who benefited by the land distribution while large number of allegados and

other landless peasants were excluded from the reform  
<sup>69</sup>  
 process.

As to the participation of peasants in the reform implementation, the law did not make any serious effort in providing for peasant mobilisation. On the other hand, the law is an effort to implement the reform from above. Needless to add, no reform process can be successful without peasant participation especially to forestall the opposition from landowners. However, in view of the power framework from which reform emerged and implemented, such a strategy is presumably unavoidable. Nevertheless, some efforts were made to encourage peasant participation through "cooperación Popular". This was organised not, however, with a view to give participation to the peasants in the reform implementation process as much as to mobilise peasants to involve them in the locally needed social development works. Even this organisation, after its initial spurt, lost dynamism as it turned to become a government patronised machinery.

In sum, the law 16037 is admittedly a failure in so far as it made no more than a dent on the agrarian structure and its associated socio-political organisation.

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69. Harding, n. 21, Ch. II, p. 231.

By 1969, it affected only 4 per cent of the total land in farms and benefited no more than 1 per cent of the rural families.<sup>70</sup> On the positive side the law, along with its creating an expansive administrative machinery further instigated the peasants, in the subsequent years, to demand more radical reforms. As one of the Peruvian officials confessed, "The peasant is now a protagonist of agrarian reform. The peasants are thinking agrarian reform is a deception .... The peasant may take action in their hands".<sup>71</sup>

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70. IBRD, n. 18, Ch. II, p. 27.

71. Lander Pacora, Quoted in Petras and Laporte, n.46, Ch. II, p. 97.

Chapter III

LAND REFORM MEASURES UNDER THE MILITARY  
GOVERNMENT OF VELASCO (1969-75)

### Chapter III

#### LAND REFORM MEASURES UNDER THE MILITARY GOVERNMENT OF VELASCO (1969-75)

Admittedly, the reformist programme initiated by the Belaunde's democratically elected government was a head-long failure. Alongwith the failures on the agrarian front, Belaunde's financial policy and economic mismanagement generated an inflationary spiral with its attendant effects of devaluation and strain on the balance of payments position.<sup>1</sup> To cap the accumulation of all short-run and long-run problems, the Acta del Talara scandal occurred which virtually undermined the national interest of Peru.<sup>2</sup> It is against this background that the military junta headed by General Juan Velasco Alvarado staged a coup on 3 October 1968 which ousted the constitutional president Belaunde Terry.

#### Basic Objectives and Intended Strategy of the Military Junta's Agrarian Programme

In the Latin American context, the Peruvian Coup of 1968 is somewhat peculiar in that it was relatively devoid of any post-coup political repression and second, the coup in its wake introduced a number of

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1. See Petras and Laporte, n. 46, Ch. II, p. 258.
  2. An Agreement between Belaunde's government and International Petroleum Company (IPC) which is highly pernicious to Peruvian national interest. But it was annulled by the military government when IPC was nationalised.



positive programmes covering wide-range of activities among which agrarian reform was an essential part. Agrarian reform was considered as one among various measures such as the expansion of public sector through the nationalisation of the commanding heights of the economy, public control over distribution and communication etc., so as to strengthen and develop an autonomous industrialisation which has been the heart of the regime's policy.<sup>3</sup> This section briefly describes some of the significant aspects of the military's agrarian programme.

Announcing a new land reform law (Decree No. 17716) on 24 June 1969, President Velasco declared, "Today, the Day of the Indian, the Day of the Peasant, the Revolutionary Government is making the best of all tributes to him by giving the whole nation a law which will end forever an unjust social order".<sup>4</sup> With these words the president eloquently expressed his government's determination to destroy the unjust and outmoded socio-economic system of the agrarian sector.

An Agency for International Development (AID) sponsored report summed up the overall strategy of the

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3. Petras and Laporte, no. 46, Ch. II, p. 261.

4. Quoted in Susan.C. Bourque and David.S. Palmer, "Transforming the Rural Sector: Government Policy and Peasant Response" in/n. 21, Ch. II, p. 179.  
Lowenthal,

new law in the following words: "The elimination of traditional system of excessively large and small holdings and the concomitant promotion of small and medium size commercially viable holdings, and group operations for large units where economies of scale would suffer from subdivision".<sup>5</sup> In line with this policy, Article 3 of the law set out the objectives of the reform as follows:<sup>6</sup> (a) to regulate the right of the land ownership, (b) to guarantee communal ownership, (c) to promote cooperative mode of production, (d) to standardise rural labour conditions and social security and (e) to regulate and extend rural credit and extension facilities. In other words, the major aim was to keep intact the production and productivities while reorganising the rural sector. It is for this reason that the new law favoured cooperativisation.

At the outset, it is necessary to shed light on the legal provisions of the military law as they set the legal framework within which actual implementation took place. In this respect, the main focus will be on three aspects of the law viz. exemption limit, mode of

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5. USAID, Peru, Preliminary Analysis, Agrarian Reform Law no. 17716 (Lima, 1969), p. x.

6. See United Nations, n. 2, Ch. I, p. 113.

compensation and adjudication (expropriation and distribution). For, these factors determine the area to be affected, number of beneficiaries, financial cost of the programme as well as the speed and effectiveness of the reform programme.

The 1969 law clearly specified the area to be <sup>affected</sup> through its provisions concerning exemption limits in an unambiguous manner. Coastal sugar estates were not exempted and, in fact, they were the first to bear the brunt of the new law. According to the law, the legal minimum for exemption varied with regions and type of exploitation as illustrated in the table below.<sup>3</sup>

Table 1  
Basic Exemptions Specified by Law 17716

Region	Type of Exploitation	Basic Exemption (Hectares)
Coast	a) Irrigated & Cultivated	150
	b) Dry Farm Land	300
	c) Natural Pastures	1500
Mountains	a) Irrigated & Cultivated	15-55
	b) Dry Farm Land	30-110
	c) Natural Pastures	Sufficient to keep 5000 sheep heads

7. The Coastal estates were completely exempted by the 1964 law through Article 25 concerned with agricultural corporations and Articles 38, 39 and 43 concerned with the lands of the industrial processing companies. But they were immediately affected by the new law 17776 ~~1776~~ by virtue of its Articles 37 and 40.

contd../

This dual criteria for exemption was inevitable in view of the different crop pattern and production organisation involved in the agrarian structures of the sierra and coast. However, the basic exemption limit was denied, if (a) the land was contiguous to an Indian community which claimed or needed land (Article 127), (b) the landowner was not complying with the labour laws (Article 45), and, (c) there was a need to provide feudatarios with land to complement their subsistence plots (Articles 17 & 18).

These provisions, by their very nature, could mostly be applied in the sierra where traditional mode of cultivation and agrarian relations prevailed. Nevertheless, the law provided for the enhancement of the basic exemption limit from 150 hectares to 200 hectares in the coast and its equivalent in sierra so as to encourage medium commercial farms and wage-labour system.

The effectiveness of the legal provisions over exemption, however, was diluted by the Article<sup>8</sup> of the law as it allowed parcelisation on private initiative but within the legally and socially defined limits. That is, at least half of the estate (above expropriable limit) should be divided into farms not smaller than

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8. See Gitlitz, n. 39, Ch. II, p. 458.

three family farm units (9 or 10.5 hectares), the remaining can be kept intact provided if it is below the expropriable limit. This provision was aimed at generating a flow of capital for industrialisation (Article 181). Following the workers opposition, particularly in Huando and Cañete valley, the article concerning the private parcelisation was subsequently modified by the Decree No. 18003 of 25 November 1969.<sup>9</sup> It established that each permanent worker of the estate in question should be assigned a family farm and then parcels of 2 to 15 family farm units and one larger parcel (not exceeding the legal minimum) can be formed. To penalise those landowners who attempted eviction of workers and tenants with a hope to evade the above provision, the Decree law 18168 was passed. It set the penalty rate as 50 per cent of the value of the expropriated estate. Moreover, by 1970, to avoid fictitious subdivisions, subdivision among family members were strictly forbidden.

Although the Decree law 17716 was also a law for purchasing and selling-out lands on a long-term basis, the methods of determining compensation and payment were considerably rationalised and categorically

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9. This Decree later became Article 109 of the Unified text of the law 17716.

specified. The law established that prompt compensation should be paid fully in immediate cash for all installations as well as cattles and for the land expropriated partly in cash and partly in bonds redeemable over a period of 20-30 years. But, the value of land was simply determined by the declared value for tax purposes not by the ambiguous concepts like the "potential productivity" as was the case of the 1964 law. In the process, the landowners were caught into their own trap of "self-evaluation for tax purpose". Nevertheless, it was subsequently relaxed through the Decree No. 20544 of 1974 which enabled the landowners to appeal in the Land Reform Tribunal, in case they were not satisfied by the initial evaluation. Article 177 provided for proportionate higher compensation in case of expropriation of small and medium properties below the legal  
<sup>10</sup>  
 minimum.

Eventhough the agrarian bonds were non-negotiable, the law provided for the redemption of such bonds at their full value if a land owners met certain requirements. That is, when a landowner supplied 50 per cent of the capital to a duly qualified industrial under

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10. See Ramon Zaldivar, "Agrarian Reform and Military Reformism in Peru" in David Lehman ed., Agrarian Reform and Agrarian Reformism; Studies of Peru, Chile, China and India. (London, 1974), p. 45.

taking the Agricultural Development Bank will redeem his bonds on their face value to supply the remaining 50 per cent of the capital.<sup>11</sup> For this purpose as well as making the immediate payment to installations and cattles, the government needed adequate finance. In view of this felt need, the military government passed a decree law by the end of 1970 which authorised the issue of 8 million pesos worth of 10 year bonds carrying 3 per cent interest to finance the agrarian reform operation.<sup>12</sup> But, in the long-run the reform beneficiaries were expected to bear the financial cost of the programme through their annual instalments.

The adjudication procedure was simplified and less complicated that enhanced the speedy implementation of the programme. According to the law there were three steps in the adjudication process. First, the area should be declared as the agrarian reform zone. Then, land within that region subjected to affectation (affectacion) which is defined by the law as "a restriction on the right of the rural property imposed expressly and specifically for agrarian reform purposes,

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11. Although unspecified by the law, 'duly qualified' enterprise was meant in practice those accepted by the Industrial Bank or State Development Bank. Certain agro-based industries are also under this category.

12. United Nations, Economic Survey of Latin America - 1970. (New York, 1972), p. 239.

being applicable to all or any part of the holding; for its expropriation by the state and subsequent transfer to peasants duly qualified under the law".<sup>13</sup> Once affectation is confirmed legally, then the government immediately assumed the management and administrative responsibilities of the property. Landowners will then be given prescribed compensation for their assets and lands. And the final step was the actual adjudication which alone will determine the persons to be benefited and the future tenure to be created. So far as the tenure system was concerned, the new reform programme generally favoured cooperative types of ownership. But individual adjudications, particularly to the feudatarios, were not uncommon. Whatever the form of adjudication, the beneficiaries thereof should agree to pay annual instalments to the former landowners through the government.

In addition to the reform law 17716 and its various subsequent amendments, other legislative measures streamlined the effectiveness of the original law and its implementation. The most important among them was the Decree No. 17752 which amended the antique water code of 1902. The new water code declared water as a

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13. Original text quoted in Gitlitz, n. 39, Ch. II, p. 458.



national resource and established a new body to determine the planning and management of water. Also, there were many other legislations and amendments which emerged out of the actual implementation process essentially to accommodate pressures from reform-groups as well as to suit local conditions and requirements. For instance the Decree No. 19977 of 1973 was promulgated to abolish sharecropping, leasing and other indirect cultivations. The said law also provided for the adjudication of all lands under such arrangements to persons who cultivated directly. To consolidate and develop the small and medium farms cultivated directly by the owners and which were under wage-labour system, a separate law 19973 was passed. This law not only assured their immunity from expropriation but also established various incentives for their development.

Turning to the administrative apparatus, the new law inherited a vast administrative set-up built ever since the 1950s. Although the organisational set-up had the experience of implementing a land reform programme of the early 60s, the same old problem of inadequate staffing with irrational distribution over regions continued to prevail. Moreover, lack of liaison between planning and implementing agencies with financial

constraints characterised the administrative structure when the reform law 17716 was passed. This inadequate administration staffed with officials having counter-reform tendencies could not assure the achievement of the ambitious target of expropriating 1,470,309 hectares with 63,320 adjudications and hence an earlier FAO mission seriously emphasised the urgency to revitalise the administrative structure and more importantly, the adjudication procedure.<sup>14</sup> Recognising this, the military attempted a reorganisation of the old CNRA and SIPA and created Direccion de Reforma Agraria (DRA) and Direccion de Promocion Agraria Y Ondecoop - (DPAO). Massive infusion of personnel as well as reshuffling of higher officials also occurred.<sup>15</sup> Above all, starting from the highest executive body to the local units, every crucial post was staffed by military officials with a view to see the proper and strict implementation of the programme. So as to impart technical training to the personnel involved in the implementation of the reform and the reform beneficiaries as well as to provide policy suggestions, the organic law of the agrarian sector (Decree No. 19608 of 1972) provided for the establishment of the National Centre for Training and Research

14. See Petras and Laporte, n. 46, Ch. II, p. 107.

15. See Bourque and Palmer, n. 4, Ch. III, p. 202.

in Agrarian Reform (CENCIRA). So as to speed the adjudication procedure the reform law established the Agrarian Tribunal. This Tribunal, specially entrusted with the task of resolving all legal conflicts and disputes, also provided free legal assistance to the peasants. Beyond this, new structures have also to be created to administer and direct cooperative organisations like Cooperativas Agrarias de Produccion (CAP) and (SAIS) Sociedades Agricolas de Interes Social (SAIS) as well as to unify them into a cohesive system, Regional planning cooperatives such as the Integral Rural Settlement Projects (PIARs) and Integral Development Projects (PIDs) were also created which added yet another problem to the administrative machinery. More importantly, co-ordination between the various constituents of the overall administrative set-up was also necessary. The efforts of the military government in this direction as well as in bringing a liaison between the implementing agencies and reform beneficiaries, are discussed in the subsequent section.

