

REPORT OF THE ROUND TABLE ON RURAL POVERTY IN  
LATIN AMERICA AND THE CARIBBEAN

Santiago, Chile, 7-9 May 1984

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HUMAN RESOURCES, INSTITUTIONS AND AGRARIAN REFORM DIVISION, FAO, ROME  
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## I. INTRODUCTION

1. The Round Table Meeting on Rural Poverty in Latin America and the Caribbean was organized in its technical and administrative aspects by the FAO Regional Office for Latin America and the Caribbean, the Human Resources, Institutions and Agrarian Reform Division, FAO, Rome, and the Joint ECLAC/FAO Agriculture Division. It was held in Santiago, Chile, at the FAO Regional office for Latin America and the Caribbean from 7 to 9 May 1984.

### Background Data

2. The Action Programme adopted by the World Conference on Agrarian Reform and Rural Development includes a recommendation to the governments that they undertake periodically to compile indicators of the most significant socioeconomic categories in connection with agrarian reform and rural development. The governments were also requested to carry out a periodic reassessment of the effects and repercussions of policies and activities designed and carried out in this context considering as a reference framework the objectives and targets laid down in that Action Programme.

3. The World Conference requested FAO to assist the countries in the preparation of national reports, and submit to the governments for this purpose a system of analysis providing a common and coherent framework for the preparation of these reports. In fulfilment of this mandate, FAO, acting through the medium of its Human Resources, Institutions and Agrarian Reform Division, formulated the systems in question and in addition decided to carry out a number of studies in depth on rural poverty in certain countries as a contribution both to the implementation of the required national reports and the subsequent preparation on a regional scale of an analysis of the situation and evolution of rural poverty and of the measures and actions undertaken to alleviate it.

4. The execution of these studies in Latin America and the Caribbean was entrusted to the Joint ECLAC/FAO Agriculture

Division which assumed the responsibility of selecting the national specialists to be commissioned to draw up the relevant case studies and supervise their preparation. Studies were prepared on Belize, Bolivia, Brazil, Colombia, Chile, Ecuador, El Salvador, Grenada, Haiti, Jamaica, Nicaragua, Mexico, Paraguay, Peru, the Dominican Republic and Venezuela.

5. The Joint ECLAC/FAO Agriculture Division also undertook the responsibility of preparing the analyses of regional scope, based on the above-mentioned case studies and on their own work in this sphere.

In this task the Division was able to draw on the collaboration of the co-ordinator and experts of the ECLAC Critical Poverty Project who, acting in the capacity of consultants, prepared part of the documentation submitted for the Round Table Meeting. At the same time, the Human Resources, Institutions and Agrarian Reform Division, FAO, Rome, undertook to prepare another part of the documentation required to support the debates, and to defray the travel expenses of the experts invited from the countries concerned.

#### Objectives

6. The objectives of the Round Table were:
- a) To examine the structural context of rural poverty with particular reference to its determining factors, dimensions, characteristics and evolution.
  - b) To analyse the dynamics of the rural population and their relationship with the more representative rural poverty groups.
  - c) To examine, in the light of various significant national experiences, the salient characteristics of recent rural development, and exchange experiences on strategies and policies that have contributed to increasing or alleviating rural poverty situations.
  - d) To analyse the system of adoption of policy decisions relating to rural development and the participation therein of rural population.
  - e) To exchange opinions on priority intervention areas with a view to alleviating or overcoming rural poverty, and obtain suggestions, criteria and ideas for the re-orientation of related strategies and policies.

#### Agenda

7. The Round Table approved the following agenda for the occasion:
- a) General introduction to the subject of rural poverty in the region.

b) The characterization, dimensions and evolution of rural poverty.

c) Policy suggestions and re-orientations for the alleviation of rural poverty.

d) Political conditioning factors in the adoption of strategies or measures tending to reduce rural poverty.

e) Conclusions and suggestions.

### Participants

8. Attending the event were 12 experts from government and private institutions in 11 countries of the region acting in a personal capacity together with experts from FAO, ECLAC and other international organisms.<sup>1/</sup>

### Inaugural and Closing Sessions

9. The opening ceremony was presided over by Mr. Mario E. Jalil, Assistant Director-General, Regional Representative of FAO for Latin America and the Caribbean, accompanied by Messrs. Rafael Moreno, Director, Human Resources, Institutions and Agrarian Reform Division, and Luis López Cordovez, Director, Joint ECLAC/FAO Agricultural Division.

10. On opening the Meeting Mr. Jalil extended cordial greetings to the attending participants on behalf of the Director-General of FAO, Mr. Edouard Saouma as well as in his own name and that of his collaborators. He went on to put forward some thoughts for consideration in the course of the Round Table discussions.

11. Mr. Jalil pointed out that the rural populations in developing countries are increasing and that those living in conditions of poverty and misery are regrettably becoming ever more numerous. In the Food and Agriculture Organization the topic of poverty in rural populations has at all times received preferential attention. The month of July 1979, however, had marked a significant milestone in the protracted and difficult struggle against poverty and hunger: it was then that, in Rome, the World Conference on Agrarian Reform and Rural Development issued a Declaration of Principles and adopted an Action Programme. On that same occasion the 145 governments represented at the World Conference allocated to FAO the task of helping the Member States to implement the provisions of that important Action Programme. It is in this context that very close collaboration has been maintained between this Regional Office and the Joint ECLAC/FAO Agriculture Division with the Human Resources, Institutions and Agrarian Reform Division at the FAO Headquarters in Rome.

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<sup>1/</sup> See list of participants in Appendix 2.

12. Mr. Jalil emphasized three aspects of the situation of rural poverty in the region.

13. The first refers to the persistence of situations of poverty in rural areas which, although displaying symptoms of improvement in some countries show clear signs in others of growing impoverishment in certain rural social strata. The mere observation of this reality shows that poverty, privation and indigence represent a widespread anomaly throughout the region.

14. The second refers to the expansion that has taken place in the regional agricultural economy, now three times greater than thirty years ago. During this span of time production has risen and the productive units involved, especially those of large and medium size, have modernized their operations.

That productive performance -the fruit of agricultural progress- has nevertheless failed to be of real benefit to the rural population.

15. Mr. Jalil pointed out that the reality of this circumstance poses a veritable challenge to take action, and suggested that in order to provide an appropriate response, consideration must be given to the degree of responsibility of the peasantry in the generation of agricultural progress and production. He also drew attention to the fact that agricultural development and industrialization have a mutually reinforcing effect in a process of sectoral interaction of considerable consequence in the manner of allocating investment resources.

16. The third and last aspect referred to by Mr. Jalil relates to the more complex field of social relationships with the centres where public policies and decisions are devised and put into effect. He pointed out in this respect that those who are furthest from the scene of central political, economic, social, regional or local power have the least chance of attaining effective consideration of their vital needs and interests. The rural populations in Latin America are on the whole far from those centres of decision and it may be said -in generic terms- that the poorest receive even less than proportionate consideration.

17. In ending his speech Mr. Jalil stated that although the need for expanding agricultural production cannot be questioned, it is not sufficient in itself to overcome rural poverty. It is necessary to reinforce its effects by means of measures aiming to achieve equity and facilitate the participation of the rural population in the formulation, execution and evaluation of rural development policies and programmes.



18. Mr. Rafael Moreno, Director, Human Resources, Institutions and Agrarian Reform Division, FAO, Rome, thanked the participants for attending the event and pointed out that the aim of the meeting was to discuss with them, based on their own actual experiences, the causes and reasons for the contradiction between an abundance of food on the one hand and persons dying of hunger on the other. He stressed that we are faced by a society that shows itself incapable of solving such essential problems as raising the minimum living conditions of its people.

19. He further pointed out that this view derives from a scientific diagnosis which concludes that our capacity to produce food is today greater than the world's supply requirements. Food resources currently exceed by 10% the theoretical needs of the earth's inhabitants. It is also possible to predict that towards the year 2000 the population of the world will amount to more than 6 000 million inhabitants and that by applying known technological methods capacity will still be sufficient to produce excess food supplies.

20. Mr. Moreno said that within this theoretically optimistic prospect the conviction has been reached that the exaggerated use of certain technologies excludes the largest population sectors from their benefits and relegates them to an increasingly disadvantaged position. The number of persons currently living below the poverty line amounts to 350 million and will grow to 700 million by the year 2000. Seventy per cent of the population in some parts of the world will still be below that poverty level.

21. He also spoke of the situation of more than 30 African countries currently facing a serious crisis as a result of which they are not producing sufficient food for their own requirements and are obliged to depend on other countries producing food surpluses. Available information shows that this dependency tends to generate changes in production and consumption habits as well as in the ecology of those countries, the consequences of some being as yet unpredictable.

22. He stressed that, in the light of our technical capability, we are under an obligation to resolve the problem of deprivation. No one today believes that the deficiency will automatically be resolved solely on the basis of economic mechanisms. The dichotomy between urban society and rural life is becoming increasingly evident. Despite efforts made to diminish these differences migratory processes confirm the inability to generate employment and rural earnings or to uphold the illusion that urban areas offer better living conditions.

23. The required effort should be centred on investigation of the causes that generate poverty and of possible measures to solve it. We are convinced at the present time that our generation is facing a period of crisis and that something new must emerge. The concepts on which nutritional aid has based are queried, and the idea of technological transformation is doubted since it has failed in certain instances to help in solving the problems with which the countries are faced.

24. Finally, Mr. Moreno invited those attending the Round Table to submit the matter to debate in a search for answers. There is a vast amount of accumulated experience, but we are aware of the growing difference between acquired knowledge and the ability to put it to actual use. Latin America has undergone periods of rapid growth, has demonstrated its dynamism, appears to possess a considerable availability of land and possesses technical capability. It must nevertheless periodically face violent conflicts within its own societies which defy explanation. The problem seems to be that mechanisms have not yet been discovered that might integrate its different social sectors or represent society as a whole.

25. Mr. Moreno ended his dissertation pointing out that other continents are waiting to see how the people of Latin America may deal with the problems of poverty and if their strategies would be applicable in other regions. We would like at this Round Table, without disregarding academic viewpoints, to search for real, practical solutions in an effort to meet the problems of our era and learn to live in peace.

26. Mr. Enrique V. Iglesias, Executive Secretary of ECLAC, attended the final Round Table plenary session. In opening the meeting the Executive Secretary thanked Mr. Mario E. Jalil for his invitation to attend, underlining the interest of ECLAC in the topic discussed and the contribution in this sphere of the ECLAC Critical Poverty Project. He then put forward some interesting comments on his view of the treatment of the subject of poverty.

27. According to Mr. Iglesias, ECLAC centres its concern on macroeconomic aspects of the process of development. Its work also includes a certain concentration of intellectual effort and of resources in the modern sector of society, disregarding other sectors which are habitually the concern of aid policies or activities carried out by non-governmental organisms, which in Latin America fulfil a decidedly important role. He pointed out that approaches have so far been predominantly economic in character or merely in the nature of assistance, all of which presents considerable limitations.

28. The Executive Secretary therefore reminded his audience of the need to incorporate this subject in macroeconomic policies as the only way of attaining a comprehensive solution of poverty. This approach had been particularly demonstrated in Guatemala in 1977 at the seventeenth period of sessions of ECLAC. On that occasion the need had already been pointed out to deal with problems on the basis of global consideration without disregard of microsocial aspects. This was the approach used by ECLAC in studying the problem of poverty, with noticeably positive results, although they admittedly represented only a modest contribution compared with the magnitude of the task in hand.

29. Mr. Iglesias went on to point out that although the problem of poverty in Latin America is distressing it cannot be attributed to lack of resources. Awareness that the deficiency can be remedied compels urgent action in carrying out policies that may solve poverty. The urgency is even greater considering that the economic crisis affecting the countries of the region appears to be causing a spectacular involution in the magnitude of poverty. The crisis will be an aggravating factor in this situation in Latin America which must therefore be faced with a lower availability of resources. The Executive Secretary ended his comments insisting on the need to overcome the tendency to concentrate efforts and resources, to incorporate the topic in macroeconomic policies and improve the social efficiency of growth, pointing out that in the final analysis it is the human problems involved that constitute the centre of concern in this matter.

30. Lastly, Mr. Iglesias appealed to FAO to join hands in continuing efforts to find a way of achieving progress in the solution of poverty.

31. The Round Table was brought to a close by Mr. Rafael Moreno, Director, Human Resources, Institutions and Agrarian Reform Division who expressed the satisfaction of FAO with the results of the meeting and extended particular thanks to the Joint ECLAC/FAO Agriculture Division, the consultants who had prepared and presented the documents, and those who had closely supported the preparation of studies concerning the countries and summarized the papers presented at the meeting, as well as all staff members of the secretarial service. He also thanked the participants for their co-operation in attending and their collaboration in the productive and truly friendly and frank dialogue that had taken place with a view to making an effective and sincere effort to deal with the complexity of the problems in hand and ways in which we can help to resolve the problem of

deprivation and exclusion of large sectors of our own community in the Latin American and Caribbean region.

32. Mr. Moreno also expressed appreciation for the attendance and active participation of the representatives of agencies of the United Nations System and international financing organisms. He pointed out that this collaboration had undoubtedly been fruitful and informed the remaining participants that as from the following day they would continue to meet at FAO, in order among other things to review the conclusions of the Round Table and determine how it may be possible to incorporate forthwith in the respective work programmes the suggestions that had been put forward.

33. Finally, he expressed gratitude to the co-ordinator of the ECLAC Critical Poverty Project, pointing out that the efforts of the latter had enriched comprehension of the problem of poverty and that FAO felt satisfaction in having worked in conjunction with this Project. He gave it as his view that the significance of rural poverty is important in the Latin American and Caribbean context and emphasized that FAO hopes to continue its work in this connection. He said that this meeting would not be a one-time event, that mechanisms enabling progress to be made in this sphere were already available and that some forms of action had been identified as to how to continue exploring in depth both the assistance that should be afforded to governments and the fields calling for further investigation. He hoped that in the course of this year or the next it would be possible to implement some measures in co-operation with those who had collaborated and participated at this meeting. He invited the participants to make use of the material and conclusions deriving from the meeting in order that each, within his own sphere of interest and in the context of his professional and intellectual work may benefit from the matters discussed and conclusions reached.

34. Finally, Mr. Rafael Moreno thanked those present on his own behalf and that of FAO, for their understanding and helpful attitude towards a meeting that had been both easy to conduct and extremely productive in its conclusions, adding his wish to continue in contact with those attending the Round Table in further discussions on the subject.

## II. SUMMARY OF PROCEEDINGS

35. The Round Table continued with working sessions during which a reference framework was put forward for the examination of rural poverty, and a thorough analysis was made -in corresponding order- of each of the topics submitted for consideration.

36. The general introduction of the topic of poverty was entrusted to Mr. Sergio Molina, Consultant to the Joint ECLAC/FAO Agriculture Division. The specific topic in connection with rural poverty was entitled "The characterization, dimensions and evolution of rural poverty" and was introduced by Mr. Raúl Urzúa, who also holds the position of Consultant to the Joint ECLAC/FAO Agriculture Division. The second topic referred to "Elements of a strategy for poverty alleviation" and was also presented by Mr. Sergio Molina. Finally, the third topic concerned "The adoption of policy decisions for rural development" and was presented by Mr. Mario Fernández, Consultant to the Human Resources, Institutions and Agrarian Reform Division, FAO, Rome.

### Introduction and General Reference Framework

37. Mr. Molina began his presentation of the reference framework for the study of poverty by putting forward conceptual and methodological proposals concerning the definition of poverty. In this context he analysed the advantages of applying the concept of absolute poverty as a dimension identifying and substantiating the scope of a condition that can be eradicated, indicating that this concept refers fundamentally to population groups that are unable to satisfy their basic needs.

38. The speaker pointed out that this measure of poverty had been applied by the ECLAC Critical Poverty Project in a study of ten countries in the region. The indicator used to discriminate between persons living in these circumstances consisted of a nutritional yardstick defined as the minimum caloric and protein requirements of an average person. Apart from its objectivity, this indicator has the advantage that it can be determined on the basis of available information. The

procedure used by the Project to define limits of poverty and indigence was that of determining the nutritional patterns in each situation and drawing up a corresponding basic food basket, allocating to the latter a comparable currency value. All families earning a total income lower than the value of the basic basket are considered to be below the indigence level. The poverty line in urban areas separates those earning less or more than double the indigence level while in rural zones it is considered that costs incurred in purchasing other requirements are equivalent to only 75% of those spent on food. By comparing the family per capita income with the value of the basket, the Project was able to estimate the incidence of poverty and indigence in each country together with its degree of severity.

39. In his dissertation the speaker pointed out that the conclusions reached by the Project mentioned were that:

- Around 1970 approximately 40% of all families in Latin America were classified as poor and 19% as indigent. The figures showed that in rural areas 62% of the families were poor and 34% indigent; whereas the corresponding proportions in urban areas were 26% and 10% respectively. These differences showed varying proportions in each of the countries examined.

- As for the severity of poverty in Latin America an average deficit was observed equivalent in value to 5% of the GDP or 25% of total tax receipts.

- The population groups most affected by poverty were found to be those consisting of minors (55% of the poor being less than 15 years of age, while one in every four poor persons were under 6 years of age); homes headed by women (20% of which were poor, and between one third and 50% indigent); homes headed by men of between 25 years and 40 years of age (owing to their lower earnings, greater dependency responsibilities and lower participation rates), and persons with less than three years of formal schooling.

40. Mr. Molina went on to point out that the Latin American population had grown in the past 30 years at an annual rate of 5.5% and that, if these conditions were to continue, it is estimated that by the year 2000 30% of the population would be in a position of absolute poverty. Despite this proportionate decline in absolute poverty, underemployment will have risen and families in the indigence bracket will have been those least favoured by the former trend. On the other hand he stressed that this estimated contraction in the magnitude of poverty will be the result of an assumed increase of 48% in global income, and a reduction in the significance of efforts devoted to its alleviation.

41. The speaker went on to say that present estimated poverty levels and those forecast for the year 2000 show that economic growth will be insufficient to meet this problem if no change were to occur in distribution conditions, and that the allocation of resources solely through market forces will also be incapable of resolving it. An important contribution of economic growth to the solution of the problem of poverty would consist of making the latter increasingly possible to counteract. From this point of view the task does not appear insurmountable in that the basic obstacle lies in the distribution of resources. In this respect the responsibility of the State is inescapable.

42. With regard to the central objective of a strategy aiming to overcome poverty, the speaker said that efforts should be made to ensure that the whole family earns a real and steady income sufficient to enable it to satisfy its basic needs. Real family income would consist partly of monetary earnings from salaried work and partly of a non-monetary character generated by access to free or subsidized goods and services. He added that real family income may be improved by means of distributive policies tending to raise primary family earnings, increasing both the number of jobs and assets held by poor groups, or redistributive policies involving transfer through financial or social benefits aiming to adjust primary income distribution. Many policies undoubtedly lead both to distributive and redistributive consequences.

43. In referring to areas of intervention in connection with employment problems, Mr. Molina analysed those associated with:

- the magnitude and allocation of surplus resources, pointing out on the one hand that an inevitable element in resource allocation is that under present-day conditions and those envisaged in the future it will be necessary to restrict private consumption in order to generate larger domestic savings; and on the other that the significance cannot be overlooked of allocating public expenditure in the investment of resources and the linkage between the financial system and productive units; and
- the operation of the economy and of the productive system which is strongly influenced by foreign exchange and protectionist policies, the factor and capital markets, factor utilization and prices.

44. With regard to policies aiming to increase the assets of the poor and their productivity, the speaker said that agrarian reform is the only one so far attempted on a relatively large scale in some countries. Other policies encouraging associative forms of production and co-operatives have been of very limited effect and constitute a potential field for further investigation.

45. Continuing with his presentation, Mr. Molina mentioned that transfers aiming to raise family incomes tend to seek ways of ensuring a minimum family income level. Policies in this field should enable access to a family income capable of satisfying basic family needs. Since it is not possible, in his opinion, to rely on future changes in employment conditions nor in the allocation of resources, the potentialities of transfer instruments is accentuated. Moreover, he suggested that, among possible measures for adoption, assistance-employment programmes should not be discarded as a means by which the State may guarantee a minimum monetary income and access on the part of the beneficiaries concerned to special programmes providing opportunities of access to a number of social policies tending to solve their basic needs.

46. The speaker emphasized that the elimination of poverty poses a problem of possible solution (though admittedly not easy to attain) since the income shortfall is not very large. A transfer of 5% of gross domestic product would be tantamount to a re-allocation of 20% in public expenditure. Another consideration is that there is room for an increase in tax revenues in order to generate new transfers since average tax rates are not high. Finally, it would be possible to redistribute the urban and rural proportions in government expenditure. The speaker was also of the opinion that changes of this kind would not damage the economic system since studies indicate that every 1% of private resource transfers would have an effect of only 0.1% on the rate of economic growth. In this respect it should be borne in mind that the factors having the greatest effect on private savings and investment are those of a general political nature and in particular those affecting prospects of future security. The transfer of private resources would consequently be an instrument of feasible application.

47. In ending his comments Mr. Molina emphasized that political programmes concentrating mainly on the poor encounter difficulties owing to a lack of organization in this sector which, in addition to failing to make its voice heard, is not thought to be an effective potential source of political support.

48. The eradication of poverty, he added, would be possible without causing the global disruption of the system only if the present style of development is modified and if, under an administration backed by a stable majority, steps are taken to:

- redefine priorities with organized popular collaboration;
- decentralize decisions in order to make this possible; and
- modify the administrative structure of the State with a view to satisfying the needs of the poorest segments of the community.



49. The debate that followed the presentation of this reference framework focused attention mainly on the subjects of public resource allocation, the role of the State, the social organization and participation of peasant groups and the rural poor, problems of dependency and external aid, cultural factors affecting the rural economy, and the need to seek creative prescriptions for the solution of poverty.

50. To start with, the possibility was discussed of re-allocating public expenditure and devoting a larger share of investment to social programmes. It was pointed out that the few instances of re-allocation of this kind had failed to correct the deficiency. Reference was made to the high level of defense expenditure incurred by most of the regional countries, the reduction of which would enable a larger amount to be assigned to social costs. The case of Costa Rica was mentioned in this connection since that country incurs little expenditure on defense and applies most of its public resources to the social sector. It was concluded that since defense expenditure is regrettably on the increase in the region, it would appear improbable that use might be made of re-allocating public expenditure in this field as an instrument of policy to overcome poverty.

51. The role of the State in policies designed to overcome poverty was debated at length. Some participants were not in agreement with the affirmation assigning to the State a leading role in policies of this kind. It was alleged that the State was a deficient executor of policies and had in certain circumstances failed to ensure their continuity and in others had obstructed the formulation of policies benefitting the poor such as peasant organization, trade unionism, extension of voting rights to illiterates, etc. In the course of the debate the speaker on the subject gave it as his opinion that the role of the State was decisive as an agent in the mobilization of resources and in the promotion of change and social organization without necessarily becoming directly involved in their execution.

52. There was agreement among the participants as to the importance of social organization of the peasantry and groups of rural poor in order to improve their negotiating capability and afford them access to assets and services, and the possibility of exerting legitimate pressures. Community organization was held to be important as a means of solving its own problems, as was the advisability that policies and programmes be formulated on the basis of the aspirations of the interested parties themselves, bearing in mind new circumstances arising from current peasant and rural realities.

53. Some participants emphasized that insufficient attention had been given in the general reference framework to the situation of dependency on external factors in the regional countries. It was alleged that in some Central American and Caribbean neo-colonialist policies tended to accentuate poverty and to maintain structures favouring the production of goods for export rather than foods for the domestic market. It was also pointed out that external dependency was an influencing factor in the formulation of policies for application on the domestic front and consequently on possibilities of combatting poverty. On debating this point the speaker confirmed that he had not directly referred to it due to the considerable number of studies on that subject already carried out by ECLAC which induced him to prefer to concentrate on aspects of a more operative character. On the other hand he suggested that Latin American external indebtedness has introduced a new dimension in the problem and encourages the countries to negotiate jointly in order to achieve some possibility of success. At the same time he drew attention to the fact that it is the poor who have mostly hitherto had to pay the price of internal adjustments to meet emerging international circumstances.

54. With regard to external assistance it was affirmed that there is an urgent need to evaluate its effects in the formulation and implementation of rural development programmes. It was pointed out that in some cases external assistance had led to an aggravation of social differentiation and to deterioration in the situation of the poorer strata. The speaker drew attention to the urgent advisability of evaluating certain experiences to assist in the orientation of international co-operation and make it more selective, and at the same time referred to ways of ensuring that benefits are effectively received by those in greatest need of them.

55. One of the participants pointed out that the problem of rural poverty cannot be dealt with exclusively through economic measures. The behaviour of peasant communities is closely linked with cultural factors which are often not taken into account either in the design of policies or by the administrative units entrusted with carrying them into effect. Discussion took place concerning the need to train the personnel engaged in these tasks and to carry out a substantial educational effort among rural worker groups to overcome the cultural barriers that tend to aggravate poverty.

56. Finally, reference was made to the fact that poverty is a vicious circle which it has hitherto proved impossible to break by applying traditional methods. Failure of experiences in this context had made it necessary to seek new and imaginative

routes placing greater reliance on the creativity demonstrated by the poor themselves in facing their problems and on non-governmental organisms working in close contact with them.

### Topic 1

57. The speaker on this topic centred his presentation on the results of case studies on rural poverty commissioned by FAO, the characteristics of poor sectors, and on some of the factors that contribute to rural poverty. He began by summarizing briefly some relevant factors in this context and referred to the central role of industrialization at the national level, this being closely linked with the present urban character of the region and the adoption by constantly expanding urban and rural groups of patterns of consumption instituted in the urban middle classes.

58. With regard to the rural context as such, he pointed out that the changes that have occurred in the agricultural economy and rural communities have led to four significant modifications in the sphere of employment in rural areas, namely:

- the transfer of economically active members of the population to other sectors;
- changes in the proportions of wage-earning and other workers which have led to a distinction of four types of country: those in which the number of wage earners is rising; those which now have more peasants in relative terms due almost exclusively to replacement of wage earners; those showing the same result due to a greater reduction of wage-earning than of other workers, and those in which the peasant component increases in both absolute and relative terms;
- the growing replacement of permanent by temporary workers; and
- the expansion of non-agricultural rural activities.

59. The speaker also pointed out that available information tends to show that modernization in agriculture has not brought about a less equitable distribution of landholdings or incomes.

60. With regard to the estimated magnitude of rural poverty he referred to the methods and results of studies carried out in twelve countries of the region incorporating data valid for the period around 1980, distinguishing between indigent and poor. Commenting on the general conclusions of those studies, he pointed out that in two instances poverty was seen to affect four fifths of rural homes, in another five it applied to approximately two thirds of those homes, in four it reached half, and in only one a quarter of the rural homes were involved. Evolution between 1970 and 1980 in five countries showed (very tentatively) that in three of them a noticeable deterioration

had taken place and in the other two the situation showed no change. He also pointed out that malnutrition, health and education indicators confirmed the continuing character of rural poverty in the region.

61. Among the characteristics of the poor, the presentation attached particular importance to the present greater heterogeneity of rural poverty due to the presence of temporary agricultural wage earners and non-agricultural wage-earners among the rural poor, to which should be added that of the peasant poor. Among the first-mentioned it was remarked that many are not peasants but persons and families displaced by modernization, non-beneficiaries of agrarian reform, or urban residents engaged in agricultural work. As regards the second group mention was made of their participation in the production of food items of popular consumption, the varying nature of their sources of income and the proportion of family income generated by women. It was also commented that their scant participation in the input market had led to a rapid fall in the productivity of their landholdings. With regard to the geographic localization of the poor the speaker commented that it is not possible to say emphatically that the dispersed population is the poorest since significant poor groups are now found in the more concentrated rural population areas.

62. Finally, brief mention was made of inequalities in access to credit, losses derived from post-harvest storage and marketing rural-urban terms of trade, agricultural pay rates and terms of engagement, and the lack of opportunities of lucrative non-agricultural employment as conditioning factors in rural poverty. Nevertheless, according to the speaker, all these influencing features, and rural poverty itself, are aggravated by scant popular organization and participation in rural areas owing to causes of a political nature and others deriving from modernization. In ending his comments the speaker emphasized the importance of new and promising action initiatives devised and executed with and by the interested parties themselves as a means of enabling many conditioning factors in rural poverty to be overcome, and suggested that these experiences be examined and systematized with a view to their improvement and more general application.

63. Following this presentation the first reaction from among those attending was concerned with clarifying various points in connection with the incidence of rural poverty in Brazil and its evolution over the course of time. It was pointed out in the first place that although inequalities in income distribution had increased between 1960 and 1970 both in urban and rural areas, the same trend had not continued in the subsequent decade except in some rural areas. This last decade had at the same time seen a reduction in the inequalities

between urban and rural areas due to more rapid progress in the latter. In other words, the last decade had seen an expansion of income in rural areas together with a more inequitable distribution of the same, these processes apparently being associated with greater agricultural modernization. Some particulars were also referred to by the same commentator leading to the conclusion that absolute poverty had receded in Brazil between 1970 and 1980. The proportion of the EAP earning less than the official minimum wage diminished between 1970 and 1980, rural illiteracy decreased in the same period, and the number of homes provided with water and possessing radio, T.V. sets and other durable consumer items had at the same time increased.

64. The following stage of the debate concentrated on some general topics. The first referred to methodological difficulties encountered in attempting to measure poverty, and rural poverty in particular. It was agreed that these measurements are to a great extent influenced both by the indicators used and by situational variations affecting them. The case of Colombia was mentioned as an example in this connection. In that country, although all factors supposedly contributing to poverty had improved between 1970 and 1980, rising food prices during this period had influenced the measurement of poverty since, according to the method employed, it was shown to be greater than the real situation both at the end of the decade and at its commencement. Awareness of the difficulties faced in attempting precise measurements led to the suggestion that less emphasis be placed on small percentage differences and that attention be centred on the magnitude of the problem as revealed. Similarly, in endeavoring to estimate trends it would be necessary to take into account poverty index variations in the various years used as reference bases.

65. A second general topic discussed during the debate was the manner of conceptualization of poverty. In this respect one of the participants suggested the need to distinguish between poverty as such, social exclusion and the social actors involved. The concept of poverty as such leads to consideration of the problem of distribution, that of exclusion to mechanisms for its eradication, and that of the actors concerned to the question of participation. Although the State may be unable to institute significant adjustments in distribution, its activity in the sphere of alleviating exclusion acquires decided significance. Furthermore, organization of the rural population has led, and may in future lead, to changes in their conditions.

66. It was also pointed out in this connection that the struggle against poverty may be seen as an objective in itself

or as an obstacle to development. Without disregard of the humanitarian objectives that make it justifiable to conceptualize the fight against poverty, the importance was emphasized of viewing it as part of a sustained and comprehensive development process. In regarding it in this light, aspects not referred to in the previous discussion of the topic may be seen to be significant such as inequality, lack of protection and exploitation which would lead to changes in the indicators used.

67. A third general topic was that of difficulties encountered in attempting to arrive at a general diagnosis of poverty throughout the Latin American and Caribbean area or derive conclusions concerning policies applicable to the region as a whole. It was pointed out that while in some countries with a high proportion of rural population and, within this, of poor groups, rural poverty is a national problem whereas in others, with lower percentages of rural agricultural poverty, it merely represents another problem to be faced. This fact led to a recommendation that countries be separated by type as an intermediate step between the examination of particular countries and a generalized characterization of the region as a whole, recognizing in any case those specific policies which may only derive from national studies. In debating this point it was stressed that this had been precisely the objective sought by FAO in commissioning the national studies that had served as a basis for the general presentation put forward at the Round Table but that attempts to generalize nevertheless enable the identification of common problems and broad policy orientations.

68. In close connection with the foregoing it was emphasized that in order to ensure the feasibility of proposed policies the fact cannot be overlooked that in some countries the problem of rural poverty is of limited significance and would not in itself justify the excessive application of mechanisms by the State nor the postponement of other objectives. Other participants however insisted that the problem of poverty is a structural one, therefore making it necessary to study the anomaly from its very roots and not only apply superficial solutions or expect it to disappear spontaneously as a consequence of development.

69. Other topics debated included the role of modernization in agriculture in its effect on poverty. One of the participants drew attention to the fact that, as pointed out in the document serving as a basis for discussion of the subject, modernization in this sphere is causing people to abandon the country districts, often causing policies designed to exterminate rural poverty to be conducted jointly with others of urban interest. The same participant referred to the importance at the present time of distinguishing between rural and agricultural concerns since

the number of persons living in rural areas but not engaged in farming activities is constantly growing. He also pointed out that temporary work, which is increasingly displacing permanent employment, is carried out by landless workers, thereby making peasant workers more dependent for their survival on their own productive efforts.

70. With further reference to modernization it was pointed out that the unprecedented growth of agriculture in Latin America has failed to alleviate poverty, thereby demonstrating that modernization is not in itself capable of solving this problem. Although it may reduce poverty levels in certain more technologically advanced areas, its general effects are clearly negative, as demonstrated in the development of fruit growing and in lines of production such as milk, sugar-cane, forestry, etc. In connection with this point, two aspects of modernization are of particular significance in regard to poverty, namely its social and spatial fragmentation and its polarizing effect, both being characteristics that have tended to aggravate social and spatial differences. However, reference was made during the discussion to the need to distinguish between different forms of evolution in modernization processes, both within the countries concerned and in the processes themselves. When these developments have involved a more intensive use of labour they have led to a lower degree of polarization, while when involving mechanization they have tended to aggravate social differentiations. Finally, mention was made that statistics and reports prepared by national and international technical specialists frequently fail to refer to the possible negative effects of attempts in the sphere of agricultural modernization due to applying inadequate techniques and approaches for the particular circumstances involved and as a way of underlining the validity of the models used and of the organisms applying them.

