Agrarian Reform in El Salvador An Evaluation

by Martin Diskin Massachusetts Institute of Technology

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Ву

Martin Diskin

Massachusetts Institute of Technology

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Glossary

AID Agency for International Development (U.S.)

AIFLD American Institute for Free Labor Development (AFL-CIO)

ANC Asociación Nacional de Campesinos (National Peasant Association)

ANEP Asociación Nacional de la Empresa Privada (private sector organization)

ARENA Alianza Republicana Nacionalista (National Republican Alliance party)

ASCAFE Asociación Salvadoreña de Cafe (coffee growers association)

ASI Asociación Salvadoreña de Industriales (industry association)

BRAZ Brigada Rafael Arce Zablah (ERP)

CENCAP Centro de Capacitación (training agency of reform sector-ISTA)

COPAL (cotton-export marketing agency)

ERP Ejercito Revolucionario Popular (guerrilla group-FMLN)

FARO Frente de Agricultores de la Region Oriental (eastern region agricultural front)

FENACOA (National Federation of Farming and Cattle)

FINATA Financiera Nacional de Tierras Agricolas (Phase III administration agency)

FMLN/FDR Frente Faribundo Marti Liberación Nacional/Frente Democratico Revolucionario

INAZUCAR Instituto Nacional de Azucar (sugar-export marketing agency)

INCAFE Instituto Nacional de Cafe (coffee-export marketing agency)

IRA Instituto de Regulamentación de Abastecimiento (grain purchasing board)

ISTA Instituto Salvadoreño de Transformación Agraria (agrarian reform agency)

MAG (Ministry of Agriculture and Cattle)

PDC (Christian Democratic Party)

PERA Proyecto de la Evaluación de la Reforma Agraria

UCS Unión Comunal Salvadoreña

UPD Unidad Popular Democratica

Introduction

The agrarian-reform program in El Salvador has reached a point where it may be examined to evaluate its effect. The legislation that created it has been in place since 1980. All the land that was to have been distributed, with a small exception, has been given. We may now see that what was trumpeted as "the most sweeping land reform in Latin American history" is in reality an inadequate measure to redress the most serious problem facing El Salvador.

The root reason for this failure is that those who own the most productive land have dominated the economic system and have manipulated the political system to exclude the poor and landless who are used to plant and harvest the great wealth agriculture represents but not to share in this wealth. These wealthy people have been somewhat affected by this reform, but not enough to dislodge them from their monopoly of power. They continue to frustrate any efforts to genuinely reform the agrarian system.

There are four principal reasons for this:

- 1. Since 1982, the implementation apparatus for the agrarian reform has been in the hands of ARENA, the party most outspokenly opposed to reform. When the Ministry of Agriculture was given to ARENA after the 1982 election, that party had the opportunity to implement the antireform policies it had consistently advocated. During its period of control, which lasted until June 1984, it restructured the agrarian-reform agency (ISTA), asserted financial control over the peasant cooperatives, de-emphasized the social services they are required to provide, and laid the groundwork for the reprivatization of the cooperatives.
- 2. The ratification of the 1983 constitution was accomplished through the same right-wing coalition that took over in 1982. This constitution effectively eliminated the available land for redistribution in Phase II. It speaks more about the sanctity of private property than the social necessity of agrarian reform. It represents a victory for opponents of agrarian reform.
- 3. Of the more than one-half million beneficiaries of the reform, virtually none have experienced an improvement in their standard of living. This is, in Phase I, because of the systematic sabotage of the reform by ARENA and, in Phase III, because of the difficulty of improving the welfare of those who, to begin with, are very poor and are only given tiny, impoverished bits of land. Thus far, none of the auxiliary services and supports (i.e. credit, technical assistance) have found their way to the beneficiaries of Phase III.
- 4. Although Jose Napoleon Duarte, the Christian Democratic candidate, won the presidential election of May 1984, he has been severely restricted in his scope of action. Antireformist members of the military, private sector landowners, and other right-wing elements, as well as present policy of the United States, all act so as to make it difficult, if not impossible, for him to carry out the social-justice mandate embodied in the original agrarian-reform legislation. Although he has been sympathetic to representatives of rural workers and peasants, he has not been able to satisfy any of their demands to date.

El Salvador has always depended on its agrarian sector. Agriculture has been the crucial determinant of the economic, social, and political state of the country. Although a very small country, it has enjoyed great productivity. But success in production has brought a series of social problems that have plagued the country for a century. The fortunes amassed by the few who control this society have been obtained at the cost of impoverishment of the vast majority of peasants and farmworkers.

This legacy of poverty, malnutrition, and illiteracy has led to increasingly harsh steps to ensure docility of the work force, on the other. The resultant social tension has been at the boiling point for generations. The numerous protests against injustice have always been countered by lethal force exercised by the military and paramilitary allies of the landowners. The most serious clash occurred in 1932, the matanza (massacre), when thousands of farmworkers, peasants and Indians were murdered. Concerned Salvadorans have never accepted the smoldering peace left in the wake of 1932 as a solution. Rather, the need for agrarian reform is a continual item on the agenda of social questions to this day.

The exaggerated land concentration and its attendant enormous disparities between rich and poor were problems which had to be solved before any significant development could occur. By 1971, 1.5 percent of all farms accounted for 49 percent of all farmland while 92 percent of the farms represented only 27 percent of the land, usually of the poorest quality. As a consequence 83 percent of the rural population were classified as the "rural poor," living on incomes of less than \$225 (U.S.) per capita per year. Three-quarters of all rural children under five suffered clinical symptoms of malnutrition. In 1975, more than 40 percent of this population was completely deprived of land, depending on agricultural wages earned during the peak agricultural season on the larger landholdings. With so much landlessness, the under- and unemployment rate was at about 50 percent.

One effort to respond to this situation was the agrarian transformation (transformación agraria) instituted in 1976, on a pilot basis, in San Miguel and Usulutan. This modest test, involving only 4 percent of the land and very generous terms for former owners, was successfully resisted by landlords, with military and vigilante support. James Dunkerley commented, "This failure to bring about a modicum of social change in the countryside, even when such a project had the backing of the military government, had a discernible effect upon political developments, especially amongst the reformist parties, which had set great store by the reform."

The decade of the seventies brought a cycle of protest and repression that exploded in the military coup of October 15, 1979. The junta that took power at that time resolved to institute reforms that would ameliorate the social disparities and enfranchise the majority of Salvadorans, help them share the national wealth, and thereby establish an enduring peace.

An agrarian reform was the key project initiated in 1979. The United States quickly recognized the junta and supported its reformist trajectory. As the conflict heated up it became clear that those who came to control the government were seen as condoning, or not controlling, or even participating in large-scale systematic violations of human rights. Congress imposed restrictions on the granting of assistance to the Salvadoran government. The president was required to "certify" that the government of El Salvador was "making continued progress" in a number of areas, among them the land reform initiated in the Spring of 1980. This report assesses whether there has been "continued progress" in land reform. To do so first requires discussing what is meant by land reform, progress, how it is to be measured, its current state, and future possibilities.

What Must Agrarian Reform?

Because of the intimate relation between economic and social justice, any program of agrarian reform must accomplish two things. First, it must distribute the sources of wealth more equitably so that the beneficiary population experiences a short-term improvement in welfare. Second, it must open the political system to enable these beneficiaries to have a real and continuing voice in the national decisions that affect their condition.

Land redistribution is not, by itself, the whole answer to rural poverty. The amount of land distributed must be sufficient to produce enough for rural families to live on. But how much that is depends on the quality of land, the crops sown, and the level of technology and credit made available to new landowners. Handing out small parcels of impoverished land without providing the resources to develop it merely maintains and reinforces the traditional levels of poverty. The large mass of completely landless rural poor, not included in the agrarian reform at all, must be reached through improvements in wages and working conditions. This large group, probably more than half the rural population, will constitute a time bomb if its needs are not addressed.

Political participation in the process of genuine agrarian change is no less important. In order to consolidate the gains made in the structure of landholding, organized pressure must be applied to defuse the opposition of the traditional enemies of the reform process. Simply declaring a reform does not eliminate the powerful pressure groups that have always resisted reform.

The agrarian reform proposed by the junta made no provision for the landless farmworker population. While it was receptive to peasant organizations, in the course of time, their role was diminished.

The Reform Program

The reform legislated in early 1980 contained two distinct parts. The first, embodied in the "Basic Law" (decrees 153 and 154) and enacted on March 5, 1980, provided for the confiscation of all landholdings over 100 hectares (150 in the case of poorer quality lands). (I hectare equals 2.47 acres.) These lands were to become cooperatives run by the people who worked these farms before. The second part of the reform, decree 207, passed on April 28, 1980, also called the "Land-To-The Tiller" program, transferred ownership rights to tenants and sharecroppers.