Actual Process of Reform and the Emerging  
Tenurial Pattern

Notwithstanding the far-reaching nature of the junta's reform programme and its commitment to change the present agrarian structure, many Peruvians, in view of the actual application of the 1964 law, thought that the military's agrarian programme may not be applied seriously. For instance, the coastal oligarchies hoped that the sugar estates and the agro-industrial complexes thereof would be exempted because of their high productivity and efficient operation which the new law more often emphasised. With much to the surprise of many, the new law, unlike the former one, attacked first the coastal structure where foreign influence was more. Within fortyeight hours of the promulgation of the reform law, 8 largest sugar estates accounting for 59 per cent of the national area under sugar, were affected. In fact, in the first two years of the reform government concentrated most of its effort in reforming the coast, although some profitable estates in the Sierra were also affected initially. This geographical focus

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16. The share owned by foreign private interests in some of the expropriated sugar enterprises was as follows: Cartavio (99.99%), Paramonga (99.85%), Nepeña (96.21%), Casa Grande (73.51%), Tuman (60.81%) and Laredo (49.67%). See United Nations, no. 2, Ch. I, p. 113.

of the reform is one among the many fundamental departures with the past.

The immediate affectation of the coast had favourable impact at the implementational level by providing a pro-reform political climate. The sudden affectation in relatively non-bargaining political climate, did not leave time for the opposition to solidify and effectively oppose except the newspaper propaganda regarding the danger of the proposed land reform and of its uncertain nature. Added to the nationalisation of the US owned International Petroleum Company (IPC), the elimination of foreign enclaves out of the sugar zone proved to be a highly nationalistic measure. Under these circumstances, the military could elicit support from the workers, peasants, leftists and other progressive forces. Interestingly, it is reported that the FLN as well as the members of the APRA affiliated unions worked feverishly for the reform implementation.<sup>17</sup> However, owing to internal and external pressures, the military government could not touch the sugar refineries and processing establishments. But later these agro-industrial complexes were taken over by the Government because of the indivisibility.

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17. See Zaldivar, n. 10, Ch. III, pp. 20-21.

(A) Co-operativisation of the Sugar Complexes and other Tenurial Changes in the Coast

To take advantage of the economies of scale and to maintain production and productivity, land reform policy in the coast favoured cooperative type of organisation. After an initial controversy over the particular type of cooperative (ie., whether SAIS or CAP) to be adopted, the coastal sugar complexes were finally transformed into CAPs which were governed by the Regulation of the Agrarian Cooperatives which was published subsequently. This CAP type of Co-operative concept was not only applied in the coast but also in certain parts of sierra where profitable estates existed without any adjoining communities or in certain instances even with community members.

According to the Regulation of the Agrarian Cooperatives (Reglamento de cooperativas Agrarias), under the CAP arrangement all land and capital assets therein should not be split but collectively owned by the permanent workers and technicians of the transformed estates. However, members, particularly the workers, could cultivate individual plots or pasture their livestock as they existed before the current reform. The cooperative funds should be used for making the annual instalments to the landowners through the government

and investments for the developmental activities within the CAP. The remaining will be distributed among the workers and technicians alongwith their salaries. This form of arrangement ensured not only the maintenance of production and productivity but also prompt payment to reimburse the land reform debt.

The process of transforming the coastal estates into CAPs after its adjudication was as follows: The first experiments were carried out in Tuman, Cayalti and Laredo by June 1970. In these cases as well as others affected alongwith them, government sent Interventores who were appointed by the government. At this stage organising committees were formed which consisted of technicians and workers. While these committees were in force, the government sent special temporary administrative committees to the affected estates. The latter committees were made up of delegates from various public organisations and institutions involved in the reform programme. With the help of these committees and university students committees, the National Office for Cooperative Development (ONDESCOOP) tried imparting a speedy programme of cooperative training. The Agrarian Reform control System (Sistema de Conduccion de la Reforma Agraria), also took shape during this period.

This body consisted of persons from military intelligence, was used to have an ideological control over the reform process which plainly meant the simple policy of detecting the saboteurs and radicals and creating new apolitical leaders.<sup>18</sup> In this process, not only the military could gradually develop and perfect new administrative structure within and between the CAPs, but also could develop the modus-vivendi with young Apristas and other progressive groups.

Government worked out its policy for other complexes like Paramonga, Cartavio and Casa Grande (affected in September 1970) on the basis of its experiences from the first three experiments. By the end of 1970, there developed a three layer system of authority in each CAP created by that time; (i) the control system staffed by persons from military intelligence service, (ii) the control committees (Comites de Vigilancia) made up of technical and managerial staff, and, (iii) an Administrative Council elected by the assembly.

Out of these three layers workers could have influence only in the administrative council but that is not having any executive capacity. Again, in most cases, the military appointed most of the members of these administrative councils. As for instance, out of

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18. Ibid., pp. 34-35.



the 720 delegates of the 6 transformed estates, only 275 were actually elected by the general body (consisting of workers and technicians) and the remaining were appointed by the government out of the workers themselves.<sup>19</sup>

At the top of all administrative changes introduced, changes were also initiated at the highest decision-making mechanism with respect to CAPs. The executive secretariat of the Agrarian Reform Office which controlled the CAPs so far through its governance of the control system of each CAP, was replaced by the Central Organization of Sugar Cooperatives of Peru (CECOAAP). According to the new arrangement, each CAP will send representatives (so far 12 CAPs are under CECOAAP) to CECOAAP. This superimposition of a new structure, despite the characteristic institutional fluidity of the Peruvian Agrarian Reform policy, was deemed necessary in giving a general direction to the CAPs and also to provide specialised economic information and advisory assistance in utilising financial resources and in setting joint-cooperatives in Amazon. By December 1970, the control system was also replaced by the Advisory and control system for Agricultural Production (Sistema de Asesoramiento y fiscalización de Co-operativas Agrarias de

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19. Ibid., p. 35.

Produccion). This body placed military representatives not only in the CAPs but also in the SAISs created in the Sierra. At the departmental level, the body consisted of a departmental head of the ONDECOOP and the chief of the local police under the head of a senior military officer. However, this new control system was passed under the control of National System to support social mobilisation (SINAMOS) in mid March 1972.

Although, the workers caught up by the revolutionary image of the programme in the initial period, they could clearly perceive the new mode and their role in the new setting after 2 years when the CAPs structure acquired its full shape. They had no say in the decision making process and more so, saw the curtailment of their rights as the usual trade union activities were prohibited through the tacit ban on strikes. If at all they wanted to have influence they should go for the workers' league created by the government. But that is a multi-class body consisting of technicians and workers headed by an appointee of the government. That apart, questions like wage rise and bonus were determined outside the CAP in the new structure. ONDECOOP, the highest decision making body, was to decide such aspects on an individual basis. Initially, the whole amount of profit could not be distributed outrightly as annual instalments over

the agrarian debt, investments on plants and social amenities have to be provided for. It means that the demand of the workers could not be met with immediately. These factors, notwithstanding the ban on strike, led to series of incidents in Tuman, Cayalti and Paramonga. The last case was so serious as the military had to resort to arrests a lot of workers in May 1971.<sup>20</sup>

Forced by this situation the government subsequently authorised a wage rise of 4 soles a day, a trivial increase, in the face of inflation and more so, in the context of wage rise for the higher income groups. That is to say, the authorised wage rise was inversely related with the different income slabs.<sup>21</sup> But it could not be ignored that the condition of the permanent workers after the transformation was comparatively better than that of the temporary workers and other rural sections of the coast untouched by the CAP's structure).

(B) Tenurial Changes in the Sierra

Although some Sierran estates were also affected immediately along with the coast, only after 2 years the main focus of the programme could be seen in this region. The initially affected estates of the Sierra were modern cattle and sheep ranches particularly those

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20. Idem.

21. Ibid., pp. 34-35.

in Junin and around lake Titica. They were adjudicated into SAIS which is yet another cooperative form mooted essentially to suit the Sierran agrarian structure. This organisation, unlike the CAP, not only governed by the Regulations of Agrarian Cooperatives but also by the Peruvian Code for civil societies which concerned with the regulation of capitalistic societies. This is clearly specified by Articles 142-55 of the Reglamento de Cooperativas Agrarias. Consequently, it is a hybrid conception of fulfilled cooperatives and limited companies.<sup>22</sup>

After formal adjudication, the affected estates were sold to the SAIS members on condition of remitting payment over 20-30 years. The organisation of SAIS is as follows: The former permanent workers (colonos) formed a service cooperative to work the former hacienda land. But they could retain the independent cultivation of their small plots. Alongwith these worker members, each adjoining communities entered as a single member into the SAIS, (in certain cases there were no community members). They were selected by such criterion like geographical proximity, possession of the community land by the hacienda or vice versa, similarity of activities, communities' need for land etc.<sup>23</sup> The members were not

22. Ibid., p. 48.

23. United Nations, n. 2, Ch. I, p. 115.

individual members but an association of workers and the litigating communities. Although non-working members were allowed, in practice only working members and communities were admitted. Each member received a proportion of profit determined by the government and should correspondingly bear a share of the agrarian debt. The financial benefits received by the communities could not be distributed but should only be utilised for investments in community development programmes.<sup>24</sup>

SAIS, which represented a compromise between parceling the estate between various claimants and a pure cooperative, has specially been devised to tackle the problem of disputes over land between the stock-raising haciendas and the neighbouring communities. It differs from CAP in that while SAIS has community members CAP has not. It is precisely for this reason that the 16 SAISs created in Puno were later changed into CAPs as they had no community members.<sup>25</sup>

The SAIS Tupac Amaru which is created out of the former Cerro de Pasco Corporation is typical. This 5,40,000 acre estate with 1,75,000 sheep along with 4,000 steers was transformed into SAIS by 1970.<sup>26</sup>

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24. Idem.

25. Zaldívar, n. 10, Ch. III.

26. Cerro de Pasco was expropriated by the Military before the law 17716 by virtue of the 1964 law's provision. See Jonathan Kandell, "Peru's Reform an Uneven Success", The New York Times (New York)

Subsequently, a service cooperative was formed by the 327 former permanent workers and 16 adjoining communities with 3000 families also became partners. While members of the service cooperative alone worked the estate, the communities received 5.82 per cent of the distributable income. The 216 million soles owing in payment to the former land owner as well as to the government which paid in cash for cattle and sheep have to be paid by the members of this SAIS.<sup>27</sup>

Including SAIS in Tupac Amaru and several others in Puno, it is estimated that already by 1972, more than a million hectares (about 5 per cent of the total agricultural land in Peru) was under this type of cooperative organisation.<sup>28</sup> Out of the 497 cooperatives created after 1973 nearly 222 were SAISs and most of them were in Sierra.<sup>29</sup>

Regarding the administration and decision making in each SAIS, members sent two delegates to the assembly which elected an administrative council and a board of control (consejo de vigilancia). After 1970, military representatives were also placed in SAISs which had greater freedom in the decision making process in the

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27. Zaldivar, n. 10, Ch. II, p. 49. \$1 43 Soles.

28. Ibid., p. 50.

29. Harding, n. 21, Ch. II, p. 248.

initial period. Still then, SAISs enjoyed much independence than the CAPs.

Among the many breaks with the past, the law 17716 aimed at rationalising and modernising the communal structure. For this purpose Supreme Decree No. 37-70A was passed on 17 February 1970. According to the Article 5 of the Statute on Peasant Communities, Cooperative concept was extended to the 2337 recognised communities with more than 390,000 families.<sup>30</sup> This statute born out of the above decree disregarded altogether the traditional communal structures like ayllu and varayoh. In an attempt to transcend capitalism by fomenting cooperation, the law established that the communities should be transformed into cooperatives and must therefore be managed by the Administrative Board and Control Board elected by the general body of each community. Elected posts were reserved for those who could read and write Spanish.

In this attempt, government tried to purge out the communities by establishing qualifications for membership which were elaborated under Title IV of the Statute. For instance, Article 23 established that to be a member of the proposed cooperative in the community, an individual has to be a permanent resident of the community,

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30. CENCIRA, Quoted in Bourque and Palmer, n. 4, Ch. III, p. 189.

his main income should be derived from agriculture and his income from outside the community should not be more than that from within etc. These provisions unleashed a series of conflict between the community members and those members who were petty traders and professionals as well as university students. To avoid these untoward trends, by November 1970, the Government compromised by establishing that members could earn outside income equal to that of a family farm ie.,  
<sup>31</sup>  
between 30,000 and 50,000 soles.

The cooperativisation attempt of the government in the communities, was primarily impelled by the intention of the government to solve the minifundia problem which was so serious in the Indian communities. Government had also to face serious problems in the implementation of the provision. Thus, the intention finally turned out to be nothing but to modernise agriculture in the communities through the concentration of production on communal pastures (Article 102) or where land is already divided through the consolidation of private properties.

The latest reform law also provided for the conversion of feudatarios (paying service rent), sharecroppers (paying rent in kind) and cash tenants into

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31. Zaldivar, n. 10, Ch. III, p. 53.



owners of their holdings provided that the parcels are smaller than 15 hectares in the coast and 30 hectares in sierra.<sup>32</sup> In view of the normal delay involved in the process of adjudication and the possibility of eviction in the meantime by the landowners so as to evade the provision, Article 188 authorised the registration of the feudatarios and others by the land reform agency. This provision is strategic as no feudatarios could be evicted once they were registered.

Although this provision appears to be a simple borrowing from the 1964 law, the intention of the 1969 law was more genuine and firm and applied on a national scale unlike in the past. The determination of the military government in this context was further confirmed when the decree law 19977 of 1973 was passed which abolished all type of indirect cultivation. Consequently, the impact of this provision has been widespread and affected large number of tenants of all types.

The provision of converting the feudatarios into owners of their plot (with the condition of paying for the land received through instalments) affected two types of groups in the rural class syndrome.<sup>33</sup> First, it positively affected the feudatarios and other form of tenants as they received land for themselves. Yet

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33. Ibid., p. 45.

another effect on the same group was that since the law warranted that a peasant should earn his livelihood only from one plot, no peasant can rent a plot while owning one. It is reported that beneficiaries were satisfied by this provision. Second, the traditional absentee landlords who exploited the haciendas only through the service tenants (colonos) without any capital investment were negatively affected as they lost their land but with compensation in cash and bonds.