71. The above-mentioned aspects led many of the participants to mention the need to introduce radical changes in the approaches and viewpoints applied in analysing the problem of rural poverty and in proposing policies aiming to overcome it. There was general agreement among those attending as to the need to enhance the analyses carried out exclusively by technical specialists by including the points of view of the interested parties themselves -their own definition of the problem and their own priorities in the light of their more recent requirements. As an aspect closely related with this proposition it was pointed out that new forms of social organization have been developing in rural areas, that progress has been made in both traditional and non-traditional operating techniques applied, that past forms of organization have again come to the fore and that a considerable number of private organisms are testing together with the interested parties new forms of dealing with the more urgent needs of the rural population.

It was alleged that these new approaches and experiences have not yet been sufficiently taken into account by the relevant international organisms with the result that the effectiveness of the technical assistance provided has been adversely affected. Emphasis was placed on the importance of amending this situation at the earliest moment.

72. Finally, one of the participants wished expressly to leave on record that the preparation of methods of action involving participation of the peasantry should be based on experiential conclusions and pose problems more easily solved by taking advantage of the experience of non-governemental organisms.

### Topic 2

73. Mr. Molina began his presentation of this topic by referring to the general reference framework that he had used in preparing his paper on "Elements of a strategy for rural poverty alleviation", pointing out that the first question he had asked himself on initiating the examinations of this problem concerned the fields in which to act and, secondly, if the subordination of agriculture to the urban and industrial sectors should or not be modified. In the latter respect he emphasized that examination of the relevant information confirms that agriculture fulfils an important role in Latin America due to its contribution to the GDP and the proportion of the EAP linked with agriculture. He also pointed out that within the context of agriculture the peasant sector is of primary importance owing to its position in food production for the domestic market, its contribution to the farming labour force and the proportion of manual work involved in this type of agricultural activity.

74. Mr. Molina went on to point out that external factors have been the cause of considerable instability in agriculture through price problems, concentration on products for export and concentration on the markets of the industrialized countries (the United States and the European Economic Community). At the same time instability has spread owing to growing dependency on foreign markets (grain imports in the region have increased fourfold over a period of ten years).

75. The speaker pointed out that prevailing attitudes concerning the agricultural sector are contradictory: many demands are made on it in the context of overall national development while at the same time it is placed in a subordinate position. In discussing this anomaly he referred to the document in which he had analysed the transfers made by agriculture to the urban sector, the impact of these transfers on the peasant community and the retribution of the industrial to the agricultural sector, adding that the latter had been so insignificant that urban concentration has been growing at the



expense of rural life. With regard to transfers he stressed that if the rural sector had received any retribution for the drainage of its resources this has tended to be confined to some modern agricultural segments and has not been of equal benefit to those contributing to the generation of those resources.

76. On arriving at this point the speaker posed the question as to "what to do". Would a change of strategy be justified? In his opinion a change is necessary due to: the international crisis, which affects the countries' ability to effect external payments and induces greater food self-sufficiency and import-substitution in general; the need to counteract rural-urban migration in order to relieve pressure on urban areas undergoing low economic growth; and the need to embark on the problem of poverty for reasons of equity. It was concluded that a change in overall strategy assigning an active role to the agricultural sector is consequently justified. This strategy should aim to raise food production and generate more occupations and higher earnings in order to raise the living standards of social groups depending on this activity and encourage the rural population to stay in their areas of settlement. It was insisted upon that production increases should be devoted to food items consumed by the poor.

77. Mr. Molina emphasized that agrarian reform has been one of the few measures that have proved of benefit to the peasantry. Experience in the countries of the region was said to have been extremely variable in this respect both on account of its coverage and changes introduced in land ownership as well as in its continuity. These characteristics have unfortunately hindered the implementation of important changes attainable through the application of this concept. The point was stressed that one of the obstacles affecting this process has been a lack of follow-up and support on the part of governments.

78. Erradication of poverty would make it necessary to introduce new priority objectives. This would not be a matter of changing the entire strategy but of adapting it in accordance with particular conditions of magnitude, circumstances and urgency. The speaker reminded those present that since what is sought is human development, human and moral values should take precedence in these objectives.

79. With regard to the particular aims and measures that should form part of a new strategy, the discussion leader referred his hearers to the recommendations put forward in his paper on this subject.

80. He subsequently invited the participants to concentrate the debate in this connection on the following features:

- agrarian reform, in which connection he pointed out that this experience had been insufficiently analysed in spite of being one of the most efficacious routes to raise the assets of the poor.

- production techniques, a subject that had received only passing attention without due consideration of the development and dissemination of appropriate technical methods.

- agro-industrial development, indicating that debate on this subject might profitably examine the relationship between agro-industrial expansion and its sphere of development with a view to attaining rural equity and progress. He suggested that particular attention be given to aspects relating to the manner of fostering development in the agro-industrial field.

- organization of the peasantry and of landless rural workers as a basic condition to obtain access to sources of progress and to modify urban-rural relationships.

81. Mr. Molina ended his comments suggesting that the debate might also include measures of support to productive development, social support policies and the new institutional set-up suggested in the document he had put before the Round Table.

82. Following Mr. Molina's presentation an extensive debate took place on the role of the State, relationships between national, regional and local enterprises, the role of agrarian reform, importance of technology and finally, the part that should be played by international organisms.

83. With regard to the role of the State, opinions were expressed suggesting the inadvisability of accentuating its possibilities. On the one hand it was said that account should be taken of the existence of dictatorial governments which would not survive were it not for widespread poverty and whose activities are those of greatest influence in the generation of poverty. On the other hand, public institutions tend to follow contradictory lines of action and present a marked lack of continuity due to changes of government every four to six years. Similarly, certain strata are somewhat out of reach of official organisms owing to the institutional administrative characteristics of the latter. Since the target groups are dispersed over a range of rural areas, each calling for strategies adapted to its particular circumstances, lack of contact with these realities on the part of the State causes official plans to be inconsistent with actual needs and fail in practice to reach them. The speaker acknowledged those points of view and stressed that in referring to the State he considered its mobilizing and promotional responsibilities and that in any case, in his opinion, the only route to a democratic society whose central objective is to overcome poverty is to strengthen civilian organization.

84. Another aspect debated was the relationship between national development strategies and regional and local policies and programmes. Discussion in this connection revealed the existence of points of view emphasizing different, though not contradictory, opinions concerning the problem. Some participants expressed the view that local activities, no matter how well inspired, should be based on comprehensive concepts in a strategy consistent with national aspirations. In so far as rural poverty is concerned this strategy would include activities both in the farming sector and in rural communities; hence it should be a strategy of both agricultural and social development. Within this same context it was pointed out that agricultural development was in reality a regional development problem and should include substantial efforts to improve management capabilities in these activities. Other participants emphasized the significance of local development pointing out that many programmes at this level prove successful despite not being of an all-embracing character. In this respect the need was referred to that the more innovative projects should be those supported by available financial resources and that an effort should be made to incorporate into them the necessary adjustments to convert small-scale solutions into others of wider scope.

85. Continuing the discussion of the position of poverty in global development strategies, it was pointed out that the problem occurs at three different levels, depending upon the countries in question. In some, the strategy of overcoming poverty forms part of that of general development and thus requires a change of strategy to attain the particular aim of solving poverty. In other the solution of poverty is a matter for the agricultural sector, and finally in some instances what is needed is to direct any surplus in agricultural growth towards the poor or attempt the solution of poverty through the allocation of government resources. In referring to this differentiation it was pointed out that it reveals more clearly the type of instruments needed, thereby enabling the different characteristics of the problem in each country to be dealt with in the most effective manner.

86. With regard to agrarian reform, it was mentioned that efforts made in many countries have failed to benefit the poor to the extent envisaged, making it necessary to identify the obstacles encountered in order to attain the objectives sought. It was affirmed that in many countries, despite the central aim of agrarian reform to transfer land ownership, this had proved insufficient. It was thought to be of interest to draw up new agrarian reform models adapted to political conditions in each country. In addition, the application of agrarian reform was judged to require measures of support such as credit, technical assistance, etc.

87. The fourth topic debated was the role of technology in the continuation or eradication of poverty. It was acknowledged that one of

the ways to break the vicious circle of poverty is through the medium of technological advancement, but at the same time it was pointed out that agricultural technology is not neutral and that some technological methods benefit those who introduce them, an example in this respect being that of the "green revolution". The technological dependency of the countries of the region means that productivity is increased on the basis of resources not produced nationally. Failures in this connection have been due to the fact that the management of some technologies requires capital and knowledge beyond the reach of the peasantry and their manner of distributing their labour force. It was said that in order that the application of technology may have an impact on production and productivity, it is necessary to put an end to technologies by type of activity and approach the situation of the peasant as a system. In so far as agro-industrial development is concerned, the co-participation of small producers in this process was suggested.

88. Mention was also made in the course of the debate of the necessity to intensify the training of human resources in order to make available producers capable of interpreting, participating in and contributing to rural development and the elimination of poverty.

89. Finally, several participants questioned the performance of the international organisms and put forward suggestions as to ways in which their intervention may be more effective in efforts to eradicate poverty. It was alleged that these organisms often contribute more to the maintenance of poverty or even to its aggravation. It was pointed out that the causes of this situation are connected with the occasional wish on the part of these institutions to please the governments concerned and the fact that they limit their assessments to the opinions of bureaucrats without reference to the beneficiaries themselves. In this respect, the IADB representative stated that the programmes supported by his Bank are fully consistent with the criterion of preventing the reproduction of poverty. For this reason the institution concerns itself in particular with the conditions of socio-economic viability of the peasant groups involved, their participation in the management of projects and programmes and the search for more effective institutional solutions, less complex in nature and more appropriately dimensioned.

### Topic 3

90. Mr. Fernández began his presentation by pointing out that the analysis of rural development policies in Latin America has been considerably influenced by the study of State orientations, in the understanding that the latter have been their main source of origin.

91. This limited concept held by institutional organizations should be replaced by the broader notion of a "political system" which also includes the structures intervening between the social actors or groups involved and government mechanisms.

92. He pointed out to the participants that access to the decision-making system on the part of rural community groups depends on three fundamental aspects:

- the ability of the political system to absorb the demands of the groups without altering its operational stability;
- the degree of organization of the groups and of precision in the formulation of their needs; and
- the characteristics of the politico-social process wherein the confrontation of needs and the decision-making system takes place.

93. He pointed out that in Latin America marked differences are seen to exist in the relative capabilities of their political systems (governments). In all, however, the presidential system of government causes a considerable centralization of decisions in the Executive branch (government and administration) and dependency on the latter of legislators and mechanisms of access of rural community groups. He pointed out that in Latin America a great difference is seen to exist between the degree of organization of landowners and peasants on the one hand and poor rural groups on the other. The latter consist, in his opinion, of landless or almost landless labourers usually involved in quasi spontaneous movements such as land occupancy or migratory flows whose link with political parties or trade unions is precarious or marginal.

94. With regard to transformation processes in rural society such as agrarian reform, the speaker said that those that have taken place in the region and have been of benefit to organized peasant groups have revealed the magnitude of rural poverty and its associated problems. Specific anti-poverty programmes for their part have met with obstacles derived from government administration and the availability of resources to carry them out.

95. Finally, Mr. Fernández suggested that the possibility that the decision-making system in the countries of Latin America may be capable of responding to the urgent needs of the rural poor and may, through the medium of the State, formulate and execute strategies devoted to solving them, will depend on the following assumptions:

- greater flexibility in the centralism typical of presidential systems of government, especially in respect of specialist public agencies in the agrarian sector;
- encouragement of organization of poor rural groups and an increase in their participation, especially at the local level; and
- a greater incidence of aspects relating to the agrarian sector in development styles and in the processes applied in their materialization.

96. On conclusion of presentation of the topic, the first point debated among the participants was the political system. Some participants expressed agreement on the advantages of this distinction since it provided a wider panorama, including not only the executive branch of government but also other State mechanisms,

administrative bureaucracy, political parties and political sectors in general. It was thought especially important to concentrate attention on bureaucracy since it is not only responsible for executing decisions but also for introducing modifications in doing so. The significance of bureaucracy was also stressed since it is in many instances more stable than the governments themselves. Cases as different as those of Bolivia and Brazil confirmed this conclusion. An opinion was however also expressed that nothing is to be gained in ignoring the concept of the State since it must not only be seen as a subject or instrument but rather as an arena for the inter-relationship of social organizations. It would at all event be unrealistic to seek solutions without State intervention.

97. A second general aspect debated was that of social participation and its links with the political system. This is a basic topic according to one of the participants since it induces examination of the conditions necessary to bring about the convergence of methods of action and decision-making organizations. In more specific terms the problem involved is that of how to improve the capacity of the affected parties for participation in decisions affecting their living conditions. It was thought that this aspect should be considered both from the point of view of the beneficiary as from that of the government apparatus. In the former case a difficulty is encountered in the heterogeneity of demands. On the one hand, to disregard specific demands and seek the participation of social sectors in dealing only with generic requirements dilutes their effectiveness and will leave unanswered decidedly concrete and meaningful expectations of those affected. On the other hand, to attend only partially to those needs will weaken their coherence and lead to greater inequalities. This problem is closely linked with that of the relative representativity of the interests at stake in the sense that the greater the homogeneity of the groups involved the greater will be the possibility of their interests being duly represented, while heterogeneity may lead to some requirements receiving more attention than others. This makes necessary a gradual articulation at different levels of the interests involved: From homogenous demands of a corporative character to the generic requirements of the entire peasantry, and from these to consolidation of the requirements of different social groups. Integration at the different levels was judged by those attending to be a necessary condition in order that the poor may effectively participate in political action, either in opposing or supporting the governments in the aim to erradicate rural poverty. As for the public apparatus, the following conditions are needed: the decentralization of political executive and decision-making organisms not only at the provincial but also at the local level; financial de-concentration, and finally, the delegation of duties to the producers themselves and their own organizations.

98. Also with regard to participation it was pointed out that efficacious ways of inducing mobilization may be sought even in the examination of technical options, the example of Japan being mentioned in this connection as a country where the beneficiaries themselves are invariably involved in the search for technically appropriate options and decisions.

99. Another aspect referred to in regard to participation was that it is possible with a strong social organization to develop extremely radical and far-reaching changes, as demonstrated by the process of agrarian reform in Bolivia. Under these circumstances participation may acquire the nature of an encounter between the State and rural entities in order to make good the latter demands.

100. A final point raised by one of the participants in regard to participation referred to doubts concerning the parliamentary system, which was not thought to be the most appropriate to ensure wide participation. In the opinion of this participant the presidential form of government may prove to be the most effective in attending to rural pressures in countries with a large rural population. The speaker acknowledged the validity of this point but only in exceptional circumstances, and insisted that the political party system when allowed free play in a parliamentary regime was that affording the best chance of articulating and integrating a diversity of social interests.

101. Another subject put forward in the debate was the relationship between political and economic power pointing out that in the scheme suggested by the speaker in his paper this aspect had been mentioned in the sense that economic power is seen to permeate all the elements referred to in that document. The speaker replied that the distinction between the political and economic system is largely analytical and that in practice both systems are interwoven. He stressed, however, that the problem of separating the political system from economic power depends on the stage reached in the country concerned in the process of functional differentiation and democratization.

102. In this general context the matter of policies to overcome poverty was again discussed. It was pointed out in this connection that there is little if any reason to separate economic and social policies since all finally lead to social effects. It had therefore been appropriate not to introduce this distinction in presenting the topic and to have referred instead to distributive and redistributive policies which the speaker preferred to call structural and compensatory policies. He acknowledged, however, that the latter had proved decidedly ineffective in the region owing to the employment situation and recent economic growth trends in the countries concerned. He also mentioned that pilot experiences have tended to be successful when kept to this level but had failed to do so when it had been endeavoured to generalize them. In the opinion of the commentator, a strategy to combat poverty should at least include the following three elements:

- traditional -so-called economic- policies concentrating on the production of goods and services of popular consumption;
- employment policies; and
- basic service policies, i.e., education, health and housing.

103. The final feature discussed was the role of the international organisms. It was stated that in many countries the executive branch

of government shows little or no interest in carrying out policies devoted to overcoming rural poverty and that others, despite the government's wish to improve this situation there is a de-facto government policy of demobilizing effect exercised through the means of subtle beneficent practices. It is therefore necessary that the international organisms extend their contacts to other policies actors, parliament, political parties and the interested groups, and not confine them solely to the executive component of government. It would also be highly advisable that they endeavour to make direct contact with non-government organisms, even if official circles were to endeavour to interrupt such relationships. Parallel comparisons were made between the situation of official and non-governmental organisms acting in rural areas and that of private social-science research centres and those of an official character: concern with social sciences would not have developed if the donor agencies had confined their contacts exclusively to official organisms. In this connection the speaker pointed out that some international financing organisms, such as the International Monetary Fund do in fact in the manner suggested since they contact a broad spectrum of sectors of the country in order to obtain an impression of likely long-term requirements and possible conflicting interests that may arise with regard to the policies and programmes for which support is requested. Confirming this point, the representative of IFAD said that his institution endeavours to apply those principles in the attempt to ensure that the programmes to be financed include the participation of the beneficiaries and that the planned benefits are not diverted to other social groups. He confirmed, however, that the rules applied by many international organisms oblige them to keep in contact with the relevant executive authorities in carrying out their operations in the country concerned.

104. As a further comment on the same subject, another participant suggested that the international organisms carry out three types of evaluation in connection with their activities in a given country in order not to continue supporting faulty plans or programmes not benefitting the poor:

- of the relevant government institutions and authorities and groups that take part in the corresponding decisions;
- of the routes followed and action taken by the poor themselves to meet their basic needs, comparing their strategies with those of the government; and
- of the intermediary organisms involved.



### III. CONCLUSIONS

105. Those attending the Round Table Meeting are in agreement that despite the economic and social development that has taken place in the region in the past two decades, poverty in the member countries and rural areas continues to be a problem of first magnitude. It is furthermore agreed that rural poverty has become more complex due to the contraction of employment opportunities, the increasing proportion of temporary workers in the rural wage-earning population, deterioration of the situation of the peasantry and the increasing significance of the non-farming rural population.

106. As a result of the severity of the problem of poverty, the participants recognize that its eradication in a country calls for a global development strategy striving, as one of its central objectives to satisfy the basic needs of the entire population and mobilize and make use of the potentialities of poor communities.

107. It is recognized that these transformations will not be possible unless due consideration is given to the specific cultures that characterize the peasant communities concerned.

108. The adoption of a new strategy implies a re-orientation of national resources leading to a larger output of basic goods and services, greater generation of employment, a larger availability of assets among poor groups and a change as well as greater efficiency in the allocation of social expenditure, avoiding traditional urban-rural imbalances in the localization of resources and duly considering the specific characteristics of local cultures.

109. Owing to the diversity of situations of poverty it is necessary to formulate and implement specific policies of benefit to the target groups and to reduce administrative costs and leakages, for which purpose the active participation is required of the groups it is intended to benefit, in defining both their needs and the manner of satisfying them.

110. It is recognized that the institutional situation of the State and the administrative arrangements of the agencies and programmes concerned with the agricultural sector in most countries of the region are insufficient to attend to the needs of the poor rural sectors or to satisfy them in an appropriate manner.

111. In spite of relative progress made in the sphere of organization of rural society the fact is emphasized that the rural groups remain dispersed and inorganic even in local terms. There is a considerable shortfall in the participation of poor rural sectors owing to deficiencies in the administrative apparatus of the State and its scant involvement at the local level.

112. Bearing in mind the aforementioned conclusions, this Round Table recognizes the need to perfect knowledge concerning situations of poverty with a view both to formulating policies and executing specific plans. In pursuit of these aims it is suggested that:

- national technical specialists and international organisms cooperate in the study of methods and indicators enabling a more appropriate and homogeneous quantitative assessment of rural poverty than the hitherto achieved;

- the governments review their statistical systems, perfecting those relating to social conditions in order to provide a level of disaggregation enabling the regular and systematic follow-up of the evolution of poverty in the country;

- support be given to the countries requiring it to identify the characteristics and conditioning factors of rural poverty;

- the international organisms collaborate with the governments and interested social groups in appraising the economic, social and political impacts of agrarian reform and rural development programmes, including the points of view of the intended beneficiaries and other vulnerable social groups interested in their execution;

- the institutions concerned with rural development put in hand studies with a view to establishing methods of action conducive to the effective participation of the rural poor in that development and in its evaluation;

- an analysis be put in hand at national and international levels to enable a more efficacious conception of rural development with a view to the comprehensive integration of development strategies in national, regional and local plans and the incorporation of participation on the part of the beneficiaries in their formulation, execution and appraisal;

- the necessary efforts be made to generate and adapt technological methods and technological transfer systems in such a manner that the latter may be drawn up and used by the peasantry and rural population in general and that their successful experiences with new and traditional technologies be recorded and disseminated;

- the contents of training programmes and of formal and non-formal instruction at different levels be reviewed with a view to developing new technological approaches;

- the contents of general education programmes at their differing levels also be reviewed in order to establish appropriate conditions in the social sphere for the inclusion of more equitable development requirements with a view to overcoming the needs of poverty;

- the governments carry out efforts with a view to evaluating modernization experiences in agriculture and their implications in rural development and the participation of rural communities, studying the manner in which this process may attain more equitable results.

113. With regard to the institutional structure of the State and the mechanisms of participation of the rural poor, it is suggested that:

- the governments adapt the operation of the democratic regime and the administration of sectoral agencies and programmes to the requirements of participation by poor rural sectors by attenuating centralism in the adoption of decisions, the establishment and acceptance of representative mechanisms by means of which the rural poor may effectuate their participation, and the recognition at constitutional and legal levels of the socio-economic and political rights of poor population groups and especially of their rights with regard to association and education;

- a juridical framework be established together with operational programmes and mechanisms in order to facilitate the organization and operation of labour unions, co-operatives and other forms of popular association enabling the interests of the poorer social groups to be expressed, and to instruct their members in the promotion of these organizations and their participation at the various levels of decision;

- the governments of the region, in the light of the priorities and experiences of certain organisms of the United Nations system and existing mechanisms for inter-agency co-operation, explore the possibility of requesting that the support provided by FAO, IFAD, UNICEF, WFP, UNDP, ILO, WHO/PAHO and other organisms of the United Nations system be strengthened in the planning and execution of rural development programmes capable of combatting efficiently and effectively the problem of rural poverty.

114. With regard to the assistance and collaboration provided by the international organisms in the struggle to overcome poverty it is suggested that:

- they redouble their efforts of co-operation to obtain more complete knowledge of the exigencies -and needs to overcome them- and results of policies and programmes devoted to overcoming poverty as well as those having a positive or negative effect on the problem of poverty;

- they stimulate the participation of the social strata concerned in studies and analyses concerning poverty and in the preparation, execution and evaluation of related projects;

- in their dealings with the member countries, the international agencies expand their consultation procedures to include, selectively, other government departments apart from the executive branch, as well as other groups associated with the adoption of development decisions and the related definition of priorities;

- they bear in mind the need to support research centres and social and political groups capable of stimulating the adoption of beneficial changes in the generation and reproduction of rural poverty;

- they review their procedures with a view to expanding their support to non-governmental organisms in order to stimulate initiatives already in progress, even if sometimes of modest proportions, developed by institutions concerned with the promotion of rural development,

including efforts capable of providing imaginative solutions such as those that tend to emerge in new experiences undertaken by such organisms;

- they collaborate with the governments concerned in the examination of specific rural poverty situations of a generic social and ecological nature. It is deemed of interest to systematize common problems of poverty in arid, semi-arid, mountainous and border zones. It is judged to be of considerable importance to study and obtain knowledge of the situation of increasingly numerous strata among rural groups such as temporary labourers and non-farming rural population sectors;

- they take particular care in the evaluation of promotional projects in the fields of agricultural and forestry production in order to avoid critical situations deriving from their application with rural workers, farmers and rural settlements in general;

- they carry out complementary efforts such as those being undertaken by FAO and ECLAC in Latin America and the Caribbean and by other international organizations with a view to making more efficient use of resources and broadening the scope of combined efforts in the study, evaluation, and formulation of policies and strategies;

- they organize periodical regional and subregional meetings with the participation of government and private institutions of an academic character and those responsible for action in this sphere with the aim not only of making known and perfecting innovative experiences but also of incorporating them in more comprehensive rural development programmes; and

- finally, the foregoing suggestions addressed to international organisms be discussed at meetings and conferences as well as with member governments in order to foster the coincidence of objectives between them and in general to ensure their widest dissemination.

#### IV. SUMMARY OF CONTENTS OF SUPPORT DOCUMENTS

##### Topic 1: Characterization, dimensions and evolution of rural poverty

115. The central aim of this document is to carry out as realistic a diagnosis as possible of the incidence of rural poverty in Latin America, its characteristics, and some of its conditioning factors. The basic information is mostly derived from studies entrusted by FAO to various authors concerning rural poverty in the following countries: Belize, Bolivia, Brazil, Chile, Colombia, Ecuador, Haiti, Honduras, Jamaica, Panama, Paraguay, Peru and Venezuela.

116. The presentation comprises four main chapters. The first refers to some elements that enable the structural context of rural poverty to be defined from a long-term point of view. The elements in question refer both to the global characteristics of Latin American development and to its repercussions and manifestations in agriculture and rural society.

117. The analysis referred to show that poverty in the region and in its rural areas occurs and continues in a period of important structural changes. If the reality of conditions in 1950 is compared with that prevailing at the beginning of the 1980s the total product of the region in real terms is seen to be five times greater than thirty years ago. Industry has consolidated its position as the leading sector in the economy, and, within it, the production of durable consumer goods and of investment takes precedence over that of non-durable consumer goods; key sectors of the economy are dominated by the technologically advanced enterprises linked with transnational or public corporations; and until such time as the international crisis begins to produce effects in the region, the gross product shows a high rate of growth.

118. On the other hand the relative composition and growth rates of the various sectors of the economically-active population (EAP) reveal the importance of industry as a direct and indirect element in the demand for labour. In its turn, the installation of industries in the larger urban settlements goes far to explain the rapidity and characteristics of the urbanization process in Latin America. Population statistics show an urban preponderance (64% of total population was urban in 1980), the number of city inhabitants having increased at a rate of 4% in the five-year period 1975-1980. Half

-or in any case not less than 40%- of that increase is attributable to emigration of the rural population.

119. Industrialization and urbanization have at the same time caused drastic changes in social stratification with a predominance of the medium strata, and in the life-styles of the population.

120. The region has demonstrated undoubted progress in two indicators of social development, namely education and health. As regards the first of these, the percentage of enrolled students of 6 to 11 years of age rose from 57% in 1960 to 82.3% in 1980 according to data compiled by UNESCO. In so far as the second indicator is concerned life expectancy showed a gain of 6 years between 1960-1965 and 1975-1980 (56.75 versus 62.65) and infant mortality fell from 105 per thousand in 1960-1965 to 73 per thousand in 1975-1980. Progress in these fields, structural transformations and the generalization of motherchild health programmes and family planning giving rise to a rapid process of reduction in fertility were causes of a drop in the vegetative growth rate of the population from 28.81 per thousand in 1960-1965 (the highest in the world at that time) to 24.26 per thousand in 1980-1985.

121. These economic and social changes have however failed to eliminate large inequalities in income distribution, the existence in 1970 of an indigent population component of 19%, with 40% living in conditions of poverty; high and increasing indexes of under-employment in the labour force and not less than 15% of the population suffering from malnutrition.

122. In general terms, these structural trends also apply to agriculture and rural society. Leadership in the sector is exerted by capitalist enterprises using advanced technology, capital-intensive and oriented towards world markets, a process that has developed simultaneously with the transnationalization of agricultural activities and increasing heterogeneity and diversification in the sectoral productive system.

123. As a result of the foregoing the structure of the rural stratification system shows increasing complexity owing to the substitution -almost total in some parts- of traditional rural landowners by entrepreneurs and executives of agricultural enterprises, the expansion of a rural middle class incorporating professional and technical personnel employed by those corporations, agrarian reform beneficiaries and a vast range of intermediaries, and the co-existence in the lower strata of rural smallholders, temporary farm workers and a growing non-farming rural contingent. Urbanization has for its part affected the consumption standards of the rural population and increased the market share of the rural economy.

124. However, although only in exceptional cases has the distribution of land become less equitable, the above-mentioned changes have proved

more beneficial to productive units in the intermediate category than to small operators.

125. As for the agricultural EAP, this sector is seen to have grown less rapidly than the overall EAP (0.7% between 1960-1970 versus 2.3% of the total in the same period). In so far as changes in its internal composition are concerned, the countries fall into two main categories: those where the wage-earning agricultural EAP has increased: i.e., Brasil, (1970-1980), Panama, Haiti, the Dominican Republic, Mexico, Colombia and Venezuela; and those where the proportion of peasants has increased, either because of transfers to other almost exclusively agricultural sectors (Argentina, Chile, Honduras, Peru (1960-1970), Uruguay and Venezuela (1950-1970) or of contraction in the number of peasants being less than in that of wage earners (Bolivia, Brazil -between 1950 and 1970- Costa Rica and Ecuador) or because the peasant population shows an increase in both absolute and relative terms (Guatemala).

126. In the wage-earning agricultural sector a dominant trend is seen in the replacement of the permanent labour force by temporary workers.

127. Together with the foregoing, non-agricultural rural activities have begun to acquire significance, and the high under-employment rates in the rural labour force (agricultural and non-agricultural) have continued or may even have risen while the share in rural income of the poorest rural groups has tended to decline.

128. The second chapter provides figures showing the dimension of rural poverty based on case studies and applying a method suggested by ECLAC for the analysis of this problem. After carrying out the necessary statistical adjustments to ensure informational consistency, standardized estimates were obtained for 12 countries at the 1980 level showing a distinction between rural homes in a condition of indigence or of poverty. In two of the countries examined poverty affects almost the entire rural population (Bolivia and Haiti); in another five (Brasil, Colombia, Honduras, Paraguay and Venezuela) almost two thirds of the rural homes were so classified; in another four instances about half of the rural families were involved (Chile, Ecuador, Jamaica and Panama) and in only one case (Grenada) is poverty seen to affect a quarter of the population. Conditions of indigence are greater in Bolivia, Brazil, Colombia and Panama, and more moderate in Grenada and Chile.

129. In the case of five of these countries it was possible to compare the evolution of poverty between 1970 and 1980. Deterioration was clearly evident in three instances (Chile, Colombia and Venezuela) and in the other two (Brazil and Honduras) the situation appears to have remained approximately unchanged.

130. The high incidence of absolute poverty in rural areas is confirmed on examining the information on malnutrition in various countries. This shows that between 75% and the total number of young children suffer from malnutrition.

131. Similarly, despite progress evidenced by the health and education indicators, differences between rural and urban areas continue to grow.

132. The third chapter examines rural poverty from a dual standpoint, namely the characteristics of poor homes and those of the localities or areas containing a concentration of poor people. In the first instance distinction is made between socio-demographic and socio-economic characteristics.

133. From a demographic and social point of view the size of poor families is greater than in the non-poor category due to a large number of children, there is a greater proportion of heads of families and their wives who are illiterate or functionally illiterate as well as a greater proportion of consensual unions.

134. From an economic and social point of view, a first consideration is the manner of distribution of the poor between various occupational categories. All available information shows that during the 1970s, and perhaps earlier, rural wage earners not owning land of their own are over-represented in the poor population. Within that segment the incidence of poverty is even greater among non-agricultural than agricultural rural workers. Trends in the rural EAP point to the probability that this group may acquire considerable quantitative significance in the future.

135. As for the peasant component among the rural poor, they are characterized not only by the small size and internal fragmentation of their landholdings but also by a high proportion of precarious legal land-tenancy rights; by the poor quality and difficult topographical conditions of the land used, factors that limit the adoption of more up-to-date operating methods, by rigidities in the matter of changing to other crops; and in border agricultural zones by eviction pressures to which they are submitted in cases of good quality land.

136. Poor agricultural wage earners comprise four main categories, all being temporary workers: displaced rural population due to the fragmentation of smallholdings; population displaced as a result of agricultural modernization; members of homes not benefitted by agrarian reform; and members of the urban population engaged in seasonal farming activity.

137. The sources of income of the rural poor are characterized by their multiplicity and varied significance; but in general extra-predial work and earnings generated by the wife are of fundamental value in avoiding relapse into a state of poverty or indigence.



138. With regard to the market participation of the poor peasantry, there is ample evidence that the production of basic foodstuffs of general consumption is predominantly carried out by them; that agricultural productivity, until recently higher than on large landholdings, has declined owing to inequalities of participation in the input market due to insufficient earnings, and to the fact that technological innovation is not consistent with production circumstances on small landholdings.

139. The characterization of poverty from the viewpoint of geographic location shows that there tends to be a negative association between the incidence of rural poverty and the presence of commercial agricultural enterprises, agro-industrial establishments and extra-predial employment opportunities; that it tends to concentrate in arid and semi-arid zones, in those of steeply sloping land, in some agricultural border zones and in climates where aridity and altitude combine with extreme temperatures; and that it has tended to coincide with dispersed rural population groups, although it has also recently been found in areas of population concentration.

140. Chapter three examines some direct conditioning factors in rural poverty, differentiating them between economic, demographic-ecological and socio-political characteristics or of a social organizational nature. Among the first-named are two from which others are derived, i.e., the structure of land tenancy and changes in rural employment. Derivative situations include unequal access to credit on the part of small producers, losses in the marketing process or in post-harvest storage, terms of trade between rural and urban areas, circumstances influencing the engagement of temporary labour and a lack of lucrative non-agricultural employment opportunities.

