MEMORANDUM

February 25, 1992

To: William C. Doherty, Jr.
From: Richard V. Oulahan
Subject: Report on Landlessness in Nicaragua

Attached please find said report which has an extensive foot note section in the back. I included this section to show how I arrived at my estimated figures and to go into more detail on important issues.

The report itself is 7 double spaced pages.

cc: Estrada
    Verdu
    Holway
    Hough
    Jessup
    Heberle
    Ellenberger
There are approximately 70,000 peasant families\(^1\) in Nicaragua without land while hundreds of thousands of acres\(^2\) go uncultivated, because their politically connected occupants will not allow others to work what they will not. The government has shown no inclination to rectify this situation. The losses to the economy in food production and income generation run into the tens of millions of dollars\(^3\) in a country desperately needing to increase its productive capabilities. This hampers the fight against malnutrition,\(^4\) unemployment, inflation, government deficits and lack of investment confidence.\(^5\) It reduces the impact of foreign aid and international lending and contributes to the overall declining standard of living for the general population.

Following traditional political practices within a policy of depolarization, the government of Mrs. Chamorro has ceded huge quantities of agrarian reform lands and other important economic assets to the Sandinista power elite excluding less organized and unarmed groups such as landless peasants in return for a less than certain promise to play the part of a "loyal opposition".\(^6\) A new landlord class\(^7\) based on political affiliation and military service is being created. The thousands of peasants who left the Sandinista controlled state farms and cooperatives and those who never participated in the reform are being ignored by the present government. They represent approximately the same number of landless as was estimated in 1979 when the agrarian reform began.
At the present rate of population growth - 3.5% per year - this population will double in the next 20 years.

Nicaragua has come full circle back to Somoza times for the landless who must again rent or sell their labor on a daily basis for minimum wages without social insurance coverage. In Pozotega, Leon a group of 40 ex-workers and managers of the Sandinista controlled Association of Agricultural Workers (ATC) have been given approximately 6,000 manzanas (1 manzana is 1.7 acres) of a state farm on excellent land. They are using large numbers of day laborers who under different circumstances would either be part of a new worker-owned cooperative or be given individual parcels of the farm.

Problems with lack of credit and agricultural services hinder production on the land, but the major reason why so much land goes unworked and underutilized relates to a gross imbalance of land held to the work capabilities of the occupants and in many cases, their lack of rudimentary knowledge about and interest in farming. As in Sandinista times, control of land is primarily for political reasons with production being secondary. The Sandinistas want to control large segments of the economy to be able to provide for their followers, to insure a political war chest and to have veto power over the future development of the economy. The Chamorro government has acquiesced in this strategy and seemingly forgotten about its promise of land to the landless who voted in overwhelming number for the UNO and a return to democracy.
The Sandinista years (1979-1990)

The peasants who had been dispossessed by the introduction of large scale commercial agriculture by the Somoza regime supported the 1979 revolution because land reform was one of its major objectives. They participated in the Sandinista land reform until the political and military uses of the newly-formed cooperatives absorbed more and more of their time to the detriment of production. They opposed the military draft for their sons. State and party controls imposed collective work forms alien to their desires. Thousands abandoned the reform sector and became landless rural workers once again.

The Sandinista land reform did create significant changes in the land tenure structure but for ideological and political reasons, did not encourage independent small farmers or self-sufficient peasant cooperatives. The leftist government like Somoza, feared that the break-up of agro-export farms would lead to a decline in foreign exchange earnings and therefore, made the State the principal protagonist in the land reform.

The Democratic Alternative

Mrs. Chamorro and UNO won the 1990 presidential and congressional elections but gained only limited power as the army, police, courts and large sections of industry and agriculture remain under Sandinista control. The government has tacitly recognized the great land grab of the 1990 presidential transitional period when some 825,000 manzanas of agrarian reform
land were dubiously titled. Forty percent of this land went to Sandinista functionaries and military officers, who in the majority are not farmers and could never be classified as potential beneficiaries under Sandinista law. Over 150,000 manzanas, much of it in the most fertile region of Chinandega and Leon, went to approximately 300 individuals. An unknown but significant number of these occupants have sold to third parties as a last minute law approved by the Sandinista permits. Reports from the campesino organizations of different regions show that much of this 150,000 manzanas is uncultivated.

Huge tracts of the best land in Nicaragua were granted to military officers and certain leaders of the National Resistance Front as political payoffs by the Ministry of Government. A significant proportion of state farms have been sold off to a reduced number of workers under Sandinista tutelage while the Sandinista-controlled cooperatives have not permitted any restructuring of their properties which are undermanned as a result of massive desertion by members.

Challenges to this blatantly unfair and unproductive distribution of land by the ex-resistance and landless peasants has met with very little success. While ex-Contra soldiers have been recipients of land, there are still 4,500 without. The tendency is to settle these on low quality lands or to give them holdings in virgin areas without adequate roads and social infrastructure. Technical assistance to lessen ecological damage is also neglected.
The Government has not attempted to repossess uncultivated and underutilized high quality lands which are mostly in Sandinista controlled hands and located to a large extent in the fertile Pacific coast region.

If the land resettlement process for ex-contra soldiers has been slow and disappointing, it is a far cry better than for the traditional, landless peasant who has been ignored because he never carried a gun and because he looks to the law and peaceful means, not street riots or threats, to make his desires known. Attempts by non-Sandinista and democratic labor unions to negotiate with government on behalf of the landless have met with no success.

