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Stefan Kanfer

Sakharov: Gorbachev's Loyal Opposition
Edward Kline
July-August 1987 Number 97

Contents

Letters from Readers

3

Bruce Brager, Aleksa Djilas, John Lawrence, R. Bruce McColm, Jiri Pehe, Vinton Liddell Pickens, Jean-François Revel, Arthur M. Shapiro, Milan Svetič, Milovan Stvatik

Articles

Sidney Hook—A Book and a Life

Always a Step Ahead

Elis M. Schwarzbart

5

The Communist Peace Offensive

Sidney Hook

13

Many-Sided Sidney

Arnold Beichman

18

The Ralph Nader of Moral Philosophy

Stefan Kanfer

19

Land Reform in El Salvador: A Fresh Look

Richard L. Hough

21

Andrei Sakharov: Gorbachev’s Loyal Opposition

Edward Kline

28

Jackson-Vanik and Its Critics

Allan Kagedan

31

For the Education Record

Education for Democracy

American Federation of Teachers, Educational Excellence Network, and Freedom House

25

Free Comment

Thatcher shows it’s possible Nicaragua’s D’Escoto receives his Lenin Prize

30

Cover photograph of Sidney Hook: Victoria Rouse
Land Reform in El Salvador: A Fresh Look

Richard L. Hough

It is time to take a new and objective look at El Salvador’s land reform program. In March and April of 1980, the Revolutionary Junta in El Salvador decreed a major land reform program in two Phases: I and III. (Phase II as originally authorized was not implemented.) From its inception, the program was marked by bitter controversy and violence. Deaths attributed to land conflicts, particularly in the first few years of the program, numbered in the hundreds, and illegal evictions of small farmer beneficiaries from the lands they cultivated numbered in the thousands. Opposition to land reform came essentially from the political extremes, the hard core conservative wing of the ARENA Party and similar fringe groups on the right, and the FMLN-FDR, the Front of guerrilla groups and expatriate politicians on the left. Perhaps this was to be expected, given the polarized character of the body politic in El Salvador, with its organized minorities that have not hesitated to use violence as a political weapon, continuously buffeting a tenuous democratic center.

Given the polemical content of the attacks on land reform—their sheer virulence and excess—a reasoned dialogue on the two phases has been largely absent. Even today, with the survival of land reform no longer in question, attacks from the right and left continue as part of the unrelenting warfare against the Duarte government.

However, with the perspective time allows and the growing evidence on the performance of the programs, discussion at some remove from narrow advocacy has become more feasible. The time is now ripe for some fresh analysis of Salvadoran land reform, in this instance by a supporter, though not an uncritical one.

Phase I and Phase III

In the Phase I program, the government of El Salvador expropriated the properties of landowners with holdings of more than 500 hectares (1235 acres). In all, 469 properties, amounting to 219,000 hectares (542,000 acres), were taken and redistributed in the form of 317 cooperatives, composed of member farmers who had previously worked as farm laborers on these large estates. At present, 295 of these cooperatives are operating; the remaining 22 are in varying stages of abandonment due to their location in or near conflicted areas. Membership in the cooperatives is estimated at 31,359 heads of household; with their families they number 189,154 people.

The Phase III, or Land-to-the-Tiller program, is quite different in character, being predicated on the principle that small primary producers on agricultural lands should be able to claim ownership of the parcels they directly cultivate. Phase III permitted small farmers to apply for title for up to 7 hectares (17 acres) of the land they had been previously farming as renters or sharecroppers. As of April of this year, there were 56,188 direct beneficiaries of Phase III who had applied for title to 79,142 parcels of land. The estimated total land transferred is 240,054 acres. The average size Phase III holding is 4 to 4.5 acres and the estimated total number of beneficiaries including family members is 337,128.

Aggregating Phase I and III, about 782,000 acres of agricultural land have been transferred to an estimated 525,000 beneficiary farmers and family members who represent 25 percent of the Salvadoran rural poor. Approximately 22 percent of El Salvador’s arable land—the country’s scarest factor of agricultural production—has been redistributed.

These figures indicate that a very substantial Salvadoran land reform effort has indeed been in progress since 1980, notwithstanding recurrent charges from critics on the left in El Salvador and in the U.S. that the government purposely marginalized the impact of land reform by reducing its reach. The principal charge is that it did not implement Phase II, which originally gave the government the authority to expropriate holdings between 100 hectares (247 acres) and 500 hectares (1235 acres).

