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Seeking a preferential option for the rural poor in Chile

Em busca de uma opção preferencial pelos pobres do campo no Chile

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Abstract

From colonial times well into the twentieth century (and, unfortunately, even beyond) the man/land relationship in Latin America has been markedly unjust. Small numbers of families have owned large tracts of the best land, while large numbers of poor families have struggled with tiny plots of marginal land or labored on the estates of the rich. Chile was no exception to this pattern. Thus, its experiment with land reform in the 1960s and 1970s, the setback of reform under the military in the 1970s and 1980s, and the resumption of reform under democrats in the 1990s, may provide lessons for the rest of Latin America. Is a preferential option for the rural poor still possible in a neoliberal economic system? In Chile, the answer is a qualified "yes."

Key words: land reform, preferential option for the rural poor, Chile.

Resumo

Desde o período colonial até o século 20 (e infelizmente mesmo depois disso), a relação homem/terra na América Latina tem sido marcadamente injusta. Um pequeno número de famílias concentrou grandes porções das melhores terras, enquanto um grande número de famílias pobres lutava para sobreviver em pequenas parcelas de terras inférteis ou trabalhando nas grandes propriedades dos ricos. O Chile não foi uma exceção a este padrão de distribuição da terra. Deste modo, o experimento com reforma agrária nos anos e 70, e o retrocesso durante o governo militar nos anos 70 e 80, bem como a retomada da reforma agrária sob os governos democráticos dos anos 90, oferecem lições para o resto da América Latina. A opção preferencial pelos pobres do campo é ainda possível dentro de um sistema econômico neoliberal? No caso do Chile, a resposta é um "sim" com restrições.

Palavras-chave: reforma agraria, opção preferencial pelos pobres do campo, Chile.

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Background

Up until the 1960s, Chile had one of the worst man/land distributions in Latin America. At that time, according to Marion R. Brown of the Land Tenure Center at the University of Wisconsin, 2 percent of the farms in Chile controlled 70 percent of the land, while 42 percent of the irrigable land in Chile's Central Valley was in natural (unimproved) pasture (Brown, 1989, p. 221). Another figure cited by Cristobal Kay is that *minifundistas* (small peasant landowners, accounted for 37 percent of the farms, but only 1 percent of the arable land, while *latifundistas* (large landed estate owners) with only 7 percent of the farms owned 65 percent of arable land in 1955 (Kay, 2002, pp. 466-467). Most rural families were either landless *inquilinos*, resident serfs on the estates, or *minifundistas*, engaged in barely self-sufficient plots on the margins. Yields for the principal grain and meat crops were low, and farming was not considered as important as having a fine house, stables, and subservient workforce in the country with which to entertain one's friends and extended family. This feudal orientation cost Chile over $100 million each year in unneeded food imports (Feinberg, 1972, p. 60).

Surprisingly, a new generation of elites, many the offspring of landed families, with agricultural training and experience began to seek an end to this largely feudal system. In the 1960s, Pope John XXIII, John F. Kennedy's Alliance for Progress, and Fidel Castro had each championed the need for land reform. Bishops turned over Church lands to resident workers in the Santiago and Talca areas in 1963-64, and the conservative government of Jorge Alessandri (1958-1964) put a land reform bill on the books, one that was directed more at colonization (i.e., opening new lands) than redistribution. While Alessandri contented himself with a very minimal application of the law, the Kennedy Administration judged that it met criteria for development assistance and included Chile in the Alliance program.

Whether dividing or colonizing the land, agrarian reform is, and has to be, more than just land reform. Those who receive (and are expected to pay for) their new property are also in need of credits, extension services, infrastructural investments, and, if organized into cooperatives, management training. But getting to this point is not easy. The rural sociologist and Jesuit priest Gonzalo Arroyo was one of the strongest advocates of land, and agrarian, reform. But, as he wrote in 1964, "agrarian reform, without any doubt, is a complex process. It involves the play of passions, of interests, and often the egoisms of the groups involved, such that one can never exactly predict the course that the reform will take" (Arroyo, 1964, p. 7).