Reaction to this provision from both the landlords and peasants varied considerably in relation to the manipulating capacity of the landowner and the status of peasant mobilisation. While the landowners of Ponabomba, Huamachuco and Huari simply abandoned their land and waited for compensation, in many cases it is reported that landlords slaughtered the cattle and sheep or destroyed the crop thereby contributing to the meat and food crisis in the cities around 1970.<sup>34</sup> In certain other instances, a double process of subdivision and modernisation was going on. The most glaring example in this context is the hacienda Andahuaylas. Peasant response also evinced considerable variation. In most cases, peasants awaited quietly hoping that the government will

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34. Ibid., p. 46.

adjudicate the land. But in other instances, such as Pomacocha and Cajamarca de Huanmanga, the frustrated peasants carried out their own reform. Although the government attempted cooperativisation, individual adjudication was predominant under this provision.

Even after the adjudication of expropriated land into cooperatives and the conversion of feudatarios into owners, there existed vast area of land which could not be expropriated if the legal minimum exemption was to be respected. It included not only those holding below the legal minimum but also those legally evaded through the reactionary provision of private parcelisation. Moreover, the delayed implementation of the law in the Sierra provided enough time for the landowners to decapitalise their land and hence they awaited expropriation in less disadvantageous condition. While the best lands were parcelled among the family and relatives circle, the worst lands were left for expropriation.

Parcelisation process, in any case, was not new in the Peruvian rural side. But what was new was that the process was speeded up with certain modifications under the conditions governing parcelisation. While the former law allowed parcelisation with the simple

condition that the parcels should not be less than family sized farms, the new law provided for larger parcels.

Response to the Reform Law and the  
Subsequent Modifications

Parcelisation, besides reducing the potential area for expropriation, progenerated a process of proletarianisation by which tenants and permanent workers were turned into landless casual workers. In Cañete valley alone 2000 permanent workers representing 40 per cent of all wage labourers of this region fell victim of the provision of parcelisation.<sup>36</sup> This process engendered social tension which manifested in the form of violent demonstrations and strikes in this valley. Having known the tenacity of the workers, by November 1970 the Government appointed a Commission to go into the parcelisation question in Cañete valley. Late in 1971, all parcelisations in this region were annulled and subsequently, the provision on parcelisation was modified to provide for the assignment of family units to all permanent workers. It was also legislated to punish those landowners who evicted the permanent workers.

It was stated that the group of small and medium farmers has been the favourite class which the military wanted to develop and strengthen through various legal

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36. Ibid., Zaldivar, Quoted in Harding, n.21, Ch. II, p. 238.

provisions. But in reality, this group with non-expropriable properties has also been controlled through various compulsory legal provisions which seriously curtailed it. As for instance, the Decree 18296 passed on 26 May 1970 warranted that workers (permanent) must receive 50 per cent of the profit and 20 per cent of the net income. It means in effect that the workers have been made 50 per cent owner of the land. Above all, the legal minimum can be denied by virtue of Articles 17, 19, 46 and 127 as it has been noted already. Moreover, so as to prevent the landowners in inflating the cost in their attempt to reduce the share of the workers, the Supreme Decree No. 264-70-AG of 18 August 1970 fixed the salaries of the managers ranging between 6,500 and 12,500 soles.<sup>3 6</sup> By 1972, such favourable provisions as parcelisation was legally prohibited.

Because of these pro-workers measures which in a way were considered as threatening the private ownership in agriculture, landowners opposed the application of these provisions. Sir Pedro Beltran, the former land and newspaper owner and the one time Chairman of the Commission on Agrarian reform and Housing in the 1950s, started a campaign to protect the interests of the

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36. Zaldivar, n. 10, Ch. III, p. 51.

small and medium farmers of Peru. Due to the mounting pressure, the government was forced to guarantee the existence of medium farms by passing the Decree No.20120 in August 1973 and again in September 1973 by passing another Decree No. 20136. Subsequently, the Decree No. 20554 of 1974 was also passed to give the landowners to appeal in the Agrarian Tribunal against expropriation or the amount of compensation.

While strikes and demonstration of the permanent workers within the transformed sugar estates dominated the coast, violent invasions of landless peasants and temporary workers characterised certain parts of Sierra. This was inevitable due to the nature of the reform process which benefited only the permanent workers or colonos and at the same time excluded a large number of temporary workers and peasants. The most outstanding instance is that of Andahuaylas where the ultra-leftist organisation Vanguardia Revolucionaria organised the invasion of 50,000 hectares involving 20,000 peasants. In this largest invasion ever occurred after 1968, 20 peasants were killed by the government's effort to quell the rebellion.<sup>37</sup> Added to this, by September 1972

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37. Jane Monahan, "Peru's Peasants Turns Land Reform into a Crusade", The Times (London), 26 June 1976.

the Federation of Peruvian Peasants (FEDECAP) began a new wave of invasions in Piura and by mid-1973, 80 invasions<sup>o</sup> were reported. Land invasions and general strikes also occurred on a significant scale in Chancay valley, in Puno and especially in Cajamarca and Andahuaylas.<sup>38</sup>

Due to these rural tensions and the government's fear that the situation may go out of hand, new policies were vigorously formulated to incorporate the hitherto neglected sections of the rural society. The result was the adoption of PAIR and PID on a national scale. The PAIR was actually started by 1971 and experimented in the pilot schemes of Baja Piura as well as Pampa de Anta where large land invasions occurred earlier. But after 1973, thanks to the peasants' pressure, government speeded up its plan to create regional central co-operatives like PAIR and PID. As a result, from 1971 onwards, the rate of increase of CAPS was declining and the new mode was adopted on a national scale. Accordingly, expropriated lands were assigned within the framework of PAIR.

PAIR is a basic unit of physical and agro-economic planning and also for the organisation of agricultural activities according to a sound plan designed for the concrete needs of the reform beneficiaries.<sup>39</sup> PAIR, conse-

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38. Harding, n. 21, Ch. II, pp. 245-46.

39. United Nations, n. 2, Ch. I, p. 115.

quently, entailed different type of agricultural enterprises within a given homogenous geographical region. The logic behind this set-up was to permit more efficient utilisation of resources, more equitable distribution of future surplus and to reduce the differential productivity of labour.<sup>40</sup>

Although the intention was to transform the whole area into a cooperative, the PAIR is not an enterprise but an area of coordinated action within the reformed sector. Since it is a grandiose project, it required a vast administrative apparatus to implement the intended programme.

The cases of Bajo Piura and Pampa de Anta will provide insight into the organisation of PAIR. It was created out of 66 estates with 44,000 hectares.<sup>41</sup> It also covered 3 of the few large communities which survived on the coast with more than 10,000 families.<sup>42</sup> The Sectoral Planning Office for Agriculture (OSPA) designed a vast co-operative structure directed by an administrative committee elected by the assembly of 338 delegates. This PAIR Bajo Piura has 4 management branches, 7 local administrations and 66 enterprises.<sup>43</sup> The PAIR Pampa de Anta in Cuzco was created out of 38 communities and 44 modernised haciendas

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40. Some official source quoted in Bourque and Palmer, n. 4, Ch. III, p. 188.

41. Harding, n. 21, Ch. II, pp. 245-46.

42. Zaldívar, n. 10, Ch. III, p. 53. The three communities involved were Castilla, Secluna and Catacaos.

43. Ibid., p. 54.



with 5100 peasant families covering 36,000 hectares. Along with Bajo Piura and Pampa de Anta where first experiments were carried out, by 1973 April 52 PAIRs were in existence made up of 468 enterprises. Fifty three more were also planned for 1974 and most of them were in sierra where the reform programme was then concentrated.<sup>44</sup>

The PIDs were intended to encompass all enterprises, agricultural as well as industrial, within a given geographic region. These projects, more importantly, aimed at giving the temporary workers the same rights and income as permanent ones and served to redistribute profits from successful cooperatives to less successful ones. For to accomplish these tasks, it was legally established that a certain portion of the surplus generated by the enterprises should be pooled in the PID's central clearance house for distribution to members on the basis of productivity<sup>45</sup> and social welfare criteria.

The rural unions saw these projects as merely an extension of the structure of SAISs and CAPs and hence their response was not as expected. However, the beneficiaries of SAISs and CAPs welcomed this step as they were relieved of their fear that their share will be reduced by the inclusion of temporary workers and peasants into the

44. Idem.

45. Harding, n. 21, Ch. II, p. 248.

cooperatives. But the National Agrarian Society (SNA), the traditional voice of the oligarchies, opposed the new programme vehemently as they viewed it as yet another entrenchment of the private properties which existed in a precarious conditions. The same military which conceded formerly to the pressures of the landowners abolished the SNA immediately. More importantly, the peasants with small plots (the feudatarios benefited) were also reluctant to support the new proposal as they did not want to give their plot for low wages. In spite of all these problems, the government expanded the programmes vigorously than ever till 1975.

Peasants and workers mobilisation and participation reform programme as it determines the extent of implementation as well as effectiveness of the programme. Although during the earlier period of the programme, the military did not consider this aspect seriously, later the incidence of land invasions and workers strike forced the government to formulate a concrete policy in this direction. In fact, the initial revolutionary image of the programme and the widespread enthusiasm it aroused, to some extent, discounted the need for a more active policy for mobilisation.

Nevertheless, the earlier Committees for Defence of Revolution did attempt at mobilisation. But these committees, organised independently of the Ministry of Agriculture and concentrated mostly in urban and coastal areas were ineffective. For, they were mostly utilised for the political aim of purging out the radicals which created an aversion for this programme. Consequently, even the workers who strongly supported the reform, were not welded into a cohesive political force to support the radical land reform programme. Besides this, the military in its effort to muster widespread support, also tried radio programmes as well as other propaganda mechanisms both in Spanish and in quechua. Cooperative training programmes were also carried out. Moreover, Agrarian Leagues (Ligas Agrarias) were also created particularly in the transformed CAPs of the coast as an alternative to the trade unions. Since technicians and executives were also allowed in these leagues, workers participation in them was not as expected.

If this has been the condition in the coast, it is needless to say about that of sierra where effective communication was lacking due to the geographical distance and language problems. This has been true till the end of 1970. But, ever since the SINAMOS was decreed by June 1971

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46. Gitlitz, n. 39, Ch. II, p. 461.

it is obvious that the military seriously tried at peasant mobilisation in its effort to offset the partisan politics and to incorporate the reform beneficiaries. Although SINAMOS was decreed in 1971, the implementation was delayed till April 1972, because of the strong differences among the military factions and civilian technocrats over the specific role it has to play.<sup>47</sup> It is an institutional expression of the government's intention to stimulate and control peasant's participation and thereby undercut the influence of political parties and rural Unions. In line with this, it has been given the responsibility of stimulating, channeling and coordinating all initiatives related with citizen's participation and of incorporating the pre-existing governmental agencies involved directly or indirectly in the process of land reform. More specifically, it was aimed to be the 'transmission belt' for citizen's concerns and as an alternative to both the ministerial bureaucracy and the political parties with their affiliated trade unions.<sup>48</sup>

As regards its organisation, it is directly under the control of the Council of Ministers through a sitting director in that council with voice but not vote. At Zonal

47. High Sinamos (Sistema Nacional de Apoyo a la Movilizacion Social) officials quoted in Bourque and Palmer, n. 4, Ch. III, p. 190.

48. Ibid., p. 190.

and provincial level there are local units called respectively as Zonal Office of Social Mobilisation (OZAM) and Regional Office of Social Mobilisation (ORAM). These units, however, have autonomy (but within the framework of general guidelines laid down by SINAMOS) to adopt policies and programmes to suit the local conditions. It could not be ignored that since SINAMOS concerned with general mobilisation of citizens, its role in the agrarian sector was somewhat circumscribed. Moreover, peasant could influence only the implementing agencies or the ministries at most, but could not influence the overall policies of the government as well as its implementation.

To fill this gap the Confederacion Agraria Nacional (CNA) was created on 9 May 1972 by virtue of the Decree No. 19400, just after the abolition of the class organisation of SNA and the withdrawal of legal recognition to rural unions. In the CNA all persons earned their livelihood from agriculture including the members of various cooperatives, small and medium owners, landless labourers etc., can become members. Hence, CNA is a multi-class body formed at the national level which permit the involvement of various sections of the agricultural sector in the formulation and implementation of national agrarian policies.

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49. See Ibid., pp. 186-88.

On the whole, the military's policy over peasant's participation had two dimensions. First, the CAPs, SAISS, PAIRs and PIDs were viewed as local units of peasants' as well as workers' participation. And the second policy dimension was the creation of a linkage between these various units and the national agricultural organisation viz. the CNA. Although the temporary workers and other landless persons were admitted into the CNA, their voice could not register any response as they were the minority. In this context even the worker members of SAISS and CAPs could not have much influence, since, the ultimate authority for the formulation of policies are outside the control of the local units.

#### Balance Sheet of Junta's Agrarian Reform

After having described the important aspects of the agrarian reform process initiated by the military by virtue of the law 17716, here it is attempted to furnish a final balance sheet of the reform programme till 1975. So as to highlight the speed and nature of the programme temporal as well as territorial analysis has been chosen, within the availability of quantitative data on these aspects.

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When the law was passed, one estimate placed that there were 7,00,000 qualified families. Geographical breakdown of this figure revealed that 5,00,000 families were in Sierra.<sup>50</sup> Benefiting this much of land-needing families was somewhat difficult in view of the nature of the reform programme with its primary thrust towards the cooperativisation that too of the permanent workers. Despite this inconsistency between the reform strategy and rural reality, the law 17716 initially envisioned to affect 24,822 farms encompassing 1,13,87,000 hectares and to benefit 2,42,088 families.<sup>51</sup>

However, at the end of 1970, 9,21,000 hectares of land and one million head of cattles were allocated to 51,560 individual farms and cooperatives.<sup>52</sup> The number of families settled on both expropriated and colonised lands during the period of 1969-72 can be seen summarised as:

Table 3.2

REFORM ACCOMPLISHMENTS DURING 1969-72

	1969-70	1971	1972
Area Expropriated ('000 hectares)	1527	783	916
Area Settled ('000 hectares)	310	958	982
Families Settled	22921	35704	28062

Source: IBRD, The Current Economic Position and Prospects of Peru (Washington, D.C., 1973), Table XIX, p.48.