The essential justification of Salvadoran land reform was that both the interests of social justice and the near-term political survival of democratic alternatives required basic structural changes in Salvadoran society. Before 1980 a rich and varied landscape was divided into a small number of very large farms, working with large numbers of laborers, many of whom lived in crowded, substandard housing conditions.

privileged minority controlled a disproportionate share of the land. While the landless population increased, rural poverty deepened. Fully two-thirds of the rural population (more than 300,000 people), were landless, with heads of households subsisting either as seasonal laborers on the large agricultural estates, or as tenant farmers sharecropping or renting small plots of land. If one uses the Gini Index of Inequality* to measure the extent of concentration of landholdings, the Gini in prereform El Salvador was a high 83. A comparison with the Gini's in large numbers of other developing countries, which average in the middle to high 60s, reveals the skewed character of this land distribution pattern.

Troubled periods

Phases I and II have gone through troubled periods, marked by an assortment of ills and problems. The programs have been carried out under the most difficult circumstances of protracted war----waged largely in the countryside----and the strong resistance of local landlords, particularly in the first three years of Phase III. The landlords' resistance took the form of illegal evictions of, and also acts of violence and intimidation against, claimants. But government land reform agencies gradually improved the administration of the programs and learned how to better manage conflict in the countryside.

To look first at some of the problems. The Phase I cooperatives have been burdened with a debt which exceeds the productivity of the holdings. They have been hampered as well by government inefficiencies and paternalism. The excessive debt was due in part to faulty financial and economic planning and the hasty implementation of the initial stages of the reform carried out during the political crisis period of 1979 and 1980. The inefficiencies are the result of the government's inability to deliver the array of technical, social and economic services that are vital to the cooperatives. At the same time, government officials have sought to maintain control of the cooperatives through an ill-conceived, poorly functioning 'co-management' system.

With a few exceptions, the cooperatives in the reform sector have indeed suffered from poor management practices, a lack of professional managers and accountants, and the neglect of farm-level services. Many government and cooperative officials, as well as leaders of the political parties and campesino (peasant) organizations, have been divided between viewing the cooperatives in terms of the professional and technical requirements they need to evolve into modern private-sector agricultural enterprises, and of their potential for political mobilization and action.

Further, as is frequently the case with cooperatives in many other Latin American countries, effective incentives to increase productivity and maximize production have been lacking. Since virtually all the income of the co-op members is obtained from wages, the tendency has been to maximize labor inputs and give less attention to profit strategies and economic efficiencies.

There are other problems: the small membership of the cooperatives measured against available land, and the lack of definition of members' rights. A land/man ration of 20 acres per family on the cooperatives is difficult to justify when there are still large numbers of landless as well as a great need to increase agricultural production through more intensive land use. Using the wage labor of nonmember agricultural workers to meet seasonal manpower requirements that cannot be met by the present membership is hardly a solution to these problems. It is reminiscent of the serf-like labor practices of the old land-extensive agricultural estates that the Phase I program was supposed to eradicate. There are now about 17,000 nonmember farm laborers working on the cooperatives.

Important issues on cooperative members' rights and obligations are still outstanding. Cooperatives have been able to resolve particular questions such as renting land, the withdrawal of membership, and inheritance, but a large vital area has been neglected. It is the government's responsibility to repair this neglect with a new agrarian reform law which inter alia will provide a charter of rights and obligations for reform-sector cooperative members. Until this is done, the present uncertainties and insecurities among members about what their membership entails---how their status on the land has changed as property owners---will no doubt remain.

The major failing, and disappointment, of the Land-to-the-Tiller program has been the shortfall between eligible claimants and those claimants who exercised their rights and have received, or will receive, title to the parcels they applied for. In the absence of reliable data, the number of eligible Phase III small farmers has been estimated as high as 150,000 and as low as 75,000. The final number that was informally accepted by Salvadoran and U.S. public and private agencies involved in the program was 117,000. This figure was derived from a 1982 field profile of Phase III beneficiaries done by the GOES Office of Planning and Evaluation for Agrarian Reform (PERA). In turn, the present actual number of Phase III beneficiaries is 56,188, a substantial shortfall indeed.

Two primary factors explain this shortfall. First, eligible beneficiaries in dangerous zones could not always be reached. Second, the de facto retention limit of 17 acres for small property owners who did not directly farm their lands----which FINATA, the GOES agency responsible for Phase II, incorporated into the implementation process in 1983----further reduced numbers. It is now estimated that about 12,000 beneficiaries otherwise eligible under the law had their title claims disallowed because of this retention provision, often called 'the widows and orphans' rule.

A number of close followers of Land-to-the-Tiller argue that adding this retention limit saved the program because

*The Gini Index of Inequality when applied to agricultural land is based on two variables: farm size and amount of land. The number of farms in each size category is compared to the amount of land in each category. In a perfectly equal distribution, the Gini Index would equal zero. The higher the Index, the greater the concentration of land ownership.
the number of affected small and marginal landlords still on
the land was underestimated in the formative stages of Phase
III. In any case, it is argued, the program simply could not
have survived the level of violence and the mounting
number of illegal evictions that were taking place prior to
instituting the retention rule. The pro and con arguments on
this controversial provision are academic at this point.
What is not academic, however, is that the small farmers
whose claims were disallowed should remain on the list of
eligible beneficiaries and that the government honors their
right to ownership of comparable parcels of land.