141. Prominent among demographic and ecological poverty conditioning factors are the vegetative growth of the rural population leading to fragmentation of property, a youthful age structure and rapid demographic growth with a certain age imbalance in the younger active population which, combined with a contraction in employment opportunities, increases "over-supply" in the labour force. With regard to migration, this tends to alter the age structure, producing a larger proportion of children and elderly people and a lowering of productivity. From an ecological point of view topographical circumstances and population dispersal are both factors that contribute to poverty.

142. Finally, with regard to economic and social conditioning factors, that of greatest significance is the limited social organization and participation in decisions affecting them on the part of various categories of rural poor due to political restrictions and the structural changes taking place in rural areas.

Topic 2: Elements of a strategy for rural poverty alleviation

143. The world crisis of the early 1930's and subsequent effects of the second world war gave considerable impetus to substitutive industrialization. Since that time, agriculture has developed in line with requirement strategies promoting urbanization and industrial development, causing a continuous transfer of resources from the agricultural sector to other sectors through the medium of relative prices, exchange and Customs policies, taxation on exports of agricultural and livestock products and other factors.

These transfers of resources have been compensated to a very small extent through the medium of subsidies, either through the credit system, input prices or expenditure on technical assistance and research. In so far as action on the part of the public sector in investments and social services is concerned, the rural sector has received only a very small share of public investment expenditure.

144. After five decades of application of this pattern of development the participation of the agricultural product is seen to have fallen, the region depends to a greater degree on food imports, and misery has increased in urban areas. In spite of these discouraging results, when the conditions causing this situation have changed, the same policies have persistently been kept in force.

145. Nevertheless, and despite the drop in its relative contribution, agriculture is still important in most countries of the region due to its participation in the GDP, in the EAP and in total exports, apart from its underlying function of supplying food to the population. Moreover, although the economic growth of agriculture has been below average, it has not lacked significance and compares favourably with that taking place in other developing regions.

146. Agricultural and livestock production by both small operators and large enterprises has shown flexibility in its adaptation to the stimulations of demands whether of national or external origin. However, given the concentrative character of styles of development in past decades, increases in domestic food demand have originated in the medium and higher income groups. This has brought about a larger demand for prepared products and induced the modernization of certain segments of agriculture, transforming traditional forms of production and giving rise to new patterns of social and working relationships in agricultural enterprises. These forms of productive expansion have come about simultaneously with a contraction in the proportion of manual labour used per surface unit, provoking increasing under-employment in the rural sector.

147. Productive operations of a traditional type, and in particular those of peasant economies have not in practice received the benefits of modernization nor of stimulation policies applied by the public sector with a view to increasing the output of goods to satisfy the needs of the medium and high-income urban sectors and of external demand. Despite

this disregard and, in many instances, exploitation of rural economies, they contribute an undoubtedly important share of the food products needed by the city poor and a significant proportion of those produced for export, apart from constituting the main source of steady agricultural employment.

148. Programmes designed specifically to benefit rural economies have proved extremely limited in their effects and barely represented more than test experiences whose consequences have been confined to limited communities where those benefits have furthermore often been reduced by the negative effects of macro-economic policies.

149. One of the few measures specifically devoted to changing productive and social relationships in the agricultural sphere has been agrarian reform. The intensity, extension and continuity typical of most of these type of experiences have however not introduced significant changes in rural life and have failed to improve the situation of the poorest sectors.

150. As a result, a notable differentiation has been developing in the productivity and earnings of the various social groups, leading to the conclusion that a considerable proportion of the transfers from the agricultural sector towards other sectors has stemmed from the sector comprising traditional producers, peasant economies and landless wage earners. This has been a generalized characteristic in the countries of Latin America, and since the last two groups form the majority of the rural population, the result has been massive poverty, migration to the cities and deteriorating rural values.

151. These last-named factors have, among others given rise to a cumulative process of economic and social demands tending increasingly to concentrate resources in urban sectors and in the modern agricultural segment turning out products for domestic consumption and export. Under these conditions it becomes almost impossible to bring about a significant alleviation of the poverty affecting a large part of the Latin American rural population.

152. Owing to these trends, poverty has undergone a spatial change due largely to emigration of the population from rural areas to the city where they have failed to find sufficient employment at a satisfactory level of income (a third of the poor population was living in urban zones in 1960, whereas by 1980 this proportion is estimated to have increased by 50 per cent) and the poorest groups in Latin America -especially in rural areas- are those that have received the smallest share of rising incomes.

153. Available data on economic and social evolution in the Latin American countries induce -given their diversity- the thought that it is necessary to concentrate attention on an evaluation in depth of the predominant styles of development, strategies followed and the efficacy of policies applied, with a view to proposing measures leading to better conditions for the large segment of the population that has received only a small proportion of the fruits of economic growth in the region in recent decades.

154. Such measures should form part of a strategy based on the concepts that:

- poverty cannot be dealt with as an isolated phenomenon, independent from events in society at large. Its alleviation should consequently form part of a global strategy involving specific policies devoted to improving the quality of life in the poorest groups; and
- the State has a leading responsibility in a strategy of this kind. The belief that the free operation of economic and social market prices may resolve those inequalities should therefore be discarded.

155. The objective of the strategy envisaged should be to ensure that the real permanent earnings (monetary and non-monetary) of each family are sufficient to satisfy its basic needs determined in accordance with certain socially accepted standardization criteria.

156. The strategy in question should introduce macro-economic corrections to extirpate the excessive urban industrial bias hitherto prevailing since this does not appear justified under present conditions, especially considering the importance of food as an essential item in basic family needs. It should also institute a particular style of development for the farming sector taking into account the relevant structural transformations, some support policies for agricultural production and social support policies.

157. Macro-economic policies should allocate high priority to the generation of employment in urban and rural areas if no further aggravation of the present level of poverty is to be countenanced. On the one hand current conditions in Latin America point to the conclusion that its economic growth will be slower than in the past and that it is not feasible to expect or even maintain a distribution that has proved insufficient in urban areas and almost non-existent in rural zones. On the other hand, the inadequate food intake of the poor cannot be attributed in the main to limitations in the supply of food but rather to that part of their incomes which they are able to devote to the purchase of food and the unequitable distribution of the latter between the various social sectors.

158. One of the aspects that should be reviewed in this context is the adaptability of the Latin American productive structure to the prevailing availability of resources. Adaptation of the structures of production to guide them primarily towards more efficient use of the labour force would require the institution of policies that modify:

- the foreign exchange and protectionist situation, seeking a balanced equation between past indiscriminate protectionist methods on the one hand and excessive liberalization on the other through a policy of selective opening up of markets;
- price discriminations unfair to the agricultural sector, bearing in mind that the rural economies are those that devote the greater proportion of their landholdings to the production of basic foods and that, to

the extent that the policies adopted may depress prices of those products the peasantry will be the sector most affected. If price controls are justified for alimentary or re-distributive purposes it would appear preferable to substitute them by selective intervention in the form of food subsidies for particular consumer groups;

- the tendency to concentrate public investment on urban and industrial infrastructure, submitting it to rigorous re-evaluation based on social criteria;

- discrimination in the capital and factor markets in such a manner that both modern and traditional producing sectors reach the same degree of social organization, be subject to the same legal labour provisions and have similar access to credit;

- the intensive utilization of factors, maximizing the use of labour units per unit of capital employed together with an adequate approach to the question of shifts, technological capability and the relative factor price;

- the dependency on technologies controlled by the industrialized countries, encouraging the adaptation of appropriate local technical methods; and

- the lack of competitiveness in the goods market, avoiding monopolistic or oligopolistic structures in such a manner as to benefit: consumers through price reductions generated by competition; self-employed workers by affording them conditions of equality in facing the market; and wage earners by avoiding the depressive effect of those structures on the demand for labour.

159. The style of development of the agricultural sector should be directed towards the retention of surpluses generated in the sector in a proportion necessary for reinvestment in the sector itself with a view to attaining the following objectives: to increase farming and livestock production by allocating priority to the foods consumed by low-income groups in order to eradicate their nutritional insufficiencies; raise agricultural income, devoting it primarily to overcome conditions of poverty in the rural population; make better use of available human and material resources; encourage alimentary self-sufficiency, and provide other sectors with resources after covering the needs deriving from fulfilment of the priority objectives of rural development.

160. Application of a new style of development should be supplemented by structural transformations enabling greater access to the soil by those not possessing it. From this point of view, agrarian reform with systematic State support as shown to be advisable as a result of regional experience, appears to be a necessary requisite in transforming production and equity relationships in the agricultural sector. Similarly, it will be necessary to raise farm workers' wages and encourage their organization in the form of labour unions, include them in the application of labour legislation and control of its fulfilment. Modifications to the structure of landownership and wage policies should both give particular attention to landless workers and temporary wage-earners since these are the sectors showing the greatest poverty and lack of protection.

161. Policies supporting productive development in agriculture should aim to attain greater equality within the sector both from the point of view of goods produced and income distribution. It is necessary to consider in these policies the importance of those relating to: infrastructural investments, especially those associated with water supplies and roads; transportation and marketing, both for the purchase of inputs and sale of products; access to credit and technical assistance, research, education and extension in such a way as to develop a national scientific capability to devise production techniques conducive to raising productivity and earnings ensuring that they be accessible to small producers, harvest-insurance systems to increase security among peasants and induce them to be less reluctant to adopt changes that may affect the very basis of their subsistence and afford them greater access to credit; and organization of the peasantry considering the need to foster forms of association between rural producers conducive to better production conditions.

162. Social support policies should initially aim to eliminate differences between the quality of rural and urban life. Attainment of this objective will be facilitated by consideration of the problems of rural dispersal and isolation.

163. Finally, it should be borne in mind that application of the strategy here envisaged and of the style of development judged necessary in the agricultural sector calls for a different institutional structure and the active participation of the rural work force. In order that action by the State may be effective in the rural sphere it is necessary to bring its institutions into closer contact with the reality of conditions giving rise to the problems of the poor. Rural development is difficult to achieve in the absence of local authority. Political and administrative decentralization becomes an essential prerequisite for agricultural development that aims to overcome poverty and achieve the objective of community participation in the solution of its needs in an institutionally organized manner.

164. In short, what is here suggested is a change of policy to conciliate the gradualness of change, economic equity and efficiency, national autonomy and external co-operation, central authority and decentralized and participative execution, and plurality in forms of production and management. Put very briefly, it is sought to intensify and consolidate political democracy, extending it to the economic and social sphere in its national, regional and local expressions to the extent of reaching individual productive and service units.

Topic 3: The adoption of policy decisions for rural development

165. The complex fabric of mechanisms involved in the sphere of decisions, difficult enough to unravel in formulating any kind of policy, is particularly so in dealing with the agrarian sector due to its excessive content of non-formal mechanisms such as instruments of power typical of traditional forms of society (cliques, patronage, lack of differentiation in the functions of government, or of an official career system, etc.).

166. The limitation in question in this type of analysis combines with unawareness as to the real functional mechanisms involved in decision systems, and a lack of knowledge concerning the capability of the government or of the State to fulfil the role assigned to it in development models for the rural sector. It is usual in the Latin American context that documents proposing the adoption of agricultural policies devote more attention to their optimum rather than to their feasible results and fail to consider that an appropriate policy may not necessarily become possible and that the relationship between financial resources and needs is incomplete if possible political implications are disregarded.

167. Progress in the examination of forms of rural development policies in the region demands an explanation of some elements deriving from different theoretical currents of thought concerning development practices that may be useful in the task of formulating a theoretical framework in this context. Among these, it is of interest to consider the following:

- the "style of development", understood as the degree and manner in which a given economy is able to satisfy the basic needs of the population, expand its productive potential for this purpose and establish a margin of national autonomy enabling it to fulfil this aim;

- policy decisions should be viewed as decisions of the political system rather than of the State. By this should be understood a framework within the demands and resources of society and politics are converted by the processes of decision into policies for collective action. Intervening in those decision-adoption processes are groups and institutions that interact both formally and informally;

- in using the term "the political system" reference is made to a concurrence of various systems, each incorporating parts of a given policy. In brief, therefore, a policy deriving from the political system of a country is the result of various decisions of differing nature and significance adopted in different segments of the overall political system. Global and partial decisions incorporate a similar logic. Although most structural organizations where policy decisions are arrived at form part of the State orbit, numerous other bodies operate formally outside it such as trade union groups, professional associations, co-operative institutions, and political parties when not acting through parliaments. In the sphere of agrarian policies these non-state agencies fulfil extremely significant roles;

- the examination suggested should focus attention on the real actors and structures of the country concerned and on their inter-relationships in such a manner that the variables selected genuinely represent the reality of the circumstance being analyzed. The determining features of interest are not only those deriving from the characteristics of the systems (predominant types of production, significance of the rural sector, degree of modernization) but from politico-social processes in action at a given moment which may radically alter the behaviour of sectors involved;

- in Latin America the administrative apparatus of the State forms part of the political sphere;

- a careful and empirical analysis of any political system should clearly identify the direct political function of non-governmental groups and their direct role in the adoption of decisions, this frequently being greater than that of the more formal agencies concerned (parliament or political parties) depending on the significance of the groups involved in the political process. This situation applies to agricultural worker groups as well as to their employers;

- local decisions are acquiring increasing significance in policies affecting the rural sector, not only because suggestions relating to participation and decentralization frequently apply to local administration but because in the political field the diversity of rural development policies in the region have invariably assigned significance to the decisions of local administrative authorities.

168. The deciding agencies involved in agrarian and rural development policies are disseminated through the various departments of the so-called State apparatus and also the broader framework of the political system. Consequently, in carrying out a global analysis this variety of intervening institutions should be identified and an attempt made to define and classify them.

169. The first general classification among entities intervening in policy decisions involved on a formal-informal criterion. Informal associations are of particular significance in the agrarian sector where there is a decidedly market tendency to shun political partisanship in and favour individualism in political attitudes.

170. The second general classification concerns formalized structures and follows a criterion of greater or less allegiance to the formal-legal decision system. This may be defined as a criterion of competition in its sense of legally-attributed responsibilities. Under this criterion four main organizational groups may be discerned. The first involves the senior organisms responsible for the four central functions of the State (executive, legislative, judicial and administrative); the second includes institutions participating directly or supplementarily in the process of political decisions such, for example, as the political parties. The third embraces organizations of a co-operative character, either formal, professional, trade-unionist or of productive social significance; and the fourth consists of formal organizations less involved in the decision system such as charitable or service institutions.



171. The third criterion in organizational classification refers to formal participation in the agricultural sphere. This comprises groups deriving from other classifications, formal or informal and competent or not in the matter of decisions. The sectoral criterion will involve all these organizational structures.

172. It should be pointed out that within the informal structures comprising the specific sectoral sphere is the family in its position as a focal point of decision. This factor is not only of significance in the community of small landowning workers but also in the political leanings of these particular property owners.

173. In dealing with decision-making structures, mention should be made of the following general trends in the region:

- the almost monopolistic capacity of the State to sanction collective decisions because, in addition to representing the final step in legislative procedures, it is responsible for giving form to legislative initiatives;

- links above party level between representatives of the same agricultural region, and joint action in efforts of regional significance are a feature typical of countries possessing a parliament. These links not only originate and foster democratic stability but are conducive to a more genuine representation of local and regional participation;

- most of the countries enforce special basic regulations established in agrarian legal codes that lay down rules on water utilization, easements, leases and other matters constantly advocated in the resolutions of international organisms. It need hardly be added in this respect that access to justice constitutes one of the more notable deficiencies in the rural zones of Latin America;

- as for administration, its most noteworthy characteristic in Latin America is its considerable proportions. For various reasons, but especially because of processes associated with agrarian reform and agricultural and forestry colonization, the number of government officials, agencies and public administration programmes in the agricultural and rural sector has increased enormously;

- as an influencing factor in this context, bureaucracy has been more evident in the agricultural sector than in many others, especially in the early stages of policy implementation, due to a greater need of know-how than in the rest of the State apparatus;

- social organizations have clearly fulfilled a more significant role than those of a political nature in the relationship of rural population and movements with policy decisions for the sector. Up to the 1960s political parties played what was in the nature of a self-representational role with regard to the political interests of agriculture, especially those of the landowning sectors and "promoters" of the needs of underprivileged groups and their assumed needs of change.

174. An examination of organizational situations should also consider the degree of continuity and stability of the overall political system in a country; the degree of differentiation in the

political system in terms of centralization or decentralization of power, the plurality of organizations and beliefs; the greater or lesser autonomy of the mediating institutions between the State and the individual; and the existence and intensity of processes of transformation in agrarian organizations.

175. The actors implementing agricultural and/or rural policies become confused with the decision-making organizations especially if political parties, bureaucracy, trade-unions and co-operative organisms are considered. The organizational structures become merged with the actors themselves.

176. If groups are discerned in such organizations, to those composed of peasants or landowners, would have to be added the small landholders, the poor, and the urban sectors. With regard to the poorer farming sectors, considering that the proportion of these in the rural and total population in the countries concerned is considerable -though variable- it will be of interest to emphasize that their main significant characteristic with regard to policy decisions is their lack of organization. In so far as the urban sectors are concerned, it should be borne in mind that they, too, are actors in decisions relating to agrarian policies. Moreover, considering the more formal and competent structures of government, it should be said that it is they who are the principal actors in agrarian affairs.

177. Finally, it is necessary to point out that the rural agrarian sector is faced more than any other by the need to accelerate its modernization owing both to its sectoral problems (especially of a social nature associated with poverty) and its economic and political importance in each country. In other words the policy decision system for the sector possesses the least power for the most arduous task.

178. In facing this task it should be borne in mind that the organizational structures of government -executive and central agencies- and the social actors as a whole -large, medium and small landowners, peasants and the rural poor- display as a general characteristic a dual concern with centralization and deprivation. All Latin American government systems are presidential in character, thereby implying the impossibility of forming governing majorities through alliances of minority groups. In this context of large electoral bodies of opinion, the most inorganic groups are those with the least chance of obtaining recognition of their needs.

179. Once again, therefore, the role that should be fulfilled by political and social organizations in the adoption of agricultural policy decisions is seen to be important. These organizations should, with some urgency, become capable of representing the demands of the underprivileged rural sector. In this manner the State, from which everything is expected, would be in a position to deal with more manageable petitions despite their inevitable complexity and be able to adopt policy decisions for the sector embracing a larger proportion of beneficiaries in the national community.

## V. SUMMARY OF COUNTRY STUDIES

### BELIZE \*/

#### 1. General background

Belize obtained its independence in 1981. It is a small country of 22 960 Km<sup>2</sup>, situated in the Yucatán Peninsula of Central America. It is bounded on the north by Mexico and on the south and west by Guatemala.

It has a population of 150 000 inhabitants, half of them rural. The city of Belize is the largest urban centre, containing up to 17% of the population.

Judging by the basic indicators of development, Belize attains higher levels than other Central American or Caribbean countries. In 1981 the GDP per capita was US\$ 1 080. Similarly, incomes are more equitably distributed than in other countries of the region. Since 1960 the country has grown at a per capita rate of 3% annually. Literacy rates are high and mortality rates low compared with Central American averages. The country is underpopulated in relation to its territorial resources and in comparison with its neighbours; El Salvador, for example, is a smaller country than Belize, and has a population 30 times higher.

The natural growth rate of the population is high (3.4%) but owing to emigration, mainly to the United States, the annual rate is 2%. The population density is only six persons per Km<sup>2</sup>.

The economy is based on agriculture and the most important activity is sugar production. Since 1978 the growth rate of the country has declined owing to falls in production in the agricultural and manufacturing sectors. It has also been affected by the international recession. The prices of sugar and of citrus fruits have declined. The banana industry has suffered losses owing to the ratio between the dollar and the pound sterling (the purchases are made in dollars and the sales in pounds sterling). This set of factors has led to a fall in the national income of 5% during 1982. In the period between 1970 and 1981, domestic prices rose on average by 8.7% annually. The balance of payments shows a deficit

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\*/ Summary of the study made by Mr. John Richard Heath, consultant to FAO, on "Rural poverty and public policy in Belize". The opinions expressed in this work and summarized here are the exclusive responsibility of the consultant and do not necessarily coincide with those of the Government of Belize or those of FAO.

of US\$ 22 million, equivalent to 12% of the GDP. Of the total of imports, foodstuffs amount to 25% (mainly dairy products). Exports of sugar, citrus fruits and bananas constitute 75% of the total.

Unemployment is one of the basic problems. The labour force has grown by 3.4% annually in the last decade. To absorb it the economy should have grown at a higher rate than 6% annually. In 1983 unemployment had reached 14.3% and was concentrated mainly in the urban centres (city of Belize).

75% of public investment depends on external financing, chiefly from the Caribbean Development Bank, England and Canada. Owing to the priority given to the expansion and diversification of agriculture, the Government lays emphasis on investments in physical infrastructure, which is considered essential as a prerequisite for private investment.

The national development programme is directed to economic growth without explicit reference to problems of income distribution.

## 2. The agricultural sector

Belize has an area of 890 000 hectares suitable for agriculture. The climate is appropriate for a large quantity of crops, rainfall is abundant and the average annual temperature is 26°C. Of the total agricultural area, 39% is adequate for crops, but only 3% is used for that purpose. The rest of the territory is covered with forest, woodland and scrub. There is clearly a great discrepancy between the potential level of agricultural development and that which has been attained to date.

50% of the agricultural landowners own up to four hectares, controlling 3% of the cultivable surface. In contrast, less than 1% of the landowners possess 60% of the agricultural surface, with an average per farm of 1 758 hectares. 44% of the area suitable for agriculture is in private hands, and 93% of this is idle. The areas belonging to the public sector are similarly underutilized.

The agricultural situation in Belize is due to the style of development introduced in the colonial period. The colonial legacy explains the priority given to forestry and the absence of large-scale human settlements in the country. The exploitation of the woodlands was accompanied by monopoly of the land, which restricted access to the land for agricultural or commercial purposes. The occupation of the farms by foreigners pursued speculative rather than productive aims.

The limitations on the growth of rural human settlements in the colonial period explain why there was no development of a domestic market, commercial agriculture being preferentially directed to exports. These factors are also implicit in the scarcity of agricultural manpower.

Up to 1950, forestry represented 80% of exports, a situation which changed in 1959 with the development of citrus fruits production and the sugar industry.

## 3. Rural poverty

As stated above, the Belize development programme places more emphasis on economic growth than on overcoming poverty by the distribution of income. In part, this is due to the fact that income inequalities are

not as marked as in other developing countries. It is also influenced by the limitations of public resources and by the lack of political pressure from the groups that represent the interests of "the poor".

There are serious deficiencies of information which hamper the identification of poverty in absolute terms through the calculation, for example, of nutritional privations. However, it is possible to identify the relatively poor in comparison with other groups in the country. The data that can be used for this are organized according to districts.

There are great differences between the six districts in terms of agricultural activity, per capita income and development of physical and social infrastructure. The incidence of relative poverty was estimated by relating the variation of income between districts to the categories of their respective households. This method is used to define groups of households that are relatively poor and should be the beneficiaries of programmes designed to overcome poverty.

Three categories of rural households were identified:

- The marginal households that operate with less than 0.5 hectares of land and whose members depend in large measure on non-agricultural income. The greater part of their production is subsistence and the productivity level is low.

- The peasant households owning less than four hectares of land that do not hire labour or do so in negligible amounts. These units consume the greater part of their production themselves. Productivity reaches higher levels than in the marginal households.

- The commercial farms that sell the greater part of their agricultural production. Many producers of sugar and citrus fruits belong to this category with farms of over four hectares. These are divided into two categories: those that depend more on their farm as a source of income and contract little manpower and those that have over 20 or even over 80 hectares.

Before defining the target group for tackling the problems of poverty, the study considered the data on income distribution at district level. The average per capita income for the urban areas is no higher than that of the rural areas (it amounts to 95% of the latter). A comparison of all the urban zones taken together with the rural group both rich and poor, reveals that their average per capita income is very similar.

Three levels of income were determined: the poorest (Toledo and Stann Creek districts); the medium (Cayo and Orange Walk) and the richest (Belize and Corozal). According to the limited information available, this categorization would vary slightly if only rural incomes were considered. In this case the poorest districts would be Toledo and Stann Creek; the medium, Belize and Cayo; the richest, Orange Walk and Corozal.

The poorest sector comprises the marginal households, peasants and small commercial farms of less than four hectares in Toledo and Stann Creek. It also includes the marginal households of Cayo. Taken together, these households represent a fifth of all the rural households in Belize; the most widespread sector of poverty is found among the peasant households of Toledo, which constitute 40% of the total.

On the basis of inferences from the composition of family expenditure, especially the outlay on food, it is estimated that, in comparison

with other districts, the rural households of the Toledo district, which is undoubtedly the poorest, satisfy a large proportion of their food requirements (28%) by means of home production. Toledo and Corozal are poles apart in terms of the average of commercial production, which is very low in Toledo and high in Corozal.

Poverty can also be determined by the quality of the social and economic infrastructure available to rural families. The differences between districts in primary education are not very marked. A high proportion of the rural adult population has had primary education (85% in the rural area as a whole and 75% in the rural areas of Toledo). Nonetheless, the educational services of the rural population are inferior to those of the urban areas in the quality of the teaching and opportunities for secondary education. The health services likewise are more deficient. With regard to access to piped water and electricity, Belize and Cayo are the districts with the best supply; Orange Walk and Corozal are in an intermediate position and Stann Creek and Toledo are the most deprived.

#### 4. Policies affecting rural poverty

The main objectives of government policy are to achieve national self-sufficiency in food production and to augment external reserves through exports and the processing of agricultural products, thereby increasing the proportion of the value-added that is retained in the country.

Efforts are being made to expand the production of maize, dairy products and pork, so as to reduce the imports of these goods. Export promotion is mainly based on sugar, citrus fruits and bananas (including the expansion and rehabilitation of the area cultivated). The sector of exportable crops is also being enlarged to include rice and other crops, which are very little grown (e.g. yucca). Similarly, there is a movement to promote exports of neat cattle. Agroindustrial initiatives are centred on the processing of sugar, edible oils, fats and fruit-preserving. The success of this programme depends not only on finance, but also on the development of infrastructure which constitutes one of the main points of the public investment programme.

In the past, government attempts to develop agriculture and human settlements have not succeeded in changing the inequalities in the distribution of farms, nor have they reduced speculation in land. It is partly owing to these factors that the greater portion of the cultivable land remains idle. Although the Government has declared that it will direct its policies to the increasing occupation of agricultural land, it is probable that this will not be one of the top priorities of public programmes since the resources it would require are very great.

An evaluation of the public initiative suggests that there is a possible conflict between policy aims, specifically between that of increasing food self-sufficiency and the promotion of export agriculture. It is likely that the latter objective will predominate, attracting both public and private resources, and resulting in a greater polarization of agricultural revenues.

To combat rural poverty it is necessary to incentivate a greater saving of agricultural resources among the peasants and the construction of social infrastructure in the agricultural sector.

Lastly, to define more specific policies information that can measure poverty is required. Solely when the groups involved are identified will it be possible to design effective projects to solve the problem.





## BOLIVIA \*/

### 1. General Background

Bolivia has an area of 1 098 581 Km<sup>2</sup>. Some 65.4% of its territory is occupied by the wide eastern plains which are practically uninhabited. The remaining 34% consists of valleys and the Altiplano where 80% of the population lives, particularly the millenary and majority Quechua and Aymara peoples.

Only in the decade of the 1950s, as a result of the National Revolution of 1952, did the settlement of the eastern plains begin with the explosive development of the city of Santa Cruz de la Sierra and the surrounding agricultural regions.

Bolivia has a population of four million rural inhabitants. The population density amounts to only 5.9 inhabitants per Km<sup>2</sup>. Some indicators of the high degree of backwardness of the country are its few and bad highways (less than 40 000 Km of which only 3.5% are paved); 3 643 Km of railways; a per capita GDP of US\$ 486 at 1980 prices (the lowest in Latin America and the Caribbean with the exception of Haiti).

Both the population and the natural resources are clearly differentiated by regions: in the Altiplano (16% of the national territory) live 38% of the national population but basically the whole of the Aymara population; in the valleys (19% of the national territory) live 42% of the national population and the great majority of the Quechua population; while the plains (65% of the national territory) are inhabited by only 20% of the population.

The style of development, imposed on Bolivia by the dominant minorities, has been based historically on the extraction of renewable and non-renewable natural resources and on the export of raw materials (silver, tin, petroleum, gas, coffee, rubber, etc.).

The revolution of 1952 began to break the vicious circle of extraction and poverty by introducing the agrarian reform, the nationalization of the mines, universal suffrage and compulsory basic education

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\*/ Summary of the study made by Mr. Miguel Urioste Fernández de Córdova, consultant to FAO, entitled "Bolivia 1983: crisis económica pobreza rural, sequía y movimientos campesinos". The opinions expressed in this work and summarized here are the exclusive responsibility of the consultant and do not necessarily coincide with those of the Government of Bolivia or those of FAO.

and by initiating the diversification of production. This last objective was partially achieved by the end of the 1960s, when notable levels of food self-sufficiency had been attained.

The democratization of the mechanisms of power, and the increasing participation of broad sectors of the population are elements which particularly characterize the early years of the National Revolution. The system of feudal serfdom was eliminated with the nationalization of the mines and the destruction of the domination of the so-called "tin barons".

In the decade of the 1970s an attempt was made to halt the above process and a development model was imposed which sought to create political, social and institutional conditions which would facilitate a rapid process of capital accumulation and concentration in the La Paz-Santa Cruz axis, based on the private sectors linked with exports such as mining products, hydrocarbons and agroindustrial potential, though this last did not materialize to any significant extent. Economic policy was oriented towards the strengthening and consolidation of the large agricultural properties which were economically inefficient and socially harmful.

At the time of writing Bolivia is facing a crisis without precedent in its republican history. During the 1970s the GDP grew at an annual average rate of 5% whereas in 1983 this is calculated to have been -10% (-6% according to ECLAC).

## 2. The agricultural sector

During the period 1970-1980 the agricultural frontier steadily expanded until it comprised 1 193 980 hectares cultivated in 1980, corresponding to 1.08% of the national territory.

The most important crop is the potato which represented 24% of the total value of the agricultural and livestock production. In general, in the Altiplano and the valley region, potato-growing is of vital importance to the life and economy of the peasants, constituting the basis of their daily food.

Although between 1970 and 1980 the area sown with cereals increased by 100 000 hectares, the yields per hectare declined. In the decade of the seventies there was an appreciable increase in the quantities produced as a result of surface expansion and not of greater productivity.

During that decade, Bolivia had to import agricultural and livestock products every year in variable amounts and at variable prices, which demonstrates the total absence of a national food strategy. A sum of 395 million dollars was spent on cereals and flour alone.

Overall data, on the basis of information provided by the National Agrarian Reform Service (SNRA), suggest that of the total farmland distributed from the inception of the agrarian reform until the year 1980, scarcely 40% is in the hands of peasants (60% of the Bolivian population), while the 60% of land remaining is devoted to extensive crops and cattle-raising, the ownership of which is concentrated in a few hundred enterprises. Of every 100 peasants who emigrate permanently to the Altiplano 85 say that they do so because they have no land. Rural-urban emigration stimulates proletarianization along with peasantization.

Since the monetary devaluation of 1972, and still more since the economic debacle caused by the irrational economic policy of the years 1981/1982, there has been a substantial drop in the income of peasants, so that they fall into debt and increase their labour supply, but basically they make more intensive use of their own means of production in order to safeguard their basic consumption needs. In 1983 the peasant population received barely 2% of the general national budget.

An increase in productivity per se does not give the peasants any real possibility of improving their income, since, being isolated from other social forces and having weak representative organizations, they have not yet achieved an effective bargaining power to determine price policies or marketing systems for their own benefit.

### 3. Rural poverty

The only source of statistical data for the study of poverty in Bolivia is the population and housing census of 1976. Probably some indicators computed in 1976 have changed for the worse as a delayed effect of the upsurge of external indebtedness that occurred in the 1970s and the fall in the sale prices of Bolivian raw materials (gas, tin and other minerals and metals). As indicated above, from 1980 onwards the growth rate of the GDP has been negative (-10%) and there is a widespread decline in the living conditions of all Bolivians, but especially in those of the four million peasants, who are the most affected by the prolonged drought in the west and the floods in the east.

According to censal data, some 77.6% of the total population are peasants and artisans. Their income in relation to the total revenue has decreased from 33.4% in 1970 to 26% in 1983. Studies by PREALC also show a progressive loss of the purchasing power of real wages since 1970 onwards.

According to a study by UNICEF poverty can be defined as the absence of income, monetary or other, which prevents the attainment of adequate levels of nutrition, health services, housing, education and environmental sanitation. In constructing categories of poverty according to the share of the average income of the households in the minimum food costs and in the minimum legal income, it is estimated that 80% of Bolivian households are below the poverty line; in other words, they would have incomes below or equal to 70% of the minimum legal income estimated for 1975; some 20% would not manage to meet more than 30% of their food requirements; only 20% could be considered not poor and, of these, 5% would have a sufficient income to live in relative comfort. Of the peasants, 72% are classed in the stratum of non-extreme indigent poor and extreme indigent poor. It is clear that the greatest degree of indigence affects the peasants. It can be concluded that the agrarian reform of 1953 released the Bolivian peasants from serfdom, freeing their labour force, but it did not appreciably raise the levels of well-being of rural families.

Another major indicator of rural poverty is infant mortality (from 0 to 1 year), which in 1976 was 167.5 per thousand for the country as a whole, a figure very high in itself, and which rises

to 210.0 per thousand for the rural population. If the language spoken by the parents is considered this figure is also very high: 177.7 in the case of the Quechua population.