50. US AID, n. 5, Ch. III, p. 140.

51. OSPAC Oficina Sectoral de Planificación Agraria, quoted in Bourque and Palmer, n.4, Ch. II, p.187.

The table 3.2 indicates strongly the acceleration of the process of reform. Land settlements have accelerated sharply in 1971 and 1972; more than doubling the area settled in all preceding years. During these two years the number of families settled in reformed areas also increased sharply by 50 per cent over those settled since the start of the programme in 1964. This sharp acceleration has been made possible by devoting more manpower resources of the Ministry of Agriculture.<sup>53</sup>

The redistribution and settlement of land occurred after 1969 has a special feature as in addition to individual entitlement, cooperatives of various types were also created. So as to shed light on this aspect, the institutional breakdown of the reformed sector for 1972 and 1973 can be summed up as in Table No. 3.3

From the table it goes without saying that the dominant trend is towards cooperativisation. Land redistribution was also followed by a vigorous policy of colonising public land. While all productive enterprises in the coast as well as in the Sierra were transformed into SAISS and CAPS, land from colonisation went largely to individual families. Individual allotments also

52. United Nations, n. 12, Ch. III, p. 239.

53. IBRD, The Current Economic Position and Prospects of Peru, (Washington, D.C., 1973), p. 49.



included land allotments to the feudatarios of their small plots as well as those of the members of SAISs and CAPs. CAPs were also created out of colonised lands and in such cases land per capita <sup>54</sup> increased between 1972 and 1973 as the families settled increased only marginally. On the whole, CAPs and SAISs accounted 27 per cent of Peru's agricultural land by 1973 which was targeted to 49 per cent by 1976.

Thus, by the end of 1973 3.6 million hectares have been actually allocated which included 34,300 hectares of state-owned land located in the future land settlement areas. <sup>55</sup> By this time, about 166,000 families were benefited under all tenural arrangements. <sup>56</sup>

As far as the reform process for 1974 is concerned, upto 31 March 1974, an area of 4,766,716 (against the target of 5.6 million hectares) hectares has been distributed or assigned to 2,02,384 campesino families under various tenurial arrangements. Of the total families benefited by then, 29,460 families (14.56 per cent) were allotted individual plots covering an area of 4,01,633 hectares (8.42 per cent). And the remaining 1,72,924 families (85.44 per cent) were

54. See IBRD, n. 18, Ch. II, Table 11, p. 30.

55. United Nations, Economic Survey of Latin America - 1973, (New York, 1975), p. 260.

56. See IBRD, n. 8, Ch. II, Table 2, p. 11.

Table 3.3

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Peru, Institutional Break-down of the  
Reformed Sector, 1973

	Individual Adjudications	CAPs	Communities	SAIGs	Total
<b>A. LAND REDISTRIBUTION</b>					
No. of Units	17000	334	83	29	17446
	(--)	(161)	(62)	(--)	(--)
No. of Hectares ('000)	124	1518	365	1549	3556
No. of Families ('000)	(124) 17	(124) 60	(362) 26	(--) 33	(2821) 136
	(16.6)	(55)	(20.7)	(-)	(106)
Hts. per Operational Unit	7	4540	4300	53300	(-)
	(-)	(-)	(-)	(-)	(-)
Hts. per Family	7	20	14	47	22
	(7.4)	(22.3)	(20.7)	(-)	(26.5)
<b>B. COLONISATION</b>					
No. of Units	11706	78	-	1	-
of	(-)	(70)	-	(-)	(-)
No./Hts. ('000)	256	60	-	27	-
	(307)	(57)	-	(-)	(209)
No. of Families	11706	2787	-	11 <sup>(a)</sup>	-
	(9052)	(2612)	-	(-)	(11674)
Hts. per Operational Unit	22	800	-	27000	-
	(-)	(-)	(-)	(-)	(-)
Hts. per Family	22	22	-	2500 <sup>(a)</sup>	-
	(22.3)	(14.1)	-	(-)	(20.5)

(-) Not available

(a) This is the initial group that will be expanded in future  
Figures in brackets are for 1972.

Sources: Compiled from United Nations, Economic Survey of Latin America - 1973, New York, 1975, Table 160, p. 260 & IBRD, n. Table 3.2, Appendix, Table 7.5, p. 209.

organised in 695 associative forms of tenure covering an area of 43,65,083 (91.58 per cent).<sup>57</sup> These figures besides showing the dynamism imparted to the implementation of the programme, indicate the predominant trend towards associative forms of ownership and production viz. CAPs and SAISS. Thus, by 1974, the reformed sector was made up of 800 large units, of which 630 were CAPs with an average of 3,600 hectares each, 130 communities with 3,600 hectares each and 46 SAISS with 48,000 hectares each. By comparison to this, all the unincorporated enterprises of the reformed sector worked out to be a total of only 1,27,000 hectares.<sup>58</sup>

For 1976, it was targeted to have 11,86,000 reform beneficiaries covering 1,77,22,000 hectares.<sup>59</sup> Of this targeted area to be affected, 1.8 million represented crop land. Despite the envisaged increase of the families to be benefited, land per capita was expected to increase from 33 hectares to 36 by 1976.<sup>60</sup> But this increase will come mainly from other types of land which included lands from colonisation, as further subdivision of crop land and pasture will be uneconomical.

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57. United Nations, n. 2, Ch. I, p. 116.

58. United Nations, Economic Survey of Latin America-1974, (New York, 1976), p. 317.

59. See IBRD, n. 18, Ch. II, Table 11, p. 30.

60. See Ibid., Appendix A, Table A.4, p. 5.

On the whole by 1976 half of the farm land in Peru was envisaged to be distributed to a third of the rural population.<sup>61</sup> The institutional break-up of the 1976 target is given in the following table.

Table 3.4  
ORGANISATIONAL GOALS ENVISIONED IN THE  
1976 TARGET

Type of Tenure	Percentage of Area	Percentage of Beneficiaries
Individual	4	18
Peasant Communities	15	17
SAISS	39	13
CAPS	42	52

Source: IBRD, Land Reform in Latin America, Bolivia, Chile, Mexico, Peru and Venezuela, World Bank Staff Working Paper No. 275, (Washington, D.C., 1978), Table 10, p. 29.

The government was not content with the redistribution of land alone. From the start, the military through various provisions and programmes followed an integral approach for the transformation of the agricultural sector.

61. By 1973, this process is half completed with approximately  $\frac{1}{2}$  of the country's farm land was distributed among  $\frac{1}{3}$  of the rural population. See Ibid., p.28.

A judicious policy of providing special training, technical and credit assistance and irrigational facilities were followed to assist the reformed sector and develop agriculture in general. The most outstanding policy measure in this regard, has been the establishment of Price Stabilisation Institute by December 1969 at the very outset of the reform programme, the main function of which was to stabilise and support the important agricultural products through its purchasing and selling-out of stocks. For instance, this institute obtained 10 million pesos during 1970 for purchasing stocks of rice (rice alone for ₱ 6 million), maize, beans and sorghum with a view to support their price levels. The institute also installed a storage capacity for 45,000 tonnes grains.<sup>62</sup> To avoid the scarcity of agricultural inputs, the law on agricultural development established fiscal incentives especially import tax exemption for agricultural inputs.

Alongwith the investments on colonisation, government spent substantial amount on irrigation as it is essential to counteract the limited land per capita. Under the agrarian reform policy special attention was taken to consolidate and expand those irrigational projects already in existence as well as to start new projects. By 1974, 3 projects either on-

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62. United Nations, n. 12, Ch. III, p. 239.

going or about to be completed, provided irrigation to 6,00,000 hectares and making thereby the total irrigated land at 12,00,000 hectares. Three more projects planned were also expected to add a quarter million to the irrigated area.<sup>63</sup>

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63. United Nations, n. 68, Ch. III, p. 312.

Chapter IV

AN EVALUATION OF THE MILITARY'S  
AGRARIAN REFORM PROGRAMME

## Chapter IV

### AN EVALUATION OF THE MILITARY'S AGRARIAN REFORM PROGRAMME

Having described in the foregoing chapter the different facets of the agrarian reforms which the military law initiated since 1968, an attempt is made in this chapter to evaluate the reforms against the junta's rationale and objectives, the impact that the programme made on the agrarian structure, production and productivity and on the distributional profile of the agrarian sector both in the short and long term perspectives. Since agrarian reforms generally produce perceptible changes in socio-political spheres, effort is made to study such changes that the reform brought about in Peru.

#### A Critique of the Objectives and the Institutional Innovations of the Reform

The major objective of the military junta was to initiate a process of capitalistic modernisation through autonomous industrialisation which <sup>it</sup> believed was possible in Peru. In this effort, the military conceived agrarian reform as an essential programme to facilitate the speedy and smooth transfer of the unutilised and under-utilised land-based capital to the industrial sector and help develop the emergence of market-oriented medium farmers



to underpin the process of indigenous industrialisation.<sup>1</sup> The military also envisaged the emergence of a social structure and a political system that would effectively undermine the traditional landed oligarchies and bolster the industrial bourgeoisie on whom the autonomous developmental modernisation was supposed to depend. Not surprisingly therefore, given the military's rationale and objectives which intrinsically demanded an agrarian reform strategy that gave the exclusive priority to the enhancement of productivity and sacrifice, if necessary, the issue of distributional and equitable economic justice. Naturally, the whole agrarian reform programme was formulated and implemented to generate the expected results. In this section an attempt is made to survey the operational aspects of the programme with their implications to the basic objective of the military which was accelerating the process of autonomous industrialisation.

At the outset, it should be said that the military's reform law, in many respects, was a refinement over the former one. For one thing, the military reform programme was devoid of cumbersome legislative complications

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1. See Marcel Niedergang, "Revolutionary Nationalism in Peru", Foreign Affairs (New York), vol. 49, No. 3, April 1971, p. 459.

and lengthy process of adjudication characteristic of a reform under a political bargaining system. Outright and wholesome exemption of properties from expropriation, as was the case earlier, was not allowed by the military which categorically specified the exemption limits on the basis of crop pattern, soil conditions etc. In short, it was, unlike the 1964 legislation, in the least arbitrary.

With a view to liquidate, to the extent possible, the latifundios the military reform law provided for parcelisation within the legally and socially defined limits.<sup>2</sup> Parcelisation did result in the dissolution of the latifundio structure and provided for the emergence of modernised medium farms thereupon. However, individually generated parcelisation, over a period of time, entailed eviction of permanent workers, reduction of labour requirements and deflation of the bargaining power of the workers. The then Minister for Agriculture, General Jorge Barrandiaran Pagador himself admitted that the "cases of massive dismissals of field workers creat[ed] a climate of social tensions".<sup>3</sup> But when the permanent workers

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2. These limits related to the size of parcels and wage system and assignment of family sized farms to permanent workers specified by the law.

3. Quoted in Harding, n.21, Ch. II, p. 239. Interestingly enough the same minister urged the landowners of Ica, Piura and other areas he visited, to take full advantage of the parcelisation provision.

protested, the military specified that the permanent workers should be assigned family-sized farms of 9-10 hectares each. It should be noted that even when the military relented, it relented more for political consideration of assuaging the feelings of the land-denied permanent workers than for reasons of any genuine commitment to the principle of economic equity. Again, the military took care to see that such parcelisations made way for family farms economically viable, keeping in view the productivity objective of the military. However, the productivity objective has been sacrificed for political considerations in the conversion of feudatarios into owners as well as making the SAIS members owners of their former colono plots.

While parcelisation and generous exemptions helped in creating medium and small farms capable of maintaining productivity as well as assuring an expanding domestic market, the compensation provision helped the smooth transfer of land-based capital into the industrial sector. For, the provision of immediate redemption of agrarian bonds if it is invested in industrial undertakings and the additional condition that the bonds should be matched by an equal amount of cash, facilitated the flow of both the bond and cash compensation into the industrial sector.

Although the cooperative arrangements were made to maintain productivity and viability, it was also devised to assure prompt payment towards compensation. The salutary element built into the compensation provision was the shifting of the financial burden on the beneficiaries themselves. Such an arrangement not only infused a sense of responsibility on the part of the peasantry and workers and thereby contributed to their better performance but also relieved the government from excessive financial burden in both the short and long run.

Decapitalisation was yet another process generated by the law. To be real, it dates back to the 1964 law and more importantly, it was the result of promising non-agricultural pursuits in the face of the economic crisis set on the coast due to the fluctuating sugar prices and increasing worker troubles. It is found that 44 major latifundistas of the coast now had substantial investments in Peruvian mutual stock funds, construction industry, transportation, mining etc.<sup>4</sup> In the Sierra too, decapitalisation was in its full swing thanks to the delayed application of the law and the traditional alliance between the landlords and the government administrators. Although decapitalisation is a positive process, provided

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4. Petras and Laporte, n. 46, Ch. II, p. 265.

the decapitalised amount went to productive pursuits, it however, resulted in the decline in productivity in the reformed sector especially in the crop producing areas.

The greatest merit of the military's reform law and its implementation was its operational flexibility. The military put pragmatism to take stock of the difference in the social mobilisations, tenurial system as well as new situations emerging out of the dynamics of actual implementation. Nevertheless the military never sacrificed its major objectives although at times they were compromised. Since there was a political commitment to modify the agrarian structure on a national scale, instead of the 'hacienda to hacienda' approach of the former law in the 'area approach' which was adopted under the law 17716, facilitated the planning of the reform programme at the regional level and enhanced the speed and scope of the reform.

Originally, the law and its scope were overextended in terms of the administrative apparatus the military inherited. To see the effective implementation of the law, the planning of structural programmes necessarily included planning in all its aspects. The FAO Mission which visited in 1970 at the instance of the military pointed out categorically that in addition to the lack of

personnel and their misutilisation there was a lack of training as well as coordination between various agencies<sup>5</sup> involved in the process of reform implementation. Along with the various administrative restructuring, the mission specified that training should be imparted to 5000 functionaries as well as 5000 campesino leaders<sup>6</sup> annually. Otherwise the Mission maintained that it would be difficult to realize the target of benefiting one lakh families that too, every year.