In the 1964 election campaign, both the Christian Democrat candidate, Eduardo Frei, and the Socialist candidate, Salvador Allende, promised vigorous action on land reform. Frei's landslide victory looked as if he had a clear mandate for social reform. But he soon encountered opposition from his own supporters. In fact, there had been no real mandate. Frei had defeated Allende with the tactical help of the country's conservative parties. Trying to break through the political isolation of the *inquilinos*, he legalized peasant unionization and even sent organizers into the countryside to assist their mobilization. The Instituto de Desarrollo Agropecuario (Agricultural Development Institute, INDAP), set up by Alessandri, was nominally intended to serve the interests of small farmers. Frei now put Jacques Chonchol, an internationally experienced agricultural engineer, in charge. Then, in 1967, over the furious opposition of big landowners, the Chilean Congress approved a land reform bill that authorized the breakup of all estates over 80 irrigated hectares (roughly 200 acres). Resident workers (*inquilinos*) were the main recipients, generally receiving 20 hectares per family from the new Corporación de la Reforma Agraria (CORA). Agronomists were hired to oversee the process, including the determination of payments by recipients and compensation to the expropriated owners. As compensation was in long-term bonds, to be paid out over 30 years, the affected landowners cried "confiscation." The bill, however, did permit owners to retain *reservas*, up to 80 irrigated hectares of core lands including homes and other buildings. The more opportunistic owners broke their holdings into 80 hectare units, parceling them out to family members. Still, as John Gunther pointed out at the time, Frei had a lot of trouble passing his land bill because "practically all Conservative and Liberal members of congress, half the Radicals, and, more important, some fifty out of his own Christian Democrats, are landowners" (Gunther, 1967, p. 351). Brian Loveman reports that Chonchol

> believed it necessary to go beyond the bounds of existing law in the unionization of rural labor and in support for agrarian reform. [...] [He] promoted large numbers of agricultural labor conflicts and organized multiform unions in direct violation of existing legislation. Not to be outdone, Communist and Socialist organizers competed with INDAP in the effort to mobilize the rural labor force against the landowners and to accelerate agrarian reform (Loveman, 2001, p. 242).

CORA found itself slowed down by financial, logistical, and political restraints. In three years of land reform, the Frei Administration was only able to redistribute 1,319 properties, totaling 3.4 million hectares, the lands going to 28,000 families – far fewer than President Frei's target of 100,000 (Chonchol, 1994, p. 293). In the meantime, 400 peasant unions were organized with 100,000 members, heightening pressures for further land reform.

Despite the breakthrough in land reform, this performance was criticized by the Socialist and Communist opposition in Congress who felt that it did not go far enough. This feeling was

shared by a faction of President Frei's own Christian Democratic Party, especially its younger members and those directly involved in the agrarian reform program, including Chonchol himself. In an attempt to aid Radomiro Tomic, the Christian Democratic candidate in the 1970 presidential elections, PDC Senator Patricio Aylwin got a bill passed that streamlined the expropriation process, meeting many of the criticisms of the left. But ironically, Tomic came in third in the 1970 election behind the conservative, Jorge Alessandri, running for a second term, and Salvador Allende, representing the Unidad Popular (UP), a coalition of the Socialists, Communists, and MAPU (a new party of Christian Democratic dissidents). Allende narrowly won, and, although the UP did not get a majority of seats in the Congress, that body nevertheless ratified Allende's victory by a large majority.

From Allende to Pinochet

While Chilean politics in the twentieth century has usually been ideologically polarized, it had somehow managed to keep a fairly civilized character. Arturo Valenzuela criticizes the PDC's "revolution in liberty" as an inflexible departure from the traditional coalition politics of the past (Valenzuela, 1999, p. 218). But now, under Allende, it was the Socialists who were inflexible. The United States played no small role in this. After John Kennedy's assassination, interest in Latin American socio-economic reform began to wane, while anti-Communism, always important, took center-stage, exacerbating Chile's polarization. Well-documented efforts by the U.S. to influence the 1970 election – both in the campaign and in the Congressional ratification – may have emboldened Chilean conservatives to dig in their heels. American fury at the expropriations of American copper and other companies in 1971-72 triggered new covert efforts to fund Allende's enemies and to strangle Chile economically (Oppenheim, 1999, p. 101-102).