Basic services in the Bolivian rural area are practically non-existent. The average number of inhabitants to each physician is 1/20.777. This situation is doubly serious in the ecological regions (1/39.807 in the case of the Aymara peasants of the Altiplano).

Practically all the inhabitants of the rural area own their house -which does not apply to the urban population- but most of the peasant dwellings are barely habitable: they have a straw roof, earth floor and adobe walls and generally consist of a single room where the whole family lives in absolute promiscuity.

To the poor quality of the dwellings must be added the lack of piped water, sewerage, septic tanks, latrines or cesspools. This directly affects the mortality indexes through the bad hygienic conditions and increases the risk of infection.

Up to three years ago not a single peasant community had electric light. Since then a slow programme of rural electrification is being developed which is promoting the formation of small townships, basically to have the benefit of electricity.

The rural population concentrates 82% of the illiterates in the country who are over 15 years of age. Likewise, of the total primary school enrolment in 1976, only 39% were children from rural sectors.

The departments where the quality of life is at its worst are Chuquisaca, Cochabamba, Potosí and Oruro. (This list is based on infant mortality, life expectancy and rate of illiteracy.)

#### 4. Policies affecting poverty

In May 1983 the Bolivian Government established the Agrarian Emergency Plan to execute an agricultural programme and a livestock programme, coupled with a programme of food provisioning for the rural population of the zones most affected by the drought in the agricultural year 1982/1983. This programme is not achieving its objectives in respect of winter-sowing campaigns, livestock programme, peasant provisioning and irrigation works.

The refinancing programme of the Central Bank of Bolivia is designed to meet the national demand for agricultural products, regain the agricultural frontier of 1982 and expand the agricultural frontier of the department of Santa Cruz. This programme is being developed successfully and has managed to direct 60% of its resources to the producers of the Altiplano and valleys.

To make a serious attack on the causes of peasant indigence not only implies a change in the strategies and policies of national development but also the adoption of a new "style" of development.

The State will need to maintain its role of chief director, planner and executive, but it must have the effective and direct participation of the peasants of the country in all the phases of this strategy for overcoming extreme rural poverty. This problem is not only technological but also basically social, political and economic.

30 years after the inception of the Agrarian Reform, it is not the peasants who determine the goals and targets of the Bolivian rural development, but international agencies or, in some cases, national officials who generally do not interpret the real needs of Bolivian rural development.

A new agrarian reform is proposed which includes basic principles: namely, that the land should be primarily for the peasants, that the organization of labour should be communal, social and associative and that State participation should be primarily and directly concerned with rural development.

#### 5. Peasant participation

Despite the fact that the régime of feudal serfdom has been terminated the creole-mestizo groups continue to exploit the indigenous peasants. In these days even racial segregation is practised, since in the west of Bolivia it would be difficult to find a creole or white person engaged in manual tasks or domestic service, bricklaying, loading, street selling, etc. In this situation the peasant has reacted with proposals of his own. The challenge now facing the country is how to articulate the various nationalities in the attempt to achieve a pluricultural and plurilingual nation.

In 1983, the peasant syndical movement, represented by the United Confederation of Peasant Workers (CSUTCB), was passing through a phase of growing autonomy in which it put forward claims which go far beyond recessional demands. Different political parties are fighting to control it without success.

Five months after the inception of the Bolivian democratic movement in October 1982, when a long cycle of 18 years of military dictatorships had been brought to an end, the CSUTCB put forward a programme of claims at national level which included demands relating to agricultural prices, management, marketing, inputs, financing, co-operative organization, agricultural insurance, land endowment and rural services. On failing to receive an official reply from the Government, the CSUTCB blocked the roads in the whole of the country in April 1983. The Government agreed to sign a set of Decrees and Resolutions in response to the peasants' case. In September 1983 the CSUTCB announced a national mobilization demanding the fulfilment of the April commitments.



## BRAZIL \*/

### 1. General background

The economic evolution of the country is characterized by a rapid economic growth and an increasing differentiation of the productive forces. The GDP has grown in the postwar period at an annual average rate of 7%. From 1945 to 1980 the GDP increased tenfold. The pivot of the process has been industry, especially the manufacturing sector with a growth rate of 9%. Imports declined in relative terms, along with the share of the agricultural sector. The last decade has been notable for the increase in the external debt (which amounts to 25% of the GDP and is double the value of exports), the dependence on petroleum and inflation. The public sector, besides being the agent of decision, represents over 40% of gross capital formation and owns more than 30% of the assets of the 5 300 largest non-financial enterprises. Of the 95 largest of these, 35% are transnational and represent 31% of all sales.

The already inequitable income distribution intensified in the decade 1970 to 1980. The general course of the process was not lineal. From 1956 to 1961 the economy speeded up and diversified. Industry grew and also agriculture, though the latter more slowly (4.5%) and without changing the traditional pattern of farming the land. From 1962 to 1967 the growth rate fell, production declined, and fiscal policy became austere. From 1967 to 1973 there was an expansionist cycle in which agriculture tended to favour export products, giving insufficient coverage to the expansion of the domestic market. From 1973 to 1980 the GDP grew by 7% annually, but in 1981 the rate was negative (-3.5%) and inflation began together with a recessive stage in which classical measures of the IMF type were adopted.

The differences between the south and the underdeveloped northeast increased substantially in respect of per capita income, schooling, health and productivity.

### 2. The agricultural sector

a) From 1930 to 1960 agricultural production expanded at a lower rate than industry, but covered domestic demand and produced exportable surpluses. Production was reorganized, with support for such crops as

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\*/ Summary of the study made by Mr. Plínio Sampaio, consultant to FAO, entitled "La pobreza rural en Brasil". The opinions expressed in this study and summarized here are the exclusive responsibility of the consultant and do not necessarily coincide with those of the Government of Brazil or those of FAO.

rice and beans, typical of the frontier zone; productivity grew slowly; the structure of farm units remained unchanged; the bulk of the labour force remained outside the integration that favoured the urban masses and was bypassed by labour and social legislation. Nevertheless, from 1945 onwards there was a process of peasant mobilization that led to reforms proposed by President Goulart, which lasted until the change in the political régime.

b) From the inception of the new régime (1964) an attempt was made to repress the peasant organizations and develop an agricultural strategy based on modernization and on an increase in productivity. The frontier was occupied not only by small producers but also by large enterprises. Production increased at a somewhat higher rate than before, especially in export lines such as soya. It is estimated that consumer production was partly replaced by export products or by sugarcane for PROALCOOL. Large-scale modern capitalist enterprises (mainly in the central south) engaged in fruit-growing, poultry-farming, cattle-raising, sugar production and reforestation, existed alongside small capitalized producers integrated into agrindustry and covering the remaining trade lines, and the traditional latifundia, stagnating and engaged in extensive crop-farming and cattle raising of low productivity. Rice and beans were partly dependent on the frontier minifundia. Typical of the period were frontier conflicts and the concentration of land. Agricultural industrialization increased unemployment and replaced permanent by temporary labour.

c) From 1970 onwards land concentration increased, with a rise from 51.4% to 57% in the total area covered by farms of over 1 600 hectares. Less than 2% of the landowners had close on 60% of the total area, but 28.5% of properties had only 1% of the total. The cultivable area was considerably increased, but many of the new properties were not farmed. Production was modernized and concentrated in the hands of a small number of producers. The use of fertilizers quadrupled, the number of tractors trebled, and the share of credit in agricultural production rose from 0.54 to 0.88. The differentiated use of these elements helped to accentuate disparities. Moreover, the capacity of the agricultural sector to provide employment fell from 44.2% of the total in 1970 to 21.9% in 1980. At the same time there was a growing tendency to use seasonal labour, and productivity accelerated: 4.4% for labour, 4.1% for land. Intensive farming increased and the profits of the large enterprises rose likewise, producing a high concentration of income. Wages went up during the decade at rates of 4% annually for permanent workers and 6.7% for the daily wage of temporary workers, although in this case their income was affected by the number of days on which they actually obtained work. Apparently the workers' income was below the increase in productivity, thus accentuating the concentration of income.

### 3. Rural poverty

A distinction is made between absolute poverty (per capita family income below a quarter of the minimum wage) and poverty measured in terms of insufficiency (distance between the real family income and the minimum limit determining the absolute poverty line). In the lower-income regions a quarter of the minimum wage equals around US\$ 250,



though for the rural sectors this figure does not reflect total income because it does not include figures for own-account consumption.

In 1980, 42.9% of rural families were below the absolute poverty line (approximately 3.3 million families or 6.8 million persons). This 42.9% was equivalent to 60% of the absolutely poor families in Brazil, reflecting the impact of poverty in the rural area. Income insufficiency amounted to 42.2%, so that a sum of US\$ 2.6 billion would be needed to raise these people as a group to the threshold of absolute poverty.

These families are dispersed throughout the whole territory, but are concentrated more in the northeast. With the exception of the State of Bahia, more than 50% of the families in the northeastern states are below the poverty line. In terms of activity, it can be concluded that in Brazil the absolutely poor are, on the whole, those who live in the rural area and in the northeast, the underemployed, those who have less schooling, and the agricultural temporal proletarians. It has also been observed that most of the absolute poor in urban areas are engaged in temporary rural activities. The number of absolute poor declined, however, in the past decade and in terms of a poverty line represented by an individual minimum wage, it fell in the rural area from 87.5% of the total in 1970 to only 59.9% in 1980. Notwithstanding, this phenomenon has been reversed by the recession of 1981.

Everything indicates that modernization in Brazil eliminated some causes of poverty and created others. Those benefited by the process were the producers associated with intensive crops, agroindustry, and those who increased their productivity. These circumstances had a negative effect on other sectors.

Progress took place within a context of extreme concentration of land and of access to it; of the political predominance of the entrepreneurs; and of the existence of an extensive agricultural frontier. These factors produced the following negative effects:

- Many small and medium sized producers were impoverished through being unable to resist the penetration of agroindustry which marginalizes all those who cannot capitalize when necessary, making them very vulnerable to sudden crises. Those who were displaced hired out their labour, emigrated to the city, or settled in the frontier zone.

- Wage workers were impoverished through losing their traditional benefits and through the change of most employment from permanent to temporary. In 1977 in the State of Sao Paulo, the average employment of the temporary workers amounted to only 15 days a month.

- The settlers on the frontier also suffered impoverishment through lack of technical aid, credit and services; through the inefficiency of the police system which allowed abuses and frequent depredations at the hands of "grileiros" and large landowners; and through the lack of legal regularization of the farmlands, which provoked temporary settlement on land adjacent to areas of penetration by public works and conflicts resulting from pillage. It has been observed that on many occasions, once the plots had been cleared, the titles of ownership were challenged by large enterprises, which successfully displaced the settler and robbed him of all or part of his labour.

#### 4. Policies affecting rural poverty

In Brazil there was a successive application of "packages" of measures whose declared aim of alleviating rural poverty, developing the sector and helping the most dispossessed was not fulfilled. On the contrary, their effect was generally to accentuate the existing inequality. Moreover, it seems that a policy was tacitly adopted of obstructing rural organization, which coupled with the policy of industrialization and protection of the urban consumer, and the dearth of rural policies, had a very negative impact on the sector.

Agrarian reform. Historically, in the decade of the 1960s, a classic law of Agrarian Reform was about to be implemented, but this was obstructed in 1964 with the change of régime and the final promulgation of the "Land Statute" which, although it allowed expropriation in the "social interest", did so at a clearly inadequate rate. In fact, in the first seven years only 4 327 families were settled, though the proposed target had been 100 thousand families in five years. The measure was largely limited to the regularization of non-legal tenures.

The law established two parallel processes of rural settlement: Agrarian Reform and Colonization. For this several agencies were created: GERAN (1965) to promote the distribution of land in the sugarcane areas of the northeast, PROTERRA (1971) to promote industries and land distribution in the north and northeast, and others which will be referred to below. The period 1980-1982 saw the inception of the "regularization of farm-ownership", to hasten the solution of landtenure problems in the frontier zones. This programme transferred the handling of these problems from INCRA to the National Security Council (CSN), combining the functions relating to Farm-Ownership Affairs with those of the CSN on view of the seriousness of the conflicts in agricultural areas.

The Agrarian Reform in its 19 years of existence has expropriated only 1.2% of the land available for expropriation according to the law. Most of its action has been concerned with the expropriation of ownership titles in inaccessible areas or the regularization of tenure situations in frontier areas. The increase observable in the period 1980-1983, which represents 32% of the total of 3.9 million hectares expropriated, is largely due to the intensification of frontier conflict and to the liberalization of the political régime since 1979. The period 1960-1980 showed a clear trend towards concentration of ownership. In 1980 some 5% of the establishments owned 69.7% of the land; in 1960 some 67.9% of establishments of less than medium size controlled 3.1% of the total area, while in 1980 their share had dwindled to 2.4%. In the period 1964-1979 the assignment of land titles amounted to around 9 327 under the Agrarian Reform as such and to 38 948 under the colonization programme. In the same period INCRA conceded 154 527 ownership titles to irregular occupants.

Economic policies. With a view to increasing exportable production, the domestic food supply and import substitution, the following measures were taken:

- Expansion of the agricultural frontier, a policy which was articulated with the big road and hydroelectric programmes, especially the Belem-Brasilia Highway. Since 1964 there has also been a "Programme of National Integration" (PIN), which includes the Trans-Amazonian Highway and the controlled colonization programmes. It was decided to contribute units of 100 hectares to small farmers and of 3 000 hectares to large producers. The small farmers were given certain fringe benefits such as a house and wages for six months, plus a guarantee of purchase of the crops, and the large producers were offered subsidized credits and tax incentives. This accentuated the concentration of land ownership, with the result that in the northern region 1% of the farm units occupied more than 55% of the total area and between 1967 and 1978 there was an increase of 26.3 million hectares in the area occupied by properties of over 100 thousand hectares. Moreover, between 1972 and 1976 the area controlled by foreign owners increased by 183%. On their side, the small owners were hampered by excessive bureaucracy, the lack of ecological knowledge, the scarcity of credit and deficiencies in marketing, which led to the virtual abandonment of the model around 1974 and to the extreme impoverishment of the settlers and of the region.

Marketing policy. The emphasis on export production led to a decline in the products of traditional consumption, their cultivation being mainly confined to the agricultural frontier and to the small holders and "parceleros". The policy of construction of marketing infrastructure, in fostering the rationalization of agriculture, had its counterpart in the promotion of seasonal labour to the detriment of the income of the poorest sectors. Nor were there positive effects from the minimum-price policy, administered by the Commission for Financing Production (CFP).

Rural credit policy. From 1970 to 1980 the number of contracts (not recipients) of credit rose from 1.1 to 2.7 million and the rural credit/agricultural production ratio rose from 0.54 in 1969 to 0.88 in 1979. Even so, only 20% of potential borrowers received credit. Only 12% of rural credit went to beans, yucca and maize, which represent between 25 and 35% of agricultural production and are typical of the small production of the peasantry. Likewise the poorest regions received proportionally less than the more developed, so that subsidized credit generally resulted in a concentration of wealth. Other negative effects were the overvaluation of land, the transfer of resources to other sectors and the subsidizing of inputs and expensive equipment, with inadequate promotion of their use and to the detriment of labour in the ratio of capital to labour. Nevertheless, this policy made a great contribution to technological modernization.

Technical assistance. Agencies were set up for this purpose, but the allocation of their resources was made selectively against the interests of low-income farmers who received, for example, only 2.3% of the resources between 1974 and 1977. Only 12% of the projects were concerned with products of popular consumption, while 44% were aimed at products for export or industrial use. The agricultural extension, supplied by EMATER and CATI, services represented in 1980 by 13 thousand technicians, was insufficient and did not even cover 14% of its potential clientes. Its orientation, closely linked with credit,

was also concentrative; for example, in 1977 Embracter assisted 36% of the latifundia and only 4% of the minifundia.

PROALCOOL. The need to develop this project has led to the granting of considerable subsidies to investors. Its expansion has meant crop-substitution and the displacement and impoverishment of small farmers. Around 90% of the projects have affected properties of over 1 000 hectares and 200 farmers have been benefited with subsidies of US\$ 240 million. This process has created a great concentration of wealth and the impoverishment of temporary wage-earners, small-holders and precarious tenants, even though it is estimated that in 20 years it will create 500 000 to 1.6 million jobs in the agricultural sector.

Programmes of food production and nutrition in rural areas. There are various programmes that seek to improve the quality of diet, expand cultivable area, give technical assistance, provide training and support for marketing and the use of improved seeds. They are aimed at owners of less than 50 hectares and with a maximum income equivalent to a minimum wage. The results of two of these, CEARA and PRAMENSE, show that the goals have not been achieved.

Regional development programmes. There are various programmes that seek to redistribute land, such as PROTERRA (1971), which have had negligible results, or the PARI programmes, that seek to improve infrastructure, regularize land tenure, support co-operatives, develop research, build schools, etc. Generally speaking, the results have been far from achieving their goals and their high cost per unit prevents them from reaching an adequate number of low-income families, let alone those in extreme poverty or without land which receive no benefit at all. The most important of these programmes are: PROTERRA (1971), PDRIS Northeast Pole (1974), Plan Sertanejo (1976), which also deals with immigration, PROCANOR (1980), PROHIDRO (1979), Irrigation Programme (1972), Northeast Industrial Development Programme (1974), Emergency Programme (1979) on account of the drought, Polamazonia (1974). Some of them were absorbed in 1982 into the "Northeast Project" and in 1981 the Northwest Pole was formulated in response to the problems of the northwest region which it is still difficult to assess. None of them have had a real effect on land tenure.

## 5. Peasant participation

The military coup of 1964 suppressed the organizations, sent their leaders to prison, intervened in the trade unions and left the peasant leaders defenceless against the violence of the large landowners, at the same time restricting the independence of these organizations vis-à-vis the State by denying them autonomy. The rural unions, for example, were forced to combine all the different types of farmers within one organization, which hampered the unification of interests. The Government could refuse to authorize the union and could veto its leaders; it had the power to approve or reject programmes and budgets and could interfere unilaterally.

From 1968 to 1980, despite the pressures, trade unionism advanced from 625 to 2 144 unions. In 1981 their official members amounted to

4.5 million although it is thought that they influence many more rural workers. To these must be added the Peasant Movement, which includes the Base Communities, the Pastoral Commissions of the land and a series of bodies that are being formed by the indigenous inhabitants in defence of their farms.

The repressive action of the State has impeded a greater peasant participation, although there have been some isolated attempts at expression, among which may be mentioned the Rural or Peasant Congresses, 11 of which were sponsored by the leftist parties and the church between 1953 and 1963. Later there were three more, the last of which, in 1979, is important because of the participation of 1 200 unions and 21 federations, its greatest achievement being the Agrarian Reform.



CHILE \*/

1. General background

A decade ago (1973) an economic model of a neoliberal type was introduced in Chile, which brought about a radical change in the direction of the political, social and economic processes that had characterized the country in earlier periods.

The new style of development favoured the activities of private entrepreneurial agents, national and foreign, and was distinguished by the subsidiary position accorded to the action of the State. In keeping with this orientation, the role of the State was confined to those functions which, by their natures, could not be adequately carried out by the private sector.

Another of the main changes brought about by the model was the handing over to the market of the responsibility of resource allocation. To make this allocation optimal, prices had to reflect the relative abundance of factors and products; hence the domestic markets were gradually liberated and there was an increasing opening-up to the international market.

The application of this strategy achieved an annual growth rate of 1.7% between 1974 and 1982 an increase which was nullified by a similar rate of demographic growth. Moreover, unemployment trebled in relation to 1970; salaries, wages, pensions and family allowances fell proportionally more in relation to the variations of the per capita GDP; and information is available which indicates that between 1969 and 1978 some 60% of families reduced their consumption, while the richest quintile came to consume six to ten times more than the poorest quintile.

All these data have led to the conclusion that the development model applied has had a regressive effect on the distribution of income.

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\*/ Summary of the study made by Pedro García Elizalde, entitled "Pobreza rural en Chile hacia 1980". The opinions expressed in this study and summarized here are the exclusive responsibility of the consultant and do not necessarily coincide with those of the Government of Chile or those of FAO.

## 2. The agricultural sector

The agricultural sector contributes around 8% to the GDP and its growth rate since information has been available has been very slow, fluctuating between 1.8% and 2.2%. In the past decade its growth rate was around 1.4%.

The dimension of the national agriculture is considered very limited both in absolute and relative terms. Chile is regarded as a country without an agricultural frontier which cultivates close on 150 hectares per 1 000 inhabitants, a lower figure than that of densely populated countries in Europe and Asia. Its surface presents a great variety of agroecological systems corresponding to the differences in latitude and topography. The different subsystems resulting from this involve soils and climates which call for specific types of production.

The growth rate has varied for the different lines of production, so that certain lines and regions have become dynamic while others have stagnated or declined. The most dynamic line has been fruit-growing and there has been a slight increase in the livestock, wine-growing and vegetable sectors. Crop-farming, which has had a negative growth rate, is the characteristic activity of the peasant economy. (In the case of rice, maize and potatoes, 64, 58 and 66% of the total area sown with this crops respectively is in peasant hands.) The reduced production in these lines has had a detrimental effect on the level of income and quality of life both of the producers of these crops and of the corresponding wage-earning sector. In addition to the decline in production, the sector has had to contend with a marked instability in prices.

In 1980 the rural population of the country amounted to 2.14 million inhabitants. Of these, approximately 75% (1.58 million persons, equivalent to 239 thousand families) consisted of landless workers and peasants with properties of 1.8 hectares of basic irrigation (HRB) on average.<sup>1/</sup> The latter are generally found in the most unprivileged ecological areas. The wage-earning labour force consisted of 663 thousand active workers, of whom a third were temporary workers. Among these, close on 67 thousand were eradicated from the land resource whether through technological modernization or because they were displaced by the process of agrarian reform.

In face of the deterioration in their living conditions, the peasants have had recourse to different measures as part of their survival strategy, among which may be mentioned non-agricultural sources of income and migration. It is estimated that in the peasant sector some 20% of the income derives from non-agricultural sources, and among family producers this proportion is 10%. The weight of this factor varies according to the features of each zone. Rural-urban migration represents 27% of all the migratory movements.

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<sup>1/</sup> A hectare of basic irrigation (HRB) is equivalent in soil, to a hectare of first-class irrigation in the Maipo valley, an area known for the quality of its soils.



### 3. Rural poverty

The magnitude of rural poverty has been estimated by comparing the rural family income with the cost of a minimum basket of food. To achieve this objective the total rural income and its distribution has been calculated in accordance with the structure of ownership of resources and of the labour contribution of each specific rural group (wage-earners, smallholders, small family landowners, beneficiaries of the agrarian reform, medium-sized family landowners and large landowners). For this purpose the study quantified the number of persons, families and active persons in each agricultural social stratum and the number of properties of each, their average size and resources, assigning the remuneration corresponding to the factors and calculating the resulting family income. The figures obtained were corrected in accordance with the wage corresponding to the supply of each sector and in terms of other possible rural family earnings according to their position in the different social strata. In this way the following theoretical distribution of the rural income for each sector was obtained:

- temporary wage-earners, 10.9% of the rural population (41.4 thousand families) with an income per family per month (IFM) of \$ 7 232;
- permanent wage-earners, 20.1% of the rural population (86.1 thousand families) with an IFM of \$ 10 708;
- smallholders with 0.5 HRB on average, 12.5% of the rural population (51.5 thousand families) with an IFM of \$ 11 032;
- smallholders with 1.4 HRB on average, 15.3% of the rural population (59.7 thousand families) with an IFM of \$ 11 340;
- smallholders with 2.8 HRB on average, 6.6% of the rural population (24.5 thousand families) with an IFM of \$ 12 676;
- smallholders with 3.8 HRB on average, 4.7% of the rural population (16.4 thousand families) with an IFM of \$ 14 332;
- smallholders with 4.7 HRB on average, 4.1% of the rural population (13.7 thousand families) with an IFM of \$ 16 176.

The minimum family basket comprised 42 grammes of proteins and 2 318 calories per person per day. Assuming that each family is composed of 4.8 persons it was found that the poverty line per family in accordance with the value of the basket, was denoted by an income of \$ 15 190 per month and that of indigence by an income of \$ 7 595 per month in money of 1983.

The analysis concluded that in 1983 some 70% of rural families were poor and 11% indigent. These figures signify that between 1970 and 1983 the levels of indigence had remained the same, while those of poverty had almost trebled, having risen from 25% to 70% of the rural population. These results are consonant with those obtained by other studies which have used other approaches to the study of the same problem.

According to the information presented the category of temporary wage-earners would fall below the indigence line and that of permanent wage-earners and smallholders with up to 3.8 HRB on average would be poor. Nevertheless, the methodology employed, through working only with large sectoral aggregates and some general hypothesis in relation to the behaviour of the variables, provides global results which

indicate the general direction of the processes and deal with the problem in its broadest terms.

The global amount of resources needed to alleviate the poverty of the landless wage-earners and smallholders represents 9.3% of the sectoral per capita GP and 3.4% of the national budget. Nonetheless, it is considered that its solution is not only a matter of reranking budgetary priorities. In essence it is an issue of growth with redistribution.

According to the data reviewed the characteristics of poverty are as follows:

- it is a less integral phenomenon than is assumed. The number of families with some specific deprivation is high. Hence the attack on poverty should be related to the deficiencies presented by each case;

- it affects families whose heads are active, wage-earning or independent workers;

- it pertains to families who lack physical capital; and

- it persists over time.

The condition of poverty is associated with low labour productivity owing to the poor quality or scarcity of natural resources or to technologies limited by lack of finance. Moreover, the scant access to the social services is conditioned by the relative remoteness of the poor from the richer areas which are more plentifully endowed with social benefits.

Rural poverty is generally found in areas with the poorest quality of soil and the greatest density of population. There is a high correlation between rural poverty and areas of minifundia and depressed agricultural economies. Over 50% of the variations in the gross value of production per farm worker are due to variations in the quality of the soil and the incidence of minifundia.

The solution of the problem depends on increased production coupled with a more equitable distribution of income. In circumstances where there is a fixed volume of resources, the rise in production must come from increases in productivity based on adequate agricultural technologies.

In addition, the equitable distribution of growth depends on the degree of democracy and participation existing at global level and on a politico-administrative structure in which the smallest operational units correspond to the spatial units covered by microregional participation organizations.

#### 4. Policies affecting rural poverty

According to the development model applied during the period under scrutiny the policies for the sector have had three main aims:

- to liberate the agricultural markets, opening them up to foreign competition and equalizing their financial cost with that of the rest of the economy;

- to have appropriate markets at factor level;

- to gradually withdraw State involvement in agriculture.

The application of this development style to agriculture has resulted, as already indicated, in a low rate of growth and a reduced level of family income. It also contributed to the repeal of almost

the whole of the law of agrarian reform, to the repression of the trade union movement and the transfer of most of the public infrastructure of the sector to private enterprise.

As regards the agrarian reform, it is estimated that the net gain in land to the peasants, as a result of the style imposed during the period, is not more than a third of what the peasants once controlled and equals around 10% of the total agricultural area.

Furthermore, the spirit of social policy has favoured the individual consumer to the detriment of the community at large and has privileged private enterprises in preference to State action. Thus in the different social services -education, health, housing and social security- reforms have been aimed at increasing the importance of the market as allocator of resources and of private enterprises as their consignee.

Owing to the application of this policy, social expenditure in 1979 was almost 10% lower than in 1969. This reduction in social expenditure implied a diminution of 25.8% in the resources destined for higher education between 1974 and 1979; a fall in investment in health care of 85% in absolute terms between 1969 and 1979; and a lower expenditure on social security during the period 1974-1979 than in 1970, despite the fact that between 1969 and 1979 the number of pensioners rose from 590 thousand to over a million persons.

##### 5. Peasant participation

The mechanisms of participation and integration of the rural majorities underwent a notable decline during the period. Union activity among wage-earners and in peasant associations such as to co-operatives fell to a minimum level.

Membership of peasant syndical federations dropped from 223 thousand in 1973 to 80 thousand in 1980, a fall which represented over 60%. As regards peasant co-operatives, there were more than 300 in 1973, and only 173 in 1977, of which 60 were virtually inactive.



COLOMBIA \*/

1. General background

During the last two decades the results of economic growth in Colombia have been really striking. All the conventional indicators reflect the notable improvement in the national situation. The Gross Domestic Product rose during the 1960s from an annual rate of 5.1% to an annual 6% in the following decade, the growth rate of investment increased from 4.5 to 5.5 annually during the same periods and private consumption went up from 5.5 to 6.1% annually.

These improvements were not equally distributed among the broad economic sectors, the regions and the different socioeconomic strata. Thus, for example, while the GDP of the agricultural sector grew throughout the said period, the growth rate of the industrial GDP declined from 6.0% in the 1960s to an annual 5.0% in the following decade and that corresponding to services went up from 5.7% during the 1960s to 7.2% annually in the following 10 years.

The distribution of the benefits of this greater growth between the urban population (16.9 millions in 1980) and the rural (9.3 millions in the same year) tended to be more equitable during the decades analysed, reducing the differences that had existed in living conditions between these areas, though the rural areas still lag behind in all the indicators that express standards of living. Thus between 1970 and 1980 the per capita calorie consumption rose in the rural areas to 2 230 calories, but this is still lower than in the urban areas and the difference is substantially greater for the low-income rural population. The minimum legal wage, in 1970 pesos, also rose between 1970 and 1980 from \$ 260 to \$ 560, while the urban rose from \$ 519 to \$ 693.6. As regards education, there was evident progress in both urban and rural areas. Nevertheless, in 1980, out of 100 enrolments in the primary cycle, the retention percentage was 40% in the urban and only 17% in the rural area. This implies that a large part of the benefits derived from the expanded coverage was lost through the low capacity for retention.

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\*/ Summary of the study made by Mr. José Bejarano, consultant to FAO, entitled "La pobreza rural en Colombia". The opinions expressed in this work and summarized here are the exclusive responsibility of the consultant and do not necessarily coincide with those of the Government of Colombia or those of FAO.

The regional differences in the standard of living reflect the link between the relative weight of agriculture in the regional economy as a whole and the relative backwardness in the quality of life. Thus in the centre and east of the country, regions in which manufacturing has had priority, living standards are higher than in the regions of the Atlantic and Pacific coasts. In these latter regions the unsatisfactory trends of mortality and illiteracy give cause for concern.

## 2. The agricultural sector

During the 1970s the GDP of the agricultural sector grew at an annual average rate of 4.5%, which implies an increase in per capita income of around 2%. These figures reflect an appreciable growth as compared with those achieved in the preceding decades (3.04% between 1950 and 1960 and 3.31% between 1960 and 1970). Nonetheless, if the performance of the agricultural sector during the said period is judged in relation to the supply of agricultural products to meet domestic demand and exports, the result is clearly unsatisfactory. The growth rates required to meet domestic demand had been 4.4% for 1960-1965, 5.3% for 1965-1970 and 5.7% for 1970-1975, whereas the rates recorded were 3.0%, 5% and 4% respectively. These deficits were reflected in strong inflationary pressure and in an unprecedented rise in exports (from US\$ 60 million in 1970 to US\$ 550 million in 1980).

The growth rates observed in the 1960s were attributable to a striking increase in productivity and in the following decade, up to 1975, to the expansion of the agricultural frontier. From 1970 onwards the rise in productivity came to a standstill. During that same decade the area incorporated into production was destined especially for commercial agriculture and plantation crops (bananas, cocoa, African palm), to the detriment of the traditional farming characteristic of the small peasant producers.

There was little change in the structure of land-ownership between 1960 and 1971, although there was an evident increase in property concentration during the period. The units of less than 10 hectares (51% of the total number of units in 1970, occupying 6.8% of the surface) and those between 10 and 50 hectares remained practically unchanged in the said period, while those of 50 hectares and over increased in number and especially in surface occupied, incorporating 3.4 million additional hectares, equalling 92.5% of the total expansion of the agricultural frontier. The forms of tenure, on their side, underwent major changes, involving a reduction in the traditional or precapitalist forms (settlement, sharecropping and others). Alongside this process there was a marked shift towards proletarianization and linkage with forms of wage work in some regions of the country. Even so, around 1980 close on 53% of workers in the agricultural sector were not involved in wage labour.

During the decade of the 1970s the rural minimum wage went up by 98.7% (from \$ 339 to \$ 675), almost double the increase in the urban area. It is said that this development was due to a relative decline in the supply of rural labour caused by the high rates of migration in the 1960s, the boom in coffee prices and the increase in illegal crops which raised the demand for labour, producing strong upward pressure on the general level of wages. As counterpart to this situation, there was a simultaneous and substantial rise in the prices of agricultural products.

The price increase did not result in an equivalent increment in producers' incomes, especially those of the small farmers, who produce close on 25% of the total "basket of food". The high margins of marketing absorbed more than two-thirds of the final price of the product. Thus for part of the rural population the rise in food prices offset wage increases and the small gains that might result from higher producer prices.

### 3. Rural poverty

The rural poverty line in Colombia was established on the basis of a distribution of expenditure which assigned 60% of the income to food, 15% to housing, 8% to clothing and 17% to miscellaneous expenses, the structure of outlay being adjusted to the value of the food basket in rural areas in terms of their lower food prices and levels of own-account consumption. The status of indigent is given to the population with incomes below the value of the minimum food basket. The number of poor rural households according to this estimation reached 81.5% of all rural households in 1972 and 83.5% in 1978. Indigent households represented 59.6% of the total in 1972 and 68.5% in 1978. Thus between those years there was no substantial variation in the number of poor rural households, whereas indigent households increased.

Furthermore, the gap between poor and indigent households widened. Between 1972 and 1978 the relative insufficiency of income declined for the poor from 65 to 53% whereas in the case of the indigent it rose during the same period from 38 to 56%.