In line with these suggestions, the junta immediately after the promulgation of the law, reorganised the former ONRA and SIPA into DRA and DPAO respectively. However, DRA was nothing but the old ONRA but with some additional personnel. DPAO is a new agency which included a part of SIPA and the its other part was integrated with the Ministry of Agriculture in July, 1968. It should be noted that the total field personnel of DPAO was less than that employed by SIPA.<sup>7</sup> Apart from the infusion of many reform oriented personnel, reshuffling occurred at the highest echelon of the administrative structure. The military also established the National Centre for Training and Research in Agrarian Reform (CENICIRA) which provided

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5. Ibid., pp. 98-99.

6. Ibid., p. 114.

7. Ibid., p. 57.

training to a total 37,741 persons (both peasants and  
functionaries) by 1973.<sup>8</sup>

Just as the law needed modifications at the operational level, so also was the administrative structure as a huge bureaucracy was necessary to maintain the new cooperative structure and more importantly the PAIRs and PIDs. In addition to these administrative structure directly connected with the implementation of reform, the normal institutions connected with agriculture were given new orientation. Thus the multiplication of structures necessitated a strict coordination. In this context, the appointment of the officials of the military intelligence service at various layers of the administrative set-up was a strategic move reflecting the determination of the military.

Notwithstanding all these organisational innovations, the reform administration was still manned by the same officials with their traditional outlook and lack of political commitment.<sup>9</sup> Thus "bureaucracy remained  
bureaucracy" as Hugo Blanco had said.<sup>10</sup> The myriad predated sales and illegal parcelisations are ample proof of the existence of sizable scope for manoeuvre at the local levels especially in the Sierra.<sup>11</sup> In spite of

8. United Nations, n. 2, ch. I, p. 116.

9. Petras and Laporte, n. 46, Ch. II, p. 297.

10. Blanco, n. 38, Ch. II, p. 121.

11. See Bourque and Palmer, n.4, Ch. III, p. 205.

these shortcomings within the administrative apparatus, the reform law did produce relatively concrete results thanks exclusively to the political commitment of the military.

#### Economic Impact of the Military's Reform Legislation

An attempt is made in this section to evaluate the nature and extent of the impact of the reform, focussing mainly on three aspects, viz. the agrarian structure, the distributional effect and the production and productivity aspects. These are essential as they will determine the final impact on the future course of economic, social and political developments. Although the characteristic lack of sufficient and consistent data would not permit any conclusive remark, it is nevertheless attempted to indicate the general trend and as certain the probable outcomes. Technically, reform programmes are evaluated in terms of the actual number of families benefited and the actual land resources distributed against the respective targets. Even this can not give the final picture of the impact, for in the ultimate analysis actual impact need be related to the potential number of families needing land and to the changes produced on the existing agrarian structure.



To indicate the problem of land hunger, it is suffice to quote a CIDA estimate. According to it, by 1966, 7,14,000 families did not have land or sufficient land to maintain above subsistence living.<sup>12</sup> Considering that 11,000 rural families were added by the demographic growth and allowing for rural exodus as well as statistical errors, landless and land hungry families should have been around 1 million when the new law was passed.

What about the potentiality of the new law in solving this basic problem? The Iowa-Peru Mission (1970) capsulated the potential efficacy of the law. According to which if the law was ideally implemented it could have benefitted approximately 6,50,000 families with about 14,00,000 hectares. And this too is possible only when the average family unit was maintained at 3 hectares and all those who now possess 1.3 hectares are to be brought to that level. But those who had less than one hectare (about 300,000) or those who did not have any land at all (about 3,50,000)<sup>13</sup> could not benefit. Obviously an equal number of families viz., 6,50,000 would have remained landhungry even after the full implementation of the reform. The problem assumes serious proportion if the addition to the landless by population growth is

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12. Cited in Petras and Laporte, n.46, Ch. II, p. 205.

13. Cited in Gitlitz, n. 39, Ch. II, p. 473.

taken into account. However, given the military's land reform strategy with its prime thrust on productivity and viability equitable distribution was not at all an important consideration.

Nevertheless, the military originally envisioned an ambitious annual target of benefiting one lakh families. But, even by 1973, the actual number of families benefited was only 1,66,000 representing a mere 14 per cent of the total agricultural families as on that date.<sup>14</sup> Another study noted that only 10 per cent of the total agricultural families was benefited.<sup>15</sup> Since till the mid-1973 the reform effort was largely concentrated on the coast, most of the beneficiaries were from the coast and that too permanent workers. It was reported that 65 per cent of the families which benefited during 1969-71 were from the coastal departments of Lambayeque (25 per cent) and La Libertad (8 per cent) and the Welthier Sierra departments of Pasco (15 per cent) and Junin (15 per cent),<sup>16</sup> while 50 per cent of the farm population was affected in Lambayeque only 8 per cent of the campesinos of Ayacucho were scheduled to receive land.<sup>17</sup> Thus there existed an<sup>un</sup>equal

14. See IBRD, n. 18, Ch. II, Table 2, p. 11.

15. Bourque and Palmer, n. 4, Ch. III, p. 203.

16. An official source quoted in Ibid., p. 203.

17. Idem

pattern of reform impact between the productive and marginal areas which in a way reflected the military's preoccupation with productivity.

But after the middle of 1973 especially in the Sierra, the number of families benefited swelled. This was mainly due to the declaration that the feudatarios and other precarious parcelarios are independent owners, as well as the inclusion of many community members as marginal beneficiaries. Besides, the PIARs and PIDs were also designed to transfer at least a fraction of the income from the transformed estates to the hitherto neglected marginal sections. The military's emphasis on productivity was also not that much pronounced as on the coast. Among other reasons for this pragmatic policy, the violent peasant upsurge in many places notably in Andahuaylas, the existence of communal holdings and finally, the unproductive mountainous terrain are very important.

Hoping that these measures would increase the number of beneficiaries, the Government established an optimistic target for 1976. It was envisaged to benefit a total 340,000 families signifying 36 per cent of the total agricultural families to be benefited with 50 per cent of the all lands in farms. <sup>18</sup> Nevertheless, on the

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18. See IBRD, n. 18, Ch. II, Appendix-A, Table A-4, p. 5.

basis of certain facts and trends it may be said that this target was actually met. Firstly, since 1974, the legal recognition of immunity from expropriation by issuing certificates of unaffectability was speeded up.<sup>19</sup> This is partly due to the landlords' pressure and partly to the military's realization of the adverse effect of uncertainty over investment and production. Secondly, after 1975 when Velasco was overthrown by General Morales Bermudez by a mini-coup,<sup>20</sup> the land reform process lost its dynamism. Consequently, and thirdly, only 6 million hectares were expropriated by the middle of 1976 as against the targeted 11 million hectares by 1976.<sup>21</sup> Thus, if the target itself was revised and could not<sup>be</sup> met, how could one possibly expect any major changes in the problem of the rural poor, or on the tenurial pattern?

Regarding the tenurial changes, Table 41 clearly shows only holdings above 100 hectares were reduced both size and in numbers. The medium farms, although reduced in numbers, had the same area as before. Although the numbers of small holdings had declined in percentage

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19. See United Nations, n.58, Ch. III, p. 316.

20. See Richard Gott, "The Man who Marched a nation Left", The Guardian (London), 1 September 1975.

21. Monahan, n. 37, Ch. III.

Table 4.1Changes in the Size Distribution of Holdings 1961-76  
(Percentages)

Land Groups & Beneficiaries	1961		1973		1976		Average Size in Hectares	
	Pre-Reform		Midreform		Target		1961	1976
	Number of Farms	Area	Number of Farms	Area	Number of Farms	Area		
<b>A. Private Farms (Hectares)</b>								
Less than 5	83	6	66	6	69	6	1.5	1.5
5 - 100	16	10	12	10	11	10	14	14
100 - 1000	1	14	0.8	11	0.7	9	286	168
Over 1000	0.2	69	0.1	42	0	20	6136	3621
<b>B. Reform Beneficiaries</b>								
Independent	--	--	4	3	5	5	--	16
Groups	--	--	17	27	24	49	--	31

Source: Compiled from IBRD, Land Reform in Latin America: Bolivia, Chile, Mexico, Peru and Venezuela, World Bank Staff Working Paper No. 275, (Washington, D.C.), 1978, Table 11, p. 30.

terms, the land area they covered remained constant, and the average size in this group as well as that of the medium farms remained the same. Within the reformed sector group ownership became the dominant trend.

It is fair to infer that the reform impact on the small holdings was institutional rather than structural in nature as it involved only the distribution of certificates of ownership for the land they cultivated through share cropping and other indirect arrangements. Inevitably, the parcelarios signifying 40 per cent of the active rural population were largely untouched by the reform.<sup>22</sup> The serfs benefited through small plots form only a small figure of 5000 which is no more than 5 per cent of the active rural population.<sup>23</sup> Still then, as of 1973, there were approximately 1300 farms with large tracts of land as they did not have all the characteristics of a latifundio. This apart, the number of medium and small farms having 12-200 hectares was approximately 55000 by 1974.<sup>24</sup> The SAIS and also to some extent the CAP structures appear to be the simple super-imposition of cooperatives on the former landholding system that maintains both the concentration of land and distribution. Thus changes in the post-reform tenurial structure was more conceptual than actual in nature.

22. Rojas, n. 27, Ch. IV, pp. 118-19.

23. Ibid., p. 119.

24. United Nations, n. 58, Ch. III, p. 316.

Despite the meagre statistical results and unequal geographical impact of the reform programme as well as the minimal tenurial changes in the agrarian relations and productive organisations which, to a greater extent, compensated for the poor performance of the reform. The most important among them has been the tenancy regulations which undid both the absentee landlordism and its attendant personal services and rent in kind. Money wage system was promoted so as to avoid any indirect exploitation. On the coast, both the foreign ownership of land and landed corporations were completely eliminated. Large landholdings (except the CAPs) gave place to the emergence of medium and small-sized farms with money wage system. Notwithstanding the infusion of cooperatives, the private entrepreneurial character of the coastal agrarian structure was fully maintained which was particularly so in the case of cotton zones.<sup>25</sup> However, their private character was somewhat diluted by the reform provision that their profit should be equally shared with the permanent workers. The sharecropping prevalent in the

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25. See Harding, n. 21, Ch. II, p. 237, and also Zaldívar, n. 10, Ch. III, p. 64.

coast disappeared completely by the sanction of the  
law.<sup>26</sup>

The net beneficiaries of the coastal system were the technicians and the permanent workers (both in the CAPS and medium farms under private control). Although their social status and standard of living improved considerably, their political role has somewhat been reduced due to the influence of the technicians and expansion of statism in agriculture.<sup>27</sup> Moreover, their proletarian character was blunted thanks to the fringe benefits.<sup>28</sup> But it is doubtful whether the "bourgeoisified" workers would remain passive force especially in the face of the semi-patronal behaviour of both the technicians and the state.<sup>29</sup> However, the part time workers and

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26. It is to be noted that sharecropping arrangements mostly disappeared as a result of eviction produced by the 1964 law as well as its provision to convert feudatarios into owners. But the military law completed this process.
27. See Rodrigo Montoya Rojas, "Changes in Rural Class Structure under the Peruvian Agrarian Reform" Latin American Perspectives (Riverside, California), vol. 5, No. 4, Fall 1978, p. 122.
28. See Jonathan Kandell, "Peru's Land Reform an Uneven Success", New York Times, 6 November 1974.
29. Although estates like Casa Grande did away with the Unions, many cooperatives' unions still hold sway. This is especially the case in the north coast cooperatives where the leadership largely remains in the hands of the Aprista and left-wing labour leaders. See John F. Fishel, "Attitudes of Peruvian Highland Village leaders Toward Military Intervention", Journal of Inter-American Studies (Florida), vol. 18, no. 2, 1976, p. 156.



seasonal labourers are well outside the reform and will constitute a cheap source of labour to both the medium farms and the CAPs.<sup>30</sup>

On the Sierra, the constant effect of cooperativisation and parcelisation resulted in the liquidation of latifundio structure and with that the notorious latifundio culture and its feudal vestiges all vanished.<sup>31</sup> But Bandero Roja, a "Maoist" leader feels that feudalism has not been replaced by the law. His reasoning is that SAIS' members, as before, continued to cultivate small plots while being obliged to work for the central administration.<sup>32</sup> However, the greater freedom under which they utilised their time and the money wages along with the share of profit they now get, are factors signifying the modernisation process set in in the feudal-like structures by the new law. Moreover, all indirect forms of cultivation were eliminated which is in fact the greatest change in the sierran agrarian system.

As to the impact of the law on the communal structure, the cooperativisation effort of the military

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30. Edgar Plasencia, an young administrator of Casa Grande admitted that outside workers are hired to perform heavier tasks as the members have become overqualified to do that sort of jobs. See Kandell, n. 26, Ch.Iv.

31. See Rojas, n. 27, Ch. IV, p. 118.

32. Noted in Harding, n. 21, Ch. II, p. 232.

under the Peasant Community Statute, is an utter failure or at best only an apparent success. Although cooperative concept could easily be adopted in view of the communal tradition, the time and the manner in which it was attempted resulted in more conflict than cooperation. For, the penetration of capitalism into the communal structure generated more independent tendencies resulting in the erosion of communal tradition. For instance, even by 1961, communal holdings prevailed only in 33 per cent of the recognised communities.<sup>33</sup> Nevertheless, by 1973, some 20 communal cooperatives were created under the reform programme but they did not involve any full restructuring of land.<sup>34</sup> This apart, the communities indirectly benefited as associated members of certain SAISs were no more than 10 per cent of the registered communities.<sup>35</sup> Although SAIS formula was devised to end the age-old conflict between the communities and the hacienda overlords could not, in fact, solve the problem completely as in some instances, it is reported that the comuneros cut the wires of the fenced pastures of the SAIS just as it had happened in the pre-reform period. This is only a slight manifestation of the problem of

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33. Bourque and Palmer, n. 4, Ch. III, p. 190.