The Phase I and III programs have shared a number of
weaknesses, such as slow and cumbersome implementation
procedures, lagging compensation payments to the ex-land-
owners and inadequate technical services, particularly at the
farm level. For example, in 1984 only twenty-two percent of
the Phase III beneficiaries received technical assistance
services from the responsible government agricultural
agencies. Even after making allowance for the dispersed
character of the individual farms, this is poor performance.

The requirement that ex-property owners be compensated
before land title can be issued was a major flaw, making the
issuance of land titles unnecessarily slow. A two-track
titling and compensation system with the tracks remaining
unjoined throughout would have been feasible, and would
have shortened the whole process considerably.

Economic viability

Notwithstanding these various problems, the adminis-
tration of the land reform programs improved progressively.
Many of the problems have been overcome or at least
mitigated. In 1986, the Duarte government restructured
the agrarian debt imposed on the reform sector cooperatives.
Interest rates were lowered and grace and amortization
periods on the mortgages extended. These adjustments, in
part the product of close collaboration with the democratic
campesino organizations, have diminished the debt burden
and enhanced the economic viability of the cooperatives.
Similarly, serious cooperative management problems in
the reform sector are being resolved. With the support of
the U.S. foreign aid mission (USAID), a program of
recruiting and training professional managers and
accountants is underway; about 190 managers and 200
accountants are in the program. Also, the GOES has
promised to provide new legislation this year that will
prescribe a charter of rights and obligations for the
membership of the cooperatives.

In addition, the democratic campesino organizations now
give priority to placing at least 30,000 new members on the
cooperative rolls over the next few years. There is growing
consensus among the leaders of these organizations, as well
as within the government, that from all vantage points—
political, economic and social—the present low membership
levels in the reform sector cooperatives must not be allowed
to continue.

There is also agreement that there must be a continuing
means of land distribution after the present programs are
completed. Legislation to this effect is now being readied
by the Duarte government. A new "general law of agrarian
reform," which will systematize and refine the hurried
revolutionary decrees of 1980, is expected later this year.
One of its major purposes will be to provide new
institutional means to accommodate as soon as practical
those Phase III beneficiaries who were denied participation in
the program for reasons beyond their control.

Last, implementation procedures have been gradually
upgraded. A modernized land registry system is now in
place which, among other things, permits the registra-
tion of properties still mortgage-encumbered. This will
expedite substantially the completion of the Phase III
titling process. Compensation is also proceeding at a
more rapid pace. Payments have been made for almost 90
percent of the 469 expropriated Phase I properties. Progress
is also apparent in payments for Phase III properties, though
at a lesser rate. Additional funding from the USAID and
GOES for compensation contributes to this improved
performance.

Considerable work remains to finish the de jure process
of implementation, particularly the issuance and registration
of Phase III definitive titles. Also, the improvement of
the management of the cooperatives will bear fruit only over a
longer period of time. The scale of activities of Phases I and
III is, however, diminishing as the programs move closer to
completion. In taking stock, one can say that Salvadoran
Land Reform is far from the failure alleged by its detractors.
It is not yet flourishing but it is more than surviving. This
becomes evident when one looks at the economic and
political impact of the reforms.

PERA studies

In drawing conclusions about the economic and political
effects of Salvadoran land reform one must be very careful.
The time frame is very short and the information quite
scanty. Comparative production data, for example, on the
pre-reform and post-reform Phase I sector, are not available.
There is, however, sufficient information to permit some
findings, and to point out significant trends. The more
recent and ample studies of PERA, the Salvadoran field
research agency, provide the most reliable sources of data.

Some observers have characterized the impact of Phase I
as revolutionary since it drastically reduced the Salvadoran
oligarchy's control of a predominantly agrarian nation.
Although the core of this claim is valid, there has been a tend-
cy to overstate it. In the first place, more than a few of
these families had already diversified their assets and invest-
ments previous to the reforms (and were therefore not severe-
lly hurt by the expropriation of their properties); and second,
the agricultural production structure of the reform coo-
peratives has not yet changed significantly from the previous
structure. At present, about one half of the families living
on the cooperatives do not have membership status. There
is a danger that the relatively few cooperative members who
are resisting pressures to open up membership rolls will
eventually become a new Salvadoran landed elite.
However, the sharp dips in production, so freely predicted by opponents of land reform, have simply not occurred. Excepting rice and, marginally, sugar, the yields on the Phase I cooperatives have consistently equalled or surpassed crop-year national averages. In fact the cooperatives have been faring somewhat better the past few years. The commercial banks in El Salvador now rank 60 percent of the 309 cooperatives in the A or B credit risk categories. Also, 36 of the cooperatives distributed for the first time about $200 in dividends per member from their 1986 profits. At the same time, only about 65 percent of the lands of the functioning cooperatives is under cultivation, or being used as pasture for livestock. There is little doubt that with better technical management, and more intensive land use and effective profit incentives, both productivity and production can be markedly increased on the Phase I lands.