The "Basic Law" was to be implemented in two phases. Phase I, covering farms over 500 hectares in size, was to affect about 15 percent of all land in farms and about 60,000 families as cooperative members. Phase II, covering the remaining farms over 100 hectares was to affect 24 percent of all land in farms, although other provisions of the law greatly reduce this amount. Decree 207 is often called Phase III. The most accepted figure for the potential beneficiary population of Phase III is 117,000 families and a liberal guess for the amount of land potentially affected is about 150,000 hectares (i.e., 10 percent of all land in farms).

Thus, under the most generous interpretation, the entire reform could have affected about half of the land in farms and perhaps 40 percent of the rural population. At the outset of the reform, it was described as the most "sweeping" land reform in Latin American history.

It soon became clear that only the claim itself was sweeping. In Phase I, the number of beneficiaries has never risen to more than half the original sixty thousand families claimed. Also, part of the land that was to have been affected within that phase (about 14,000 hectares) was claimed as a "right of reserve" by former owners. Phase II has never been

implemented. Phase III has thus far involved 90,000 hectares and sixty thousand families. In total, the reform that involved about 23 percent of all farmland and about 18 percent of the rural population.

The agrarian reform has been virtually exhausted and now looks considerably less sweeping than originally claimed. The first point to be made then, about "continued progress" in reform, must reflect this reduced accomplishment.

The evaluation that follows will consider the actual reform rather than what was claimed at the outset. Within these limits, it will try to look behind the numbers to see how much progress has been made in accomplishing the two critical goals of reform outlined above, viz., redistribution of wealth and an opening in the political system. Finally, it will assess the future potential of this reform.

Recent Legal Changes

One striking characteristic of the Salvadoran land reform has been the sketchiness of its major legal statements: they leave implementation to mechanisms determined after the fact and subject to shifting political pressures. As a result, contradictions are designed into the reform process. This has given rise to public attack on the legal validity of the reform and to stalling.

During the period of the "agrarian transformation" of 1976, for example, public debate centered on the 1962 political constitution's definition of property. Both supporters and opponents of this mild reform claimed to find strong support for their point of view in article 32, dealing with the "social function of property." The effect of this impasse was to abort the reform, and, in the view of many observers, it contributed to the replacement of the Molina government by the much more repressive regime of General Romero that was ended by the military coup of October 1979.

During the life of the Constituent Assembly (March 1982-December 1983) the most important legislative and constitutional matters dealt with the agrarian reform. The debates over the future of Phase III (decree 207) resulted in decree 6 permitting land rental again for one agricultural cycle. Since then Phase III has been under constant attack by the right. While it has been extended several times, in June 1984 it was officially terminated by the Legislative Assembly. Changes in decrees 153 and 154 also occurred through the assembly's constitutional debates. Significant change also occurred in Phase I through administrative and ideological changes that took place in ISTA (Instituto Salvadoreño de Transformación Agraria).

Phase II of the reform, covering lands from 100 to 500 hectares, was perhaps the most discussed aspect of the reform. Some said that the reform "froze" all those lands, creating such insecurity that landowners were unwilling to invest in improvements or even maintenance of farms. Virtually all national-level politicians, including the Christian Democrats, supported its indefinite suspension. Still, the legal possibility of expropriation of these lands was intolerable to the far right, which wanted to eliminate Phase II entirely. The occasion of the drafting of a new constitution activated political discussion both in Salvadoran society at large as well as in the Constituent Assembly. In particular, draft articles 103, 104, 105, and 106 of the December 1983 constitution reflected a much more narrow understanding of the reform process.

Beginning in August 1983, a coalition of peasant and labor groups, the UPD (Unidad Popular Democratica), began applying public pressure against these provisions while still in draft form. This was done through a demonstration in front of the Constituent Assembly in August 1983 of three thousand persons, and one in September where twenty-five to thirty thousand

people peacefully demonstrated, as well as in paid advertisements in the newspapers and other media. The increase in death-squad activities at that time was largely aimed at stifling the participation of this sector. Some dozen members of the UPD and allied groups were killed, and widespread public threats were issued. Newspapers were threatened not to accept paid advertisements, a common form of political expression in El Salvador. The UPD was also denied use of radio and television and had to rely on reaching the public through the dissemination of its own printed declarations.

The crucial questions in the constitutional debate concerned: a)defining the possibilities for future reform; b)maximum amount of land ownable; and c) mechanism for expropriation (notice, payment, and disposition prior to expropriation).

Following a "popular public forum" held on July 24, 1983 in San Salvador, the UPD published an open criticism of the then current draft constitution being circulated and debated in the Constituent Assembly. It sought a series of changes in language that would reaffirm the primacy of the agrarian reform and would reiterate its principles in the new constitution. It sought to direct the transfer of state land to peasant and landless groups (article 103) and to reduce the capacity of landowners to sell or otherwise transfer lands that were included in the reform or (article 104) "that might be in the future, for reasons of social interest or public utility."

In its proposed new article 105, the UPD specified all the possible reasons for state expropriation of land, leaving the previous legal maximum of 100 hectares (150 for poor quality land) in force. It proposed a new article in which the state is given greater flexibility in compensating exlandowners. Thus, aside from the Christian Democratic party, which favored the reform as it was originally written, the UPD was the only countervailing voice to the strident attacks on the reform that emanated from rightist groups such as ANEP (Asociación Nacional de la Empresa Privada), ASI (Asociación Salvadoreña de Industriales), the various associations of coffee, cotton, and sugar growers, and ARENA. This was the same coalition of groups that fought the agrarian transformation of 1976, through their principal organization, FARO (Frente de Agricultures de la Region Oriental).

The assembly debate centered around the maximum acreage allowance and at various points proposals were put forward that ranged from 100 hectares (Christian Democrats) to 500 (ARENA). The outcome, labeled by the State Department "an equitable compromise," settled for a maximum of 245 hectares. Perhaps it was a compromise in the sense that it reflected some give and take in the rightist-dominated assembly, but in terms of agrarian reform it was a bitter blow to even the small fraction of the rural population who are potential beneficiaries of reform. In the words of the UPD, "this new constitution has not succeeded in resolving the fundamental problems of the people, and principally, the problems of the majority, composed of more than three million workers and peasants. In reality, what has been done is to leave these problems with no resolution, once again creating obstacles to the political solution that the people have sought."

Constitution of 1983

In the final approved version of the new constitution, there is no special section labelled agrarian reform. Nor is there any language expressing the social need for reform such as exists in the Armed Forces Declaration of October 1979 or in the text of decree 153, the Basic Law. The Armed Forces Declaration lists the need for agrarian reform under the heading of "measures that lead to an equitable distribution of national wealth, while at the same time accelerating the gross domestic product." Decree 153, the "Basic Law," defines agrarian reform in article 2 as "the transformation of the agrarian structure of the country and the incorporation of its rural population into the economic, social, and political development of the nation through the substitution of the system of latifundia (large estates)

by a just system of property, ownership, and use of the land, based in equitable distribution of the land, adequate organization of credit, and assistance for agricultural producers so that the land might constitute a base for economic stability, a foundation of progressive social welfare, and a guarantee of liberty and dignity for those that work it."

After an intense public debate that masked a great deal of behind-the-scenes bargaining, virtually the identical political alignment that emerged after the March 1982 elections approved the new constitution, with little change from the assembly draft. The final vote in the Constituent Assembly was 34 in favor out of 60. Although the Christian Democrats had won 40 percent of the popular vote in 1982, the ARENA-led alliance that has effectively excluded them from a voice in the assembly, held fast in the constitutional vote. Thus the antireform forces won a battle that was neither "equitable" nor a "compromise." It is difficult to see how Secretary Shultz could say that the "basic reforms were incorporated into El Salvador's new constitution."

The 1983 constitution, under title V ("Economic Order"), commits the state to promote economic and social development "through an increase in production, productivity and rational resource use" (article 102). The same article says the state "will promote and protect private initiative within the conditions necessary to increase national wealth and to ensure the benefits of that to the greatest number of inhabitants of the country." Article 103 "recognizes and guarantees the right of private property in its social function." This phrase, appearing in the 1962 constitution, receives no further definition here. Article 104 mentions agrarian reform only in a discussion of state property. It says that state property may be bought by agrarian reform beneficiaries or by "public utility corporations." Article 105, after once again expressing that the state "recognizes, promotes, and guarantees the right of private property" and limits itself "for any reason to reduce the maximum amount of land established by this constitution as a property right," fixes the maximum amount of land that may be owned at 245 hectares. It further permits landowners referred to above to "freely transfer, alienate, distribute, divide, and rent" land. With holdings over the limit, the owner may decide immediately which part he wishes to keep and register it with the government, i.e., legally protect it from future efforts at expropriation. Furthermore, all of this may be done over the next three years before any expropriation will begin.