34. Ibid., p. 204.

35. Rojas, n. 27, Ch. IV, pp. 118.

land hunger which continue to persist in all the 40,000 recognised communities. More importantly, the minifundio problem has actually been perpetuated (despite the military's concern over productivity and viability) by the conversion feudatarios and the SAIS' members of their small plot. In this context, the military's reform programme is a complete failure.

Due to the existence of rural tension, a large section of the rural poor could not be benefited. The military, in turn under the reform programme, sponsored regional cooperatives like that of PAIRs and PIDs with the hope to transfer at least a fraction of the income of the transformed estates and enterprises to the hitherto neglected groups. While the aim is laudable, in practice, the success of these programmes depended entirely upon the cooperation from the reform beneficiaries and the scale economies which the regional cooperatives could generate. But the 'egoismo de grupo' (group egoism)<sup>36</sup> prevalent among the cooperative members precluded cooperation.

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36. It is a term used by Jaime Lloca to describe the post-reform sentiments of the reformed groups of the coastal sugar cooperatives which is, however, equally applicable to the members of other cooperatives who constantly opposed the inclusion of 'outsiders' into the cooperatives. See Harding, n. 21, Ch. II, p. 242.

Moreover, the economies of scale were illusionary especially in the crop producing areas.<sup>37</sup> The projects, nevertheless created a network of government bureaucracy which if well utilised can function as an institutional base to guide the agriculture both in the reformed and outside areas. The possibility of regional planning through them could facilitate the better utilisation of credit, marketing and other resources. Since these projects of integration are conceived by the technocrats and at the hands of the bureaucrats, they remain isolated from the dynamics of social process. Hence, "this grandiose project will remain utopian, yet another bureaucratic structure, which ... will impose the patronalism of the state technicians".<sup>38</sup>

Since the agrarian sector determines to a larger extent the overall distributive profile of Peru, agrarian reform should naturally have produced substantial redistributive effect. But, the reform policy which favoured the limited incorporation resulted in variations in the pattern of redistribution of land and hence in income. For the sake of analytical sophistication, the redistributive profile will be studied both in its vertical

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37. See Bourque and Palmer, n. 4, Ch. III, p. 187.

38. Zaldivar, n. 10, Ch. III, p. 54.

aspect (ie., within each productive sectors) and horizontal aspect (ie., between productive sectors).<sup>39</sup>

Vertical distribution of income did occur as the members of the cooperatives and the peasants received individual plots, benefited out of the land redistribution. But the pattern of vertical distribution varied considerably on the income scale. It is so because of unequal pattern of income distribution within each sector of agriculture and between different rural socio-economic groups. While relatively more people were accommodated in SAISs of which only 15 had divisible income, limited persons were accommodated in CAPs which are more profitable. However, land per capita is much more higher in SAIS than in the groups benefited by individual plots. In this context Adolfo Figueroa stated that "redistribution takes place in the sector of lowest productivity and in the most backward sub-sectors within that division". And therefore, "the agrarian sector has been segmented by the strategy of income distribution".<sup>40</sup>

Thus, the members of the cooperatives (both workers and technicians) of the prosperous cooperatives realized more income than the marginal ones. The income

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39. See for a vivid discussion on this point, Richard Webb, "Government Policy and the Distribution of Income in Peru, 1963-73", in Lowenthal, n. 21, Ch. II, pp. 105-08.

40. quoted in Julio Colter, "The New Mode of Political Domination in Peru" in Ibid., p. 65.

effect on the campesinos receiving plots is only apparent and short-term in nature as they have to pay for the land eventually. In the case of sharecroppers-turned-owners, the rent in kind is simply substituted by the cash rent in the form of instalments. Nevertheless, the income of the latter two groups increased substantially.<sup>41</sup> The extent that the communities are benefited can well be judged the following case. In the cases of SAISs Tupac Amaru, Cahuide and Pachacutec the annual income accrued to the individual members was only 400 soles, the insignificance of which is very obvious.<sup>42</sup> But, the share due to the communities was not be available for redistribution as it was spent on community development programmes. That in fact explains the limited nature of direct income effect on the community members' income.

On the whole, the reform law 17716 if it was fully implemented could have resulted in the transfer of \$86 million, effectively doubling the income of the permanent labourers of the expropriated estates.<sup>43</sup> But, if it was equally distributed, which in fact was not the case, would have raised the income of the poorest

41. See IBRD, Balancing Trickle-down and Basic Needs Strategies: Income Distribution Issues in Large Middle-income countries with Special Reference to Latin America, World Bank Staff Working Paper No. 335, (Washington, D.C., 1979), p. 57.

42. Petras and Laporte, n. 46, Ch. II, p. 125.

43. Hylke Van de Watering, Quoted in Bourque and Palmer n. 4, Ch. III, p. 203-04.

quartile by a marginal 0.5 per cent.<sup>44</sup> The study conducted  
 by Richard Webb<sup>45</sup> concluded that the overall distributive  
 policy benefited only the upper 3 quartiles and virtually  
 left unaffected the lowest quartile consisting of land-  
 less peasants and Indians. It only shows that the verti-  
 cal distribution resulted in what is known as "segmentary  
 incorporation".<sup>46</sup>

As to the horizontal aspect of distribution, sub-  
 stantial transfer of capital occurred from the agrarian  
 sector to the modern sectors. In this context, the provi-  
 sion of immediate redemption of bonds if it is matched  
 with an equal amount of cash and invested in industry,  
 acted as an incentive. Although compensation, to some  
 extent, limited the vertical distribution, it nevertheless  
 enhanced horizontal distribution. The estimated \$930  
 million which the beneficiaries would reimburse the  
 state over 20-25 years, also would have found its way  
 to the industrial sector, given the capital need in indus-  
 try and the government's control over these resources.<sup>47</sup>

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44. Colter, n. 40, Ch. IV, p. 64,65.

45. See Webb, n. 39, Ch. IV, pp. 79-127.

46. Abraham.F. Lowenthal, "Peru's Ambiguous Revolution"  
 in Lowenthal, n. 21, Ch. II, p. 15.

47. Cited in Colter, n. 40, Ch. IV, p. 65.

However, such a trend could not be attributed wholly to the agrarian reform. For, the process of capital flow started much earlier thanks to the economic crisis set in motion especially in the coast.<sup>48</sup>

Substantial transfer of capital into the agricultural sector also occurred thanks to the priority that agriculture was given in the wake of agrarian reform. Huge investment on irrigation, buffer stock operation, credit and colonization are evidences to this. But the urban-oriented price policy however limited this process. It is reasonable, therefore, to conclude that land reform succeeded in distributing income between sectors but was limited in its success in distributing personal income within each sector.

The relation between land reform and agricultural development hinges upon its effect on agricultural production and productivity. Even though, the intervening factors especially the climatic factors and the unavailability of consistent data preclude any concrete analysis in this respect, nevertheless it is possible to identify the general trend at the macro level.

While the average growth rate of crop farming, livestock and forestry sub-sectors was only 1.5 per cent

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48. See Rojas, n. 27, Ch. IV, pp. 115-18.



during 1966-70, it rose to 2.2 per cent in 1971 which was a good year devoid of any natural calamities. It is to be noted that in 1970 agriculture witnessed an impressive growth rate of 6.3 per cent.<sup>49</sup> Although a drastic fall was noticed in cereal production, growth of sugar and coffee helped to maintain high growth rate. However, in 1972, the growth rate of agricultural production went down to one per cent, the reason being the severe drought characterised this year.<sup>50</sup> Drastic decline occurred in the output of potatoe (6 per cent), maize (8 per cent) and cotton (15 per cent) all of which carry greater weightage in the Peruvian production index.<sup>51</sup> The fall in the cotton production should, however be attributed to the diversion of the area to other crops such as rice. Although total agricultural production registered a 2.3 per cent growth in 1973, it fell sharply to one per cent in the subsequent year.<sup>52</sup> This was to a greater extent due to the smaller output of export crops.

An anatomy of the production and productivity drives home certain important facts having greater policy implications. First, those crops supported by favourable

49. United Nations, n. 12, Ch. III, p. 239.

50. See United Nations, Economic Survey of Latin America - 1973 (Washington, D.C., 1975), Table 158, p. 256.

51. Ibid., p. 256.

52. See United Nations, Economic Survey of Latin America - 1975 (Santiago, Chile, 1976), Table 275, p. 326.

price policy, by irrigation and extension facilities registered impressive growth while others did not. For instance, rice which was supported by guaranteed price, good credit and improved seeds registered 8 per cent growth in output in 1970.<sup>53</sup> But, wheat fell sharply by 23.9 per cent mainly due to the unfavourable price policy.<sup>54</sup> Second, there occurred greater diversification in the crop pattern and expansion of area under cultivation. To some extent government's post-reform policy is responsible for this trend. For the cotton enterprises were required by law to plant at least 40 per cent of their land in food crops.<sup>55</sup> Similarly, the cooperative members of the coastal region were asked to cultivate subsistence crops in their own plots.<sup>56</sup> And thirdly, directly flowing from the above fact that export-oriented production pattern gave way to the expansion of domestic-oriented production and to that extent there occurred import-substitution in agriculture. This can be seen from the fact that when the output of export crops fell in 1975,

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53. United Nations, n. 12, Ch. III, p. 245.

54. United Nations, n. 52, Ch. IV, p. 326.

55. IBRD, n. 18, Ch. II, see footnote to Table 25, p. 6.

56. United Nations, n. 58, Ch. III, p. 312.

the output of cereals rose by 7 percent and maize by 11 percent.<sup>57</sup> The outstanding case is rice which was to be imported till 1970, not only achieved self sufficiency but also provided surplus for export.<sup>58</sup> This singlemost achievement of Peruvian land reform is the result of the diversification of crop pattern it produced and good institutional support accompanied it.

The shortage of potato as it occurred in 1974 or some other staple food can not be cited as instances to show the negative effect of land reform. The 12 CAPs under CECOOP made strident progress both in terms of total production and productivity. In 1970 alone, total production of sugar was 1,37,000 metric tonnes more than that in 1969. As regards productivity, while the average productivity of sugar during 1961-65 was 144.8 metric tonnes, it rose to 171.4 metric tonnes in 1974.<sup>59</sup> As a result, approximately 10,000 hectares of the total 83,000 hectares<sup>60</sup> were released for the cultivation of other crops. Since these co-operatives were acting jointly, indivisible equipments could be fully utilised inevitably resulting in the reduction of overhead costs. However, the same pattern of results were not felt in the cases of SAISS.

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57. United Nations, n. 52, Ch. IV, Table 275, p. 326.

58. United Nations, n. 12, Ch. III, p. 239.

59. United Nations, n. 58, Ch. III, p. 318.

60. Ibid., p. 319.

A study conducted by Douglas Horton during 1973 is valuable in so far as it focuses attention on certain crucial aspects like employment, investment, workers participation of the reform process.<sup>61</sup>

Since this study is based on a multivariate<sup>62</sup> analysis, it sheds much light on the post-reform performance of the co-operatives with different specialisation and productive organisation. As it was conducted during the transitional period and included only the co-operatives, its conclusions are circumscribed both by the spatial and temporal limits. The study included 7 cases of mixed enterprises and 7 livestock enterprises from the Sierra and 9 sugar co-operatives from the Coast.

All the 7 mixed (crop/livestock) enterprises of the sierra under study were SAIS (except Quehuar, a communal co-operative established under law 1964) and were adjudicated during 1971-72.<sup>63</sup> Individually owned plots and livestock accounted to third to one half of the total activities involved in these co-operatives.<sup>64</sup> The performance scores of these mixed enterprises are summarised as follows:

61. The study was based on 23 cases of different type of co-operatives. See IBRD, n. 18, Ch.II, pp.50-60 and 68-71.
62. The multivariate criteria include 19 variables which included both economic, social and institutional factors like, productivity, profitability, employment, workers participation, living conditions, management efficacy, etc.
63. The cases are Espinal, Monteeseco, Quehuar, Tupac Amaru II, Tahuantinsuyo, Mariscal, and Ramon Castillo. Among them, the first two are in the  
contd../

Table 4-2  
Post Reform Performance of 7 Crop/Cattle  
Enterprises of Highland Peru  
 (Number of Cases)

Performance Indicators	Increase		No Change	Decrease	
	Large	Moderate		Moderate	Large
Enterprise Output	--	--	1	3	3
Peasant Output	6	1	--	--	--
Change in Crop Area/ Intensified Methods	--	1	3	2	1
Employment	--	1		3	2
<u>Investment</u>					
Productive	1	3		--	3
Social	1	2	4	--	--

Source: Compiled from IBRD, Land Reform in Latin America, Bolivia, Chile, Mexico, Peru and Venezuela, World Bank Staff Working Paper no. 275, (Washington, D.C.), 1978, Table 20, p. 55.

It is obvious that the co-operative production declined whereas the output on the individual plots increased, the reason being that the members showed much interest in their own production rather than that of the cooperative. Only in 3 of the 7 cases both profitability and social investment is positive. Although employment opportunities declined, higher income resulted as a direct consequence of the distribution profit

last page contd.. Department of Lam bayeque, the third one in Cajamarca and the remaining are in Cuzco.  
 64. IRBD, n.18, Ch.II, p.51.

and increased wages. For instance, the post-reform median wage rate was 35 soles a day against the former 9.25 Soles.<sup>65</sup>

It is also found that work discipline eroded in most of the cases due to the deterioration in the technicians' ability to enforce work obligation.<sup>66</sup> Lack of co-ordination is also reported between the officials of the Ministry of Agriculture.

The 7 cases of livestock enterprises as Co-operatives showed much better performance.<sup>67</sup> Their location in the arid zone of Puno made them to specialize in sheep rearing as crop cultivation was not possible. Consequently, individual plots concerned only with subsistence crops. Progressive technology and centralised administration are the characteristic features of these co-operatives. The communities integrated with some of them had little voice in the administration and more so is their socio-economic distance between the two groups even by 1973.<sup>68</sup>

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65. Ibid., p. 54.

66. Ibid., p. 51.

67. The cases are Cahuide (SAIS), Yocara (SAIS), Santa Lucia (CAP), Buena Vista (SAIS), Micaela Bastidas (CAP), Posoconi (CAP) and La Union de Soratira (communal co-operative).