Allende's goal was a socialist society, generating equity and development for all. His government set out as rapidly as possible to achieve a set of reforms that would be irreversible. The problem with this was that the legally authorized takeovers of property – urban or rural – were accompanied by a number of seizures (*tomas*) that were outside the law. Most of these were carried out by radical groups – workers, youths, and Mapuche Indians – most from within Allende's own Socialist Party and the smaller Leftist Revolutionary Movement (Movimiento de Izquierda Revolucionario, MIR). The *tomas* particularly alarmed the Unidad Popular's other leaders from the Communist Party and the MAPU who feared a civil war and reversal of reform.

President Allende appointed Jacques Chonchol (now one of the MAPU leaders) as Minister of Agriculture. Using the Aylwin procedures, Allende was able to expropriate 4,490 properties, encompassing 6.6 million hectares, and benefiting 75,000 families. In effect, this put an end to the latifundio system in Chile. But at times, the pace of land reform was dizzying to everyone. One CORA agent reportedly oversaw the takeover of thirty farms a month, a pace far beyond CORA's ability to issue titles and provide adequate evaluation. In fact, 1,700 expropriations took the form of *tomas*, or seizures, by campesinos themselves. Brian Loveman (2001, p. 251) argues that many of these were legitimized by Allende under a "right of intervention" in the event of a work stoppage.

As protests against the land redistributions grew, President Allende removed Chonchol as Minister of Agriculture on November 2, 1972, and brought the Armed Forces commander, General Carlos Prats, into his cabinet as Minister of the Interior. It was hoped that the military and state police (*carabineros*) might bring the *tomas* to a halt and restore due process to the reforms. It was not enough. Throughout the Spring of 1973, truckers went on strike, blocking food deliveries to the cities. Women banging pots and pans demonstrated at the shortages and rising prices. PDC leadership, seeing its possible advantage in the crisis, began to conspire with the military to up-end the regime. By September 1973, it came to an end. General Prats had been replaced in August by his second-in-command, General Augusto Pinochet. Professing loyalty to Allende and calling on the military to focus on economic issues, Pinochet quickly took charge of the growing military/PDC conspiracy and surprised his boss with a well orchestrated, but deadly, coup on September 11, 1973.

In the furious counterrevolution that followed, the young agronomists, and thousands more, were rounded up or fled the country. Thousands were tortured and disappeared – from both the radical (Socialists and MIRistas) and more moderate sectors of UP (Communists and MAPU). General Prats, seen as too loyal to Allende, went into exile in Argentina only to be assassinated there by fellow military operatives in the DINA, Pinochet's secret police.

Socialism, and anything that looked like it, was now at an end. Companies that had been seized by workers were returned to their earlier owners. Gradually, under the influence of the orthodox economic theories of the University of Chicago, now called "neoliberalism," the Chilean dictatorship cut the budget, opened doors to trade and investment, and reduced government involvement in economic matters. Ironically, the most lucrative part of the economy, the copper industry, which had been expropriated by Allende, remained in government hands. Equally curious was the government's attitude towards the land reform.[2]

[2] Cristobal Kay (2002, p. 470-474) traces the changes, and sometimes paradoxical decisions, in the Pinochet regime towards agricultural development.

What happened to the land reform?

If Pinochet brutally ushered in an era of conservative, authoritarian government, the agrarian reforms – at least some of them – survived. Rather than hand back lands expropriated by the Frei government to their former owners, the Pinochet government allowed many of the new peasant owners to hold on to their property. This even included some of the lands taken under the Allende/Chonchol regime where the transfer had been handled properly under the agrarian reform law. Lands taken in *tomas* and those tied up in court appeals generally were returned to their original owners. "Of the land originally expropriated, 57 percent (in terms of productive value) remained in the reform sector under cooperative or individual management, 28 percent was returned to previous owners, 5 percent was auctioned, and 10 percent was retained in the public sector, mainly for forestation and subsequent private sale" (Jarvis, 1992, p. 192). After all was said and done, some 45,000 peasant families remained beneficiaries, holding an average of eight BIH. Properties over 80 BIH, which had taken up 55.3 percent of lands and had fallen to 2.9 percent between 1965 and 1972, rose to 24.7 in 1976, while holdings below 20 BIH went from 22 percent in 1965 to 47 percent in 1976. Shifts were under way in the philosophy of production, and the bias of the Pinochet regime was not so much anti-peasant as it was anti-wastefulness in agriculture (Kay, 2002, p. 467, 473).