Land already held by agrarian-reform beneficiaries "will be subject to a special regimen" of an unspecified nature. Article 106, which deals with expropriation, emphasizes in its language the need to prove either the "public utility" or the "social interest" served by such expropriation. It further specifies prior payment (except in cases of eminent domain) and reduces the length of the payment schedule to fifteen years instead of the twenty or thirty as stipulated in the original law. These payments are to contain the "corresponding bank interest" which is to be paid preferably in cash. Thus, the new constitution has succeeded in reducing the scope of state intervention in reform, and protected landowners from expropriation while upgrading their compensation in case of expropriation.

While the 1983 constitution does not comment directly on Phase III, the assembly passed an extension of this provision until June 30, 1984. This extension quickly came under public attack on the grounds that with the new article 105 protecting lands under 245 hectares in extension, no seizure of land in that category may be carried out. The author of the attack, a member of ARENA, further argued that since the provisions of decree 207 (Phase III) are contradicted by the new constitution, decree 207 itself is unconstitutional. Given the obvious conflicts built into the 1983 constitution and decrees 153 and 154, with regard to upper limits of affectable land, forms of payment, etc., an analogous argument is sure to be raised concerning Phase I.

If the 1962 constitution opened the door to reform and the 1979 coup mandated, legislated, and began its implementation, the 1983 constitution represents a step backward. It has set such stringent limits on reform that one might say there are no further possibilities to accomplish the social goals intended by the original reformist project.

Performance to Date--The Numbers

The administration's previous certification evaluations of the agrarian reform have been expressed almost exclusively in quantitative terms. Real performance, i.e., judging whether the reform is satisfying the two basic requirements of any agrarian reform, involves going beyond the numbers. Although the administration's numbers only tell a small part of the story, in this section let us examine several aspects of the quantitative performance of the agrarian reform.

Phase I

In Phase I, since the number of properties included in the reform has been virtually constant since mid-1980, most attention has focused on compensation and titling, i.e., the number of former owners who have been paid for their land and the number of new cooperatives that have received their titles. As of the end of November 1983, there were 31,359 cooperative members (there is considerable uncertainty as to the validity of this number since some functioning members do not formally register and some families, have more than one member). This totals 188,154 beneficiaries including all family members.

The compensation of former owners has proceeded at a robust pace. By the end of November 1983, 194 previous owners had been paid a total of \$120,149,032 in a combination of cash and bonds. At a cost of an additional \$87,417,553, 127 properties were approved for compensation; and 105 requests for compensation were under consideration. One year later, another 60 properties had been compensated with 131 approved and awaiting payment. The total of 426 properties in 1983 and 472 in 1984 includes many (about 100) that were already taken over by ISTA prior to decrees 153 and 154. The increase in the ensuing year reflects slightly different ways of counting properties as well as new properties falling under ISTA's functioning through voluntary sales of farms less than 500 hectares in size.

In 1983, 75 percent of all Phase I properties were compensated. In one year, it climbed to 82 percent. However, only 25 cooperatives had been issued titles in 1983. That represented 8 percent of all cooperatives. In 1984, the rate increased to 16 percent, with 52 cooperatives receiving titles.

The AID report of November 1983 states: "After the cooperative's debt has been established, final negotiations between the cooperative's board of directors and ISTA are completed, and the land transfer title is executed." Although the only step remaining between compensation and titling is the drawing up of the payment plan, i.e., the schedule of mortgage payments to retire the debt incurred by the cooperative, the report states that "legal and procedural complexities of the agrarian reform have limited the number of titles issued." The gap between compensated properties and titled ones means that ISTA as the legal owner will continue to exercise considerable influence over these cooperatives for some time. In the meantime, the new cooperative members are in the position of wards of a government agency instead of newly independent landowners.

Table 1

Implementation of Phase I

	November 1983	October 1984
Cumulative number of properties compensated	194	256
Amount paid (\$)	120,149,032	160,803,696 (9,337,056 cash)
Properties approved for compensation	127	131
Amount approved	87,417,553	77,948,530
number of requests for compensation pending approval	105	85
Total number of Phase I properties	426	472
Total number of Phase I productive units (cooperatives)	312	317
number of titles issued to cooperatives	25	52
percent of total properties compensated	46	54
percent of cooperatives titled	8	16 - 200

SOURCE: El Salvador Agrarian Reform Monthly Reports, no. 29, November 1983; no. 40, October 1984 (AID, San Salvador).

Table 2

Implementation of Phase III

	Kovember 1983	October 1984
number of beneficiaries	59, 511	63,661
as percent of potential (117,000)	50.86	54.41
Land affected (acres)	224,741	240,028
as percent of potential	6.25	6.67
number of applications filed	74,578	79,135
number of provisional titles issued	53,401	63,024
number of definitive titles issued	4,767	11,454
as percent of potential	6.4	14.5
number of owners compensated	447	977
affected parcels (acres)	11,831	1 7,707
number of beneficiaries	5,602	12,784
Amount of compensation paid (\$)	8,748,263	16,276,139
number and amount of voluntary beneficiary payments (893,620) (1,628,472)	18,132	29,936
Reported evictions (cumulative)	4,907	25,572
Reinstallations (cumulative)	3,702	21,091

SOURCE: El Salvador Agrarian Reform Monthly Report no. 40, October 1983; AID, "Progress on Phase III," summary sheet, August 1983-July 1984.

Phase III

In Phase III, by November 1983, applications had been submitted for about two hundred and twenty thousand acres (6.2 percent of all land in farms) by about sixty thousand people. A total of 74,548 applications for land were submitted (a person can apply for more than one parcel), for an average of 3.7 acres per applicant. The gap is closing between applications received (74,578) and provisional titles issued (53,401), but there remains a much greater distance between provisional titles and definitive titles (4,767).

Turning to compensation and titling, we see here the reverse situation from that in Phase I: exlandowners have not applied for compensation (as they must under the rules of decree 207); but definitive titles are being issued in much greater numbers than landlords are being compensated. The former owners in many cases have 2said that their refusal to seek compensation is because of their opposition to the reform.

Phase II

Although legislated in the original agrarian reform decrees (153, 154), this politically sensitive part of the reform has been dormant since 1980. Phase II contains 24 percent of all farmland but, more significantly, 30 percent of national acreage devoted to coffee production. Although coffee is not mentioned in any reform legislation, a high official in the national bank has called coffee "the spinal column" of the agrarian economy of 1982, for example, coffee accounted for about 60 percent of the value of all exports. Control of coffee and the wealth and power that come with it have been the keys to dominance in Salvadoran society for a century. That is the reason for the enormous resistance to Phase II.

Still, as though in anticipation of the struggle that would ensue in implementing Phase II, the original legislation contained an enormous loophole. The "reserve right," i.e., the exemption of 100 to 125 hectare plots from property taken by the government, would have left this phase greatly reduced. Assuming all reserve rights would be exercised (in Phase II they could be withheld before expropriation in contrast to Phase I where they had to be petitioned for after expropriation), the available amount of land would be reduced by about two-thirds. Subtracting other lands, e.g., lands taken through Phase III legislation, lands sold to ISTA under Phase I (decree, 153), this reduces the potential available to less than one-fifth of the original amount.

The actual resolution of this issue through passage of the new constitution is even more restrictive. Only about 5 to 6 percent of the total that Phase II represented will be available for distribution. This small amount will predictably involve a negligible amount of coffee-producing land.

The argument that the real effect of Phase II would be minimal was mainly used to justify its postponement. The real resistance to implementing Phase II developed as the composition of the junta moved in a rightist direction shortly after the military coup of October 15, 1979. The "postponement" announced by the Christian Democrat-controlled Ministry of Agriculture in 1980 was justified in terms of reduced bureaucratic capacity, lack of funds, and shortage of technical capability. With four years of hindsight, it appears that this phase was foredoomed. It further qualifies the entire land-reform package as a much more modest one than was claimed at the outset.

Had Phase II been vigorously pursued it could have been a force for social transformation. With a government committed to distribute coffee land more equitably and to support the new beneficiaries with credit and extension services, a social base could have been created that would have supported a reform more faithful to its original goals. The abortion of Phase II was one measure among many that paralyzed the reform as an instrument of social

change. United States policy, while formally supportive of agrarian reform, has backed off from criticism of the changes that have occurred in the conduct of the reform. The State Department approves of the new constitution though, in reality, it is the death knell of the reform. The United States maintained support for the assembly, although it was dominated by a rightist coalition and openly hostile to agrarian reform. This support took precedence over support for a reform that, while seriously flawed from the outset, still had some capacity for material improvement and social mobilization of the rural poor.

Changes in the Administration of the Reform

Since 1980 when the Junta decreed the reform, there has been steady pressure to alter it from an instrument for "a new economic and social order in accordance with principles of social justice and revolutionary ideology" to a "technical" reform, increasingly in the hands of those who have historically opposed it. When the Ministry of Agriculture was handed over to ARENA after the 1982 election, the character of the reform changed drastically. The ARENA-dominated ministry of agriculture systematically replaced key personnel, monopolized the procedures for decision-making, reduced the participation of the campesino organizations, and, through its influence on various governing bodies, catered to exowners at the expense of the new peasant beneficiaries. At the same time, nothing was done to curb the systematic violence that continued to plague the reform, permitting the continued presence of an obstructive military, direct intimidation of beneficiaries, and even public condemnations of parts of the very reform they were supposed to be enforcing.