The distribution of poor households according to region shows that poverty is a phenomenon found throughout the national territory, without being localized in certain particular zones. Some 81.3% of poor households and 82.7% of indigent households are found in the eastern, central and Pacific regions of the country, which in their turn account for 82.1% of the rural population. However, poverty is concentrated among self-employed workers and private agricultural wage-earners (80%), with a low proportion of employees and public workers in the total of poor rural households. In addition, the size of a household and the number of occupied workers in it largely determine the levels of rural poverty. Thus two-thirds of the households of more than four persons and one or two employed are in a state of indigence. It is thought that the high incidence of poverty in the rural areas of the country is due to the average size of the rural household (64% of households have more than five members and 20% have more than nine members).

The increase in the levels of indigence and in the relative insufficiency of the corresponding income has been attributed to the rise in food prices. The behaviour of relative prices during the period in question shows that food prices rose 18% more than total prices and the prices of agricultural products rose 41% more than the total. In determining indigence in terms of food costs, the rise in these explains the increase in the number and income insufficiency of the indigent.

The aggregate insufficiency of income of poor and indigent households in 1978 represented 6.0% and 3.1% of the GDP respectively and 21.5% and 11.8% of the GDP of the agricultural sector. Considering poverty in these terms it is clear that it would not be too difficult to reduce it substantially, especially in the light of the magnitude of the country's economic growth during the last two decades.

#### 4. Policies affecting rural poverty

The basic aim of all the national development plans in relation to the agricultural sector has been to increase production and productivity and to ensure an adequate supply of food and raw materials for national consumption and export. This emphasis has not been accompanied by a like concern for the problems of the living standard and social conditions of the lower-income groups. This seems in keeping with the scant importance given to public welfare in the national development plans.

Rural social development policies. Throughout the decade of the 1970s social expenditure rose to a level of around 29% of the global distribution of the budget. Expenditure on education went up from 12.5% to 19.3% between 1972 and 1980 and the 7% outlay on health was maintained. This increase was not distributed equitably among the different groups of population, or between the urban and rural areas. As regards education, for example, in 1976 each urban family received on average a subsidy for primary and secondary education of \$ 1 779, while the rural family received only \$ 1 105. In the case of health, in that same year, 77.3% of the total subsidy was received by the urban sector and each family in the poorest quintile in that area received on average \$ 935 per year as a health subsidy, whereas rural families of the same level received only \$ 339. According to a National Health Study conducted during 1977-1980 the indicators on dispersed rural housing (1.5 million dwellings) showed that 83.6% of these lacked water; 71.8% were without human-waste disposal services and 52.4% were huts of unsound construction. In the case of nucleated dwellings (375 581 in villages of up to 2 500 inhabitants), 34.3% were entirely without water and 36.6% had no sanitary installations.

Integrated rural development (DRI). This programme was created in 1974 with a view to integrating a larger sector of producers into the market, granting credit, technical aid and marketing facilities to those peasants who could be incorporated into the modernization process. The target population has been the small producer whose farm does not exceed 20 hectares and who farms it personally. For this reason the programme has concentrated on the areas of "parcel" economy: Boyacá, Santander, Nariño, Cauca, Antioquia, Cundinamarca. By 1980 88% of the objective (to cater for 80 000 families) had been achieved. In the two following years there was a marked increase in coverage accompanied by a financial weakening incompatible with this expansion.

The Food and Nutrition Plan (PAN). This programme is designed to solve problems of food provisioning and the nutritional deficiencies of the urban and rural population by means of a set of strategies covering production, distribution and use of nutrients. In the purely rural



sector PAN introduced a subprogramme in 1978 which aimed at combating the food production problems of a stratum of population that did not receive the benefits of DRI (the poorest peasants living in subsistence conditions). This programme achieved a considerable expansion. From 8 000 families in 1978 it rose to 29 618, in 1981, at a relatively low cost (\$ 13 277 on average per family in 1981, including the cost of credit).

Agrarian Reform Programme. The implementation of the agrarian reform implied changes in the structure of land-ownership and support services. An assessment of its achievements up to 1970 indicates that of the total number of units assigned by INCORA, 96.3% were waste lots (2.3 million hectares), 1.8% were legalizations of ownership titles and 1.9% had some relation to ownership. After 1973 the activity of INCORA was confined to the habilitation of land and the provision of credit and technical aid to smallholders, though in a very limited form. It is considered that, in the context of the agrarian reforms in Latin America, the Colombian case was one of the greatest failures.

Educational policies. In recent years a series of programmes has been formulated to improve the quality and coverage of education in rural areas with a view to achieving better conditions in the labour sector. The initiatives of greatest influence are the "new school" and the programme of student nuclei and boarding schools. The "new school" enables several courses to be run by one teacher in the same room. This system raised the number of rural schools from 200 in 1978 to 1 500 in 1982, covering 20 sections of the country and 60 000 children. The programme of nuclei and boarding schools is directed to non-formal education, embracing communities with similar attributes and interests. At present the programme has a coverage of 18 895 pupils.

## 5. Peasant participation

The formal mechanism that has permitted a greater organized participation of the peasantry is the National Association of Peasant Users (ANUC), promoted by the Government to organize the beneficiaries of the agrarian reform and all those receiving services from the State. It is thought that its creation was due to governmental interest in maintaining control over social discontent and the conflicts that threatened the rural sector.

ANUC is structured on base organizations at town and "vereda"<sup>1/</sup> level. These organizations form regional associations which in their turn send representatives (5) to the Departmental Assemblies and the National Executive Committee. ANUC was promoted by the Government and was incapable of expressing peasant demands until it was radicalized. From that time ANUC has been a peasant movement, democratic and comprehensive, demanding the full realization of the agrarian reform and the social well-being of the peasantry. In 1979 ANUC comprised 590 "vereda" associations of around 20 families; 235 municipal and departmental associations; four agricultural unions of 500 day-labourers in each and three indigenous councils. It had a total affiliation of close on 21 thousand members.

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<sup>1/</sup> A "vereda" is a very small administrative unit.

One of the oldest forms of participation in Colombia is that of the Community Action Boards. These are part of the General Directorate of Community Integration and Development and in the 1970s contributed to the development of the communities involved in the DRI and PAN programmes. In 1979 there were 24 000 rural boards with a membership rate of 59.4 per 100 inhabitants.

In 1980 there were also 541 co-operatives functioning in the rural area.

On the basis of the information reviewed it is considered that there is little effective participation in the rural areas. The mechanism set up to permit the participation of social groups in the formulation of policy decisions are a feeble experiment in the national context.

## DOMINICAN REPUBLIC \*/

### 1. General background

In recent years the economic activity of the Dominican Republic has evolved in a context basically defined by three areas of economic policy: fiscal, monetary and exchange rate.

The normal income of the State has financed the spectacular increase in the expense budget of the central Government and autonomous institutions, with special reference to the operational costs of the latter. To sustain the greater levels of activity it has been necessary to have recourse to the special revenues of the State, provided largely by contributions from the Central Bank and by external indebtedness incurred with international agencies and private foreign banks.

This policy was maintained until the limitations and constraints on external indebtedness arose in the international financial market from 1981 onwards. Despite this, the growth of the Dominican economy during recent years (1979-1981) was satisfactory (4.8, 5.6 and 3.4% respectively).

### 2. The agricultural sector

The agricultural sector has played an important role in the economy. It has contributed close on 65% of the value of exports of goods and in 1981 comprised 48% of the total population. Despite the importance of the agricultural sector, the growth of its product during recent years has been less than that of the other sectors (1.6% annually) and also less than the growth rate of the population (3.1%).

The national territory of the Dominican Republic comprises 4 million hectares, of which somewhat more than 2.6 million are being utilized. A comparison of these figures with those of the Agricultural Census of 1971 shows a slight fall in the amount of land being utilized (2%), which has led to the assumption that the former figure represents the maximum capacity of the exploitable land in the country. The productive

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\*/ Summary of the study made by Mr. Pedro Tejo, consultant to FAO, entitled "Avances de la reforma agraria y del desarrollo rural en la República Dominicana". The opinions expressed in this work and summarized here are the exclusive responsibility of the consultant and do not necessarily coincide with those of the Government of the Dominican Republic or those of FAO.

potential of the sector has been underexploited. While the crop-raising sector contributed 10% of the GDP in 1981, using 49% of the total area, the livestock sector contributed 6% of the total surface.

The main export products are sugar, coffee, tobacco and cocoa. The most important crops for domestic consumption include rice, maize and the kidney bean. Of these rice absorbs the larger part of the farming activity of the country and its production has greatly increased in recent years.

In the Dominican Republic, according to the last agricultural census (1981), 82% of the agricultural units had an average of 1.12 hectares covering an area equal to 12% of the total. Another 16.5% occupied 30% of the land with an average of 15 hectares, so that 1.8% of the units concentrated 57% of the area with an average size of 210 hectares. The individual and collective settlements, plus the agricultural colonies, which comprise the reformed sector represented in 1981 some 16% of the units of less than 10 hectares and included 65.3% of the area covered by units up to this size. The figure supplied by the 1981 census indicate that between the last two censuses (1971-1981) the reformed sector doubled both in number of units and in the area covered. The average size of these units was 5 hectares. At the same time, the individual settlements and the majority of the peasants in the non-reformed sector faced the problem of lack of title, and in the case of the latter, a large proportion were occupying land without any legal protection at all.

The form of land tenure is reflected in the settlement pattern of the population. The latifundium is surrounded by a number of small dispersed villages which farm small portions of fertile land on the plain, while on the slopes of the sierras isolated communities try to extend the agricultural frontier into marginal land of little productive potential. These latter communities have been coping with their survival problem in detriment to the already fragile ecological balance of the different regions of the country, especially the more depressed zones of the southwest and northeast, near to the frontier with Haiti.

According to estimates made in 1979, the Dominican peasant sector had family incomes which amounted to between DR\$ 167 and 334 per capita, in circumstances in which the GDP per capita for the same year was estimated at DR\$ 1 050. This precarious income situation has regularly impelled the peasants to seek income in wage work. The low technological level in the sector has hitherto permitted a reasonable absorption of manpower. In 1977 it was calculated that half the labour force in the agricultural sector was earning a wage. Even in farms of no more than 5 hectares there was an appreciable proportion (14.2%) of wage labour. According to the same data, the agricultural wage was low and this resulted in a low productivity.

Another way in which the peasants have reacted to their low incomes has been the continuing process of rural-urban migration. It is claimed that this phenomenon is due more to the low remuneration of the labour force in this sector than to the labour-saving effect of technology, as has been the case in other countries.

### 3. Rural poverty

The efforts made by the Government to raise productivity, increase production and provide land for more families have not substantially changed the living conditions of rural workers. It is considered that the income levels of all these are insufficient to satisfy their basic needs.

The availability of food per capita provides an estimate of the magnitude of poverty and of the gap that still remains to be closed in order to meet the minimum food requirements of the population. In 1980 the average availability of calories and proteins was 10% higher than in the previous decade (2 140 calories and 47.4 grammes of proteins). Despite this increase, these figures were below the minimum requirements fixed by international bodies such as FAO and PAHO.

One of the problems that has affected the daily diet is the failure of production to cover domestic demand. This is the case with products such as milk, rice, maize and oils. Another problem that has influenced peasant incomes is that of prices. Almost all the farms produce for the market and hence the declining trend of prices has affected the income derived from this source. It has been pointed out that the fall in prices is mainly attributable to the policies on urban wages and imports. The former, in order to keep wages down and not affect the purchasing power of the urban population, has a depressive effect through low consumer prices. The second, of a liberal nature, favours a competition which implies the maintenance of low prices levels for agricultural products.

### 4. Policies affecting rural poverty

The government objectives for the agricultural sector between the years 1979 and 1982 can be summarized as follows: to raise the nutritional level of the population, particularly its most depressed sectors; to improve substantially the level and distribution of income in the rural area; to raise production and productivity levels and diminish agricultural imports; to reduce the difficulties and obstacles in the structure of the marketing system in order to improve its efficiency in benefit of the medium and small producers; and to activate the process of agrarian reform, settling new families and consolidating the existing settlements, while at the same time providing incentives for the modern producers to create new sources of employment in the rural area.

To achieve the proposed objectives measures were applied in the field of agrarian reform, the use and management of water and soil resources, technological transfer, and credit and commercialization policies.

The implementation of these measures called for greater resources, which represented a rise in expenditure from 9% of the fiscal total in 1979 to 16% in 1981. Judging from the distribution of the resources the Government priorities were concentrated on the support of rural development and the agrarian reform, the promotion of irrigation works and credit aid to agricultural producers.

The agrarian reform policy has been one of the central instruments for achieving a more equitable development and guaranteeing a modicum of social justice. Towards the end of 1981 the farming area distributed amounted to 14% of the total surface in use, benefiting more than 57 000 families. In terms of its contribution to total production, at that date it provided 36% of rice production and 11% of maize. The agrarian reform system applied in the country has varied over time. Initially agricultural settlements were created; later the peasants were presented with individual plots. From 1979 only collective properties were distributed, in which the land was assigned individually and worked collectively. Finally, in some settlements the land remained the property of the State. According to estimates made in 1979 and 1981 it is thought that the collective settlements generate a family income double that attained by individual settlements. Nevertheless, the collective settlements present serious unresolved problems. How to evaluate the contribution of labour is a much disputed point among the settlers themselves. There is at present a tendency to abandon the associative system of labour in favour of family labour on a portion of land which, though collective, is clearly individualized. Thus parcels of land are distinguished within the settlement itself.

Along with the redistribution of land the public agencies have undertaken a set of support programmes directed mainly towards technical assistance, credit and commercialization. Despite this, it appears that the settlements have had to develop without support services or at least without the benefit of co-ordinated measures. It is considered that the lack of concerted action is one of the critical factors that has prevented the public sector from achieving its agricultural development goals.

##### 5. Peasant participation

The public sector has been concerned to strengthen peasant organizations at every level. The Secretariat of State for Agriculture, through the Rural Organization Department, has fostered the creation of Integral Service Centres. The Dominican Agrarian Institute has supported the formation of Peasant Agrarian Reform Enterprises in the collective settlements. The Agricultural Bank, on its side, directs its credit and training programmes towards producer organizations.

During recent years there has been a noticeable speeding up of peasant organization. Compared with 1 300 organizations existing in 1977 there were 2 325 in 1980 with a marked increase in those of young people and women (40% in 1980). The organizations are concentrated in the north, northeast and northwest of the country. These regions have been characterized by greater tension in respect of land tenure and have been the most affected by illegal occupation of land. Notwithstanding the increasing growth of the organizations, a high proportion of the rural population is not included and the great majority of the existing organizations are of recent formation and have not yet achieved a sufficient degree of consolidation and acceptance to make a real contribution to rural development.

ECUADOR \*/

1. General background

At the beginning of the decade of the 1980s Ecuador was faced with a serious financial crisis, resulting both from the adoption of an industrial development model that lacked the necessary elements of control and direction and from the problems that had arisen on the international plane. The economic situation that has been affecting the country is characterized by striking sectoral and regional contrasts, a poorly-oriented manufacturing development, a depressed agriculture, a reduction in oil prices, a rise in the interest rate and a contraction in demand for export products along with a fall in their prices.

Between 1970 and 1980 the growth rate of the non-agricultural economic sectors was three times higher than the agricultural (11% versus 3% on average). The stagnation of the latter, which generates around 30% of the value of agricultural exports (in Ecuador the main export products are petroleum, bananas, coffee and cocoa), coupled with the fall in prices and in the demand for these products, has contributed to the negative trend of the balance of payments during the past decade. It is thought that this trend is one of the critical problems of the national economy, which will have a powerful effect on economic stability in the years to come.

Despite the stagnation of the agricultural sector, this is one of the main sources of saving in the economy. It is calculated that at least half of its saving is invested in urban areas and in other sectors.

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\*/ Summary of the study made by Miss Sara Mangiamachi, consultant to FAO, entitled "Progresos en reforma agraria y desarrollo rural en Ecuador". The opinions expressed in this study and summarized here are the exclusive responsibility of the author and do not necessarily coincide with those of the Government of Ecuador or those of FAO.

## 2. The agricultural sector

The population of Ecuador in 1982 amounted to 8.60 million people. Its growth rate was 3.4%. The rural population comprised 4.96 million, constituting some 58% of the total. Its growth rate was higher than the urban (its gross fertility rate is 7.2 as compared with the urban rate of 5.2), this being considered attributable to the need for family labour and the high infant mortality rate (field studies indicate that 6 died out of every 10 live births).

The country has 28.3 million hectares distributed in four regions with marked social, economic and ecological differences: Coast, Sierra, East and Insular Region. Of this surface 7.8% is cultivated and 75.9% is natural forest. The irrigated area constitutes 4% of the arable land, which could rise to 12% according to works projects and in execution. The Coast region has the greatest proportion of cultivated and irrigated land, and is characterized by the predominance of the entrepreneurial class and by its economic concentration: it produces 75% of the most important trade lines of the country and almost all the agricultural exports. The Sierra, in contrast, presents extreme inequalities, with highly technified estates alongside a larger number of small communities of poor smallholders, generally traditional indigenous peasants. The East comprises the Amazon zone, mainly penetrated by colonization.

An analysis of the indicators of the growth of the agricultural sector indicates that this is still unstable and that an enormous effort is needed to stimulate it. Between 1970 and 1979 the growth of the agricultural GDP (2.9) was lower than the population growth, and the growth of the GDP per capita was negative during the same period (-0.2). Among the various production lines the subsector of crops is the most depressed and shows a lower growth. Its main consumer crops are rice, wheat, maize, barley and potatoes. Except in the case of potatoes the country is not self-sufficient in any of these products, wheat being the most important among food imports.

The economically active population (EAP) grows at lower rates than the population growth owing basically to the increase and prolongation of education. In comparison, the agricultural EAP (1.33 million) has declined more than the rest. Despite this fall, it has a high incidence in the total EAP (58% in 1970, 49% in 1980). There is no absolute unemployment in the agricultural sector, though there is an almost permanent seasonal unemployment among small producers and in peasant communities. According to studies carried out by the Latin America and Caribbean Employment Programme (PREALC), almost 40% of the rural EAP would seem to be underemployed. According to the 1974 population census, 90% of this appears to consist of unpaid family workers (354 200) and occasional workers (376 000) and the remainder of producers with units of less than one hectare. The figures mentioned would represent, in terms of open unemployment, 30% of the agricultural EAP.

Ecuador is a country of small producers. Some 66.8% of its units are less than 5 hectares, and are mainly situated in the Sierra.



On the basis of case studies in peasant organizations it has been established that the net income of the peasant productive unit (including the income obtained by the family group in the period of migration, without considering the cost of family labour to obtain this production and the interest on capital), varies between US\$ 91 and US\$ 133 annually.

The greater decline of the agricultural EAP is explained by the low employment capacity of the small holding and its low profitability, situations which influence migration. Another important factor which affects migration is the desire for a higher level of education. According to the information available those who migrate are the youngest, those with greater experience and capacity for work, and those who have acquired a position of leadership in the community.

### 3. Rural poverty

The rural areas of the country are inhabited by 2.8 million people in a state of poverty and 1.48 million in a state of extreme poverty.

Rural poverty is mainly evidenced by hunger and malnutrition and little resistance to disease. The infant mortality rate is calculated at 69% and that of women in child-birth is in the region of 2.4%. It is considered that one of the main factors determining this situation is the change in the productive structure, especially among small producers who have changed the production oriented to own-account consumption for one directed to the external market. The change in production has influenced eating habits, reducing the consumption of vegetable proteins. These changes have even affected breast-feeding, reducing its duration. Specialized studies estimate that in 1983 there could be two million undernourished people in the country among children and mothers.

Other signs of rural poverty are found in the 83% of the population that lacks access to piped water and the 94% that has no sewerage or water-closet system, the 47% of dwellings that are mere huts and shanties, the 15% of population that is illiterate and the 37% without any schooling.

The groups most affected by this situation are the peasants with plots of less than 5 hectares (981 000 active persons with an employment average of 141 days per year) and the landless workers regarded as "the poorest of the poor". It is estimated that units of less than 5 hectares cannot produce the minimum income needed for family subsistence and that the landless worker earns about US\$ 1.5 per day excluding food.

### 4. Policies affecting poverty

The new Constitution adopted in January 1978 contains important aspects from the agricultural standpoint. The most pertinent concerns land-ownership, and regulates entrepreneurial and economic activity, grouping it in four large sectors of ownership: private, public, mixed economy and community organization.

The new Constitution establishes that in the social interest the public sector, through procedures and forms of payment indicated by law may nationalize and expropriate, after due compensation, the goods, rights and activities belonging to other sectors for any of the sectors mentioned and forbids all confiscation. The State guarantees the ownership of land directly and efficaciously worked by its owner. It must create suitable infrastructure for the promotion of agricultural production and stimulate agricultural enterprises. The State policy regarding Agrarian Reform and the structure of ownership in the rural sector is aimed at economic development, the raising of living standards and the redistribution of wealth and income. It inclines towards the integration of production units and their concentration through the elimination of small holdings. Community and co-operative production is encouraged. Colonization is organized and promoted in order to expand the agricultural frontier and achieve a balanced resettlement of the population throughout the national territory.

In virtue of this new Constitution the new Government, which assumed power in 1979, enacted a law creating the National Development Council (CONADE) at Vicepresidency level and decreed the establishment of the Secretariat of Integral Rural Development (SEDRI) which is responsible to the Presidency of the Republic. Since 1980, SEDRI has introduced the Subsystem of Integral Rural Development within the Public Administration system, which co-ordinates the work of all the public sector institutions concerned with measures for rural development.

At the same time, it approved the national development plan for the quinquennium 1980-1984. This plan establishes two main objectives for the agricultural sector: rapid growth of agricultural production and productivity and of the sectoral income; and a more equitable redistribution of its resources and income, improving the access to these of peasants and smallholders.

The national programmes concerned with access to land, water and other natural resources; with the integration of women into development; with access to inputs, markets and services; with the development of non-agricultural activities; with education and training; and with social participation, constitute the means to achieve these objectives.

Among the programmes dealing with access to land, water and other natural resources the following are particularly important:

- The integrated rural development programme (DRI), which constitutes the priority plan for the agricultural sector and is charged with the task of benefiting the most disadvantaged groups of population: marginal peasants, rural wage workers and small producers. It functions through projects consisting in community development, training, organization and literacy programmes, as part of the social component; road works construction of school-rooms, community dwellings, popular stores, services, health centres and subcentres in the infrastructural component. Lastly, it includes the support given on the productive side, such as technical aid, credit, commercialization, protection and conservation of resources and forestry development, with a view to making a substantial contribution to the economic growth required for the achievement of a better life.

The measures co-ordinated by SEDRI and carried out by the Project Execution Units, and those which are in progress in the 17 priority Integral Rural Development Projects (PDRI), seek to benefit an area of 3.8 million hectares, including their area of influence, and to assist a total of close on 700 000 persons with a programmed investment of 12 billion sucres of 1981. The DRI programmes assume an average endowment of 16.4 hectares of land per family and an effective participation of the peasantry in their execution. At the end of 1983, seven of the 17 projects were proceeding normally, six were behind schedule and four were at a standstill.

- The Agrarian Reform proposes "to rescue the peasant community from the abysmal economic and social conditions in which it finds itself today", benefiting 77 000 families during the quinquennium with a grant of 895 000 hectares of land. Between 1964 and 1980 this policy benefited 4 391 families with the allocation of 39 200 hectares. Between 1980 and 1981 close on 19 600 families received a total of 200 000 hectares (around 25% of the target proposed for the quinquennium).

- Colonization of uncultivated public land. By this means and during the same years it was proposed to benefit 15 000 families, bringing 750 000 hectares into use. Between 1980 and 1981 some 50% the proposal for the quinquennium had been achieved (7 600 families settled on 374 000 hectares).

Measures concerning women are found in social policies and programmes and in subprogrammes dealing with popular advancement and social welfare and in the social security programme. Among their objectives they seek to achieve women's conscious and creative participation, to generate on their behalf new opportunities of education and employment, to incorporate them into the community production programmes and to co-ordinate the resources and activities of different institutions to solve their problems. Moreover, recognition is given to their equal rights in relation to access to productive assets and they are encouraged to organize themselves and participate socially and economically, since hitherto, especially in some regions like the Sierra, women have been excluded from the most typical organizations in rural areas, such as the community cabildo (town council) in which membership is confined to men.

The programme of access to inputs, markets and services assigns to the State a more active role. Numerous initiatives have arisen within its framework. Among these may be mentioned the National Seed Programme, the promotion of fertilizer manufacture, animal and vegetable health services and genetical hygiene. Likewise the State has assumed important functions in research and in technical aid programmes incorporated in DRI. Respecting prices and market supplies, the Ministry of Agriculture has set up two organizations: ENAL, which sustains producer prices and EMPROVIT, which maintains a network of stores to provide consumers with farm products, thus reducing marketing costs. On this point the Government is concerned to adjust the marketing system to the national reality, so that its modernization will not eliminate sources of employment for large sectors of small-scale intermediaries.

Since 1980 credit has been a major instrument for developing agricultural production and at the same time benefiting medium-sized and small producers. Credit for the poorer and marginal strata comes from the Central Bank through the Fund for Marginal Rural Development (FODERUMA). The funds provided by FODERUMA between 1980 and 1982 increased by 126%. The National Development Bank (Banco Nacional de Fomento) is the most important financing agency for agricultural development. Owing to the requirements of this entity the access of small unorganized producers is difficult. For this reason 696 savings and credit co-operatives have been organized.

FODERUMA itself, through its zonal units, directly supports development activities in the poorest rural communities. This operation is carried out by means of integral projects to find the solution to problems of a particular community, or by way of individual measures to settle specific problems. The Division of Peasant Development is in charge of the promotion, co-ordination and execution of community development projects in rural localities. At present there are some 12 of these projects financed by FODERUMA and soon to be implemented.

Finally, the Government has activated programmes for increasing the access of the rural population to social benefits, has set up and strengthened local markets and rural service centres and supported the development of non-agricultural activities so as to improve the living conditions of the rural population by measures not directly connected with agriculture. In all these measures it has placed special emphasis on benefiting small producers by increasing training and technical aid and by paying attention to industrial deconcentration and to export and tariff policy, so as to develop non-traditional exports and discourage luxury imports.

As regards education and training, the system of formal rural education has been modified and special attention is being given to informal education. Peasant training is in the hands of the Ministry of Agriculture and is being organized by the National Peasant Training Institute. One of the main activities of this institute is to prepare instructors and technicians in training methods and to run programmes of promotion, organization and training, complemented by the provision of community services so that the peasant groups can solve their own problems.

##### 5. Peasant participation

The rural organizations legally recognized are the peasant communes, the co-operatives, the trade unions and ad-hoc agrarian reform organizations, and different types of association including those of producers and those concerned with social improvement.

Among the latter the most important is the Peasant Commune comprising 1 638 comuneros and 656 680 associates. The commune forms part of the administrative political structure. Other major organizations are the agricultural producer and marketing associations, which comprise a total of 1 380 organizations with some 47 000 associates. The workers' unions for claiming rights amount to no more than 15 with 600 members and those for agrarian reform to 18 with 433 members.

In Ecuador there are other forms of organization concerned with production, which are a legacy of Aymará and Quechua culture, and are based on reciprocal aid. The best known are the minga, loan of labour and barter of labour.

From the Government's standpoint, the organization of the peasantry represents a channel of expression, of defence and bargaining power, on terms of equality with the rest of the community, both public and private bodies. The support given to the organization of the peasantry should contribute to its integration and the fulfilment of its aspirations.

To this end the Government has promoted a Popular Advancement Programme (Programa de Promoción Popular), through which it hopes to reinforce these organizations. It is considered that this programme will be helped by administrative decentralization, the recent creation of the subsystem of public administration for rural development and the National Fund for Integrated Rural Development (Fondo Nacional de Desarrollo Rural Integrado - FONADRI).



## GRENADA \*/

### 1. General background

The State of Grenada is the most southerly of the Lesser Antilles (Windward Group). Its total area is 342 Km<sup>2</sup>, of which 305 are in its largest island (Grenada), 35 in the Carriacou island and two in the island of Petit Martinique. Its topography is mountainous and volcanic; it is crossed by several rivers; it has abundant rainfall (between 1 650 and 3 000 mm a year) and a hot climate, with an average of 29° and maximum and minimum temperatures of 32° and 16°, respectively. It has a population of approximately 111 000, 84% of which is of black ancestry. There is a persistent emigration with the result that the annual population growth is between 0.6% and 1.5%. There are approximately 10 women to every nine men. Its population is distributed over the rural area, so that its main centre of population, St. George, has only 7 500 inhabitants (1981), followed by Gouyave with 2 980 inhabitants. The country is divided into seven "parishes": St. George, St. David, St. Andrew, St. Patrick, St. John, St. Mark and Carriacou.

The gross product has grown in recent years at a rate of 5.5% in 1977-1978, 2% in 1979, 3% in 1980-1981 and 5.5% in 1982. The main activities of Grenada are agriculture and tourism, each of which contributes approximately a third of the gross domestic product.

### 2. The agricultural sector

The country has 830 hectares of perfectly good arable land, 1 154 hectares good but with certain limitations in fertility and some erosion, 6 811 hectares where agriculture is possible but considerably restricted by erosion and infertility, 8 811 hectares for grazing and improved pasture, 9 141 hectares unusable because of their steepness, type of soil or deficient drainage and 7 430 hectares of stony ground useless for agriculture.

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\*/ Summary of the study by Mr. Fernando Galofré, consultant to FAO, entitled "Rural poverty in Grenada". The opinions expressed in the study and summarized here are the exclusive responsibility of the consultant and do not necessarily coincide with those of the Government of Grenada or those of FAO.

From 1961 to 1981 the area cultivated fell from 21 000 to 14 000 hectares and from 1975 the share of agriculture, fishing and forestry in the gross product of the country fell from 39 to 32%.

Agriculture employs more than one-third of the EAP and contributes more than a quarter of the GDP. The proportion of rural illiterates is around 15%. The average age of the farmers is 51 years, which, added to the underutilization of the arable land, the decline in the number of agricultural workers (48.1 to 35.7% including fishing, from 1960 to 1970) and the existence of growing unemployment in the country, explains the tendency of the young to reject farming as a means of livelihood. This fact is particularly interesting if one considers that juvenile unemployment is estimated at double the average rate for the country which is calculated as being 7.4% in 1960, 9% in 1970, 12 to 16% in 1978 and 14% in 1982. Agriculture is carried on mainly by mingling varieties of traditional trees or shrubs, which protects some kinds of crops from the wind or provides useful areas of shade. An example of this is the mingling of nutmeg and cocoa with bananas or plantations of coffee, cinnamon and cloves, which are used as a windbreak for the nutmeg and cocoa.

Of the total area cultivated 9 373 hectares are devoted to nutmeg, cocoa, bananas, coffee, citrus fruits, root vegetables and other permanent crops, mingled in the way described above; 5 168 hectares to maize, vegetables, cotton, sugar-cane, cassava, pulses, etc; 848 to improved pasture and 376 to other farming uses. There is very little flexibility for major changes in view of the high investment in permanent crops.

The small farm is the most typical feature of the country's agriculture. The number of farmers declined from 15 319 in 1961 to around 11 000 in 1981. The land under crops diminished in the same period at an annual rate of 2%. The censuses have varied the classification, which makes it difficult to compare trends.

In 1981, 3 400 farmers had farms of less than two hectares with an average area of 1 600 m<sup>2</sup>; they destined all their product to home consumption and worked only part of the time on their farm. Another 4 200 farmers with properties of less than two hectares and an average size of 0.52 hectares, while selling part of their crop, also spent part of their time away from the farm. Only 4 070 farmers dedicated all their time to the land and of these 3 100 had a property of less than two hectares with an average size of 0.68 hectares (6 800 m<sup>2</sup>). There were 900 owners with holdings of over two hectares and an average size of 10.56 hectares, while 14 co-operatives, with 70 members, held properties with an average surface of 10.09 hectares. The rest of the farmland was owned by the Grenada Farm Corporation, a State property which comprised 23 estates with an average of 56.80 hectares each.

The distribution of the land among the farmers who sell products (4 200 + 4 070) indicates that 49.43% of the land was in units of less than one acre (approx. 2 400 m<sup>2</sup> = 0.24 hectares); 68% in units of less than 5 000 m<sup>2</sup> and only 11.7% was in farms of over 1.2 hectares. Less than 2% of the land was in farms of over 5 hectares.



Another characteristic of land tenure is the fact that it confers social status, which induces its retention and hence its fragmentation. Even relatively large properties (20 hectares) are in fact shared by several family members. Sometimes an owner administers fragments distant from each other, some of small individual size (which leads to their neglect), and others of some importance.

Regarding type of tenure, 46.7% of the farmers are owners, 7.9% rent portions and are at the same time owners of other plots, 12.2% are merely tenants and 7.03 are managers. A proportion of 19.4% of the properties are farmed by families and there are only 4.8% of labourers together with 1.9% of share-croppers or associates.

Individual agricultural productivity is higher than that of the urban workers. The State properties operate at a loss, which results in low wages; nevertheless, there are recent data indicating that the product per hectare of permanent crops is reasonably high, although probably below its total potential.

### 3. Rural poverty

There has never been in Grenada a definition of a "basic basket of food". Hence one has been calculated that provides three thousand kilocalories of energy and 37 milligrammes of protein, by combining and valuing different proportions of basic foods of the country and determining their minimum cost in the urban and rural areas. The cost was determined (values of 1978 extrapolated to October 1980) for a rural family of five members at EC\$ 7.11 per day (values of October 1980 were used because that was the date of the only, though very limited, available sampling of family incomes in the country). This was the method of determining the deprivation line, indicating an income which merely serves to provide food, and the poverty line (above which are placed the families which assign 60% or less of their income to food). The average for the country of the two values was EC\$ 213 and 355 respectively per month. This average was readjusted to the number of members in each family for the purposes of this study.