Consistent with the Pinochet regime's free market philosophy, cooperative holdings (*asentamientos*) were viewed as socialistic. Most were broken up, and peasant members (*parceleros*) were given individual titles. But as many as 28,000 sold their properties, 10% to other peasants, 50% to larger farmers, and 30% to others[3]. A new constitution in 1980 made the rights to property (land and water) inviolable and removed more liberal language guaranteeing the "social function" of property (i.e., in which land and water were obliged to serve the common good). Although CORA remained in existence until 1979 to administer these changes, its staff was sharply reduced from 4,622 in 1973 to 1,452 in 1977 (Garrido, 1988, p. 225). INDAP's personnel and budget were also cut back, depriving peasants of credit, extension services, and otherwise "smothering the *parceleros* in their debts," as several informants put it. The effect of this, as noted above, was to force many of the small, new landowners into selling their lands, reverting to a dependent life of farm labor, or migrating to Santiago. A study by Jorge Echenique suggests that only a third of the *parceleros* were ultimately able to ride out this difficult period and retain their land[4]. Meanwhile a vigorous land market developed that diversified ownership in the countryside.

Pinochet supporters like to credit the sharp rise in agricultural productivity to this land market and to policies of economic neoliberalism. A chief ingredient in this growth has been the development of nontraditional agricultural exports (NTAE): fruits, vegetables, wine, flowers, etc. But I think it is only fair to point to the earlier work of INDAP and the Corporation for the Development of Production (CORFO), which used the pressures of the agrarian reform to stimulate greater innovativeness and productivity on what soon would become smaller farms. Families that had tried to avoid expropriation by breaking up their estates may have inadvertently furthered this new decision-making by facilitating a transfer of power away from traditional hands. NTAE was also stimulated by early attempts (in the 1960s) at Latin American economic integration as well as various exchange agreements with the United States (e.g., Chile-California Sister State Program). The winter/summer complementarity of foodstuffs from the northern and southern hemispheres presented Chile with a virtual open door to markets in Europe, the U.S., and Asia. This reorientation of agriculture was already under way when the coup struck. But in the seventeen years of military rule it was given further support as an export-generating part of the government's neoliberal economic policies. NTAE production has remained a central part of the succeeding democratic governments.

INDAP'S agrarian reform

But here is the interesting switch. Despite the conservative bias of neoliberalism, and the promises that democratic governments have made to the domestic and international business communities, concern about the rural poor has been increased. As stated earlier, agrarian reform, to be successful, has to include not only land reform (i.e., redistribution and/or colonization) but also broad agricultural extension services, credits, infrastructural improvements, marketing assistance, etc.

Can you carry out agrarian reform *without* land reform? There is still a great deal of minifundia in Chile – peasants with under 12 hectares of land in the Central Valley, and still others are landless laborers or hold only tiny parcels of parched soil in the coastal and Andean foothills. Bold plans for irrigation may bring new life to barren lands, while carefully integrated credits and extension services may raise incomes for all groups.

Agriculture, both traditional and nontraditional, is centered on the so-called Central Valley of Chile – actually a series of valley bottoms along Andean rivers to the sea, from La Serena in the north to Puerto Montt in the south. Bouncing back from the severe cutbacks inflicted by the Pinochet regime,

[3] Sergio Gomez y Jorge Echenique, 1988, *La agricultura chilena: las dos caras de la modernizacion*, Santiago, FLACSO/AGRARIA (*in* Doren and Leiva, 1999).
[4] Jorge Echenique, interview, Santiago, May 2000; see also Echenique and Rolando (1991).

INDAP sharply increased its credits and services. With 12 irrigated hectares, or their equivalent, as the maximum qualification for assistance, those engaged in peasant family agriculture (*agricultura familiar campesina*) could now qualify for a whole range of INDAP credits and services – irrigation, road construction, managerial training, product development, and, of greatest immediate importance, the rescheduling of debts and legalized title (for as many as 100,000 property holders) (Kay and Silva, 1992, p. 297).