The most important agency within the ministry is ISTA (Instituto Salvadoreño de Transformación Agraria). Its four major roles are "I) land acquisition, 2) temporary comanagement while cooperatives become organized and capable of self-management, 3) land adjudication, and 4) coordination of inputs and technical assistance by other government organizations." The coordination mentioned in point 4 has turned into de facto control. ISTA participates in the central bank, (Banco Central de Reserva) to help determine the credit line for agriculture, as well as in the agricultural bank (Banco de Fomento Agropecuario). Also included in the Ministry of Agriculture are the various commodity purchasing boards. They include the grain purchasing board (IRA), the coffee export-marketing agency (INCAFE), the cotton export-marketing agency (COPAL), and the sugar export-marketing agency (INCAFE). Through the operation of these agencies, great control over the entire reform process has been exercised. In addition, the various technical assistance agencies are included in the same structure.

In studying the performance of the ministry as a whole, interviews were conducted with different people located at various levels. Whenever an interviewee made any critical comments, it was understood that they were not to be attributed by name. Whether the interview was conducted in an office, or in a public place, or even in the person's home, it was clear that there was great anxiety and fear of penalties for being discovered criticizing the performance of the reform. It was also clear that this criticism, coming from devoted professionals of various political persuasions, was itself a complaint about the politicization of the reform effort created by ARENA. In general, the central problem seen by these people was the rigid ideological criteria applied before any other consideration in implementing the reform. It was consistently pointed out that ARENA had taken over the reform and had the power to remake it according to its ideas. Some found it ironic that, even with the extreme right in charge, land reform was still seen as a liberal, reformist, and benevolent enterprise by many Americans. The fact that in 1980 the head of ISTA at the beginning of the reform, Rodolfo Viera, a peasant and peasant leader, was murdered and his killers are still unpunished should have been seen as a significant symptom of things to come.

Since 1982, the governing board of ISTA has shown great favoritism to former owners of Phase I land. Although most properties that were expropriated in 1980 were valued according to a formula specified in the Basic Law, based on their declared tax value for the agricultural years 1976-77, many properties have since had their values altered. This was done by claiming that capital improvements were done after 1977. Improvements include bridges, walls, and other physical projects, as well as retroactive payment for cattle and machinery. Although receipts and other written proofs are required to demonstrate that such improvements have been made, the board accepts statements signed by ISTA personnel who claim that the cooperative members have stated that these improvements were done.

The time for presenting the arguments about capital improvements was during the evaluation phase but, under ARENA, cases are readily reopened. In some cases the claim is made that these improvements were the property of third parties, for example, that a tractor that was part of the confiscated equipment belonged to someone other than the owner. In such cases, and in the cases of some physical improvements as well, compensation, in addition to that already given, is paid in cash rather than according to the formula of bonds and cash that the law stipulates.

While this diverts ISTA's funds, badly needed for the development of the cooperatives, it has a far more invidious consequence. As the cooperatives are reevaluated at a higher level, the "agrarian debt," i.e., the amount owed by the cooperative to ISTA, increases correspondingly. It suggests that one reason for the glacial slowness in titling cooperatives is due to the desire to increase their debts through such devices.

It is quite possible that the difference between the original valuation and the revised one is, for a cooperative, the difference between financial solvency and default. Devices such as this were described as "sharpening the tools of the ARENA takeover."

The grain purchasing board (IRA) is supposed to act as an intermediate buyer to guarantee a fair price to the producer as well as to the final consumer. On the purchasing side, its prices represent a subsidy to maintain incentives for grain production. In selling, it is supposed to offer a fair price for poor consumers while discouraging hoarding and monopolistic behavior on the part of private grain dealers. After mid-1982, the directorate of IRA was replaced. There were many complaints that IRA was using its subsidy power to engage in paper transactions with grain dealers in a "merry-go-round" fashion. That is, the dealer would sell grain to IRA at the subsidized producer price and immediately buy it back at the lower, subsidized purchase price. This grain would then still be available to the dealer for sale on the open market. Meanwhile, IRA has shown an incapacity to regulate prices of grains and the brusque price fluctuations that affect the market have especially hurt small producers. IRA sells powdered milk obtained in the United States. The advertised cost per tin in early 1984 was 15 to 16 colones, but none was available at the IRA centers. In public markets, through private dealers, the same tin of milk was selling for 50 colones or more.

With regard to the marketing of other products, coffee and cotton in particular, the relevant agencies that buy from the cooperatives have been very late in crediting the cooperatives' accounts for the amount of commodities delivered. Even after delivering coffee, say, to INCAFE, the cooperative is not paid and therefore cannot repay bank credit nor use the money earned for other needs. Instead, the money is deposited in a "restricted" account, so-called because the cooperative has limited access to the funds and draws no interest while the outstanding debts continue to accrue interest. These funds are sometimes "restricted" for several months. One of the complaints of the coffee growers association (ASCAFE) is that the producers have to wait as much as two weeks for payment from INCAFE.

Impact of Post-1982 Reform Policies

Let us examine the outcomes to date in Phases I and III after almost four years of "reform."

Phase I

Although the 317 Phase I "productive units" (cooperatives) are formally structured as cooperatives, with a board of directors, voting membership, etc., the members have discovered that they remain as dependent as when they were merely individual workers on the same farms. Moreover, virtually every cooperative is saddled with a debt, in reality a mortgage, that must be paid off. Most cooperatives are steadily slipping into arrears, increasing their dependency and realizing fewer and fewer of the benefits cooperative ownership was to have brought its members.

The management of ISTA since mid-1982 has supported increases in the agrarian debt of co-ops, reduction of social services, late delivery of credit, and considerable corruption in administration of Phase I. Revertheless, using the criteria of business success and managerial efficiency, it constantly criticized Phase I as an economic failure.

Credit

During the first two years of the reform, the credit repayment record of Phase I was quite favorable. *Of all production credit extended to Phase I farms in 1980 and 1981, approximately 76 percent was repaid. This is far better than most rural-credit programs in the third world, and BFA and commercial bank officers said it is better than the repayment record of nonreform borrowers in El Salvador.** This aggregate rate conceals the fact that more cooperatives (140) were delinquent after the first year than were able to repay (121). It also reflects great variation in return rates by lending agency.

Nevertheless, this could have become the basis for improvement and extension of the credit system, given its general financial health and the fact that bank nationalizations in El Salvador accompanied the agrarian reform. A government evaluation in 1982 pointed out that, because of the extreme decapitalization (selling of machinery and cattle by former owners at the beginning of the reform), if strict banking criteria were applied, most of the cooperatives would fail. It further stated that, although in difficult financial shape, many cooperatives invested in schools, clinics, and other social goods and recommended that ways be found to refinance cooperatives and help them beyond strictly profit/loss considerations.

In the 1980/81 agricultural year, 92 percent of the Phase I productive units received credit. In 1981/82, 79 percent got credit, in large measure reflecting an increased number of Phase I cooperatives created as the reform continued. The 81/82 production credit was overwhelmingly (88 percent) devoted to export crops (coffee, cotton, sugar) and about one-fifth for refinancing of uncollected loans from the previous year. For the 82/83 year 76 percent of the Phase I farms got credit as well, but only one-half of the production credit went togetinance export crops and one-fifth to refinance the agrarian debt from the previous year. This disparity reflects a new perception of credit needs after the experience of the first year. Although many farms were in arrears, measures were being taken to adapt to this new situation.

Although the financial condition of the Phase I farms has changed little since the initial phase of the reform—prompting the government evaluation that the situation is stabilizing—it is described as a basket case by the agency charged with its administration. One obvious form of aid that could be given immediately is to ensure the purchase of products through the government agencies in charge of basic grains, coffee, sugar, and cotton. Prompt

purchase and payment for grains and export crops would be useful in helping cooperatives repay their credit quickly. For the 80/81 and 81/82 seasons, the IRA bought less than one-third of its announced quota of grains from the Phase I co-ops and in 82/83 with no goals announced, bought an even smaller absolute amount from the farms. This lack of dependable state markets has served to discourage production; and, as a result, acreage planted to basic grains has been reduced.

The general economic health of the Phase I cooperatives has been disputed since the beginning of the reform. Most of the comment, especially from the right, has treated the cooperatives as businesses. The reasons for default (late credit, differential treatment because of political influences, etc.) were not discussed very much. Nor were the other social benefits that might have accrued to beneficiaries.

A recent study, commissioned by AID, deals with the debt of Phase I cooperatives: In the sample studied, "most (cooperatives) are in serious financial trouble." Further, in six of the fourteen cases studied, "In an ordinary commercial setting, such a situation would, of course, indicate bankruptcy."