68. IBRD, n. 18, Ch.II, p. 58.

Table 4-3  
Post Reform Performance of 7 Livestock  
Enterprises  
 (Number of Cases)

Performance Indicators	Increase		<u>No Change</u>
	Large	Moderate	
Enterprise Output	1	3	2
Peasant Output	6	1	
Change in Crop Area/ Intensified Methods	1	2	4
Employment	5		1
Investment			
Productive	5	1	1
Social	4	3	

Source: Compiled from IBRD, op.cit., Table 22, p. 59.

The performance scores contained in the above table indicates more positive results in almost all counts. All cases without exception showed increasing profitability. Median wage rate in the post-reform period was 40 Soles instead of the earlier 25 Soles. While the income of the estate workers uniformly increased, the benefits on the comuneros were small, although positive on balance. Only in 3 cases active member support is reported.

The better performance of the sheep rearing co-operatives are explained by the following facts;

- 1) better organisation and good work discipline;
- 2) absence of individual cultivation or sheep rearing;
- 3) existence of economies of scale through large scale operation and growing technology and the absence of diseconomies associated with the vulnerability of nature or bureaucratic delays in the face of the need for timely operations and localised decisions;
- 4) possibility of quick recapitalisation;
- 5) government support through the state trading of sheep products and generous provision of credit etc.

It is to be noted that most of these factors are absent in the case of mixed enterprises. It seems that there is a possibility of increasing employment as well as production in these enterprises since less work was done than the specification of the technicians. The post-reform agricultural policy largely favoured the productive enterprises even within the reformed sector itself.

The 9 CAPs all of which located on the coast shows remarkable performance thanks to the capitalised installations and well maintained administration. The main crops were sugar, maize and cotton all of which had an assured market. Wage labour system, increased union activities and high labour participation were the ingredient features of these co-operatives.



Table 4.4  
Post Reform Performance of 9 Coastal  
Crop Enterprises  
 (Number of Cases)

Performance Indicators	Increase		No Change	Decrease	
	Large	Moderate		Moderate	Large
Enterprise Output	3	5	1		
Peasant Output	--	--	9		
Change in Crop Area/ Intensified Methods	2	2	5		
Employment	--	5	3	1	
<u>Investment</u>					
Productive	4	2	3		
Social	2	3	4		

Source: Compiled from IBRD, op.cit.,  
Table 3, p. 70.

The record of production, investment, profitability as well as employment are all positive in the 9 CAPs. The median basic wage rate has risen from 55 to 77 Soles.<sup>69</sup> It is to be noted that the salaries of the blue collars increased much more than the technicians and white collars.<sup>70</sup> It indicates a trend towards equalising income within the hierarchy. This increasing salary explains the existence of unions without dynamism.<sup>71</sup> However, the better perfor-

69. Ibid., p. 70.

70. Idem.

71. Ibid., p. 71.

mance of these co-operatives are more due to the profitable agro-industrial complexes and better capitalisation than the land reform per se.

Although there emerged variations in the performance among the cooperatives, their performance is better than that of the independent beneficiaries as most of the institutional supports are focussed on the former. Thus the cooperatives of various types and the modernised medium farms are the core of the post-reform agriculture of Peru. The cooperatives have provided the financial, technical and political means of achieving concentration and capitalistic modernisation.<sup>72</sup> Although the cooperative arrangement appears to be inconsistent with the ideological model of the bourgeoisie, nevertheless, it suited them as: (i) it assured a regular flow of capital in the form of annual instalments, (ii) it remained a source of capital formation and increasing marketable surplus. As a corollary to the expansion of statism in agriculture would mean that agriculture will get top priority even after the land reform process for, enhancement of productivity and the expansion of internal market are continuously essential for the autonomous industrial development. Moreover, the reform policy has diligently

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72. Zaldivar, n. 10, Ch. III, p. 56.

been used to transfer the land-based capital into the industrial sector and more importantly, to adjust the agrarian organisation and the rural class syndrome propitious to the projected industrialisation.<sup>73</sup> The creation of the consumer-oriented middle class through the distribution policy is one commendable effort in this direction.

#### Junta's Land Reforms and Emergence of a New Class Structure

The economic effects of the land reform resulted in a realignment of social groups, admittedly, "within the established class and sectoral limits".<sup>74</sup> Both the grand senores of Sierra as well as the hacienda serfs disappeared as a class with the liquidation of the hacienda culture. As a sequel, both the extremes of the social pyramid have been eliminated. This is also true for the coastal oligarchies. Although President Velasco repeatedly spoke of "breaking the back of the oligarchy", maximum effort has been taken to transform them as bourgeoisie.<sup>75</sup>

At the same time, the law was successful in consolidating two social classes - the middle and the lower stratum of the agrarian bourgeoisie. While the former benefited from parcelisation, the latter from cooperativisation and from the conversion of landless peasants into

73. See Niedergang, n. 1, Ch. IV, p. 458-59.

74. Lowenthal, n. 46, Ch. IV, p. 17.

75. See Niedergang, n. 1, Ch. IV, p. 461.

independent holders. However, in this schema, the middle sector of the agrarian bourgeoisie seemed more powerful and prevailed upon the workers and small peasants as the balance of power favoured the former. However, the 50-50 profit sharing arrangement and their dependence on credit and other government assistance, reduced the power of this group. Ultimately, the rural class syndrome has been tailored to give political underpinning for the autonomous capitalistic development through state capitalistic development through state capitalism. In this respect Ramon Zaldivar went to the extent of saying that "the agrarian reform law is the legal expression of the agrarian programme of the national bourgeoisie; ... (and it emerged) as a direct consequence of the realignment of various groups"<sup>76</sup>. However, it should be noted that the Government did not seem to place its full faith on the favoured group for, it encouraged the expansion of state enterprises too.

The class character of the reform also produced political changes at the grass-root level of the society. The first affectation of the coast is predominantly motivated to snap the oligarchy's linkage with agriculture as well as to liquidate all traces of the influence of APRA - the traditional ally of the oligarchies. That

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76. Zaldivar, n. 10, Ch. III, p. 61.

apart, the military's direct control over the political parties and its mobilisation efforts reduced the significance of partisan politics. But the effect varies between different political parties depending upon their ideological credentials in the post-reform period. The Union Nacional Odrista Party (UNO) led by General Odría was dissolved. Fued also emerged within and between the Accion Popular (AC) and ChristianaDemocratia Peruana (CDP) in supporting the military's policies. While Movimiento Irquioza Revolucionaria (MIR) and the vanguardi Revolucionario vehemently opposed the law, the pro-Moscow communist faction not only supported the reform but also attempted at mobilisation to support the Government.<sup>77</sup>

But the worst victim was the APRA as it was cut of its dynamic trade union wings; National Confederation of Peruvian Peasants (FENICAP) and Confederation of Peruvian Workers (CTP). The military also succeeded in creating dissensions within the rank and file of APRA.<sup>78</sup> It is believed that the military coup of 1968 came mainly to avert the APRA from coming to power. For the APRA along with UNO backed 48 per cent of votes in the local

77. Petras and Laporte, n. 46, Ch. II, p. 313.

78. Bourque and Palmer, n. 4, Ch. III, pp. 215-17.

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elections held in 1968. Thus with the demise of APRA and the suppression of the leftist groups - along with the new classes with their political implications, the military regime succeeded in rationalising the Peruvian politics dominated by the traditional forces so as to provide ground for reformist governments. Moreover, the ideology of a relatively well developed participatory democracy has been articulated with the adoption of the universal franchise for the first time in the history of Peru. But the unaffected population leading precarious living and the addition to this group through demographic growth, will continue to be the fostering ground of the leftist groups.

In the context of the Latin American military institution, Peruvian military stands prominent because of its radical reforms both in the agricultural and industrial spheres that too with relatively less repression and violence. This amazing character of the Peruvian military is explained by its middle class character and doctrinaire training it gained at the Centro Altos de Estudios Militaire (CAEM).<sup>80</sup> Although when the military assumed power it was thought that the military lacked

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79. Marvin Alisky, "Peru" in B.G. Burnet and K.F. Johnson eds., Political Forces in Latin America: Dimensions of the Quest for Stability (Belmont, California, 1980) p. 398.

80. See Petras and Laporte, n. 46, Ch. II, pp. 259-60.

any coherent ideology,<sup>81</sup> in the aftermath of its reform programmes particularly land reform, there seems a strong ideological reasoning behind<sup>82</sup> the military reforms. The headlong failure of the democratically elected government, the immediate take over of IPC and the expropriation of the Cerro de Pasco by virtue of the 1964 reform law itself provided the military junta with legitimacy both domestically and internationally.<sup>83</sup> This helped the military in successfully undercutting the partisan political groups and their affiliated trade unions.

In this centralised administrative effort it had shown aversion to partisan politics like as Huntington found characteristic of all military governments throughout the developing countries.<sup>84</sup> While it opposed all efforts at autonomous mobilisation of peasants, the military on its own choosing, mobilised them through its SINAMOS and Ligas Agrarias.<sup>85</sup> Even such patronalistic mobilisation gave only an apparent sense of participation to the beneficiaries.

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81. See Hentry. A. Dietz, "Bureaucratic Demand-making and Clientalistic participation in Peru" in James.H. Molloy, ed., Authoritarianism and Corporatism in Latin America (Pittsburg, 1977) p. 416.

82. See Lowenthal, n. 46, Ch. IV, pp. 37-38 and also Petras and Laporte, n.46, Ch. II, pp. 259-60.

83. See Niedergang, n.1, Ch. IV, pp. 455-56.

84. Samuel.P. Huntington, Political Order in Changing Societies (New Haven, 1968) pp. 243-44.

85. Whenever autonomous mobilisations occurred the military undertook to demobilise them either through repression, or sedition as it happened in the cases of Huanta,

The technocratic character of the reform process, with peasants or workers participating from below, it largely appears to be a reform from above. But the low social mobilisation and that too, in an unequal pattern,<sup>86</sup> gave the reformist image to the military precluding it outright repression, concentrate on productivity rather than distribution. In the process, these very same forces acted against the military's effort to transform the traditional agriculture from above. As a sequel, "the government (was) forced to adopt far more tentative strances in its legislation and on occasion to change policy in fundamental respects".<sup>87</sup> Moreover, the military also oriented its policy towards the most mobilised sectors and acted effectively on their demand. In this pursuit, the military sometimes yielded to the landlord and in others, to the workers. More importantly, in July 1975, 20,000 peasants mobilised by the Vanguardia Revolucionaria, occupied 68 estates covering some 50,000 hectares. Twenty peasants were killed in an attempt to avert the situation.<sup>88</sup> The tenacity of the invaders forced

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85. (contd.) Cuzco, Arequipa and Ayacucho. See, Colter, n. 40, Ch. IV, p. 57.

86. Peru was ranked 16th of the 20 Latin American countries in terms of aggregate social mobilisation. See Bourque and Palmer, n. 4, Ch. III, pp. 179 & 181.

87. Ibid., p. 201.

88. See Monahan, n. 37, Ch. III.



the government finally to accept the defacto seizure and all demands were met save the refusal to pay compensation. Also there are many other instances where the government was forced to modify or even delete some of its provisions. Thus what initially was conceived as a reform from above was, in course of time, conditioned by the forces from below, particularly from the most mobilised and organised groups in the rural sector.

Chapter V

CONCLUSION

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### CONCLUSION

The basic criterion upon which one can adjudge the purposiveness of a land reform programme is the impact that it generates on the productivity of the land and the equitable manner in which the distribution of land resources take place bringing thereby, fundamental changes in the agrarian structure importantly, in respect of the tenure pattern. Distribution based on the principle of social justice means not a limited distribution to the mobilised and the organised rural groups but the transfer of land and, thereby, income to the hitherto neglected and exploited peasants at the lowest level of the rural society.

Viewed in this context, the military's land reform programme is admittedly a failure. For, it could not even benefit a quarter of the rural families in need of land and even the limited impact it made, reached only the relatively well placed rural groups who already had access to land either directly or indirectly. Although the feudatarios and the hacienda serfs benefited by being offered individual plots, the distribution that occurred in the process, was more incidental and dictated by political considerations than by any genuine commitment that the military felt towards the principle of social

justice. Through their associated membership with some of the SAISs, although some communities benefited, such benefits were indirect in nature for, the reform law enjoined them to spend their share on community development programmes which, in effect, was mostly absorbed by the state bureaucracy. Here too, the communities that benefited was no more than one tenth of the registered communities.

Despite the attempted modernisation effort of the communal structures through cooperativisation, most of the communities were actually purported to produce conflict of interests leading eventually to the dissolution of the age-old communal traditions. While on the face of it, it appears to <sup>be</sup> a positive step in the sense, that the liquidation would eventually lead to the integration of the Indians into the national mainstream, it nevertheless opened the flood-gate of landless Indian peasants which perhaps in future may contribute to a more serious rural unrest.

The tenurial changes that the military reform brought in its wake were more conceptual and institutional than really structural. For, the same old concentration of land as well as the latifundio - minifundio structures were perpetuated through the cooperatives, the CAP and SAIS. In the same way while the feudatarios became now the

owners of their former plots, they however, had to pay on annual instalments which turned out to be nothing but the rent they had been paying before. If at all there were any fundamental changes in the tenorial pattern, it was a consequence of the parcelisation process and the gradual decadence of the latifundio system.

Notwithstanding these shortcomings, the military's land reform can yet be considered as a forward step in the right direction, in so far as it at least attempted rationalising the tenancy system of abolishing all forms of indirect cultivation and thereby establishing direct relation between the tiller and the land. Monetary specification of the wages eliminated the primary source of exploitation of the temporary workers and the colonos. With the disappearance of personal services and other vestiges of the prevalent feudal system, no doubt, some positive changes occurred in the tenure structure.