Getting up to speed is not easy, and there are some catches. Technical and managerial assistance are only provided by outsiders – paid consultants. INDAP recommends them, but they are selected in a way that gives the farmer (or cooperative) equal say. On our travels throughout Chile, we did not hear any complaint about this commercialization of the assistance process. Switching to nontraditional agricultural products for export is also an expensive proposition – up to $10,000 per hectare for the initial investment in fruits and/or flowers, for example. But throughout the Central Valley, the countryside is filled with small fields of peaches, apples, pears, papayas, kiwi, berries, and grapes. Many small grain and livestock producers have made the switch to NTAE, partly induced by the (free market) competition from Argentina and subsidized exports from the U.S.A.

Part of the way small farmers are coping with size is through contracts with agroindustry. With the help of large food processing companies, peasant coops are finding better markets for their produce. A good example of this is pisco, the strong brandy that goes into pisco sours, the national drink. The Capel pisco distillery is a cooperatively owned industry which processes the muscatel produced by its members. Concha y Toro, the wine giant, buys the whole crops of local growers. Thus, the vast estate of the past is replaced by a well capitalized food processor part of whose raw material is provided by small farmers, working their own land. Jorge Echenique, an agrarian reform consultant, is hopeful that the Programa de Desarrollo de Provedores (Program to Develop Suppliers) will be expanded to get all food-processing agroindustries to buy their supplies from small farmers in a 50 kilometer radius around them. For this the government would offer the agroindustries a subsidy.

Even short of such a cumbersome partnership, *minifundistas* are forging productive cooperatives with the help of INDAP. In Coltauco, Region VI, we visited a 60-member onion and garlic cooperative which had recently built a large warehouse, financed by credits from INDAP. The government marketing organization, ProChile, was helping them to find foreign markets. In Curico, a grape-growing coop was in the process of setting up a winery. We also visited a large warehouse and freezer for raspberries in Curico. There were as many hired workers, sorting and handling, as there were coop members. In Donihue, we visited a flower coop, supervised and assisted by the local INDAP office [there are 102 local offices throughout Chile, and main offices in each of the thirteen regions]. In Victoria we watched Mapuche farmers lined up to obtain seed money at the start of the wheat-growing season; and in Triguen we heard of a group of young Mapuches who had encouraged their elders to grow *chicharo* (garbanzo) beans, which are popular in Spain. With help from INDAP, they became a recognized coop, and with aid from the national marketing agency ProChile they could enter the Spanish market.

In 2002, the number of families eligible for such assistance was 278,000 (or 1.2 million persons). Some 27.9 billion pesos (roughly $68 million) were provided in direct credits, and another 47.2 billion ($115 million) in training and investment incentives (*incentivos a la inversion y desarrollo de capacidades*). INDAP invested $125 million in new irrigation projects over the decade, increasing watered land by 77,000 hectares and recuperating some 413,000 hectares of degraded soil. Finally, INDAP reported that of the 330 billion pesos ($800 million) loaned out between 1994 and 2002, approximately 98% had been paid back, making the loan stock fully self-sustaining (Caffena, 2003).

Land reform is not on the horizon for the poor farmers of Chile any more. Works of irrigation may expand agricultural lands somewhat for small farmers – especially those owning land in the marginal areas of the coast and Andean foothills. President Lagos (2000-2005) gave his support to these developments, and INDAP's budget received increased funding from Congress. The only cloud hanging over the "redemption" of the campesinos is the vulnerability of NTAE exports to changing world markets. As is well known, the terms of trade for raw materials and even the first-stage processing thereof are generally negative for the producer. The "market basket" of manufactured goods from the First World costs more and more each year for the producer of food and other raw materials. While Chile has a comparative advantage of sorts, given the summer/winter complementarity of markets, north and south, she must compete with other southern food producers (South Africa, Argentina, and Australasia). While the market in the north is extensive, economic reversals in Japan, Europe, or North America can have a devastating effect in this trade. "But what else can we do?" we were asked. The government's response to this question has been to show a preferential option to the rural poor. As Kay argues forcefully, "No process of modernization and democratization can be complete unless the country has tackled, if not fully resolved, the outstanding agrarian question" (Kay, 2002, p. 494). What INDAP has done, and is doing, seems to provide a very healthy start.

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