Self-Reliance or Popular Participation

Along with raising production, the Phase I cooperatives were to be vehicles to incorporate peasants into national life by helping them become self-reliant managers of their new farms. "Social promotion is the process whereby sectors, traditionally marginal to national development, are encouraged to incorporate themselves, with all their physical and mental potential, to 42 new social model that offers the opportunity for social and economic improvement." To that end, so-called social promoters (promotores sociales) were supposed to be part of each cooperative. Their tasks were quite varied, including instruction in literacy, cooperative structure, and general concientización of the members to the nature of cooperative work and living. Two contracted AID reports (Checchi, December 1981; January 1983) mention the great variation in training and background of the promoters on the cooperatives and note that there were several interesting experiments in cooperative organization. These experiments are for the most part, nonexistent now.

The 1982 PERA (Proyecto de la Evaluación de la Reforma Agraria) reports state that 38 percent of the farms were without any promoter at all and the 1983 report notes that there was an additional thirty percent reduction in the number of fulltime promoters on Phase I farms. It is noteworthy that the greatest reduction occurs not in the zones of conflict (III or IV) but in zone I, where there is most stability and government control. This has led to a "low level of participation of the cooperative members in decision-making."

In interviews with officers of ISTA, promoters were described as "excess baggage" or "in the way" and ridiculed for their low level of formal education. This critique reflects two important aspects of the ARENA-dominated implementation of the reform. First, the role of social service in the cooperatives is seen as the job of experts, who must teach ignorant peasants how to function in their new "businesses," i.e., a process that perpetuates the rigid distinctions dividing the work force and the management of the cooperatives. Second, the sharp disapproval of social promoters is another way to express antagonism for the participation of the peasant organizations that often trained and place the promoters, notably the UCS (Unión Comunal Salvadoreña). The present thinking in ISTA is that it is better not to have promoters on the cooperatives while waiting for better trained "experts" to appear. The training agency of the reform sector, CENCAP, newly incorporated into ISTA itself, offers orientation courses to bureaucrats, technicians, and co-op members on a range of topics, but social promotion has been moved to a back burner.

Comanagement

Comanagement (cogestion) of the cooperatives is specified in the original law. Article 18 of decree 153 states that, through ISTA, a link will be made between the cooperatives and the state to obtain the greatest benefit for the cooperatives. In administrative terms, the link to the state means learning how to increase productivity and profit through available state resources. In educational terms, the state is to help in the training of cooperative members so they can become fully able to operate the farm without outside management, i.e., so they can move from "cogestion" to "autogestion." The 1982 report notes little change since the beginning of the reform but does state that the general level of support for comanagement people (technicians, managers, etc.) was always higher than the number of social promoters. In the 1983 report a slight increase in the number of comanagers is observed, so that only 30 percent of the cooperatives lack these personnel.

The different treatment of these two kinds of help to the cooperatives is instructive. The aid that would help transform cooperatives into independent working units and, perhaps groups with some social influence, is being reduced. But the "experts" who actually provide the links between the farms and the government bureaucracy were being increased and increasingly selected according to political loyalty to the ARENA party.

ISTA officials point out that many of the expropriated farms were very valuable and profitable operations and that the peasants must learn how to be part of competently managed operations. As a result, ISTA's major efforts have gone into a program of "managerial development" (desarollo gerencial) leading to a system of "uniform administration." New managers (gerentes) are being trained who would function at the same level as the cooperative directors. These new managers must be accepted by the cooperatives and their salaries will be paid on a sliding scale so that the first year the cooperative will pay 25 percent, the second year 50 percent, the third year 75 percent, and from then on 100 percent of their salaries. The part of the salaries not paid by the cooperatives will come from AID funds. There are so far about 25 managers, and the goal is to have 280 managers and 280 accountants in place on Phase I cooperatives by 1985.

Attention to management and economic efficiency must be part of any reform. But the corresponding reduction of the social aspects of reform suggests that the present notion of a "technical reform" that needs "perfection" reverses the explicit goals for reform as originally stated.

Insight into this point may be gained by examining the agrarian plank of the ARENA platform for the forthcoming election. After a preamble that discusses the technical consolidation of the reform, it proposes that "each campesino beneficiary of the reform be converted into a real owner of land and at the same time act as an agricultural businessman." To that end they propose to grant individual titles to cooperative members for house and garden plots and to issue shares in the ownership of the cooperative. This would "guarantee to the campesinos the right to transfer their plot and their stock in the cooperative to their children or relatives. With this program, beside strengthening the cooperatives, we will promote the prosperity of the campesino and erase the collectivist scheme implanted by the Christian Democrats."

This is the explicit plan of the party in charge of the reform for the years 1982 to 1984. The Christian Democratic "scheme" they seek to overturn is nothing less than the agrarian reform itself as explicitly legislated. That hardly qualifies as "continued progress."

Phase III

The Land-to-The-Tiller program dropped very precipitously into the Salvadoran environment. Designed by an American with little real knowledge of El Salvador, it was enacted so speedily and with such little preparation that it took almost a year after the decree was passed before any implementation occurred. From its outset, it has been fraught with problems and under constant political attack.

Although the Minister of Agriculture's office tried to turn FINATA (Financiera Nacional de Tierras Agricolas), the Phase III administering agency, into an ideological ally, the head of the agency since mid-1982 has successfully maintained his independence from these political influences. Although the object of severe public attack, including explicit ones from within the ministry, his status as an active duty colonel is a considerable shield against most forms of pressure. Under his leadership, after a period of lag, FINATA has been extending the process of incorporating peasants into the program. Thus far FINATA has more than fulfilled its own goals with respect to receiving applications and issuing provisional titles.

The original goals of Phase III were twofold. First, by granting individual ownership titles to campesino beneficiaries, there was to have been a significant increase in agricultural productivity, leading to increased family income, greater consumer demand, savings, etc.—in short, takeoff into economic development. The second goal was to obtain the allegiance of the mass of rural poor in support of the government antiguerrilla campaign. Here an analogy was made with a similar program (designed by the same person) carried out in Vietnam. To evaluate these claims, let us examine a) the implementation of Phase III, particularly titling and compensation problems, b) credit and extension services to beneficiaries, c) eviction threats, intimidation, and violence against beneficiaries, and d) change in level of welfare for beneficiaries.

Implementation

Phase III requires that potential beneficiaries initiate the process of applying for ownership of the lands they rented or sharecropped. Many have been discouraged from doing this by the owners, who stated that the reform would be reversed, that they would evict the tenant if they went to the FINATA office, etc. Furthermore, the process of changing ownership is quite cumbersome, requiring twelve administrative stages by FINATA and three by the beneficiary.

Of the 117,000 potential Phase III beneficiaries, ⁵⁷ only 63,611 have thus far applied. Since the Phase III extension was terminated in June 1984, that constitutes the maximum possible beneficiary population for Phase III.

Credit and Extension Services

A 1977 AID report said that "the small farmer (under 2 hectares) is essentially without access to agricultural credit. The most recent evaluation of Phase III indicates that some credit is being channeled to beneficiaries of Phase III. From January to September of 1983, 7,840 credits were assigned to cover 18,899 hectares, for a total value of 14,303,000 colones (\$5,721,200 at official rates).

While the 756.8 colones per hectare is a significant increase over traditional rates, three points must be made. First, the credit extended covers only about one-tenth of the lands included in Phase III. Second, the average-sized holding being financed in this way (2.4 hectares) is considerably larger than the average size applied for (1.5 hectares), suggesting that the larger beneficiaries are receiving disproportionate attention. Third, comparing the credit/land surface ratio with Phase I credit, we see that Phase III land receives only about one-quarter the amount per hectare given to Phase I. In part, that is because Phase I credit emphasizes export crops that require greater capital inputs. However, credit should become an instrument for crop diversification in Phase III in order to include a more profitable crop mix that would lead to increased family income for beneficiaries. Further, if Phase III is to succeed in the long term, support will be necessary to protect the physical integrity of the soil and long-term financial stability of the new holdings. In short, credit can be a significant instrument for guaranteeing the permanence of this part of the reform.

In a July 1983 survey done for FINATA, contracted by AID, approximately one-third of the beneficiaries questioned responded that credit had arrived late and that, in general, dealing with the bank was seen as less preferable than relying on local money lenders. The report regards this an undesirable alternative because of the higher rates of interest charged by these people. If smallholders are to be included in the credit system, they must see the benefit of credit by having it arrive on time and at the lowest interest rates possible.

With regard to technical assistance, in 62982, 86 percent of beneficiaries surveyed reported that they received no assistance at all. Most of the remaining help was given by the BFA (agrarian bank). In a more recently done, survey, 90 percent of those polled stated that they received no technical assistance at all.