To estimate the family income a comparison was made between that indicated by the study cited above -which divided it into levels- and the national accounts, owing to the prevalence of underdeclaration. This is due to the fact that the low-income groups do not include the value of their own production used for home consumption, which is very important in a country in which 95% of the holdings are of less than two hectares, and the high-income groups underdeclare for taxation reasons. The factor of amplification of the sample income declaration to adapt it to the national sales was 2.7%. Thus it was determined that, according to regions, the number of families below the deprivation line varies between 6.7% in St. George and 17.9% in Carriacou, making a total for the country of 9.4% (1 947 families or 9 813 persons). Below the poverty line (which includes the foregoing), the figures according to regions are 18.6% of families for St. George and 51% for St. Mark. The national average of population below the poverty line is 25% representing 5 196 families or 26 403 persons.

The determinants of the poverty level include the following:

- Use of the land. Although the type of crop is far from flexible, it is estimated that 30% of the land is not used owing to the emigration of farmers.

- Inability to subsist on the basis of their holding. Around two-thirds of the farmers who do not work full-time on their farm (which applies to close on 50% of the total number of farmers) estimate that they produce on their holding only 25% of the family income. Thus, although there are no problems of access to land and, on the contrary, a lack of interest in farming on the part of the young, the total surface of the land, the excessive fragmentation and the importance of status assigned to landholding, hampers an adequate access to it in terms of size.

- Primitive technology and labour surplus. In the rural sector, in 1975 there were only nine tractors and none of them in use, few mechanical ploughs or equipment and even the draft animals (13 horses, 16 mules and 1 430 asses) were not put to use.

- Fall in the prices paid to the producers. Deficiencies in the post-harvest conservation of the products to allow subsequent sale at better prices, owing to scarcity of storage installations.

- Deficient access to credit. Even though the greater part of the credits are granted to the smallest farmers, the number of operations per year (408 in 1976, 175 in 1978) is totally inadequate.

- Low utilization of the labour force, a large proportion of which works for the public sector (35% in 1980).

- Little access to public goods and services, which are insufficient for the population.

#### 4. Policies affecting poverty

- Agrarian Reform. In view of the fragmentation of property and the lack of interest of the young in farming, the action of the Grenada Farm Corporation has been directed towards improving the exploitation of the 23 publicly-owned estates. Moreover, a Land Reform Commission was set up to investigate the idle property in the island. Close on the one thousand hectares have been located in this condition and persons have been found willing to work them as co-operative. On the basis of this information the National Co-operative Development agency (NACDA) began negotiations to acquire the idle property for the co-operatives and grant them credit. Thus 12 farming co-operatives were established with 160 young people working approximately 37 hectares in all. Another programme compels owners of more than 40 hectares (100 acres) to let their farms to the State for 10 years: 10 of these properties have already been acquired by this measure. Additionally, a system has been created for assisting or working jointly with farmers owning less than 40 hectares who genuinely wish to work their idle land.

- Other rural programmes. It has been decided to implement programmes to:

- increase the provision of adequate social infrastructure and recreation facilities
- replace imported food by increasing the use of local products, thus diminishing the gap in incomes

- improve training, the introduction of technologies, the development of new products, etc.
- improve access to credit.

- Besides this, it is hoped to carry out a major economic programme of national development, which will seek to develop all the activities of the country, to increase the productivity and importance of the State-owned sector and the collaboration of the private sector in the gross product, which will indirectly improve the rural situation.

### 5. Peasant participation

The Government considers that one of the most important social and economic goals is the participation of the population in every aspect of the economic, social and political life of the country. To this end it has adopted a set of measures to organize mass participation. Generally speaking, the organizations to channel participation are of two kinds:

- The first group is more directly concerned with economic development. It includes NACDA -referred to above-, the Productive Farmers' Corporation (PFC), and the close on 10 000 workers organized through the Trade Union Recognition Act. The most important popular organizations include the National Women's Organization (NWO), the National Youth Organization (NYO) and the New Jewel Movement of Young Pioneers.

- In addition to the farming co-operatives, NACDA has set up other types of co-operatives. There are 41 co-operatives operating in the country. Of these, 18 are credit organizations and 23 are concerned with production and service. All except three are situated in rural areas. The Productive Farmers' Union was formed in 1980 and its members are medium-sized and small farmers. Beginning with 35 members it has now 1 232, of whom 308 are women. Under the Trade Union Recognition Act, eight unions have been created. The workers choose their own union, all of which are developing programmes of democratic participation and education for their members.

The National Women's Organization (NWO) is the main source of benefits for women and the chief organ for integrating them into development. In December 1982 its membership rose to 6 500 women organized in 155 groups. The NWO is dedicated to developing knowledge and social awareness in women and to encouraging measures which interest and benefit them. The organization has been particularly active in the educational, health and legal fields and in the creation of co-operatives among rural women.

The National Youth Organization (NYO) mobilizes a growing number of young people. The organization now comprises more than 7 000 young people and serves as a forum for youth in cultural, sporting, and employment-related activities. It has been an important factor in the literacy campaign. In 1982 the Government initiated a training programme for the young, entitled "Youth Employment Programme". Up to the present it has established four instruction centres and of the 168 students who have been through them, 90% have already obtained employment in agricultural production.



## HAITI \*/

### 1. General background

As from the second half of the 1950s the socioeconomic development of Haiti has been strangled, converting the country into the poorest of the continent.

Many factors have contributed to this stagnation and economic deterioration, among which the following must be mentioned:

- Its margination from bilateral co-operation until the first half of the 1970s.

- The excessive weight of the agricultural sector in the composition of the GDP and its chronic exhaustion through the degradation of the land resource owing to: erosion and the application of inadequate farming techniques; excessive pressure on living space; overconcentration of financial resources; misappropriation of public resources; and the absence of development policies and programmes in deeping with the needs of the great majorities.

The combination and interaction of these factors have determined an overall socioeconomic structure of poverty characterized by:

- A high population density. A rapid demographic growth has caused the population of Haiti to rise from 3.1 million in 1950 to close on 6 million in 1982. The density of the population, which was 160 inhabitants per square kilometer in 1963, amounted to 168 in 1974 and 180 in 1984.

- Poor health. The insufficiency of basic food products and the meagre income of large sectors of the population has created a situation of widespread undernutrition. A survey of pre-school children made in 1978 by the Public Health and Population Department revealed that 70% of them showed some degree of undernutrition and 27% suffered from serious and moderate malnutrition. Moreover, infant mortality borders on 150 per thousand and general mortality amounts to 18%, which makes life expectancy in the country no more than 48 years. These figures are explained by the weakness of the health infrastructure: 312 health centres and 3 868 beds

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\*/ Summary of the study by Mr. Welnes Benjamin, consultant to FAO, entitled "Haiti: hacia el diagnóstico de la pobreza rural". The opinions expressed in this study and summarized here are the exclusive responsibility of the consultant and do not necessarily coincide with those of the Government of Haiti or those of FAO.

to cater for over 5 million inhabitants. In 1981 the country had one physician, 0.1 dentists and 0.2 pharmacists for every 10 000 inhabitants and one nurse of every 6 250. What is more, only 45% of the urban population and 3% of the rural are connected with the piped water system.

- An inadequate educational coverage. In 1979 around 75% of the population was illiterate, with great contrasts between urban and rural areas, only 3.7% reached some level of secondary education and barely 0.3% had post-secondary education.

- A high relative importance of the primary and tertiary sectors. Haiti is a rural country. In 1979, around 80% of the population lived in rural areas and 73.5% of the labour force was engaged in agriculture. The industrial sector absorbed less than 8% of the total labour force and in this sector handicrafts represented two-thirds of the employment.

- The magnitude of unemployment. In 1981, out of a labour force estimated at 2.68 million persons, 11,5% were unemployed and it is calculated that 70% of the economically active population engaged in agriculture were underemployed.

- The meagreness and the regressive distribution of income. In 1976, some 87% of the population earned less than 120 dollars annually, while the highest income group (0.3%) earned 27 times the income of the poorest and 5.6 times the income of the middle groups. In 1980, the ratio between the annual average income of a family in the highest stratum and that of a small peasant-farmer in an irrigated zone was 1 to 1 350.

- Unrestrained migration. Since the end of the decade of the 1950s the Haitian population has embarked on a process of internal and external migration difficult to contain in the absence of a programme of rapid and spatially balance development.

Rural migration is mainly attributed to the demographic pressure on the land (of 100 migrants to Port-au-Price 87 come from rural areas). The data on external emigration are not very reliable, since clandestine and illegal migration is not recorded. As a reference it may be noted that in the Dominican Republic in 1964 there were between 200 000 and 300 000 Haitians, in Cuba in 1953 there were around 30 000 and during the last 30 years more than 100 000 have entered the United States. It is estimated that during the last 30 years over a million people have left the country.

## 2. The agricultural sector

The agricultural value-added has grown in the last 10 years at an average rate of 2.3%, in spite of which its share in the GDP has gradually declined from 44.8% in 1970 to 38% in the fiscal year 1975/1976 and to 31% in the period 1980/1981, with a slight recovery in 1978 (39.8%).

A high percentage of Haitian territory is not suitable for agriculture. The low-lying areas do not represent more than 21% of the total area of the country. More than 50% of the total surface consists of hills and mountains, with a gradient of over 40%. The arable area fluctuates between 1.0 and 1.5 million hectares, with an average density of 2.56 persons per hectare of arable land.

One of the main features of Haitian agriculture is of ancient date. In contrast with many Latin American countries, Haiti was already at the turn of the century a society of small peasant landowners. At the beginning of the 1960s 85% of the labour force occupied in agriculture were owners of their "parcel" of land (a system which involved three million people). In 1971, around 66.3% of the peasantry had a plot of less than one carreau.<sup>1/</sup> The estates of over 10 carreau represented barely 5% of the units.

The peasant economy is one of subsistence only. Its special feature is the overexploitation and exhaustion of the soil. Coffee is its main source of income, representing in 1975 around 45% of agricultural exports. The typical peasant produces one or two sacks of coffee of 60 kilogrammes per year, which brings him an annual income of 36 dollars.

### 3. Rural poverty

Income and undernutrition are key elements for measuring poverty. In dealing with the rural sector, however, undernutrition seems to be more exact. In the case of Haiti, taking income as guide for determining rural poverty, if the threshold of poverty for the sector is 45 dollars per family per year, 82.1% of the rural population (2.82 million people) are in a state of absolute poverty.

Various factors appear to condition this situation:

- The small size of the holding. The stratification profile of the peasant society shows that the "parcel" of the small peasant-farmer does not exceed half a hectare; that the medium-sized holding amounts to 1.16 hectares and the large no more than 4.4 hectares.

- The low yield and low productivity of the agricultural sector. In 1978 Haiti had lower yields in crops such as rice, maize, sugar-cane, coffee and legumes than other Latin American countries and even than African countries such as Angola and Bénin. It is estimated, besides, that its total agricultural production might be obtained with around 20% of the labour force available.

- The use of obsolete farming techniques. The low productivity and low incomes are due to the low technological level attained. A study made in 1979 concludes that the farmers are unaware of the existence of tractors and other implements of that kind and even draft animals are not employed to any great extent. The machete and the plantation hoe are the only working tools. The same weakness applies in the use of fertilizers.

- Deforestation and erosion. 500 000 hectares are eroded (one-third of the arable land).

- Demographic pressure on the land. The relation between population growth and scarcity of land is the most important element in the process that tends to depress the income of the peasantry.

- Extortion to the detriment of the peasantry. The central region has become a setting for centralization par excellence. The opposition between city and countryside has major consequences for the peasant. Around 70% of peasant production is destined for the market. The price received by the producer varies between 50 and 75%

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<sup>1/</sup> 1 carreau = 1.29 hectares.

of the price paid by the consumer. At the same time, the goods that the peasant consumes and does not produce are bought in the local market at prices increased by the cumulative gains added at every state of the marketing process. In both rounds of the production-consumption circuit the peasant is the victim of spoliation which undermines his fragile economy and his capacity for saving and investment.

#### 4. Policies affecting rural poverty

In a context characterized by centralization and a marked verticality in favour of the urban sector of the population and in detriment of the rural, every unfavourable development in the dominant structure has a negative effect on the rural sector, which does not necessarily benefit from positive events. Moreover, the absence of policies results in the short and medium term in tacit policies governing the relations between the different groups. In this case, the power wielded by each group defines its position. It is in this context that the situation of the rural population of Haiti must be analysed.

Its condition of poverty is mainly explained by:

- The absence of a price policy. In Haiti the behaviour of the market of agricultural products seems to depend more on the free play of the forces and interests of the actors intervening in it than on the firm and organized action of the State. This absence of policy results in a substantial transfer of resources from agriculture to the rest of the economy through the mechanism of prices. As it is the market that controls prices, these are generally low for the producer. This fact has had a particularly adverse effect on the peasant in the case of coffee, since its typical oligopsonic marketing system has a greater negative effect on the producers. Furthermore, these cannot compensate for the lower price with increased production owing to the size of their units, so that the peasants are obliged to devote more time to subsistence production.

- The weight of taxes for the small producer. The value of the tax on coffee almost doubled between the decades of the 1950s and 1960s, with the State retaining US\$ 18 for each sack of coffee irrespective of its price. The higher taxes on coffee and its lower price have meant that between the 1950s and 1970s the amount received by the producer of the most important crop for the peasant income has diminished by 100%. The application of indiscriminate imposts on coffee has been one of the most important mechanisms of transfer of resources from the agricultural sector.

Since 1973 the government has revised this charge, replacing it by a progressive tax according to the fluctuations of the international market price. Even so, it is thought that the effect of this measure will be minimal for the living standard of the rural population in the absence of measures directed to the improvement of the soils and the techniques of farming.

- Importation of agricultural products. Since the decade of the 1970s there has been an explosive increase in the importation of food owing mainly to the increasing influx of experts of bilateral and multi-lateral agencies and to the return of many Haitians. During the period 1970 to 1979 food imports increased from 8.1 million to close on 35 million



with an annual overall growth of 23.5%. The massive imports were beneficial for the consumer in reducing market prices, but detrimental to the producer. The massive entry of imported products and the gratuitous distribution of food, although palliating the effects of the drought in the northeast, reduced the prices of ground maize (360 to 270), of millet (310 to 250) and rice (260 to 240). Additionally, the institutionalized system of remunerating labour with food in the rural areas has caused the withdrawal of the peasant from agricultural production, thus provoking a serious impact on the availability and prices of food of local origin. The analysis indicates that food imports (subsidized or given free) depress prices in the short run, discouraging national production and creating substantial price rises in the medium term through shortage of supplies. Since 1970 the annual growth rate of prices has ranged from 8.5% (for rice) to 16.3% (for beans), after decades in which the average annual growth rate had not exceeded 2.8%.

The diagnosis presented suggests the need for a consistent "package" of policies including the following measures:

- Conservation of the soil (rationalization of crops, protection against erosion and an irrigation system).
- Promotion of peasant organizations to offset the excessive fragmentation of units by forms of association.
- Support for credit, transport and stockage of farm products to safeguard the peasant from the mechanisms of commercialization.
- Technical assistance and training.



## HONDURAS\*/

### 1. General background

Up to 1950 the development of the country was based on a model of enclave economy, with an almost total dependence on foreign capital devoted to banana production. Its economy was relatively small (1.3 million inhabitants and 112 000 Km<sup>2</sup> of territory), predominantly rural (87.7%) and primary, with a very small domestic market (consisting of 35% of the population) and very open to the exterior. The great majority of the rural population was not incorporated into the monetary circuit of the national economy and up to the beginning of the 1960s there was no road network to facilitate national integration.

After 1950 the new world conditions gave rise to a diversification of the economy which was expressed in major increases in the production of coffee, cotton and sugar-cane and in the development of forestry and livestock. This diversification of the primary export model linked with the demographic growth, the necessary growth of the financial and trade sector and the incipient development of the machinery of State, created the conditions for initiating a process of industrialization.

The historical features of the development of Honduras led to a very simple pattern of industrialization. The structure of the industrial sector has been basically primary and highly inefficient, being sustained by the absorption of the surpluses of the agricultural export sector through the national system of prices. Nevertheless, this process has played an important part in terms of provision of employment.

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\*/ Summary of the paper prepared by Messrs. Guillermo Molina Chocano and Ricardo Reina, research-workers at the Centro de Estudios y Promoción del Desarrollo (CEPROD), and entitled "La evolución de la pobreza rural en Honduras". The opinions expressed in this study and summarized here are the exclusive responsibility of the authors and do not necessarily coincide with those of the Government of Honduras or those of FAO.

The pattern of industrialization has emerged in the absence of a spatial policy of development and tends to reinforce the existing forms of concentration. Hence to the primary and basically rural character of the development model must be added its economic and social fragmentation expressed in high coefficients of marginality (50% of the total population).

Within the context of Central America and integration into its market, given its characteristics, the national industry was at a disadvantage and withdrew from the Central American Common Market in 1969. At present, for its foreign trade, it has bilateral treaties with Nicaragua, Guatemala, Costa Rica and Panama.

By the beginning of the 1980s the Honduran economy had changed in some respects from the situation described above. Among the most important differences must be mentioned: the significance increase in the degree of openness of the economy to external trade (imports represent around 45% of the gross domestic product; the diversification of the basket of exportable goods and the changes in the relative weight of the products that compose it; the greater incidence of public expenditure in relation to the level of domestic economic activity; the economic, social and political modifications produced in the rural sector as a result of the agrarian reform; the virtual doubling of electricity consumption; and the 50% increase in the road network measured in kilometers.

Nonetheless, and despite the notable changes in the Honduran economy, its structure remains basically and primordially primary. In terms of direct economic activity, approximately 50% of the national activity is of primary origin: agriculture, forestry, mining and quarrying, and traditional industries. Hence it is concluded that the surplus that makes economic accumulation possible is of primary origin. This means that the comparative advantages and the development potential, to use more dynamic terms, are sustained by the primary activities of agriculture, fisheries, forestry and mining.

## 2. The agricultural sector

The development of the agricultural (including livestock) sector has relied on the main export products in detriment of production for the domestic market. Apart from bananas, the main agricultural activities are coffee-growing and livestock, both for their spatial and demographic implications and their capacity to generate surpluses which are transferred to the rest of the economy and abroad.

From the standpoint of exports, coffee has increased its share in the total, rising from 18.6% in 1973 to 33.6% in 1977, exceeding bananas in the latter year and holding the first place in total exports. Around 72.6% of the units dedicated to coffee have an area no larger than 20 manzanas (14 hectares) under crops and only 0.27 of the farms are commercial enterprises. Being a product basically in the hands of national cultivators, it represents an alternative pattern, differing from the case of bananas, and in some way also from cattle-raising, by providing an important cycle of demand for

labour, both seasonal and permanent. Between 1960 and 1969 coffee provided around 70% of the total export taxes. The contribution of coffee, made by national producers, contrasts with the fiscal contributions from bananas and mining, which are on average much lower, which implies in a way that coffee is subsidizing through the State the lesser contributions of foreign capital.

In the case of meat, between 1953 and 1963 its share in the value of exports rose from 1.6 to 5%, and in 1978 it reached 6.3% of the total value of national exports. As regards volume, between 1958 and 1968 meat exports rose from around half a million to 20.3 million pounds, reaching in 1971 a quantum of 48.0 million pounds. Although it may not absorb substantial amounts of labour, the livestock-frozen meat agroindustrial complex undoubtedly strengthens, in the areas of greater concentration, the patterns of labour-force migration.

The basic grains are without doubt the most disquieting products within the agricultural subsector. Analyses have shown that the basic grains constitute approximately 57% of the calories and 49% of the proteins of the Honduran diet. Regarding their social incidence it should be noted that more than 70% of all the Honduran smallholders (minifundistas) sow some of the products classified as basic grains, which are to a great extent consumed on the farms themselves. In the decade of the 1970s, their real growth rate was 0.8%. This is one of the most disturbing aspects of the performance of crops within the whole agricultural sector and, in view of their importance in food and nutritional terms, it is clear that this should receive preferential attention in respect of agricultural development in the short and medium term. In this connection it should be borne in mind that in 1979 there was a prevalence of undernutrition in children under five amounting to 76% (530 000 undernourished children, of whom 200 000 needed special treatment).

Despite the changes in the character of the agricultural productive structure in the period analysed, there have not been substantial modifications in the tenure and distribution of land, which continues to present a pattern of concentration and inequality of access for most of the rural population.

The general situation of land tenure in the rural area according to the figures of the agricultural census of 1974 was basically the following: a total of 193 391 units with an overall surface of 2 629 859 hectares and an average area per farm of 13.5 hectares. There were 33 771 minifundia (small holdings) of less than one hectare, which represented 17.3% of the total number of farms and 0.8% of the land surface. Minifundia of between one and five hectares numbered 91 010 (46.6% of the farms) and represented 8.3% of the total surface. At the other extreme, the highest category of latifundium (large estate) represented by properties of over 500 hectares, comprised 445 units (0.2% of the farms) with 22% of the total land area.

According to the National Agricultural Survey of 1979-1980, there is in the Honduran agricultural sector the equivalent of 342 474 active persons who have no chance of obtaining permanent productive employment through the year. In other words, 67% of

the rural labour force can be removed from agriculture without reducing agricultural production. In the farms of under 7 hectares (10 manzanas), which comprise 20.9% of the total area of farms, there is an economically active population of 408 329 persons, i.e., 80% of the total agricultural labour force. In these farms it is only possible to give permanent employment throughout the year to 79 784 persons, in view of their productive structure, the quantity and quality of land, the intensity with which they are worked and the technology used. Moreover, this analysis is applicable to agriculture as a whole in the country. According to this information, the entire national agricultural sector has created 163 773 jobs, which have to be distributed among the 506 247 workers seeking employment, which means that there are three persons for each job created. This explains the high level of unemployment and underemployment and hence the low level of income of most of the farming population.

Of the group of small farmers in farms of less than 35 hectares, only some 10% are organized in co-operatives and less than 25% receive technical aid, which, added to the problems of marketing, the increase in production costs owing to the inflationary trends observed in the past decade and the low level of prices paid by the intermediaries for the products of the small units, creates a set of vicious circles which obstructs the possibilities of economic expansion and of improving the standard of life of the small farmers of Honduras.

### 3. Rural poverty

The analysis of poverty was based on two surveys of family budgets conducted in 1967-1968 and 1978-1979. Even though they present some differences in methodological criteria (sample framework, urban-regional coverage, extension of the sample), they enable valid substantive conclusions to be drawn concerning the distribution of income, its relation to consumption and its expression in terms of poverty.

The information analysed ranks Honduras as one of the countries with the most regressive income distribution in the whole of Latin America (the Gini coefficient for the period 1967-1968 was 0.61 and in the period 1978-1979 it was 0.51). Between the two periods analysed there was a positive change in the patterns of income distribution owing to the expansion and diversification of agriculture and to a certain dynamism in industrialization during those years. Nonetheless, the structural features of the model, exclusive and marginating, remained unchanged. Thus in the period 1967-1968 the average family income was US\$ 730 per year, and 50% of the population received less than US\$ 285. For the period 1978-1979, the estimated average income was US\$ 1 668, whereas 50% of the population received less than US\$ 842. The average annual per capita income was of the order of US\$ 300.

The average family income at rural level was 45% of the national average in the period 1967-1968. For 1978-1979 it was 65%. In per capita terms the income was very low: US\$ 55 on average in the years 1967-1968 and US\$ 182 in 1978-1979. Despite its meagre amount,

the average income in the rural area grew more rapidly than the national total and its distribution by broad categories was more equitable, although the stratum which records a lower rate of improvement is the category of the lowest rural incomes.

To determine poverty the study related income to its purchasing power and ability to satisfy basic needs. By establishing the cost of a basic basket of food and comparing it with the family incomes, it was observed that in 1978-1979 around 68% of rural families were in a state of extreme poverty and 80.3% of all the poor lived in the rural area. Some 90% of the rural population in Honduras comprises landless peasants and those who live in minifundia.

#### 4. Policies affecting rural poverty

The agrarian reform. The first law of Agrarian Reform was promulgated in 1962. Its terms were determined in a favourable international situation: it coincided with the signing of the Punta del Este Charter (1961) which recommended the implementation of agrarian reforms. The main reason for this legislation, however, may be attributed to the peasant movement and its growing and resolute claims and the pressures and actions aimed at acquiring land, work and a fair income, and, above all, a change in the deteriorated standard of living.

The seizure of power by the military in October 1963 paralyzed the application of the recently enacted Law of Agrarian Reform and repressed the peasant movement. Between October 1963 and the year 1967 the activity of the National Agrarian Institute (INA) was directed solely to the settlement of agricultural frontier zones, mainly the Bajo Aguán Project. The stagnation of the Agrarian Reform began to yield in 1967 and, according to INA information, from that date until the issue of Decree No. 8 in 1972, 56 co-operatives and 13 pre-cooperatives were organized with a total of 2 517 members.

The Decree No. 8 was an expeditious legal instrument during the two years in which it was in force. By the end of 1974 it had benefited a total of 23 627 families comprising around 140 000 persons, with an approximate allocation of 135 846 manzanas in 623 settlements or peasants enterprises. Since at the date of application of the Decree it was estimated, according to the censuses, that there were 150 000 landless peasants and minifundia, this legislation adjudicated land to approximately 15% of the peasants who needed it.

The system of farming and the type of organization adopted in 1973-1974 by the beneficiaries was predominantly communal and this pattern was widely applied in the following years. Around 38.3% of the groups used the community system and 33.8% a mixed community form; only 17.9% opted for individual farming.

One of the most negative aspects of the application of Decree No. 8 was that the beneficiaries were allotted an area of 4.1 hectares, whereas international agencies indicated that in the case of Honduras this area should be 10 hectares.

In 1974 this Decree was modified by the National Plan of Agrarian Reform and the Legislative Decree No. 170, which did not come into force until 1975. Between 1975 and 1978 some 85 000 new hectares were assigned

to 516 organized groups. It is thought that during those years the process began to stagnate until 1982, when the legitimacy of the reformed sector was incorporated into the Constitution, and consisted of 1 400 base enterprises and 31 regional co-operatives, with a coverage of close on 40 000 families. At that date, all in all, the area of the reformed sector amounted to 9.1% of the territory recorded in the census of 1974.

#### 5. Peasant participation

The organized peasantry, with its ancient traditions of participation, social claims and production, emerges in Honduras as a social, political and economic power with very special characteristics. Its fighting tradition and pluralism in action manifests itself, despite its limitations and problems, as a fundamental element of social change.

The beginning of the 1960s is a landmark in the history of the peasant union movement: the unemployed workers of the Tela Railroad began seizures of land and the Central Committee of Peasant Unity commenced its activities and in 1962 was transformed into the National Federation of Honduran Peasants (FENACH). In the same year the National Association of Peasants of Honduras (ANACH) was constituted with the assistance of AFLECIO, a body which was to develop in the following years into the first National Peasant Federation in the country, with an affiliation in 1982 of close on 95 000 members.

The Christian social peasant movement arose at the beginning of the 1960s, through the syndicated action of workers and peasants of Honduras (ASIOCH). In 1965 the Christian Social Peasant Association of Honduras (ACASH) was formed with the participation of 82 base groups. In 1968 the name was changed to the National Federation of Honduran Farm Workers (FENTH), and their base nuclei were converted into peasant alliances for claiming rights.

At a congress held in April 1972 the National Union of Peasants (UNC) was finally constituted, the sole heir of Christian social peasant unionism, which today mobilizes no fewer than 37 000 members.

An important division of ANACH led in August 1973 to the formation of a third national peasant association: the Federation of Co-operatives of the Agrarian Reform (FECORAH), which now has approximately 10 000 affiliates.

ANACH, the UNC and FECORACH, along with the other peasant organizations, which together comprise over 150 000 agrarian-reform beneficiaries, minifundistas and landless peasants, were also recognized in the new Constitution of Honduras of 1982.



## JAMAICA\*/

### 1. General background

Jamaica has been an independent State since 1962, within the framework of the British Commonwealth of Nations. It is the third largest island of the Greater Antilles, situated in the Caribbean Sea some 144 km to the south of the eastern extreme of Cuba. It has an area of 10 990 km<sup>2</sup> and a mountainous topography (60% of its territory rises to heights of between 500 and 3 000 feet).

According to preliminary data of the 1982 Census, it has a population of 2 095 878 inhabitants. Approximately 60% of the natural growth of the population tends to emigrate to the United States, Canada and England, mainly. The rural areas of the country provide 50% of this migratory flow. Owing to this migration the rural population has not changed substantially in numbers since 1943. According to figures for 1980 the proportions of urban and rural population are 54.3% and 45.7% respectively.

From the 18th and 19th centuries the economy was based on plantation agriculture and the export of sugar and bananas. This situation continued up to the 1950s when it was calculated that 75% of all the economic activity was based directly or indirectly on agriculture. Sugar represented 90% of the exports.

The political changes contributed to the development of a more diversified economy. Political and labour movements arose in the 1930s. In 1944 the right to vote was obtained and the first elections were held. The discovery of reserves of bauxite coupled with the expansion of the tourist industry, the development of national industries and the growing demand for construction and consumer services account for the economic expansion during the following two decades and the growth of the gross product. During this period the non-agricultural sectors contributed 92% of the GDP. This continued up to 1970 when the economy entered into a state of crisis owing to the stagnation of exports in face of the excessive growth of imports and the low level of agricultural development.

Jamaica is vulnerable to changes in the international markets. In 1982 the production of bauxite and aluminium fell by 30% owing to the recession in the industrialized countries. The manufacturing sector, which reached its maximum production in 1973, has declined since then. The

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\*/ Summary of the study made by Mr. Fernando Galofré, consultant to FAO, entitled "Rural poverty in Jamaica". The opinions expressed in this work and summarized here are the exclusive responsibility of the consultant and do not necessarily coincide with those of the Government of Jamaica or those of FAO.

same trend is observable in the construction sector, which in 1980 contributed 64% less to the GDP than in 1971. The tourist industry, however, shows an improvement (an 18.8% increase in tourist expenditure in 1982 compared with 1981).

Moreover, the economy feels the weight of the increased oil prices, since imports constitute 99% of oil consumption in the country.

The GDP has fallen since 1973. In 1980 the rate was 18% less than in 1973. Public expenditure increased from 12% in 1970 to 21% in 1980. National savings fell by a third in relation to 1970, while investment declined by 50%. To the economic instability described must be added an external debt amounting to almost US\$ 1.8 billion.

The EAP consists of 1 048 600 persons and 28% are unemployed (of whom 67% are women and 71% under 30 years of age).

## 2. The agricultural sector

Jamaica has 62% of its surface potentially suitable for agriculture and only 13% of usable fertile land. Some 90 types of land have been identified, with a predominance of limestone.

During the period 1970-1979 the agricultural value-added grew by 0.7% per year. In 1982 it fell by 6.6%. Export agriculture has been decreasing by 4% annually, while the sector of domestic agriculture -which is the most important sector- has increased by 3.8% annually. Moreover, there has been a gradual decline in the production of export crops such as sugar-cane, bananas, citrus fruits, peppers, copra, cocoa and coffee.

The Jamaican peasants do not devote themselves to subsistence production. They are integrated into the market economy with a contribution of export crops (25% of the value-added of export agriculture is produced on farms of less than 25 acres). The small holding (minifundium) is particularly important in the production of bananas, coffee, cocoa and spices. 26 300 farmers have plots of less than half an acre.

The agricultural survey of 1981 showed that 90% of the land and 82% of the farmers come within the system of private property. Many "owners", however, have no legal title to their land, which affects the levels of production, since the lack of security of tenure diminishes the incentive to invest and there is a tendency to seek short-term benefits at the cost of the erosion and exhaustion of the soil. There is the further difficulty of access to credit, since the institutions demand titles of ownership.

## 3. Rural poverty

The estimation of poverty in Jamaica involved two methodological decisions: to regard the family as a unit and to select nutritional criteria for estimating the lines of poverty and insufficiency.

In September 1982, the cost of the basic family basket of food was estimated at J\$ 9.33. According to the Nutrition Department, the average cost of this basket for all the families in the country was J\$ 19.37 per day for a family of five members. This same basket costs

less in rural sectors (J\$ 6.30). The insufficiency line was also determined on the basis of a family income covering only the cost of food (J\$ 189 per month). The income for the poverty line is calculated at J\$ 315 per month. There are no reliable data on the distribution of family income at parish level (for administrative purposes the country is divided into 19 parishes). Hence it was estimated on the basis of censal sources and the national accounts.

In brief, it is estimated that in 1982 around 50.7% of rural households had an average income below the poverty line, and of these 30.4% were on the insufficiency line.

Among the determinants that explain poverty the following may be mentioned:

- During the last decade the relative prices of the agricultural sector have tended to decline, including export production and that destined for the domestic market. Consequently there has been no increase in the per capita income of the rural sectors, which is estimated as being the same as ten years ago.

- Only 44% of the land was being cultivated in 1979. The trend is to develop livestock enterprises that occupy 48% of the arable land.

- Erosion is a serious problem, considering that only 8% of the land is flat and half the surface has gradients of over 20 degrees.

- Of the total of 184 000 agricultural units, 82% have less than five acres, occupying 16% of the cultivated surface. Against this, 6% of the units occupy 57% of the arable land.

- As in other tropical countries, the production of the small farmer depends on family labour, which is tending to decrease. Half of the small farms have an absent head of household and are characterized by the massive emigration of the young.