Indeed, the present evidence strongly suggests that the family farm model in El Salvador's land reform program is proving to be considerably more successful in economic terms than the collective farming model.

The Salvadoran land reform programs had political as well as economic objectives. The programs preempted the extreme left's exploitation of the land issue, particularly during the political struggles of the early 1980s, but also over the longer term, and contributed to the democratization process by bringing the mass of Salvadoran peasants into the new democratic constitutional system.

Clearly, land reform played a significant role in opening up the countryside to democratic alternatives. There were no appreciable gains in popular support by the guerrillas or their mass organizations in the rural areas of El Salvador during the 1979-82 period, despite political crises and instability. In fact, the democratic campesino organizations expanded their memberships during this period, in considerable part because of the implementation of land reform initiatives. However, it is too much to argue, as some have, that these initiatives were instrumental in the substantial rollback of the guerrilla insurgency that occurred in 1980 and 1981. Rather, the rollback was due mainly to the vicious indiscriminate destruction that the Salvadoran military and death squads inflicted on the urban guerrillas' infrastructure during these years.

The land reform programs most directly influenced the role of the democratic campesino movement in the body politic of El Salvador. The national peasant organizations, the Union Communual Salvadoreno (UCS) and the Asociacion de Cooperativas para La Produccion Agropecuana Integral (ACOPAI), emerged as influential forces on the national political scene during the early 1980s as advocates of democratic political-economic change almost wholly through their identification with land reform issues. Land reform became a means for mass mobilization and political representation of the peasantry, and for the development of an organized constituency in the countryside of major long term significance to the fledgling Salvadoran democracy. It is also necessary to note that land issues also generated a militancy within the democratic peasant organizations themselves that sustained them in adversity. The role of great issue in leavening the democratization process is not unique to El Salvador.

It is often forgotten or overlooked that the land reform decrees of 1980 could not have been promulgated without the backing of the Salvadoran Army. In fact, the moderate reformist elements within the army that dominated the Revolutionary Junta directly supported the decrees, as they did those that nationalized the banks and the commodity export trade. The army was also largely responsible for reversing the surge of illegal evictions of Phase III beneficiaries. Army contingents in local areas put thousands of small farmers back on their lands. FINATA, the GOES agency in charge of Phase III, was very ably administered.
during the most difficult period of the programs' implementation by Army Colonel Gallileo Torres.

In short, one of the most important aspects of land reform is that it both mirrors and contributes to a break in the traditional political alliance between the army and the landed oligarchy that dates back to the bloody repression of the peasant rebellion of 1932. Basically, since the political turmoil of 1979-80, the prevailing leadership in the army has no longer viewed its institutional interests as coincidental with those of the civilian economic elite it had protected for fifty years (as a trade-off for exercising virtually absolute political power). Land reform signaled a shift in traditional power relations in Salvadoran politics, and its implementation has further deepened this change.

Last, the most important political payoff of the land reform programs derives from the new economic interests that are being generated on the land. These interests inevitably demand political representation in order to protect and extend themselves. If the democratic campesino unions grasp this opportunity and continue in militant fashion to organize and represent their reform sector constituency, the political impact of land reform will indeed be to enhance the longer term prospects of sustaining democracy in El Salvador.

A recent study done under the auspices of CARA, the GOES Advisory Commission on Agrarian Reform, estimated that there were still about 250,000 landless campesinos, in large part agricultural laborers, as well as 100,000 small farmers seeking additional land. Although some of these are in refugee camps, or in war zones, the fact is the land/man problem in El Salvador is a continuing one and will remain so until economic reforms generate substantial increases in nonagricultural job opportunities.

Pressures for land among the landless and near-landless are again beginning to grow. Unless there are continuing means of land distribution to the rural poor, the land issue will again likely swell to crisis proportion and in the not-too-distant future.

CARA estimates that there are now about 73,000 hectares (182,500 acres) of land that would be available for distribution through further government initiatives in the agrarian field. These lands include the old Phase II holdings in excess of the new constitutional limit of 245 hectares (605 acres) that have not been voluntarily sold off by their owners, lands that are in bank receivership, and government owned lands. As already noted, the GOES is developing new legislation concerning the distribution of these lands to campesinos. The experience of the recent past suggests weighting the alternatives in favor of the Phase III family farm approach, and the use of nonpunitive models which bring the many willing sellers and buyers together in an institutional market, say, a national land bank.