Evictions, Threats, Intimidation, and Violence

Even though Phase III provides legal support for expropriating land and more generous terms for compensation than in Phase I, the difficulties faced by the new beneficiaries are more severe than in Phase I. Only individual beneficiaries, with few exceptions, can initiate the process of acquiring the land they themselves work. Where owners' properties are large in size, they usually have good relations with the local security forces, army, or police. In many cases, knowledge of these relations is sufficient to discourage tenants from applying. In addition, direct threats against possible applicants have been reported; and, in some cases, beneficiaries have been evicted because they sought to apply the Even some beneficiaries who had already received their provisional titles have been evicted.

The number of beneficiaries evicted from their properties depends greatly on how beneficiaries are defined and what constitutes an eviction. The most minimal definition comes from FINATA and is "an action by the owner that denies a campesino covered by decree 207 and who comes to FINATA to complain of possession of the land." FINATA lists a total of 6,976 evictions since the program began and 3,897 reinstallations with 1,097 cases pending. Writing on behalf of AIFLD (American Institute for Free Labor Development—AFL-CIO), Jack Cobb defines evicted campesinos as "those beneficiaries of decree 207 who have made application and who were expelled from their land, those evicted who had not yet made application, and those whose application status could not be determined." Those evicted should also include people who have renounced their rights under decree 207 (Phase III). The following is a table which compares the FINATA and the AIFLD views on evictions as of mid-1983 with the most recent cumulative figures from an AID report on the progress of Phase III up to August 1984.

Table 3

Three Measures of Evictions in Phase III

	FINATA (mid-83)	AIFLD (mid-83)	AID REPORT (Aug. 84)
Evictees who have applied		5,634	
Complained to FINATA	4,976		25,572
Evictees who have not applied		1,181	
Evictees of indeterminate status		892	
Beneficiaries who have renounced rights		1,360	
Total	4,976	9,067	25,572
Reinstallations	3,897	1,271	21,091

Source: stated in text and notes.

The AIFLD report, using the broader definition of eviction, found a total eviction rate of 14.5 percent. Part of the discrepancy noted derives from their view that 57 percent of all evictions are never reported to FINATA. Nearly half of all evictions occur on farms with less than five beneficiaries, but evictions are most likely to be reported on farms with five or more beneficiaries. Of all evictions, 68 percent result from action by landowners, five times the percentage reported caused by violence.

Welfare of Phase III Beneficiaries

The Phase III beneficiary population is characteristically quite young, with a high dependency ratio (the ratio of very young and very old to economically active members) of 45.9 percent. Average family size is 6.1 members, larger than for the country as a whole.

The 50 percent illiteracy rate is higher than the national average (33.1 percent) and the general rural rate (46.1 percent). In fact, illiteracy is increasing for this population over the past five years. About 71 percent of this population have never attended school or have less than two years of schooling.

For a family earning the average income of 1,854 colones per year, 71 percent of the diet is composed of maize and beaps, or 1.05 pounds of maize per person per day and .21 pounds of beans per person per day. This diet is woefully deficient in rice, eggs, cheese, milk, and meat, all foods directly involved in child nutrition (see table 5, p. 25).

Of houses in this population, 73 percent lack adequate drinking water and in other respects (toilet facilities, fuel) suffer a "considerable deficit."

According to data collected by PERA through the 81/82 agricultural season, yields in the four most important crops cultivated by Phase III beneficiaries (maize, beans, rice, and sorghum) are somewhat below national averages and considerably lower than yields on Phase I cooperatives. Of these four basic grains, more than half of what these families produce is destined for sale and, after subtracting seed requirements for the following year, the rest is consumed by the family. Rice is the one exception; 87 percent is sold. For the smallest holdings, i.e., less than 0.5 manzanas (about 0.9 acres), most family income is derived from wages and craft activities. In slightly larger pieces of land, agricultural production accounts for 55 to 73 percent of family income and the rest comes from wages and crafts.

In sum, the typical beneficiary of Phase III, after more than a year of implementation, quite closely fits the description of the "rural poor" done by AID in 1977. Family-income daya show the distribution of income among items such as food, clothing, health, transport, etc. But given the present level of costs for these necessities, what can the average Phase III beneficiary really obtain with the income earned? Assume a total family income of 5,000 colones annually (in 1983 92 percent of Phase III beneficiaries earned less than this)." income is equal to 2.28 colones per person per day to satisfy all expenses. In 1983 the minimum diet cost 3.86 colones per day. Even assuming that in each family group of six persons there were two earners, an excessively liberal assumption, the family income would have to be supplemented by 9,623 colones per year. At the prevailing average agricultural wage (9.82 colones per day) it would still be impossible to earn enough in wages to satisfy the minimum needs of the family. In other words, the beneficiary population of Phase III is as firmly entrenched in poverty, with all its attendant social problems, as it was in 1977. The "chain of desirable events" hoped for in the Phase III program, i.e., increased family income, greater investment in agricultural inputs, increased yields, and better family nutrition' have not yet materialized.

Basing an agrarian reform on the proliferation of tiny, poor plots is by no means an ideal strategy. This reform was done for largely political reasons. As its author said in a speech in 1980 in San Salvador, "if the reforms [Phase III] are carried out successfully here, the leftist armed movement will be effectively eliminated by the end of 1980."

In evaluating Phase III, two points must be made. First, the present administration of FINATA has carried out its responsibilities with considerable energy, intelligence, and honesty. In mid-1982, FINATA's performance was falling far short of its own goals, but in mid-1984 it was right on schedule as far as receiving applications and titling. Second, the development phase, i.e, support of the beneficiaries with credit, extension, marketing, etc., is not bringing any real benefits to the campesinos. The 1977 AID assessment of the rural poor raised the same issues, highlighting the fact that simple land redistribution is perhaps necessary but a long way from sufficient.

At present, there seems little political will to punish those who intimidate Phase III beneficiaries, to facilitate credit and help in the diversification of agriculture to increase family income, or to encourage political organization among the campesinos so as to generate political mobilization from below. Instead, with titles in hand or on the way, these campesinos will still be part of the large, impoverished workforce seeking employment on the larger farms that grow export crops. In some cases, these Phase III beneficiaries must work for the new peasant-cooperative owners of large estates for the same substandard wages they have always received. In a recent study of Phase I cooperatives, the greatest contribution to family income derives from wages (whether on-farm or as migrants on other farms is not specified). The report also notes, "disconcerting levels of underemployment and open unemployment during most of the year for all, and open unemployment during most part [sic] of the year, for almost all of the cooperatives with the exception of Los Achotales, Las Lajas, El Obrajuelo (San Miguel), and La Carrera."

Progress in registering numbers in columns is by no means the same as progress in "establishing a new economic and social order, in accordance with principles of social justice." That is the only significant goal. Its accomplishment is not only a moral duty, but the key to the solution of the terrible conflict in El Salvador. Unfortunately, the agrarian reform as presently functioning is not showing continued progress toward this end.

Future Prospects

Nineteen eighty-four was of great significance for the agrarian reform in El Salvador. As the presidential campaign got under way, it seemed that either a D'Aubuisson or a Duarte victory would have a decisive influence on its future. D'Aubuisson was consistent in his antireformism. His agrarian program was part of the antistatist, private-enterprise philosophy he had espoused. He appealed directly to the interests of the traditional agrarian oligarchy, which had dominated the countryside for a century. An ARENA victory would roll back the reforms enunciated in October 1979.

A Duarte presidency depended, in part, on the support of those rural people who had already begun to participate in the agrarian reform, or those who hoped to be included. With the support of the UCS, Duarte presented himself as the voice of rural change. It was felt that if he and the Christian Democrats won, the reform would be made meaningful and extended to benefit many more rural people. In fact, the reform has been effectively shut down by D'Aubuisson and the antireformers, even though Duarte won the election.

In the weeks leading up to the March 25th runoff first round of the election, ARENA began to pressure those people affected by the Ministry of Agriculture's programs. Through ISTA, pressure was applied to Phase I cooperatives to discourage voting for the Christian Democrats. Attacks on the PDC reflected the invective characteristic of the campaign. In addition, MAG (Ministry of Agriculture and Cattle) services were given to cooperatives in the name of ARENA. Cooperative promoters, usually UCS members, were harassed and threatened. In mid-March, a group of UCS promoters traveled to national headquarters in Santa Tecla, complaining about ARENA coercion. They had all been reassigned suddenly from their cooperatives to other, sometimes distant ones, without any formal authorization. They were afraid that the withholding of authorization meant that when they arrived at their new assignments, they might be killed. In a meeting with about a dozen of them, they detailed

many

ways in which ARENA exercised its influence through the MAG. They spoke about the delay of credits, about corruption, and about violence. This coercion was done through ARENA's extensive access to the countryside, using MAG vehicles and communications equipment. Although FINATA was somewhat insulated from ARENA influence, it was still a part of MAG and its scope of operation was limited.