- The small units lack investment capital and saving capacity (90% of the cases). These factors explain the low productivity levels together with the paucity and poor quality of the land.

- According to 1977 estimates, the average per capita income of the rural population was a tenth of the urban average income. Nonetheless, in terms of income per acre, the small farmers generate more income than plantation workers. In 1977 the value per acre of food crops was J\$ 1 587, while the value per acre of sugar was only J\$ 531. These figures show some capacity to generate income in the minifundia sector.

- Access to short- and medium-term credit through formal banking channels is not open to the small farmers, since they cannot comply with the requisite conditions.

The greatest access to rural credit is obtained through the People's Co-operative Bank, a credit institution subsidized by the Government. The loans made by this agency fell by 17% between 1970 and 1977.

- In general the small farmers have no access to inputs and subsidies owing to institutional problems and the lack of support for an increase in productivity.

- Agricultural marketing encounters different situations according to the subsector in question. The marketing of the external sector is solidly organized and controlled by the Government (through the Sugar Industry Board, the Coffee Industry Board, the Banana Company, etc.).

The marketing for the domestic market has little structure and has not been organized or planned by the Government. It is dominated by a system of intermediaries ("higglers").

#### 4. Policies affecting rural poverty

In 1982 there was consensus that the main economic problems of the country reflected structural defects. In particular, there appeared to be a need to reorient the agricultural and industrial sectors, to tackle the shortage of technical and executive personnel resulting from the mass emigrations and to contend with the fall in national and foreign investment.

In response to these problems the Government proposed the strategy called "Structural Adjustment of the Jamaican Economy (SAJE) 1982-1987", based on the private sector as engine of growth and on the support of the IMF and the World Bank.

The aim of this strategy is that the agricultural sector should increase its exports and accumulation of foreign exchange, make a notable contribution to food supplies, provide the manufacturing sector with raw materials and open up job opportunities. The redistributive effects of this policy are still to be seen.

The rural development programmes include: physical infrastructure and social services; price policies favourable to the farmers; higher wages for agricultural workers; security of tenure; land conservation and reforestation programmes; irrigation programmes; improvement of marketing; expansion of credit systems; regionalization of production; expansion of the fishery system; livestock development; control over farm pillaging, etc.

The latest figures on the results of these policies show that the GDP of the agricultural sector, including forestry and fishery, has fallen globally by 6.6%, which indicates defects that obviously do not contribute to the alleviation of rural poverty.

The basic contents of some of these programmes are as follows:

- Project Land Lease (begun in 1973): reform permitting the leasing and possession of idle private land. At the end of 1980, some 110 000 acres were leased under different terms of contract, benefiting 28 000 tenants who have possibilities of purchase over a 25-year period. In January 1983 some 600 farms comprising 1 600 acres had already been selected for these purposes.

At the same time, workers' co-operatives were formed, such as those of the sugar workers, but this initiative was suspended in 1982 owing to various problems of administration, production incentives and participation. Something similar occurred with the pilot farms based on the co-operative system, the Cornwall Project and the Rural Development Project.

The tenant farmers of State land feel insecure about their future status and postpone important decisions. Likewise, the farmers belonging to private systems lack extension services and leave large areas idle or underutilized.

- Price, marketing and credit policies. Recent studies indicate that the growth of the agricultural sector depends on price incentives, so that the aim is to stabilize prices (especially for domestic production).

In marketing there is an attempt to reduce the power of the large distributing centres, eliminating their monopolistic privileges and their influence on credit and agricultural inputs. Policies have been recently adopted which seek to rationalize credit through the Agricultural Credit Bank and the expansion of the People's Co-operative Bank.

- Improvements in the efficiency of the sugar and banana subsectors. This is considered important in the short and long term and the Government intends to make changes in the tenure, the processing system and the personnel of these subsectors. It is hoped that rural poverty will be diminished through the creation of non-agricultural jobs, more technical training for workers and the extension of services to the banana producers on small farms (less than two acres).

It is doubtful whether the current development strategies benefit the rural poor. In the first place, there is a lack of knowledge of the poverty situation, and in the second place, the impoverished rural sectors need to be integrated into the development process and their contribution and experience reassessed, if the programmes designed to benefit them are to be effective.



## MEXICO\*/

### 1. General background

The strategy known as "stabilizing development" was promoted in Mexico at the beginning of the 1960s with the main aim of assisting and sustaining the industrial growth initiated two decades earlier in a context of internal and external monetary and financial stability.

This model required, among other things, specific forms of subordination of agriculture to industry, and this defined the policies of agricultural development. Although it was hoped that this sector would fulfil the functions traditionally assigned to it -to produce cheap food and raw materials, to transfer labour to the urban economy, to become a market for industrial products and to generate foreign exchange- the emphasis at that time was placed on the generation of foreign exchange. Hence when the share of agricultural investment in the total of public investment declined, the latter being mainly devoted to industrial development, agricultural policy turned to the modernization of a part of agriculture. The policy of credit and minimum prices also had a disincentive effect on traditional crop-farming.

At the beginning of the decade of the 1970s, the contradictions created by the "stabilizing development" within agriculture and outside it made themselves felt. The State endeavoured to remedy this decline with certain changes and attempts at reform in the productive structure and economic policy. However, the international situation and a combination of adverse forces on the domestic front prevented the attempts at economic restructuring from taking root and the contradictions of the model intensified.

The economic scene described was associated with the social and political situation. In fact, from 1968 there began to appear changes in the celebrated Mexican political stability, as a result, on the one hand, of the deterioration in income distribution at all

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\*/ Sections 1 and 2 of this paper are a summary of the study made by Rosa Elena Montes de Oca, consultant to FAO, on "Los estilos de desarrollo y la política agrícola en Méjico". Sections 3 and 4 summarize the study made by Cristina Steefen, consultant to FAO, on "Méjico: avances recientes en el desarrollo rural". The opinions expressed in these works and summarized here are the exclusive responsibility of the consultants and do not necessarily coincide with those of Government of Mexico or those of FAO.

levels (functional, regional and personal) and, on the other, of the lack of channels of political expression capable of responding to the rapid post-war economic and social diversification. The increase in rural unemployment, the worsening of the conditions of rural life and the stagnation of the agrarian reform provoked an unprecedented mobilization of the peasantry. Although no movement attained a national status, the mobilization was general throughout the country. The basic conflict was for land and took the form of innumerable seizures. At the same time, the struggle of the urban workers to safeguard their wages and the personal political advancement of their organizers led them to challenge the iron unionized control of the bureaucracy by the official party.

## 2. The agricultural sector

Despite the fact that the share of the agricultural sector, including livestock and forestry, in the gross domestic product of Mexico declined from 19% in 1950 to 15.5% in 1960 and to 8% in 1980, the performance of this sector and the policies towards it continue to be determinant for the Mexican economic development.

On the one hand, the rural population still represents 39.8% of the total population and 27% of the economically active population. On the other, although the agricultural GDP is proportionately small, it is the basis of the whole of the agro-food sector, which contributes more than 30% of the total GDP.

Undoubtedly the most outstanding feature of Mexican agriculture is its polarized development, with great heterogeneity within the two poles. This heterogeneity covers all aspects: the organization of production, the amount and quality of the resources, the technological levels, the tenure of land, the forms of linkage to the markets, etc.

In Mexico it is the food industry that presents the most striking technological contrasts. In this branch the typical peasant industries, which employ paid family labour, without any significant technical changes during the century to date, with very small volumes of production (like the mills for "tortillas" of maize) exist alongside the large transnational firms with advanced technology and where a single enterprise can control up to 90% of the market. The peasant industries have to provision themselves and sell to intermediaries, so that the peasant producer loses the chance of accumulating or reaching a level of subsistence. In contrast, the large firms have provisioning arrangements direct with the producers. In this connection it is noteworthy that between 1960 and 1975 the country saw the establishment of 130 affiliates of transnational corporations out of a total of 235 enterprises included in this branch of industry. These affiliates are the most dynamic within the food industry and control the production of 23 of the 40 industrial categories.

Of the total of agricultural producers, 85% are peasants who occupy 65% of the crop and livestock farmland of the country. These peasants cannot accumulate surplus or capitalize their farms. What is more, the majority cannot satisfy their basic needs. The peasants classified as stationary, that is, those who with the production of

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of their "parcel" can replace an ox-team and farm implements, amount to 6.5% of the total of farm producers; the peasants with surpluses represent 8.2%.

In Mexico there are two types of land tenure: private ownership and social ownership. In the latter type the land, consisting of Commons and Agrarian Communities, is held by the tenants as a concession from the State, the owner of these areas. It is estimated that in 1980 the Common and Community system covered 2.8 million peasants working 100.4 million hectares, while the private property system comprised 1.2 million peasants owning 70 million hectares. Around 60.7% of the farmed surface came under Commons and Communities.

### 3. Rural poverty

The total population of the country in 1977 comprised 56 million persons. Of these 41%, or 23 million, were rural. Of the total rural population, 18 million could be described as marginated.<sup>1/</sup>

On the basis of a margination index composed of 19 indicators, it appears that in 1970 around 30.7% of the total population could not satisfy its basic needs. The most alarming deficiencies were absorbed in food: 73.2% consumed no milk, 77.7% no meat and 60.3% no eggs; almost half of them could not read and 90% had not completed primary schooling; the basic services were practically non-existent and 83.2% of the population had inadequate housing.

According to the aforesaid index, the states presenting the highest marginality were: Caxa, Chiapos, Guerrero, Hidalgo, Tabasco, Querétaro and Puebla. An outstanding feature of the marginated zones is that the bulk of their population is rural (77.1%) and is engaged in farming (74.4%). Moreover, a high relation was observed between extreme margination and indigenous population. Likewise, in most of the marginated regions the latifundium-minifundium complex predominated.

The peasants possess an average of two hectares per family, but in many areas there is a high percentage with less than one hectare. Besides being very small the peasant farms are in regions with heavy rainfall and poor-quality soil, situated on steeply-sloping land. Their farming is mainly devoted to the production of basic grains for family consumption. The farming techniques are traditional and the peasants have neither transport nor storage to conserve their product and take it to market.

The most usual mechanisms that prevent the peasants from exploiting their surplus production are related to the structure of local power, which controls: the supply of the basic food products and of the inputs and credit for production; the marketing of the product; the marketing of the peasants' product; the market of wage work for small-holders and the letting of small parcels of land to landless workers.

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<sup>1/</sup> In this study the term "marginated" refers to those who are excluded from the benefits of national development and wealth, even when they can contribute to its creation.

By the year 1977 the situation had not materially changed, but the number of the marginated had increased in relation to the population growth.

In 1982 the marginated rural population was estimated at 35 million people.

#### 4. Policies affecting rural poverty

The polarization of Mexican agriculture, the production crisis and the decline in living standards in the rural areas are largely due to the policies pursued. The subordination of agricultural policies to the demands of industrial development policies not only impeded the design of differential policies to meet the heterogenous conditions of agricultural production but deliberately favoured the productive areas and producers that could more rapidly absorb the latest technology, and make a speedier response with products of greater economic density, preferably for export.

To combat this there was a determined attempt in the 1970s, by means of public investment in the sector, an increase in guaranteed prices, the collective organization of the common land to channel more resources, particularly credit, and legal and administrative reforms, to achieve a greater co-ordination between the different policy instruments.

Nevertheless, the modifications to the agricultural policy of the stabilizing development had little effect. The exception might be the increase in agricultural investment, although in allocating this the former criteria were maintained. Throughout the past decade, despite the will to change, the policies followed the same course as before. The absence of distinct policies adjusted to the heterogeneity of the producers resulted in the continued concentration of benefits regionally and in entrepreneurial production, so that the production of basic articles, essentially peasant, was unable to recover.

#### National Plan for Depressed Areas and Marginated Groups

The task of co-ordinating the alleviation of rural poverty was undertaken by the General Co-ordination Programme of the National Plan for Depressed Areas and Marginated Groups (COPLAMAR), created in 1977.

The diagnosis on which the creation of COPLAMAR was based comprised a general assessment of the causes of rural poverty. It was stated that the main conditioner of rural poverty was the industrial development of the country, which had based its growth on the deferment of the "satisfaction of the social needs of vast groups, mainly rural". Public support (credit, prices, marketing, etc.) in the framework of industrial development had benefited the most dynamic sectors of the economy. In the rural sector this resulted in the co-existence of two systems of farming: the commercial system, which receives all the benefits of capital, and the subsistence type, which has no support or any saving capacity.

The strategy designed to achieve minimum levels of well-being for the marginated population included measures to eliminate the causes of economic depression and internal margination and to eradicate the

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worst effects that this had left: deficiencies in food, health, education, community services, etc.

With this orientation, up to 1983, COPLAMAR had eight sectoral programmes in progress:

- Social solidarity through community co-operation with the aim of extending the health services to the whole of the population.
- The CONASUPO-COPLAMAR system of provisioning the marginated areas with the aim of providing the rural population with basic food through the setting-up of regional shops and stores.
- Co-operative training and employment for the development of natural resources in marginated areas, its object being to combat unemployment and underemployment and reclaim for productive purposes the eroded and deforested land.
- Construction of roads in marginated areas.
- Provision of a piped water supply.
- Improvement of rural housing, especially in respect of hygiene, living conditions and security.
- System of boarding schools for children in marginated areas, its aim being to create village centres providing schooling, lodging, food and assistance for children from 9 to 14 years of age who live in isolated areas.
- Intersectoral aid pact for the peasant economy. This proposes to influence production, distribution and consumption through community participation and institutional co-ordination.

The evaluation of COPLAMAR indicates that the objectives, strategies and programmes seem adjusted to the need to stimulate the development and improve the living standards of the poor rural population. In practice it is considered that a fraction of the rural population has received benefits from this initiative, but the majority is still excluded from it. Only 7.3% of the marginated population received piped water, 3.8% were able to improve their housing, and 3.0% of the economically active population obtained employment. Hence the basic problems still persist. One of the causes of this lack of efficacy is COPLAMAR's meagre budget and its objective of providing services instead of transforming the productive structure. One of the greatest merits of COPLAMAR has been its effort to create conditions for enlarging peasant organization and thereby actively integrating the population into the development of the programmes.

#### The Mexican Food System (SAM)

In 1980 a strategy was put forward for the achievement of self-sufficiency in food: the Mexican Food System, as part of the need to distribute income and avoid the risks of food dependency. The central premise of the policy for self-sufficiency in food was the reformulation of the role of agriculture in development. With an overall approach to the food problem -which related nutritional needs on the consumption side with productive capacity on the supply side- a strategy was proposed which was to lay the foundations for a new form of articulation between agriculture and industry. It was obviously a strategy for the medium and long term.

Nonetheless, it must be recognized that, basically, what was actually achieved and put into operation were short-term measures. The medium- and long-term measures which in combination with the short-term measures, aimed at achieving a constant increase in productivity to secure the self-support of the peasant units, and equally those which sought the articulation of agriculture and industry on the basis of an agro-industry that would stimulate primary production, were never put into effect.

One of the most serious limitations of SAM was that it did not come to be accepted as a political project by the peasantry through lack of an organized and participative co-ordination with the peasant base.

#### The agrarian reform

The Global Development Plan of 1980-1982 undertook to tackle the Mexican agrarian problem with two types of action: to complete the phase of land distribution in the country and promote peasant organization for production.

In the period 1979-1982 the land distribution comprised 2 928 resolutions of endowment and extensions of land and creation of new common-land centres which involved 4.9 million hectares (5.3% of all the land distributed up to 1977 which involved 92.3 million hectares).

On its side, the peasant organization for production was notoriously insufficient. According to figures supplied by the Secretariat of Agrarian Reform, 110 680 peasants were benefited with an area of 724 000 hectares. This figure is not impressive compared with the 23 155 commons with a population of 2.8 million heads of household with 92.3 million hectares that existed in 1979.

## NICARAGUA\*/

### 1. General background

From the beginning of the 1950s to the end of the 1960s the country experienced a dynamic economic growth based on cotton, coffee, sugar-cane and beef. In the 1960s industry was added and the agricultural frontier was opened up. In general the growth was concentrative. In the decade of the 1970s around 5% of the population had a per capita GDP of US\$ 5 400; some 15% had US\$ 2 062; the next 30% had US\$ 805 but the last 50% had only US\$ 289.

The civil war, which culminated in 1979 with the triumph of the Sandinist revolution, had a drastic effect on the economy of the country, which was already showing signs of stagnation, but which in the period 1975 to 1979 was negative in growth.

In effect in 1960 the per capita GDP was US\$ 595, in 1970 it was US\$ 876 with an average annual growth rate of 6.7%, and in 1975 it reached US\$ 955. The rate for the period 1970 to 1975 was 5.1%. For 1979, however, the per capita GDP fell to US\$ 649 at a rate of -6% for the period 1975-1979, although all the decrease occurred in 1978 and 1979.

### 2. The agricultural sector

In 1980 Nicaragua had 2 700 000 inhabitants, of whom 750 000 were economically active and 345 000 of these belonged to the rural area. The population growth rate from 1975 to 1980 was 3.34%, of which 1.51% represented rural population and 4.79% urban.

Its total area is 13.1 million hectares, of which 5.99 are suitable for agriculture, the rest being forested or covered with lakes and rivers. There are 1.2 million hectares suitable for intensive use, 250 000 of which have a favourable rainfall, only 50 000 being irrigated. In recent years there was a vigorous process of forestry development without ecological protection. There are abundant fishery resources.

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\*/ Summary of the study prepared by Mr. Orlando Núñez, consultant to FAO, on "Avances en materia de desarrollo social en Nicaragua". The opinions expressed in the study and summarized here are the exclusive responsibility of the consultant and do not necessarily coincide with those of the Government of Nicaragua or those of FAO.

### 3. Rural poverty

The concentrative growth has created, among other things, a marked contrast between the total per capita GDP and the per capita agricultural GDP, although the per capita growth rate has in recent years been less unfavourable to the agricultural sector. Thus in 1960 the per capita GDP was US\$ 595 and the agricultural was US\$ 139, in 1970 US\$ 876 and US\$ 194, in 1975 US\$ 955 and US\$ 219, and in 1979 US\$ 649 and US\$ 188 respectively.

The per capita agricultural GDP grew, in the periods 1960-1970; 1970-1975 and 1975-1979 at an annual rate of 3.4%, 2.5% and 3.8% against a rate of 3.9%, 1.8% and -9.2% for the total average. Rural unemployment in 1979 was 25% and urban 21%. Around 0.9% of the families owned 41.2% of the land and 32.9% owned only 1.6% of the land. A third of the workers did not own land and farmed in precarious conditions or as share-croppers. In 1979 the poverty in the rural areas was extreme. Some indicators gave evidence of this situation: rural illiteracy: 50.3%; technicians for rural training: 232 in the whole country; hospitals beds per 1 000 inhabitants: 1.7; physicians per 10 000 inhabitants: 5.3; infant deaths from diarrhea as a percentage of infant mortality: 32% (health figures relate to percentages for the whole country). A high proportion of the population was underfed or had an unbalanced diet, and 50% of children under 5 were undernourished.

### 4. Policies affecting rural poverty

a) Agrarian Reform. In July 1979 the Sandinist Movement initiated this process. The Nicaraguan Agrarian Reform Institute was established for the purpose of transferring production and services to the Area of the Property of the People (APP), which came to be administered by the State.

The first step was to confiscate the properties of the Somoza family, of the other persons in power and of those who had abandoned the country after September 1979. Moreover, a little later this measure was extended to all those who were associated with the Somoza régime.

In 1978, around 86% of the farmland belonged to entrepreneurs and 14% to smallholders. At the end of 1979 the landowners held 64% and the APP controlled 22% of the land. Many of the latter farms constituted the base of agro-industrial or agro-commercial enterprises, which continued as productive units administered by the State. The Agrarian Reform law established that any land not worked by its owners was forfeitable and would pass to the APP or to co-operatives, according to circumstances. The figures available indicate that between October 1981 and July 1982 an area of 251 295 manzanas came under the Agrarian Reform, of which 88 207 were assigned to 146 co-operatives and to 41 individuals.

b) Complementary reforms. In mid-1980 the prevailing forms of share-cropping and co-partnership were changed, two basic rates being fixed for rent according to the crop, and in March 1981 a decree was

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issued on the compulsory leasing of idle land. Tree-felling and land-clearance were also regulated by the Nicaraguan Institute of Natural Resources (IRENA). All land held under dubious titles was transferred to the government and some indigenous communities were moved from the River Coco Zone, a parched region and bordering on the guerrilla area. The minimum wage was increased by up to 274% and the income-prices ratio was 107% and 127% in 1981 and 1982 respectively for this sector of wage-earners. Through regulations of employment an attempt was made to improve the quality of the diet, adding to the traditional diet eggs, meat or milk according to the area and generalizing the use of edible oils and sugar. Lastly, there has been an effort to improve housing, and water-closets have been provided for 42% of wage-earning peasants.

c) Other reactivation programmes indirectly affecting the rural sector. In 1979 programmes were designed with the following targets for 1980-1982:

- The State should raise its participation in the GDP from 15% to 41%.
- The State would seek to control 25% of material production and 55 of services.
- The State would control 100% of the credit and receive 40% of it. It would also provide 82% of investments.
- There would be an attempt to recover the pre-war levels of production.
- The finance/taxation programme would be redistributive in type and would support the reactivation of the APP enterprises through credits for working capital.
- It was proposed to raise the social wage (health, education, housing and social well-being) through literacy campaigns, vaccination and an increased service of preventive medicine.
- The legal profit margin for producer and intermediary would be regularized.
- Some foods would be imported to compensate for deficiencies in the popular diet.

Some indicators show progress. In health, although between 1978 and 1981 there was no increase in the number of beds or physicians, an advance was made in health centres, which rose from 0.8 to 9.8 per 1 000 inhabitants. Similarly the number of children discharged from hospital rose from 24 700 to 40 000, infant mortality in hospital fell from 3 448 to 2 310 and the percentage of children dying from diarrhea went down from 32% to 12%. Thirty ambulance launches were put into service, 1 946 medical kits were supplied to APP production centres and 1 305 peasants were given training in health care.

The percentage of GDP assigned to teaching rose from 1.3% to 4.2% in the period 1978-1982.

The services of agricultural extension and training increased their technicians from 232 in 1977 to 723 in 1981, which enabled them to enlarge their coverage by 80%.

A total of 26 126 rural students received training courses. The number of members of each family that can read has almost doubled (2.3 to 3.9), and 50% of these receive instruction of some kind.

Credit was extended to new strata, so that, of the loans granted to peasants in 1981, 53.6% corresponded to new clients. Out of 550 case-studies of technical assistance, 451 were new clients and of these 268 were poor peasants. Some 50% of the improved-seed distribution benefited new clients.

Housing improvement increased by 26% between 1979 and 1981 and access to electricity, which reached only 9% of rural households, practically doubled.

#### 5. Peasant participation

Incentives were given to the organization of peasants and farm-workers and to the formation of co-operatives.

The Association of Rural Workers (ATC) attained a membership of 34 950 in 1981 and the National Union of Crop-Farmers and Cattle-Breeders (UNAG), for small and medium-sized producers, achieved a membership of 50 836 by the end of 1981. The co-operatives raised their number from 22 with a small membership in 1978 to 3 820 with 62 359 members in 1981.

The co-operatives are Credit and Service Co-operatives (CCS) in type, collective groups for credits, marketing and services, and Sandinist Agrarian Co-operatives (CAS) in which the land and means of production are usually owned by the group and all the services and credits are contracted collectively.

To obtain more participation the administration was decentralized by the creation of regional delegations. There were already five of these in 1982. It is hoped in this way to decentralize the functions of administration and obtain the participation of the base organizations in the regions.

In the APP there are production councils in which the organized workers are represented. Members of UNAG participate in the National Council of Agrarian Reform Agencies and in the agrarian tribunals. The peasants always participate in services of a social nature and in educational campaigns.

Women. At the time of the research, the country did not have the necessary data to show to what extent women had been incorporated into the agrarian co-operatives, although it was known that there was a proportion of 13% to 80% of women in five CAS and 16% in three CCS. In three of these eight co-operatives women were included in the governing committees. In the health field, women form 45% of the active rural promoters and 20% of those actively engaged in health care.



PANAMA\*/

1. General background

Since the conquest of the Isthmus of Panama by the Spaniards, the country has served as a bridge for international trade, directing its main activities to the provision of services for the persons, goods and commerce that had to cross the Isthmus.

Within this context, during the period 1960-1980, Panama has enjoyed high rates of economic growth (6.3% per year on average). The most dynamic sectors have been the intermediaries, linked mainly with the movement of trade and foreign capital, commerce, transport and communication, banking and financial institutions, together with the sectors concerned with infrastructure (construction and electricity, gas and water).

At the beginning of the decade of the 1960s there was a marked growth in the industrial sector, in line with a policy of import substitution. This sector made its greatest contribution to the GDP in 1969, achieving 17.5%. The process then stagnated owing to the small local market and the difficulties of competing successfully in the international market.

2. The agricultural sector

The agricultural sector is the slowest-growing sector in the country. Between 1960 and 1979 its contribution to the GDP fell from 23% to 14%. Likewise during those same years the proportion of economically active population in the sector declined from 50% to 29.5%.

Panama has 2.09 million hectares of farmland, where 50% of its population lives (around 930 000 rural inhabitants in 1980). The features of Panamanian development have brought about a very unequal distribution of productive activity in the territory. The metropolitan region had the highest rate of urban population in 1980 (close on 65%) and concentrated 70% of the total GDP of the country. The western

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\*/ The study summarized here was made by Roberto Pinnock and Charlotte Elton on "La evolución de la pobreza rural en Panamá", PREALC, Santiago, Chile, 1983, in the Centro de Estudios y Acción Social de Panama (CEASPA), within the framework of the studies carried out by the Rural Employment Branch of the International Labour Office. The opinions expressed in this work and summarized here are the exclusive responsibility of the authors and do not necessarily coincide with those of the Government of Panama or those of FAO and ILO. The study covers mainly the period between 1960 and 1980.

region is characterized by a productive and diversified agriculture, with a substantial volume of production destined for the foreign market and the highest proportion of wage-earners in the country. The central region, with more than two-thirds of the active population in the agricultural sector consisting almost entirely of self-employed workers, is typified by its low living standards and the massive emigration of its population. Lastly, the Darien region, an agricultural frontier area, has had little weight in the national economy. In 1980 it had slightly over 26 000 inhabitants.

The model of growth of the agricultural sector during the last 20 years has followed the growth pattern of the national economy, increasing its dependence on the external market to the detriment of the growth of the products required to meet the needs of domestic consumption. Thus, in the period 1960 to 1980, rice, maize and beans, basic products in the Panamanian diet, reduced their joint share in the value of agricultural production from 24 to 15%.

An important feature of Panama is its peasant economy. Around 60% of the farm units had in 1970 between 0.5 and 9.9 hectares, occupying only 8% of the area under agriculture in the country. This distribution indicates a fall in the absolute number of units of less than 10 hectares, revealing a process of absorption of small holdings. At the same time there has been a reduction in the average size of these farms, which would indicate a fall in the productive capacity of these family units. These same holdings are also characterized by their almost complete lack of access to modern productive techniques (in 1970 only 6% of the units of less than 10 hectares were mechanized), which results, as has been observed, in a higher production cost, of up to 50% more than when this technology is used. These properties, moreover, are mostly occupied without titles of ownership (73%), which excludes them from technical aid and credit. Hence the decline in productive units of less than 10 hectares and in their share in the sale of farm products compels the rural labour force to make a living from wages or small-scales non-agricultural activities, which in the rural medium are equally incapable of generating economic surpluses.

These survival strategies adopted by the peasant sector are the result of the growing heterogeneity of the productive structure of agriculture and of the widening of the gap between its social sectors, which has reduced the participation of the active rural population in agricultural production. Thus between 1960 and 1970 there was not only a fall in the absolute number of farmers of units of less than 10 hectares, but there was also an increase in the percentage of these farmers who declared that their main occupation was not farming, and that their household did not depend exclusively on the production of the farm (54%), and in the percentage of households which supplemented their income with wage work (29%). The greatest change in farm labour was the reduction in the absolute and relative number of family workers and self-employed workers.

Underlying the changes in the occupation of the labour force there was a marked process of migration among the rural population, originally engaged in farming, which was mainly directed to the metropolitan

region where the predominant activity was non-agricultural. Nonetheless, in the five years before 1980, the Population Census of that last year detected an increase in the rural population greater than that of the urban, which would counteract the migratory trend observed in the last 40 years. Among the different hypotheses conceived to explain this change it was postulated that the urban activities might not have had the capacity to absorb the contingent expelled from agriculture. In practice, the rate of open unemployment in non-agricultural activities increased between 1970 and 1979 (from 7.5 to 11.6%) and there were also in those same sectors high levels of underemployment, with low wages, especially in the activities of personal services and retail trade, which were traditionally the occupations taken up by the migrants.

### 3. Rural poverty

According to the data of the Office of Statistics and Census, in 1975 more than half of the families in the country did not earn enough per month to meet their basic needs (56% of the total). In the rural areas 83% of the families were in a state of extreme poverty and over 60% of the total could not cover even their food requirements. More recently (1980) it was estimated that 58% of the families in the country could not satisfy their basic needs. This figure for the rural areas represented 72% of all rural families, of which 56% were in a situation of extreme poverty. It should be added that in 1975 around 72% of children under 5 years of age in rural areas were in a state of undernutrition.

The analyses on the subject estimated that of the families in the rural area, the third with the lowest incomes received 5% of the total income, whereas the 10% with the highest incomes received more than half of the total rural income. It was assumed that the small producers and their unpaid family workers were the most affected by this situation. It was also concluded that wage work did not rescue the farm worker from his condition of poverty. It is pertinent to point out that only a third of the wage workers in the agricultural sector were enrolled in social security, with a consequent right to its benefits.

The efforts to localize poverty in space indicate that it is found in the central region of the country and among the indigenous population.

### 4. Policies affecting rural poverty

The greatest effort made by the country to satisfy the basic needs of the rural population has been centred on the extension of the social services to that sector.

The analysis of the provision of health services reveals a tendency to increase not only its absolute level but also its relative level with respect to the whole population. This increase is particularly noticeable in the vaccination services, especially for children, in professional attention at births and in environmental sanitation. The extension of these services has helped to reduce infant mortality and illness, and also the incidence of some infectious diseases. Nonetheless, despite the aforesaid increase in the public health services,

the rural population still suffers from limited access, mainly as regards medical attention. This unequal access of the population to the health services, coupled with poverty, undernutrition and lack of basic services, results in great differences in life expectancy at birth. Thus in 1970 in the metropolitan area this varied between 71 and 64 years according to the province of birth; in the central region it was 45 years and in Darien only 33 years.

The application of the agrarian reform policy in Panama has been very limited. It began in 1963 and came almost at a standstill in 1973. Its main activity was centred on the legalization of land ownership. The area acquired for the purposes of agrarian reform amounted to 480 000 hectares, almost 25% of the total surface, which was destined mainly for the benefit of small and medium-sized producers. Around 18% was assigned to the formation of peasant settlements and agrarian groups and 9% to the creation of state enterprises and development corporations. The settlements and agrarian groups benefited 7 000 families.

PARAGUAY\*/

1. General background

Paraguay is still a predominantly rural country and therefore the agricultural sector plays a major part in the productive activity of the country. This situation is conditioned by various factors, such as the historical form of its insertion in the international market, the lack of other types of natural resources, the weakness of its industrial evolution resulting from its particular geographical location and small population, and the restrictive influence of countries such as Argentina and Brazil.

According to the population censuses, the rural population of the country amounted to 64.2% in 1962, 62.6% in 1972 and 57.7% in 1982, with a growth rate during the latest intercensal period of 1.66% as against 4.10% in the urban areas. Asunción is the urban centre that has maintained the highest demographic growth rate in comparison with the rest of the urban system. This growth rate has been due almost exclusively to its capacity for administrative concentration and the expansive growth trend of the State during the last three decades. Despite this, the movements of the peasant population in the country have been basically directed towards the new territory opened up by the efforts of colonization or have been spontaneous shifts of population to other countries.

Agricultural activity has had an exceptional development throughout the decade of the 1970s. According to recent information the annual average growth rate between 1972 and 1981 was 7.5%. It has been pointed out that the growth rate of the agricultural sector was lower than that of the economy as a whole. ECLAC states that the Paraguayan experience was one of the most dynamic in the hemisphere. Nevertheless, at the beginning of the 1980s, the Paraguayan economy as a whole and the agricultural sector in particular suffered a brusque reverse of the rising trend that they had maintained throughout the previous decade. In the case of agriculture, the growth of the sector was mainly affected by the behaviour of the export products, especially soya and cotton.

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\*/ Summary of the study made by the Centro Paraguayo de Estudios Sociológicos, acting as consultant to FAO, on "Pobreza: sus condiciones en el medio rural". The opinions contained in this study and summarized here are the exclusive responsibility of the consultant and do not necessarily coincide with those of the Government of Paraguay or those of FAO.

The production of these two items appears to have declined in 1982 by 31.8% and 11.7% respectively and the price of cotton fell sharply that year in the external market.

## 2. The agricultural sector

The importance of the agricultural sector is manifest in the distribution of the economically active population. In 1982, according to estimates of the Technical Planning Secretariat, the proportion of the economically active population in the agricultural sector was 46.0%.