Be that as it may, in a limited sense and especially in the context of the stated primary objectives of the reform programme of the military viz. enhancing the productivity of the land and facilitating the transfer of resources from agriculture to industry with a view to modernise the economy and reduce its dependency to the international economic forces, one has to acknowledge the

creditable achievements of the military. Such of their objectives like the creation of a middle sector in the rural area to provide for an expanding rural market, transferring of capital from agriculture to the industrial sectors, increasing productivity in agriculture to assure an increasing marketable surplus -- all of which were fairly well accomplished. What is more, given that any effort to accelerate autonomous industrialisation depends on the efficient organisation of the agrarian sector, that the military made the necessary preparatory work in reorganising the rural sector and it has, in the process, given agriculture a top priority is again credit-worthy. The cooperative structure which the military had evolved is now the core of Peruvian agriculture and certainly would be the prime source of capital formation.

The efforts in modernising the agricultural sector need also to be credited. The medium and small farms have been encouraged to adopt improved practices and scientific inputs. With the elimination of the domination of the landlords over marketing channels and the government's undertaking of buffer-stock operations, a new trade pattern has emerged. Keeping in view with the food and nutritional policy of the government, crop pattern has changed for the better by meeting more the domestic demand. Above all, in the Peruvian history,

it is for the first time an effort has been made to systematically and structurally interlink the industrial and the agricultural sectors with a view to reinforce each other.

A comparison between the reform process initiated by the 1964 law and that of the military reveals differences of both quantitative and qualitative nature, reflecting essentially the differences between a reform implemented under a political bargaining system and one implemented under a non-bargaining political system. While the former should properly be called as a "reform from below" as most of the land distributed under that law was already invaded by the peasants, the latter may be described essentially a "reform from above" although it was conditioned, at times, by forces from below. Despite the limited impact, the agrarian reform under the junta produced a nation-wide effect capable of modifying the agrarian structure against the atomised programme. Strictly, the 1964 legislation was more a counter-reform than a positive reform. Although both reforms concerned with productivity, the means by which it was attempted was entirely different. The compensation and parcelisation provisions under the military's reform were not for protecting the landowners as much as helping

the transfer of land-based capital and creation of modernised medium farms. Unlike the isolated nature of the former law, the 1969 reform law was not only coupled with supportive measures to transform the rural economy but also conceived as an essential ingredient of an overall programme aimed at modernising the economy as a whole. Although the military's agrarian programme can not be fully said as a 'integral approach-reform', nevertheless it can not be denied that it is essentially an attempt towards that. The military's effort at price-support measures, irrigation, colonization is an ample proof of <sup>such</sup> an approach. While, the 1964 law acted as a palliative in pacifying the peasantry, the military's reform and particularly, the policy of selective, paternalistic mobilisation of the workers and peasants successfully depoliticised the issue of land reform completely. A very important aspect of the 1969 reform programme was its emphasis on cooperativisation to produce the dual effect of concentration and distribution. Though land expropriation was the prime plank, the military's reform programme also included substantial colonization schemes.

When compared with the agrarian programmes of other Latin American countries such as, Brazil, Colombia, Ecuador etc. in which colonization has been the rule, the junta's land legislation stands out as unique and distinct.



Even in the context of other countries of the world where substantial reforms have taken place, Peru's reform compares favourably.

Land reforms, generally speaking, may broadly be classified into socialist and non-socialist reforms. The socialist reforms are part of a general programme of transforming the political economy towards socialism whereas the non-socialist reforms are, by and large, the response to political pressures of various degrees. The reform measures enforced over the years in Mexico, Bolivia, Japan, Taiwan, Venezuela etc. are instances of the latter variety. Even in these instances, there existed vast differences in the motives, nature and extent of reform. For example, the land reforms of both Mexico and Bolivia were preceded by violent revolution/peasant movements that resulted in strict and speedy implementation of the programme. But the case of Japan is different as the reform was implemented when it was under the control of the US just after the Second World War. Moreover, Japanese programme amounted more to the conversion of tenants into owners than actual land redistribution. Although in Venezuela, land reform was preceded by violent peasant movements and land invasions, it should properly be called as land settlement policy rather than land

reform. The success of such policy was made possible thanks to the petro-dollars.

It is against this background Peruvian reform stands out as something new. For one thing, it was implemented under a progressive military regime with its avowed interest towards modernisation and industrialisation. Second, the new pattern that emerged after the reform represented a compromise between socialist and non-socialist varieties of reforms as substantial part of the farm land were brought under cooperatives of various types alongwith the medium and small farms. Moreover, the medium farms, by law, had to share profit equally with the permanent workers therein, a provision hardly seen in any non-socialist countries of today. And more importantly, these changes were brought with less political disruption.

While crediting the military for enforcing a set of reforms which, as has been suggested earlier, are far-reaching and fundamental, that much more needs to be done to alleviate the problems of social injustice and poverty in the rural Peru can not be overemphasised. While productivity is an important criterion in concentrating the effort on productivity, the question of social justice can not be sacrificed. Since the demarcation of

right over land has already been finalised, no further land distribution appears to be possible at all. Also, the integration of the beneficiaries into the commodity market is welcome, the landless peasants swarming the labour market is likely to reduce the de facto wage rate in agricultural employment. Again, with the cooperativisation, since the level of agricultural employment is more or less fixed, future demographic growth is likely to add a great deal to the unemployed rural poor. In that sense, the reform law of the military has a limited durability.

To meet such problems, continued colonization perhaps, is a necessary option. It will also, to some extent, meet the presently witnessed rural exodus to the urban areas. Public works programmes especially in the Selva area, essentially to support agricultural development could also go to absorb the rural unemployed. However, the government leaving the colonization policy largely to the SAISs and CAPs, primarily with a view <sup>to</sup> relieve itself of the financial burden, may act adversely against the landless peasants of the present and the future. Moreover, such <sub>of</sub> a policy may go to advantage the future generation/beneficiaries of the CAPs and SAIS. Finally, industrialisation, whatever may be its pace and thrust, is unlikely to absorb substantially the rural unemployed

not to say about the urban unemployed. All the more, therefore, is the imperative need that calls for a meaningful colonization, whatever may be the budgetary and cost constraints, which alone would offer a permanent solution to the problems of the rural poor.

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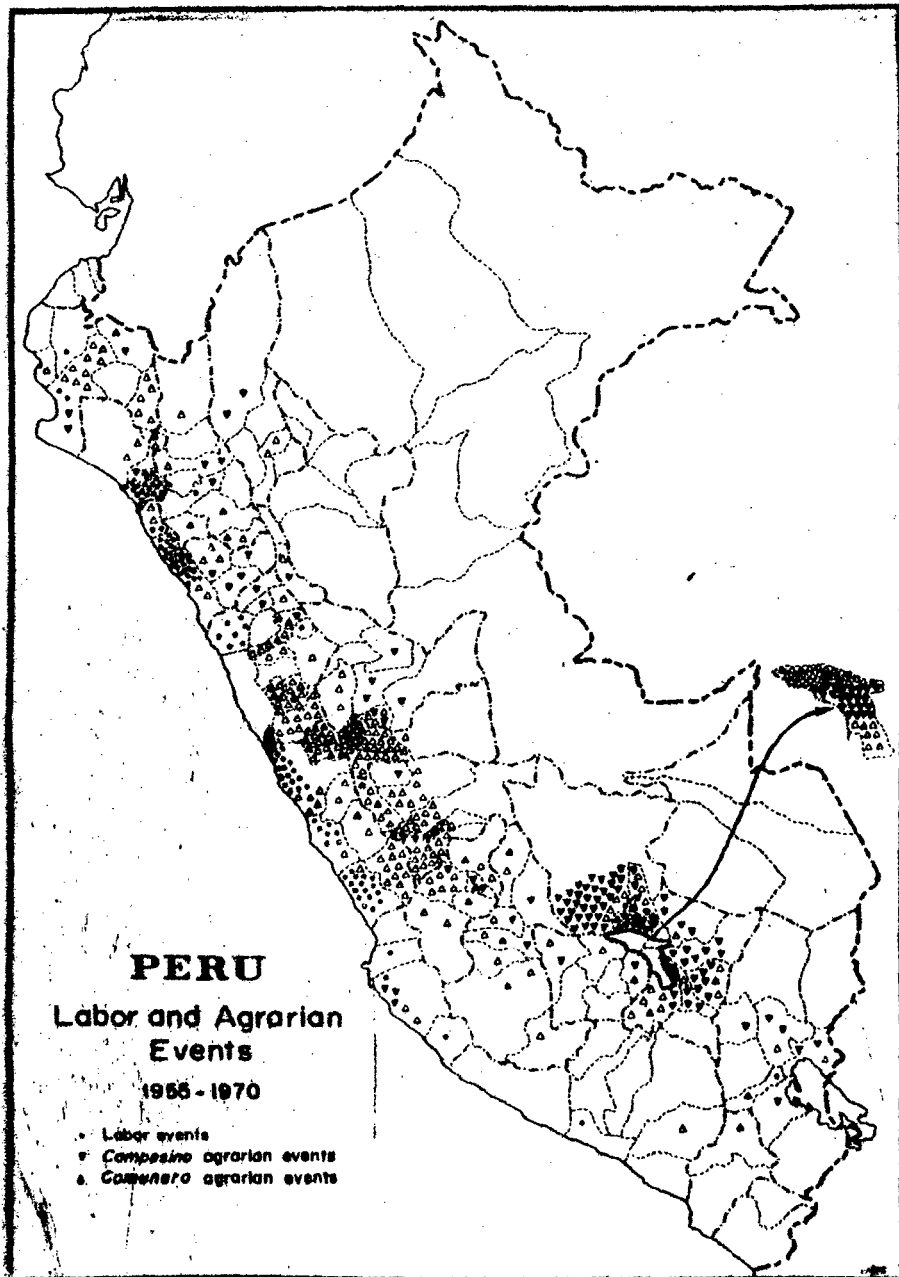
Map No. 1

Geographical Map of the Republic of Peru



Map No. 2

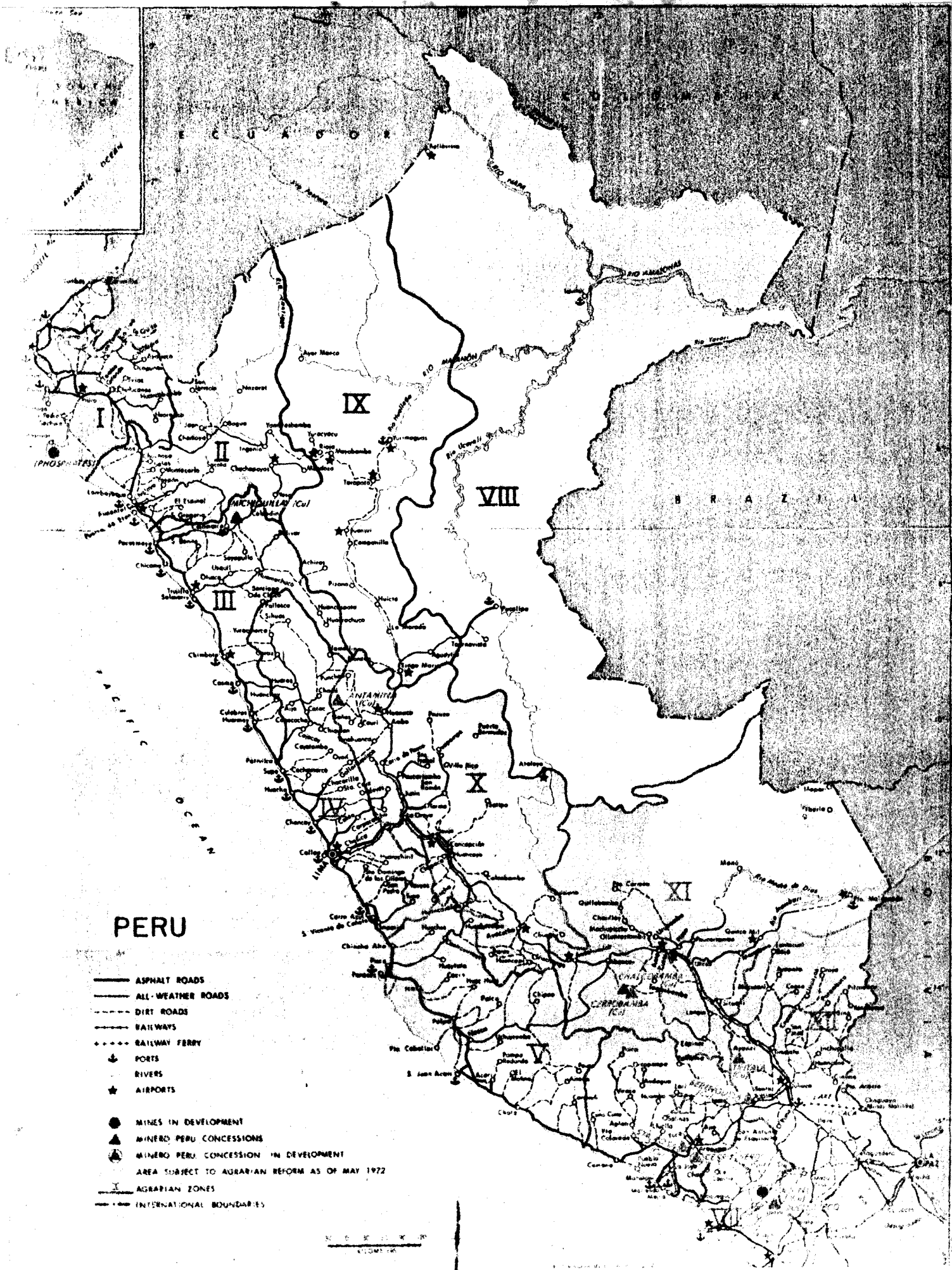
Labour and Agrarian Events - 1955-70





MAP NO: 3

AGRARIAN REFORM ZONES UNDER THE LAW 17716.



# PERU

- ASPHALT ROADS
- ALL-WEATHER ROADS
- - - DIRT ROADS
- RAILWAYS
- RAILWAY FERRY
- ⚓ PORTS
- RIVERS
- ★ AIRPORTS
- MINES IN DEVELOPMENT
- ▲ MINERO PERU CONCESSIONS
- ▲ MINERO PERU CONCESSION IN DEVELOPMENT
- AREA SUBJECT TO AGRARIAN REFORM AS OF MAY 1972
- AGRARIAN ZONES
- - - INTERNATIONAL BOUNDARIES

0 50 100 150 200  
KILOMETERS