UCS participated in this scene in a partisan fashion. Its promoters were active proselytizers for Duarte and the Christian Democrats. On March 24th, the day before the election, I travelled to three co-ops with a UCS promoter. He was going to deliver the message to co-op members that they hold firm, resist ARENA intimidation, and vote for Duarte the following day. We went to pro-Duarte co-ops and in each one people told of the consequences of the ARENA domination of the reform. So great were the obstacles and open sabotage that these co-ops managed to survive only because of the great commitment of their members. It indicated not only the enthusiasm for rural change, but the way existing resources were used to undermine the reform.

During the campaign, D'Aubuisson was clear that "perfecting" the reform meant reinstituting private ownership and control of land. Duarte's responses to questions about the reform were rather ambiguous. He stated on various occasions that he was in support of the reform and would carry it out exactly as required by the constitution. But, given that Phase II had been gutted in December of 1983, this was not much of a promise.

Duarte's rural constituency, speaking through the UPD (Unidad Popular Democratica), supported his candidacy. He was their only hope, since he was the most progressive candidate represented in the election. But their support was tempered by a threat. Along with approval of Duarte and the agrarian reform, the UPD stated that if Duarte lost, or the reform did not go anywhere, they would take up arms. When I asked Samuel Maldonado, the executive director of the UCS, what Duarte could do about the constitutional restrictions on the reform, he said that Duarte would have to develop the clout in the legislative assembly to change the constitution, a slim reed given the strong anti-PDC majority in the assembly. Indeed, in June 1984, after Duarte won the election, the assembly failed to continue Phase III and that part of the reform officially came to a halt.

The new Duarte presidency had two major tasks. First, he had to fend off his traditional opponents in the military and the private sector. Second, Duarte had to deliver to his constituency, including unionized workers and the urban and rural poor. Duarte's major electoral support came from the capital, San Salvador, and its environs. Through his support from UCS, Duarte had a significant inroad in the countryside, one that could be nourished to strengthen his position for the March 1985 municipal and legislative elections.

During the first six months of his presidency, Duarte has shown great diligence in attending to his opponents. Even before his inauguration in May 1984, he traveled to Washington and succeeded in doubling the military support package. Congressional sentiment was represented by Clarence Long (D-Maryland), who said, "Let's give him a chance." Further, he responded to the private sector by raising guarantee prices for cotton and relaxing exchange rules so that certain commodities could be exported at a parallel market exchange rate. Duarte's Ministry of Agriculture and Cattle carried out some of his campaign promises. But by insisting that he would work within the constitutional and legislative restrictions, he actually had very little scope to benefit those who brought him to power. Since Phase III could not include any additional applicants, its job was to clean up those pending applications and convert them to provisional and finally definitive titles and to try to hold down evictions.

Thus, it is now possible to assess the possibilities for the reform to create genuine change in favor of the rural poor.

Of the three phases of the reform, Phase II properties in the 100- to 500-hectare category have been altered considerably. Not only has the definition of expropriable land changed (to 245 to 500 hectares), but implementation has been postponed for three years, during which time sales and divisions are encouraged subject to a few restrictions. Thus, control of this most productive and highly capitalized sector of agro-export production (principally coffee) has not changed hands. Put differently, the basic motive for the agrarian reform, namely, to redress inequities created by an agrarian oligarchy, was not carried out. Representing 30 percent of coffee production and 24 percent of arable land, this was the most promising part of the reform.

Phase I, also discussed above, has not changed much in the five years since its inception. More exowners have been compensated (256 out of 472 affected properties) while only 52 Phase I productive units have been titled. The real difficulties here continue to be the credit bottlenecks and the climate of insecurity in which the new cooperative members live.

Far from the "most sweeping land reform in Latin American history", AID points out that the 238,930 acres affected by Phase III (decree 207) represent only 6.65 percent of all farmland. This small fraction of available land, by all accounts the poorest in the country, has gone to 63,611 families, a far cry from the estimated 150,000 beneficiary families originally claimed. Many applicants filed for more than one parcel; 79,079 applications were filed, and as of October 25, 1984, 63,024 provisional titles were issued. However, only 11,454 definitive titles have been issued to date.

Since April 1984, when Duarte qualified for a runoff election with D'Aubuisson, the number of illegal evictions has increased precipitously. At that time, around 5,000 evictions were reported since the beginning of Phase III. (There is a small discrepancy between FINATA's figures (4,976) and the AID summary (4,907) that comes from FINATA summaries.) By July 1984, there were more than 20,000 new evictions of 207 beneficiaries for a cumulative total of 25,572. The same summary lists 21,091 reinstallations. Assuming these reinstallations really work, a doubtful assumption since the same military charged with protecting these peasants countenanced the original evictions, that means that about one-third of all Phase III beneficiaries have been evicted since the program began. The resultant uncertainty about the seriousness of Phase III must affect its performance and credibility. However, it has not reduced the desire of many Phase III beneficiaries to continue the process to its conclusion. Although 11,454 definitive titles have been issued, 29,936 payments have been made by Phase III beneficiaries. By making payments before the definitive titling, these beneficiaries are staking their claims to ownership in spite of the turbulence and violence.

The recent increase in evictions indicates that the line is being drawn to challenge the Duarte administration's agrarian policy. Although Duarte has made certain gestures on behalf of his rural constituency, there is little reason for optimism concerning his ability to deliver real benefits to the large, needy, rural population.

In keeping with his campaign rhetoric, Duarte altered the composition of the MAG in a striking way. Of course, that is also in keeping with the hallowed tradition of political patronage. The new minister of Agriculture and Cattle, Carlos Aquilino Duarte, was minister of Education. This is not the best qualification for this ministry, but it seems clear that it is a promotion for a loyal Christian Democrat and relative of the president.

The vice-minister of Agriculture and Cattle, Jorge Camacho, is a direct link to the UCS and the UPD. He is a very active participant in rural politics and his appointment honors a promise to include members of peasant organizations in the new agrarian structure. The head of ISTA, the important agrarian reform agency, is Samuel Maldonado, the leader of the UCS for several years. A UPD leader was also selected to head FINATA, the agency in charge of administering Phase III.

While the new cabinet is loaded with Christian Democrats and supporters of Duarte, there are some prominent exceptions that indicate the difficulties the president will face. Eugenio Vides Casanova is still minister of defense; he remains because of the strength of the military. For those slots controlled by the assembly, i.e., attorney general, comptroller, budget control, and the Supreme Court, not one important official is from Duarte's party, in spite of the fact that the PDC holds 40 percent of the assembly's seats. This is a Duarte presidency and cabinet, but an anti-Duarte legislature, and legal system.

Since Duarte's election, the agrarian private sector has become quite vocal and demanding. For example, the coffee planters association (ASCAFE) has called for the reprivatization of the coffee export industry.

Other agricultural production associations (cotton, sugar) have demanded the parallel market (devalued) exchange rate for their exports. That would grant them at least an immediate 60 percent increase in the amount they would earn. Finally, the cotton planters have demanded an increase in the guaranteed price of cotton, threatening not to plant the next crop cycle if their demands were not met. The government capitulated on the new guarantee cotton price and has permitted parallel exchange rates to be used for a number of agricultural and seafood export products. Although the president of ANEP, the private sector organization, Juan Vicente Maldonado, said that it would be impossible to work with Duarte, ANEP has gladly accepted the Duarte concessions mentioned above, while continuing to denounce "statism" and other forms of government interference in the private sector.

Duarte's willingness to placate his historic enemies definitely concerns his historic friends and those who hope for some benefit from his tenure as president. The UPD continues to press for movement in the reform. The opening felt to be represented by Duarte's presidency has given rise to more public demonstrations of organized labor, including some groups that have not been public for several years.

Recently, perhaps as an outgrowth of the October 15 meeting at La Palma between Duarte and the FMLN-FDR, the ANC (National Peasant Association) and FENACOA (National Federation of Farming and Cattle Cooperative Associations) have begun to demand improvements in the wages and working conditions for coffee, cotton, and sugar harvest workers. Guerrilla groups had made this an issue for the past several years, particularly in the eastern zones of San Vicente, Usulutan, and San Miguel. As the harvest approached, the BRAZ (Brigada Rafael Arce Zablah), an ERP (one of the guerrilla organizations) outfit, distributed leaflets stipulating new salaries, living conditions, food, medical attention, and seventh day pay and threatening noncompliant landowners. Now that nonmilitary organizations, such as the ANC and FENACOA, have formally raised this issue, it presents a direct challenge to Duarte.

The issues are reminiscent of the classic rural situation that prevailed for so long in El Salvador. The planters advocate the abolition of the reform that placed coffee exporting in government hands, an outgrowth of the 1979 coup. However, they temper their disdain for the state in the classic manner by asking for the punishment of labor organizations that seek to change the terms of employment in the countryside even before any labor protest has begun. ANC and FENACOA have issued a "socioeconomic platform" detailing their goals on behalf of workers in the coffee, cotton, and sugar harvests of 1984-85. In addition, Radio Venceremos, the guerrilla radio broadcast its own set of labor demands on November 2, 1984. The coffee planters response has been to advocate the ratification of Executive Decree Number 17 of October 4, 1982. This executive decree revised the wage levels for coffee, cotton, and sugar workers. Other aspects of working conditions were described in Decree 244 of September 25, 1979. Table 4 shows the differences in the three positions with regard to salaries and piecework and table 5 shows the three points of view regarding other working conditions.