One of the main features of the sector is the predominance of the peasant economy and, linked with this, the paucity of permanent agricultural labour and a persistent trend towards "minifundization", especially in the more recently settled zones. Despite this apparent homogeneity, specific regions can be clearly distinguished which provide more dynamic explanations of working conditions and levels of income and of the peculiarities of the peasant survival strategy:

- Area of traditional peasant settlement in process of depeasantization, corresponding to the area of influence of Asunción, within a radius of approximately 30 to 40 kilometers (including the townships of Greater Asunción and the Central Department). The chief feature of this region is the rapid decline of activities linked with the peasant economy and small and medium-sized livestock farming, together with a marked increase in non-agricultural off-farm activities. At the same time, there is an intense process of minifundization, a great capacity for receiving migrants in the Central Department and an increase in family income, which is higher than the levels found in the rest of the traditional peasant population.

- Area of predominance of the traditional peasant economy. This comprises the most extensive area, both in terms of its agricultural surface, and its proportion of "parcels" of land and peasant population. The special characteristics of this region are: intense minifundization aggravated by the exhaustion of the soil; the co-existence of areas manifestly over- and underpopulated; a productive organization consisting of small units that use only family labour, with backward and insufficient technology and little equipment; and a limited labour market. Taken as a whole, two microregions can be usefully distinguished: one in which the minifundium co-exists with the cattle-raising latifundium, and which is characterized by the expulsion of the population towards the settlement regions and by its provision of temporary employment in the large agricultural enterprises; and the other, in which the minifundia are linked with agro-industry (sugar, distilleries, and molasses mainly). In this latter microregion, emigration, though not entirely eliminated, is much more restricted than in the regions where the small holdings co-exist with livestock or forestry enterprises.

- Area of colonization. Here three microregions can be distinguished which correspond to the three big colonization programmes undertaken by the State in the last two decades. These microregions are identified as the North Axis, East Axis and South Axis of colonization. They encompass a broad belt of territory, where in the 1950s a phase of intensive settlement and agricultural frontier expansion was

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initiated. The implementation of these colonization programmes was based mainly on the dividing up and distribution of medium-sized parcels of land to the peasants (between 20 and 25 hectares) on technical and credit assistance and on the creation of a basic infrastructure. Its execution received the support of international agencies (IDB, WB and OAS). The North Axis contains 58.4% of the total number of colonies established. These are mostly recent settlements, which, despite government concern, have not managed to consolidate and face serious problems. In the East Axis and South Axis, of older settlement, there is a major problem of fragmentation of the holdings, which brings with it, especially in the southern zone, mechanisms of peasant uprooting and disintegration.

- Area with a predominance of commercial agricultural enterprises. Commercial agricultural enterprise notably increased during the 1960s with the incorporation of a growing number of large agricultural firms, most of them financed by foreign capital and dedicated mainly to soya cultivation and, to a lesser degree, cattle-farming. This type of business received a powerful impetus with the latest migrations from Brazil and the commencement of the building of the Itaipú dam which dynamized the regional economy and had major repercussions on the rural area of the region.

### 3. Rural poverty

The living conditions of the Paraguayan population have serious deprivations. In housing, for example, the 1972 Census showed that less than 10% of all dwellings had brick walls, tiled roof and floor of material such as cement, brick or tile. Similarly, only 18.7% of the dwellings had their own private sanitary installations. In 1979 a survey indicated that 79.2% of rural dwellings had only rustic latrines and 10.3% improved latrines. This situation varied according to region. The area defined as one of "depeasantization" had better-quality housing (43.9% had a tiled roof and 4.3% a brick floor), in marked contrast to the area of predominantly traditional agriculture (85% of dwellings with straw roof and earth floor). In the settlement area the building materials are of better quality because of the abundance of wood, but in most cases the dwellings are unsound and their better quality is no indication of a larger income.

There are few studies that describe the food and nutrition situation of the rural population. A survey made in 1982 of participants in the project on Technology for Small Farmers in areas of traditional agriculture revealed that 55% of the participants consumed insufficient protein and 15% insufficient energy foods. The report emphasizes that as a result of this there is a protein-calorie under-nutrition amounting to 15% of children under 2 years and 19% of those between 2 and 5 years. The diagnosis analysed the food production of these families and concluded that a considerable group was not producing even the minimum needed to feed the family. Another study on the colonization area conducted by the Ministry of Health indicated a prevalence of 46% of protein-calories undernutrition among children of under 5 years. There were also high percentages of anaemia in the

population: 63% of pregnant women, 56% of breast-feeding mothers and 42% of pre-school children.

Regarding the resources destined for the health service, a high concentration was noted in Asunción. In 1974 the physician/number of inhabitants ratio was 21.3 for every 10 000 inhabitants in Asunción, while in the rest of the country it was 1.2.

If the estimate of rural poverty is based on income both monetary and non-monetary, a study made in 1982 concluded that 78.7% of rural households were in a state of absolute poverty, of which 48.7% were in a state of indigence. (The term indigent was applied to those who had an income lower than was needed to cover the cost of food estimated at 78 838 grammes a year per family.) Respecting the distribution of poverty by regions, the report states that there is a kind of generalized poverty, without differences between one place and another. Another study carried out in 1977 estimated that the income which was not obtained from the unit's production could not be compensated by off-farm production, even by the earnings from wage work. Hence one of the crucial variables in determining income would seem to be the size of the parcels of land, and the population most affected by poverty is that which has been expelled from the land.

The proportion of population expelled from the land and in a state of critical poverty, according to data of the 1981 Agricultural Census, was 14% of the family units (34 844 families), representing those who had no land or had less than a hectare. It should be borne in mind that the expelled peasants are not a homogeneous category; the definition covers a number of specific social groups which may include particular ethnic and cultural traits among which, besides the small holders, there may be different indigenous types, "boias frias" and "poseiros" and those precariously settled in regions subject to flooding.

The mechanisms of poverty that disintegrate the small unit farmed directly by the small producers include pressure on the land, wage work, the evolution of market relations and the differential productivity levels between the entrepreneurial units and the peasant plots, differences which affect the costs of production.

#### 4. Policies affecting rural poverty

The policy currently pursued in the country attributes a preponderant role to the agricultural sector. Since 1965 the development plans have proposed as a goal the development of the sector. In the context of this objective policies have been propounded of a general, specific and integrated type.

The general policies contemplate the maintenance and expansion of the markets for agricultural exportable primary products and an increase of the production level of these commodities. A major instrument for achieving the first objective is the price policy, through which the Government has attempted to permit competitive access to the markets and at the same time promote the retention of a favourable profit margin for the producer. In practice this goal



has not been achieved. The promotion of the export lines has been oriented through farming programmes based on the crops in greatest demand, giving special importance to cotton, soya and tomatoes.

The specific policies for the sector aim principally at channelling credit, the administration being in the hands of two institutions: the National Development Bank (BNF) and the Crédito Agrícola de Habilitación - CAH (Agricultural Habilitation Credit). In general, the credit is channelled towards projects or the financing of agreements for interinstitutional action.

As a result of this effort, a vigorous impulse has been given to Integrated Rural Development. Among its programmes should be mentioned the activities of the following projects: East Axis Integrated Development, which has been operating for close on seven years and aims to cover 12 000 families; Itaipú Integrated Development, which has existed for four years and seeks to assist 3 560 producers; North Axis Integrated Development, in existence eight years with the aim of benefiting 4 000 families; Paraguarí Integrated Urban-Rural Development Programme, designed to stimulate the creation and consolidation of associative groups of small producers farming less than 20 hectares, with a proposed coverage of 7 000 producers; and the Integrated Programme of Rural-Alto Paraná Development, which proposes to organize 2 300 settlers in committees and co-operatives and to introduce new crops.

Other measures fostered within the framework of specific policies for the sector are:

- Agricultural Promotion Programme (P.P.A.), which is a direct action mechanism of the BNF to improve productivity, income distribution and employment opportunities in the rural sector. Its target groups are mainly the small and medium-sized producers, who are organized in farmers' committees or co-operatives. The objectives envisaged have not been fulfilled because the credits are on a mortgage basis and require land-ownership titles.

- Joint Action Programme (MAG/BNF). Its purpose is to co-ordinate the measures of the Livestock Extension Services with those of the Agricultural Credit to give training in the choice of the best production option and credit to implement it. In 1981 it benefited 1 197 committees and 514 individuals.

- Technology Project for Small Farmers (PTPA). Its basic objective is the diffusion of improved technology among small farmers in the minifundia areas in order to increase their agricultural yields and their income.



PERU\*/

1. General background

In 1968 a group belonging to the Armed Forces initiated in Peru a process of structural reforms that had important political and economic consequences.

The most striking political consequence of the change of government was the departure of the power bloc; of the old-established landowners and the national and foreign capitalist segments of the agricultural sector expropriated by the agrarian reform, of the fisheries, mining, basic industry and commercial and financial intermediation, which underwent processes of nationalization.

The development strategy promoted from that date was centred on three basic pillars: the continuity of industrialization; a substantial increase of public investment in directly productive sectors and in physical and social infrastructure; and the application of current policies -with more instruments in the hands of the State than in the past- with more attention to economic stability than to the orientation of the productive process.

Apart from the increase in public investment, which in the period rose from a third to a half of gross fixed investment, there were no substantial changes in the orientation of production, in the orientation and definition of what goods to produce, how to produce them and for whom to produce them.

In contrast, in the economic and institutional field new courses were pursued on matters of ownership and worker participation -labour solidarity, social ownership and the various forms of associative farming enterprises- and a series of nationalist measures were implemented.

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\*/ Summary of the study made by Mr. Alberto Couriel, consultant to PREALC, on "Perú: estrategia de desarrollo y grado de satisfacción de las necesidades básicas". The opinions expressed in this study and summarized here are the exclusive responsibility of the consultant and do not necessarily coincide with those of the Government of Peru or those of FAO and PREALC.

The main structural reforms -agrarian reform, nationalizations and labour solidarity- appreciably modified the conditions of appropriation of the economic surplus. The State and the farming associative enterprises came to control more than 50% of the value-added generated by the modern sector of material production -agriculture, fishery, mining and industry- sectors characterized by the highest levels of surpluses generated within the country, and which in the past were mainly controlled by foreign capital.

The changes in ownership were basically modifications in the appropriation of the surplus, since there was no change in the conditions of production of the establishments affected. No changes were made in the size of the agricultural enterprises affected, nor in those of the rest of the nationalized firms, nor in the techniques or the structure and origin of the inputs. The transnational corporations installed in the manufacturing industry for the domestic market headed the process transplanting their innovations on to the range of goods to produce and how to produce them. The orientation of the composition of production and technique, two important factors in the explanation of the absorption of labour, remained out of the hands of the State, beyond the control of the national society, and were decided outside the country. They were imported decisions and transmitted through the channels of the transnational enterprises.

During the period following 1960 there was a vigorous growth in production -which continued after the structural reforms- based on the growth of the manufacturing industry and construction. In the past three years, the difficulties of balance of payments, the fall in international reserves and the intensification of external indebtedness generated new relations on the international plane which limited the continuity and dynamism of structural reforms and influenced -although not mechanically- the changes that have occurred in the power relations within the country.

## 2. The agricultural sector

Agricultural production grew very slowly in the last 15 years (1.7). It grew at almost the same rate as the rural population and below the increase in the total population. During those years the per capita agricultural product was -1.2, while the agricultural product per rural inhabitant reached 0.1.

Between 1961 and 1972, the agricultural area increased from 17.7 million hectares to 23.5 million, but basically these increments consisted of natural grazing land. The advances in colonization represented 389 000 hectares incorporated at the end of 1974 and, with the big projects of Mages, Tinajones and Chira-Piura, the coastal region will acquire close on 300 000 hectares more. As against this level of land incorporation it is noteworthy that the key factor for the growth of agricultural production lies in an increase in the productivity of the land.

Nevertheless, the two agrarian reforms have generated processes of decapitalization and change of administrators in the management of the establishments. Basically, however, in the short run no changes

have been made in the size of the establishments, or in the conditions and structure of production. All these factors make it difficult to expect immediate repercussions on agricultural productivity.

While the agricultural product per rural inhabitant and the rural economically active population remained stationary between 1961 and 1972, the population dependent on the minifundium grew from 774 000 to 987 000 persons. The minifundistas (smallholders) covered 78% of the agricultural units but only 6.6% of the total surface. They contributed 61% of the rural labour force but only 9% of the production value of the main crops. Two-thirds of the minifundistas were owners, whereas tenants constituted less than 10%. It is thought that a very high proportion of these smallholders were indigenous peasants (15% in the Department of Puno) owning less than half a hectare of land.

The low mortality rate, the growth of the population above that of resources, the overgrazing and exhaustion of the land, might have caused a deterioration in absolute terms, which led the minifundistas to emigrate seasonally -to the coast, the forest and urban areas- or to emigrate definitively. Definitive emigration is also a consequence of the factors of urban attraction and in essence of the evolution of the productive, sectoral and regional structure. Seasonal emigration has existed for many decades, being part of a reserve contingent of potential workers, who receive lower wages than the permanent workers, which once again indicates the subordinate and repressed condition typical of this social group in Peruvian society. The scarcity of available land prevented the agrarian reform from achieving its objectives and demands and only allowed it to eliminate the feudal forms of exploitation which was a feature of the past.

### 3. Rural poverty

In 1971-1972 half the families in Peru could not satisfy their basic needs. Around 70% of the families who could not satisfy their basic needs were in a state of extreme poverty. In other words, they were not in a position to meet the minimum food requirements with their total income (including the home-produced consumption in the case of the rural population).

In the period analysed, the problem of not satisfying basic needs was concentrated in the rural areas. Here the problem of extreme poverty was still more serious. Of the families who could not cover their basic needs 67% were found in the rural area, together with 78% of those who suffered extreme poverty in the country. Around the years 1977-1978 the indicators linked with the satisfaction of basic needs showed the following differences between urban and rural areas to the disadvantage of the latter: underemployment: 32.8% as against 79.3%; infant mortality (0 to 2 years): 132 per thousand and 213 per thousand; undernourished children under 6 years: 28% and 59%; rate of illiteracy and semi-illiteracy: 34% and 74.3%; percentage of dwellings without electric light: 41.2% and 93.4%; percentage of dwellings without piped water: 56.8% and 95%.

Some 80% of the receivers of rural incomes who could not satisfy their basic needs were minifundistas and the remaining 20% potential rural workers without land, of whom 8% were estimated to be engaged in non-agricultural activities. As regards the spatial location of poverty, 54% of the total number of families who could not meet their basic needs and 63% of the total in extreme poverty were found in the rural sierra region.

The regional differentiation of the families who could not meet their basic needs was striking. To belong to the 30% with the lowest incomes in Lima signified a real family income 5.4 times as high as that of the same strata in the rural sierra and three times as high in the case of the remaining urban population.

#### 4. Policies affecting rural poverty

The intervention of the State in the economy of Peru became markedly more intense after the political process initiated in 1968. This was reflected at rural level and especially in agriculture, which, as a result of the agrarian reform notably increased its participation.

On the political side it determined the organization of the beneficiaries of the agrarian reform with the creation of the National Agrarian Confederation (CNA).

Economically it intervened at multiple levels:

- It took over land, awarded it, determined the forms of organization of the new awarding enterprises; provisionally designated special administrative committees through which it participated in the management of the new enterprises and retained control over the enterprises until they paid the whole agrarian debt.

- In the marketing field it intervened through various State enterprises: it imported the basic agricultural products, marketed those for export and a considerable number of foodstuffs for domestic consumption.

- Public investment in agriculture increased in the years following 1968, rising to a third of the total (excluding the investment of public enterprises), especially for the large coastal irrigation projects.

- Technical aid, prices and credit were also instruments more intensively used by the State during this latter period.

As is logical, this increase in State intervention with an inexperienced administrative team, lacking qualified staff for the various tasks, involved difficulties and inefficiencies inherent in all processes of change.

The agrarian reform of 1969 was undoubtedly one of the most important measures of Peruvian policy after 1968. The agrarian reform affected 43% of the agricultural land, which calculated in standardized hectares signified 47% of usable hectares.<sup>1/</sup>

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<sup>1/</sup> A standardized hectare equals one hectare of irrigated land, two hectares of rain-fed land and 150 hectares of natural pasture.

Even so, this very important measure for the rural area did not have an immediate effect on the families that could not meet their basic needs.

As a matter of fact, the agrarian reform benefited only about a quarter of the rural families and mainly those sectors of the population that were already in the enterprises which had better-quality land, with higher productivity levels and hence higher levels of income, especially for their permanent wage-earners. A study on the subject shows, in standardized hectares, that the establishments of less than five hectares, which before the agrarian reform represented 83% of the farming units and 5.5% of the agricultural surface, rose after the agrarian reform to 90% of the farming units covering 6.5% of the surface.

If the fundamental measure in the agricultural sector -the agrarian reform- did not succeed in directly benefiting the minifundistas, it is logically more difficult for them to have benefited from the remaining policies in force, since they tended to complement the benefits of those who had already been favoured by the agrarian reform.

According to the data of the 1972 Agricultural Census, credit aid reached 3.5% of the minifundistas and the extension services -public and private- only 2.4%.

With respect to prices and subsidies, discrimination against the minifundistas was also likely to occur. The prices policy, centred on anti-inflationary objectives, was based on control of prices of primary products. The prices of the main products of farm producers were held down, while those of some of their inputs increased. Subsidies for imported maize, rice, wheat and beef affected domestic prices and thereby limited the income of the producers of these goods. It is estimated that in the case of wheat and beef the fall in income received for these products in 1973 represented 5% of the total agricultural income, without taking into account the overvaluation of the sol in relation to the dollar at that time.

Regarding physical infrastructure there is no means of analysing the investments in the transport field that might have benefited the minifundistas. The volume of public investment in agriculture was doubled, rising between the periods 1968-1970 and 1972-1974 from 7% to 14% of the total of public gross fixed investment. This was basically due to the heavy investment in irrigation, the most important projects being on the coast and relating to Chira-Piura, Majes-Siguas and Tinajones. The only project for the sierra was the Global Line of Small and Medium-sized Irrigation Works which would benefit 5 000 families but which represented only 3% of the total investment in irrigation works by 31 December 1974.

In the case of social infrastructure there are not enough data to make an estimate, but in view of the information on health, education and housing for the lower-income sectors it seems probable that here also they had been neglected.

In brief, the chief measures of State policy did not benefit the rural poor. The agrarian reform did not give them land; the marketing system in State hands did not give them better prices for their products; public expenditure did not provide them with physical, social or financial infrastructure. Finally, the subsidies and prices structure reflect the greater benefits obtained by the urban sectors.



## VENEZUELA\*/

### 1. General background

The activity of Venezuela, until the discovery of oil, was predominantly rural. The oil industry became the motor-power and centre of national activity, exports reaching 22% of the total product in 1970.

In 1980 domestic activity amounted to 88% of the total product, but the share of the agricultural sector had declined from 9.2% in 1970 to 7.62% in 1975 and to 7.41% in 1980. The growth rate of this sector was only 3.4% during the period 1970-1980.

It was manufacturing that maintained a growing contribution to the GDP in rising from 16.27% in 1970 to 18.4% in 1980, with a growth rate of 7.1% in the period 1970-1980.

Conversely, while total employment in the country rose by 4.3% in 1970-1980, that of the agricultural sector increased by 0.2%, so that its weighting dropped from 22.4% in 1970 to 15.1% of the total in 1980.

The productivity of the agricultural sector was half of the average for 1980. Gross fixed investment grew in the total economy at a rate of 7.3% for the period 1970-1980 with decisive State participation (16.7% as against 21% from the private sector), while the agricultural GFI grew by 5.2% with a balance between the two sectors, which shows a relative lack of interest on the part of the State.

### 2. The agricultural sector

From 1945, following the crisis of the 1930s, the enlargement of the domestic market caused the recovery of the agricultural sector. This was also helped by the construction of irrigation works and a road network by the State. From 1960 the Law of Agrarian Reform and the

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\*/ Summary of the study prepared by Miss Sofía Marta V., consultant to FAO, on "La pobreza agrícola y rural en Venezuela". The opinions expressed in this study and summarized here are the exclusive responsibility of the consultant and do not necessarily coincide with those of the Government of Venezuela or those of FAO.

import-substitution policy had an impact on the sector. The agrarian reform had only marginal success in respect of land tenure, favouring entrepreneurial expansion. The substitution policy created a demand for agro-industrial products, but the slow growth of this subsector (3.4%) did not reach self-sufficiency. In its turn, the trend of the vegetal subsector was to reduce its participation from 47% in 1968 to 38% in 1981, as against an equivalent increase in the animal subsector. Demand in the period 1970-1981 grew at a rate of 14.5% annually, but the inefficiency of the agricultural sector led to a heavy dependence on imports of products such as wheat (100%), maize (73.7%), legumes (57%), edible oils (81%), sugar (54%), beef (21%) and milk (33.6%). It must be borne in mind that sugar, wheat, maize, milk and cheese, rice and beef provide 71% of the calories and 74.7% of the proteins available.

Respecting the rural population, whereas in 1936 some 71.1% of the population was rural, by 1950 this percentage had fallen to 52.1%, owing to the replacement of the rural structure by the oil-extraction industry and in 1980 only 24.1% remained in the rural areas.

As a result of these migrations the age structure changed, with a greater proportion in the age ranges 0-14 and over 49 remaining in the rural areas, while the groups aged between 15 and 45 years decreased. Up to 1950 no variation regarding sex was observed, but in 1980 there was a smaller proportion of women in the rural area.

The incapacity of the rural sector to improve its resource endowment and increase its accumulation of wealth was the cause and equally the consequence of the migration of its better qualified elements. This was fostered by the creation of employment in the petroleum sector and in the works of infrastructure initiated as a result of its revenues. There was also an increase in the apparatus of State. The reactivation of the agro-industrial sector created by the greater general wealth and by the substitution of imports at first produced rural activity, but in the long run it favoured mechanization and the displacement of labour. In its turn the agrarian reform through the neglect or sale of plots with poor technical features or through the inadequate selection of beneficiaries and deficient technical or financial aid, also led to migration. Some of the migrants came to be underoccupied in the tertiary sector of the urban areas.

### 3. Rural poverty

Poverty is defined by level of income, health and nutrition, the resources of housing and services and the level of education, all of which is expressed in indicators of a standard of living which, when compared with the desirable standard according to the socioeconomic development, is found to be insufficient.<sup>1/</sup>

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<sup>1/</sup> It should be noted that the statistics of the rural sector presented do not include the population of centres of over 2 500 inhabitants, even though it was often found that a large percentage worked in agriculture.

a) Income. The delimiting line accepted was the average diet proposed by the National Institute of Nutrition, which assumed a minimum family income of 1 396 bolivars a month (at constant 1968 values) without discounting the home-grown consumption important in rural areas. A second line represents the income needed to include the non-food expenses (50%), arriving thus at 2 800 bs. per family per month. The minimum agricultural wage was 750 bs. per month in 1979, which amounted to 1 000 bs. per family if there were 1.33 active members per household, or to 1 500 bs. if there were two. The statistics indicate that in 1971 around 71.4% of the 588 642 persons occupied in the sector received less than 500 bs.; 45% less than 250 bs.; while only 1.5% had an income of over 2 000 bs. Towards 1980 the situation had improved and only 7.5% had an income of less than 450 bs. per month and the proportion receiving between 450 and 1 500 bs. per month amounted to 71%, while 10.7% received over 2 000 bs. The strata with the lowest incomes consisted of employees, manual workers and the self-employed. The income per family showed that in 1980 some 32.7% of these were below 1 000 bs. per month and that more than 50% of rural households received less than 1 500 bs. This percentage in the urban population was only 16.7%. If the delimiting line of 2 800 bs. per month is accepted, in 1980 some 68% of the employed population was below this level. With the addition of the unemployed the total of the agricultural labour force below this limit amounted to 82%.

b) Health. The rural general mortality rate in 1978 (5.5 per thousand) was 17% higher than that of the country as a whole and 30% higher than that of the more urbanized districts. A large proportion of this was due to infectious diseases (56%) and deaths of children aged between 0 and 5 years (32.5%), a much higher proportion than in other areas. There was a dearth of medical care with only 1.64 hospital beds per 1 000 inhabitants against a national average of 2.24 (number desirable 3.5), to which was added the acute shortage of physicians. The food intake of the sector was inadequate and insufficient, the results of a 1978 survey in Carabobo showing that 95.6% were short of calories and proteins. The existence of over 80 health institutions with an uneven geographical and populational coverage fostered discrimination, there being at present in the Federal District and State of Miranda one physician for every 633 inhabitants and in the llanos (plains) one for every 1 960 inhabitants.

c) Education. Of every 100 children aged 7 to 13 years in the rural areas, 57% were not enrolled in the first grade and, of the remaining 43%, more than half (26%) remained illiterate. Basically this must be attributed to child labour, to the location of the schools and the dispersion of the population. In addition, there is a predominance of unitary schools without distinction of grades. The index of survival up to the Sixth Grade, which in the urban areas was around 60 and 64, was between 5 and 12 in the rural areas, which is obviously inadequate.

d) Housing. In the farming areas 44% of the families lacked housing and a high proportion also lacked ancillary services

- piped water, electricity, sewerage- ranging from 33% for electricity to 77% for sewers and 94% for telephone. The deficit of piped water reached 53%. In 1978 around 24% of the low-income rural population showed a deficit of 243 000 dwellings.

e) Employment, unemployment and underemployment. Although between 1950 and 1980 the total of active population in the country declined from 43% to 14%, the agricultural sector is still the source of ten times more jobs than the hydrocarbon sector and unemployment is lower than in the economy as a whole (2% against 7%). Even so, underemployment is more prevalent in the rural area. Moreover, almost all the agricultural employed received incomes lower than the minimum subsistence wage and the majority did not achieve the official wage.

f) Quantification of the poor and their geographical location. Taking together the indicators mentioned, income and living conditions and classifying the result from A to E (very high, high, medium, low, very low) it was determined that in 1980 around 68% of the employed obtained an income below the subsistence minimum (1 400 bs.) and 78% of households had low or very low living conditions (D and E). It can be affirmed that 2.5 million people were in a state of extreme poverty in the rural sector. By 1981 only 4% of the rural population had relatively high living conditions and 22% moderate conditions. As regards the location of the impoverished population, and of the rural in particular, 5.6% of the 197 districts of the country registered high to very high living conditions, 32.5% moderate, and the rest, low to very low. But of the 118 agricultural districts only 1.7% registered high, 16.9% moderate and 81% low to very low living conditions. As for the location of the districts, there were no appreciable differences and the phenomenon of rural poverty was found to be dispersed throughout the national territory.

g) Conditions of rural poverty. The following summary presents factors associated with the historical generation of marginality and poverty in the countryside and are attributable to the whole rural environment and the farming activity.

- Land tenure. The basic cause of the generation and generalization of rural poverty is the regressive distribution of the means of production: land and capital, intimately linked. In 1950 around 53.6% of producers with holdings of less than five hectares controlled 1.2% of the total surface, while the farms with over 500 hectares, covering 84.2% of the whole surface, were owned by 22% of the producers. Around 1978 this structure was modified by the increase of medium-sized properties (20 to 500 hectares), which came to have 22.1% of the farms and 19.6% of the surface. The regressive distribution of land and capital led to a marked social inequality and a difference of access to credit and technology, but above all to differences in income between the various social sectors in agriculture. Thus the capital-owning sector -a small minority in number- received 60% of the income, while the labour factor received only 40%. For its part, the Agrarian Reform initiated a new process which contrary to what was expected, resulted in the expansion of the entrepreneurial sector, which rose from 0.6% in 1971 to 15.3% in 1977 and 13% in 1980; the loss of weight in the

category of self-employed workers (69% in 1971, 32% in 1977 and 35.6% in 1980) and the growing proletarianization of agriculture (the category of employees and manual workers rose from 27.7% in 1971 to 38.5% in 1980). Apparently in view of their technical and economic marginality the peasant sector found it convenient to yield to entrepreneurial pressure and abandon their parcels of land in order to become day-labourers or leave the rural area.

- Economico-social potentiality of employment. The economically active rural population, given its characteristics, has grown older, and is badly educated and insufficiently trained to accept technological advances, increase productivity, organize, manage and administer the production units, or, worse still, adapt foreign technologies in view of its conservative attitude.

- Other conditioners. The terms of trade are unfavourable owing to weaker bargaining power vis-à-vis industry, partly owing to organizational incapacity and partly to the official industrial development policies and the concentration of services and projects of infrastructure in the urban areas. A further determinant is the little consideration given to the ecological consequences of the policies, which has led to a low productivity and a squandering of the financial and natural resources of the sector.

#### 4. Policies affecting rural poverty

a) Agrarian reform. The agrarian reform proposes a structural change, especially in matters of land-ownership, considering that up to 1937 around 4.4% of owners possessed 79% of the land and only 10.6% of the peasant population owned land. The law seeks to acquire private land by purchase through the Comisión de Enriquecimiento Ilícito or through donations, and by declaring properties as public which had been acquired with dubious titles or without payment. Additionally, the law aims at an integral development complementing the allocation of land with research, technical aid, credits and organization for production and marketing. In general this has not been fulfilled and up to 1979 some 72% of the land assigned was of public origin. The lack of the complementary measures has led the reformed sector to concentrate on the growing of maize and sorghum and on products which in general are of little profitability. The share of the value of the reformed sector's production within the total agriculture fell from 17.1% in 1971 to 12.8% in 1978. Of the original intention of settling 350 000 families in 15 years, only 171 861 were settled in 19 years (1971) on an area of 5 118 679 hectares. Moreover, 75% of the beneficiaries of the Agrarian Reform are precarious occupants, a condition which obstructs their integral development. Nor did the process reach the rural population dependent on the farmers, since the land was mainly assigned to day-labourers, plot-holders and insecure producers, so that it can be claimed that the figure of potential beneficiaries of the Agrarian Reform has not changed much since the inception of the process.

This lack of success is basically due to the following factors:

- Too much importance was given to the land factor;
- The beneficiaries were not selected with discernment;
- The integral approach was neglected despite its vital

importance: there was a lack of co-ordination, the areas were badly selected, there was no planning or ranking of urban centres, etc.

Only recently have programmes such as that of the Valle de Aroa or the Integral Agricultural Development Project (PRIDA), supported by the IDB, induced the INA to carry out integral programmes (PIRA) for Ticoporo, Cojedes, Turén, etc. Finally, in 1983 the Law for the Disposition of the Territory was issued which contains provisions for integral development;

- Lack of infrastructure and services;
- Lack of interest because large unproductive latifundia and the structure of ownership were involved;
- Little organization of the rural medium, so that the reformed sector was isolated from the rest of the economy;
- Defects in the use and conservation of renewable natural resources;
- Delays in making inventories and in cadastral activities;
- Little credit service for the reformed sector and no technical assistance;
- Over 60% of the beneficiaries were not organized.

b) Finance. There are two official banking systems, the Institute for Agricultural and Livestock Credit (ICAP) for the benefit of small producers and the reformed sector, and the Agricultural Development Bank for the medium-sized producers and entrepreneurs. In addition, since 1974 there has been the agricultural fund for financing physical infrastructure which operates through the official and private banking system. Although the credit terms were favourable, only a small number of producers have been benefited and it has not been used to assist the organization of the sector or to work in co-ordination with technical assistance programmes. Moreover, the credit has been tardy and at times inopportune and inadequate.

The private banks, being obliged to devote 20% of their assets to the sector, have given preference to producers with more economic power and to the more profitable lines, with the application of a short-term criterion.

c) Prices and subsidies. Minimum prices have been established for certain products, which because the State is the main purchaser are converted into the maximum, thus annulling their advantage. There are also reference prices for raw materials of agricultural origin and regulated prices for end-consumption agricultural products. To avoid rises for consumers and to enable the producers to receive fair prices, subsidies have been applied which have proved too heavy a burden for the State; they have likewise been inefficient and are being eliminated.

d) Research and technical aid. This has been characterized by inadequate budgetary assignments, by lack of co-ordination between institutions, by lack of guidelines and ignorance in the application of foreign technology.

e) Education and training. State assistance is deficient both in quality and quantity. The programmes are little suited to the rural situation, although there has been some progress in training through the National Agricultural Training Institute (INAGRO).

f) Use of renewable natural resources. The expansion of agriculture has generally developed in the frontier area with the destruction of enormous expanses of tropical forest. There is a big gap between the content of laws such as the Forestry Law on Soils and Water Resources, the Agrarian Reform Law and the Organic Law on the Environment and their actual application.

g) Agro-industries. The development and promotion of this sector has not produced the expected development in the rural sector owing to industrialization and the negative terms of trade between the agricultural and industrial sector.

h) Social assistance. The labour legislation has not had an appreciable effect on living conditions. The minimum wage is insufficient and frequently it is easily evaded. A large proportion of the employed (temporary and occasional workers) are excluded from the claims of social and legal equity.

## 5. Peasant participation

The notable lack of organization has resulted in a low participation in decision-taking in general and especially in the agricultural sphere. The modernization of the economy has brought with it a heavy concentration of the means of production, a marked vertical and horizontal integration of the economic groups, which leads them to operate simultaneously and indiscriminately in all areas of the economy, facilitating the transfer of surpluses and concentrating them usually in the central area.

This has had a disastrous effect on the participation of the rural area.

The policies of decentralization have been little more than an expression of good intentions and have had little impact; the taking of decisions still lies with the central level.

Regarding political organization, participation is not guaranteed since the leaders do not often consider the interests of the majority they represent.

It would be advisable to achieve a deconcentration of the State in order to democratize ownership of the means of production, organize the workers and especially the farming population and promote the strengthening of the local level of government.





Appendix 1

List of Documents

Topic 1

Urzúa, Raúl, "Characterization, dimensions and evolution of rural poverty".

Reference document for Topic 1

Errázuriz, Margarita María, "Demographic dynamics and rural poverty".

Topic 2

Molina, Sergio, "Elements of a strategy for poverty alleviation".

Topic 3

Fernández, Mario, "Adoption of policy decisions for rural development".



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