Table 4
Wages of Harvest Workers-Three Points of View

	Planters (ASCAFE)	Workers (ANC, FENACOA)	FMLK
Wages (piece (colones)†	rate)		
coffee	2.80/arrobaé	5.00/arroba	5.00/arroba
sugar	5.75/ton	10.00/ton	
cotton	10.50/quintaléé	20.00/quintal (1st, 2nd picking) 30.00/quintal (3rd picking) 40.00/quintal (4th picking)	l 1.00/quintal
Wages (time)			
coffee	14.25/day	20.00/day	20.00/day
sugar	11.50/day	20.00/day	20.00/day
cotton	10.50/day	20.00/day	20.00/day
7th day			
coffee	0.475/arroba picked all week or one days pay	20.00/day	20.00/day
sugar	0.97/lb. picked all week or one days pay	20.00/day	20.00/day
cotton	0.175/lb. picked all week or one day's pay	20.00/day	20.00/day

^{† 2.50} colones=\$1 (US).

SOURCE: Proceso, no. 165, pp. 6-9, 1984, San Salvador.

é l arroba=25 lbs.

éé l quintal=100 lbs.

Table 5
Working Conditions for Harvest Labor

WOTHING CONDITIONS TO THAT YEST LADOT			
	Planters (ASCAFE)	Workers (ANC, FENACOA)	FMLK
Diet	Based on Decree 244 690 grams maize (1.5 lbs.) 115 grams beans (4 oz.) [if food not provided, farmer must pay an additional 0.30/arroba]	Breakfast: 7 tbsp. beans 1 oz. cheese 3 tortillas 1 fried egg 1 cup milk 1 piece of bread Lunch: 7 tbsp.beans 5 tbsp. fried rice 4 oz. meat 3 tortillas 1 drink Supper: 5 tbsp. 5 tbsp. fried rice 1 hard cooked egg 1 cup coffee 1 piece of bread water OR cash: 2.50 breakfast 3.00 lunch 2.50 supper	3 meals with: rice beans 3 tortillas soft drink or coffee Once a week; meat egg cheese cup milk Or cash: 2.00 bfkst 2.00 lunch 2.00 supper
Right to: organize, assemble, petition	no mention	yes	yes
Fair weight	no mention	weighing only with scales in view of workers and Ministry of Labor (reweighing time must be paid)	Exact weights If no scales: small bag = 20.00, large
Length of working day	"customary length"	8 hr.	8 hr.
Definition of worker	no ment ion	over 16 yrs.	no mention
Medical attention	no mention	medical unit w/ personnel, transport	medical kit, pay for lost sick time
Severance pay	no mention	l days pay for week worked	no midweek firings, pay for whole week
Housing	no mention	should be "decent,clean"	"healthful, adequate"
Treatment of workers	no mention	no mention	end to abuse: physical and verbal
Source: Proceso no. 165, pp. 6-9, 1984, San Salvador.			

Although ASCAFE is now anxious to use the 1982 decree as the standard, it bitterly fought any increase in wages in the past. The food ration provided by decree 244 is simply substandard for an adult doing heavy labor. What is now being asked for is hardly a luxurious diet. Another significant change is in the definition of the workday. The 1979 legislation defines a work day as,"the ordinary number of hours of day work" (jornada ordinaria de trabajo diurno), i.e., whatever the farm owner decided.

From the other requests of the ANC-FENACOA platform, it becomes clear that virtually no workers' rights exist in the countryside. There is little standardization for weighing coffee or cotton, no regular medical attention in case of worker illness or accident, substandard housing, no right to organize and assemble for workers' organizations, firing without grievance or compensation, and disrespectful treatment of workers.

Those that could benefit from these demands are seasonal workers, many completely landless and, therefore, not provided for anywhere in the agrarian-reform legislation. The needs of this population must be addressed if there is to be any kind of stable peace in El Salvador. These are the people for whom the popular organizations of the seventies fought, for whom the 1979 coup was made, and for whom the FMLN continues its struggle. So far, more than five years after the 1979 coup, the owners of the land still argue against any amelioration of the plight of rural workers. Duarte's response to this debate will not only help determine his future and that of his party, but will bear on the future of the war and the possibility of a settlement.

During this moment of incipient change, when various groups are publicly voicing their demands, Duarte is showing his political colors through the choices he makes. The U.S. government continues to focus on the military threat the guerrillas represent as its major project. But its economic program, administered through AID, reveals clear preferences in its agrarian philosophy.

AID's plans for the future of El Salvador include the accomplishment of two principal goals: "economic stabilization and recovery" and "revitalization of the agricultural sector." The second goal has two parts: the "consolidation of the reform which has been accomplished to date" and "stimulating the private sector to diversify production and increase exports." These goals emphasize the private sector and export production as the engine of growth and the solution to the low levels of production during the last few years.

No mention is made of the war and its effects on production. Neither is there any mention of the agrarian reform, except for its effect on national production, export, and employment possibilities. The first goal is to be accomplished by supporting the Salvadoran government's policies to "restore private sector confidence, give adequate incentives to the private sector to increase production, particularly labor-intensive products that could be exported on world markets." Success is cited in achieving some of these objectives through parallel exchange rates. AID also has a "wish list" of negotiating objectives to achieve these "reforms." They include the continued movement of transactions into the parallel market, signing an agreement with the IMF, reduction of government spending, and allowing private banks to operate alongside nationalized banks.

Goal two, the "revitalization of the agricultural sector," is conceived as the "reorientation of the agrarian-reform program consistent with the free enterprise approach of the GOES (Government of El Salvador) and increased privatization of the economy." (Emphasis added.) Included in this "reorientation" are such measures as the "restructuring of the agrarian debt, particularly of Phase I cooperatives" and the "use of agrarian reform bonds to promote development, e.g., through an exchange of bonds for shares in government enterprises." Depending on how these points are implemented, Phase I cooperatives could become more efficient and exowners could direct their attention away from the countryside, both potentially useful steps. Also on the list are such steps as the acceleration of "land titlings"

and compensation for those lands already affected by the reform" and further strengthening of "measures against evictions", both necessary measures.

However, two other objectives are listed that relate to the privatization solution favored by AID. The first is the revision of "legal rights and equity issues of Phase I coops and Phase III beneficiaries, particularly thirty-year restriction on land sales." The second is to "further accelerate the implementation of Phase II through the development of a commercial land-markets program." The revision of "legal rights and equity issues" refers to AID's commitment to a free market in land as well as the creation of some form of negotiable instrument such as shares of stock for Phase I cooperative members. These would also facilitate the buying and selling of properties within the reform sector. The point about the "implementation" of Phase II is meant as a solution to the stagnation of Phase II properties (between 245 and 500 hectares) because owners are not now using them optimally. This potentially very productive part of the rural sector is to be encouraged to produce more by improving the financial climate so that some owners would sell and others would buy, obtain credit, and produce. This sequence of events, should it occur, would involve a market whose buyers and sellers would all be from the same social stratum which previously owned land; and the original purpose of the reform would be frustrated even with an increase in production.

Under the heading of "revitalization of the broader agricultural sector" are included "privatizing basic grains marketing" and "alter credit allocation policies consistent with diversification goals." In the present context, these goals translate into returning grain selling to monopolistic businesses and making credit easier for those who have left agriculture because of declining profits or security reasons. Declining profitability, it should be noted, is not caused by lack of modern equipment or poor management, except in a few cases. Overwhelmingly, it reflects the dislocations caused by the war and the hostility, until 1984, of those charged with implementation. Thus, if new credit and loan policies are instituted, chances are it would attract many exlandowners who have been expropriated and will now be allowed to buy back in, sometimes at a very low rate. Such measures move the reform backward in terms of its social goals.

AID's plans emanate from Washington, The United States sees financing as crucial for El Salvador at present, both for military supplies to fight an increasingly costly war and for the stabilization of a crippled economy. The original social-equity goals of the agrarian reform do not figure much in the Reagan administration's policies toward El Salvador. Therefore, it is difficult to see how Duarte can satisfy the aspirations of the rural poor. How can he resist his own rightwing private sector, elements of the Salvadoran military, and Washington, too? Increasingly, we can expect him to say that El Salvador must "grow" out of its economic problems and meanwhile reduce spending and tighten its belt. Even if this were true, economic recovery, i.e., growth in the GDP, would not necessarily mean anything for El Salvador's poor. The "reform" now amounts to undoing what has been done since 1979. Duarte's electoral victory in 1984 has not redirected the country toward the solution of its basic problems of rural inequity. Rather, El Salvador's rural oligarchy has gained an extremely important and powerful ally, further postponing the establishment of social justice, the only enduring reform.

Notes

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