In her speech to the Nicaraguan legislative assembly in January, Mrs. Chamorro asked that the conflict over property rights, even though an important priority for her government, be put aside in favor of efforts to facilitate economic growth. Unfortunately, perceptions about security of property do affect investment and in this case have resulted in very little inside or outside investment. The division of rural lands based on armed might and political deal making has meant that many non-farmers have control over much of the most fertile areas and either sell them off, rent them, resort to extensive cattle operations or allow them to lie fallow. The heavy weaponry in hands of Sandinista supporters and the tendency of the military to intervene only in favor of Sandinista supporters has kept any attempt by the landless to move onto uncultivated lands to a minimum.
In 1991, there were a series of incidents of ex-contra soldiers moving onto lands held by others to protest the slow speed of government resettlement and to show their rejection of various virgin areas being offered them. They, like the Sandinistas, wanted to be in areas of reasonable infrastructure and were willing to use the threat of arms to demonstrate their point.

Recently armed bands of demobilized soldiers who are part highwaymen and part enforcers of political control and harassment have appeared. These ex-soldiers have also taken over properties by threat of arms and appear to maintain connections with the military bases of the Popular Sandinista Army (EPS) in their areas. So far, the disarmament campaigns have only been partially effective in disarming these groups and those Sandinista supporters who received much weaponry from the army during the two month presidential transition period in 1990.

The Minister Director of The Nicaraguan Agrarian Reform Institute (INRA) has declared that a new agrarian reform law will be forthcoming this year. However, INRA’s claims that all small farmer organizations have been consulted on the law’s content (an important first step) are exaggerated. Another important problem is that one of the law’s primary goals - to carry out a reform within the reform by creating efficient and fair land/man ratios - flies in the face of the deal-making and power negotiations as described above. There appears to be no government support for this necessary change at this time.
The Future

Concentration of large parts of the economy in the hands of Sandinista political arms such as the ATC, the Union of Farmers and Cattlemen (UNAG) and party-connected individuals give the FSLN ample funds for political campaigns and a way to restrain economic growth and employment generation if they so please. Whether due to a specific policy or the outcome of others, there is evidence that Sandinista groups and individuals are not making the land produce and are obstructing access by others, whether landless peasants or old owners, who have the desire and capability to do so. Production which is the key to providing a stable, low inflation economy is being obstructed at the same time that the landless peasant with his good will for the democratic processes is becoming more disillusioned with the UNO government and its refusal to give him access to land.
ENDNOTES

The percentages and numbers quoted here should be considered reasonable approximations which give us a good idea about what has happened, but they are not exact statistics.

(1) In 1991 The Agrarian Reform Institute (INRA) estimated approximately 65,000 landless farm families. This is only 10,000 less than when the land reform began in 1979.

However, the number appears higher than this based on the following computations:

. 61,760 traditional landless heads of household using figures from 1987 (52,000) and factoring in a 3.5% population growth rate.
. 10,000 families which have deserted the Sandinista controlled cooperatives and state farms since 1987. This is a conservative estimate.
. 4,500 ex contra soldiers still needing settlement
. minus 5,000 traditional campesinos INRA claims to have helped settle.
. Total Landless: 70,000 plus families.

(2) There are no studies on how much land is uncultivated or underutilized. But reports from peasant organizations in diverse
locations point to at least 50% in many areas. Agrarian reform officials admit that large fertile sections of agrarian reform lands are not cultivated. In 1990 one high official spoke about three hundred thousand manzanas lying fallow in Regions I and II, Chinandega, Leon, Ocotal and Estelí.

INRA claims that about 3 million manzanas (state farms excluded) were given to peasant beneficiaries. A very conservative estimate then is that 500,000 manzanas of good farm and grazing land is being left unused. If we include a low estimate of 25% of past and present state farms, then there is another 160,000 manzanas not being used. This total of 660,000 manzanas could be more. Unfortunately, there seems to be little interest in getting precise data on who controls what and how much of the usable land is being cultivated or efficiently grazed.

(3) Until now, no one has tried to determine how much land is uncultivated or underutilized, where it is located and the types of production, whether cotton, coffee, basic grains, cattle or other. If only 500,000 manzanas is unused and this is multiplied by $100 of lost production per year (ridiculous low figure), Nicaragua is loosing at least 50 million dollars per year.

(4) The average per-capita diet is 1,310 calories or 40% below the 2,185 minimum daily requirements calculated by the United Nation’s Food and Agricultural Organization.

(5) Conversations with potential investors living in Honduras show that increasing violence by Sandinista unions plus the lack of
all due speed by government in returning confiscated properties are discouraging them from returning. A Washington Post article "Nicaragua's Economy Stumbles as Wary Investors Stay Aloof" (February 7, 1992) demonstrates the problems of trying to reinvest in the countryside.

(6) The list of Sandinista actions since Mrs. Chamorro came to power do not demonstrate a whole hearted commitment to democratic processes: Asonadas, or so-called popular uprisings in Managua during 1990, armed take overs of radio stations, public and private companies, and Managua's City Hall; army support for armed bands of demobilized troops and the violent takeovers of businesses by Sandinista unions.

(7) Who is this new landlord class?

(a) Ex-Sandinista government officials. During the transition period of 1990, 300 individuals were given properties averaging 500 manzanas per capita, much of which is located in the fertile Region II. In more specific terms, information from the Ministry of Agricultural Region II shows two exfunctionaries taking 1,700 manzanas in El Viejo, Chinandega. The former head of the Agricultural Ministry in this area took over part or all of Finca San Pedro. etc., etc., etc.

(b) Military Officers

One example among many: 17,442 manzanas of state farm land was given to approximately 10 military officers in the Ocotal area according to an INRA representative. The size of the land grant
depended upon rank, with a Captain worth 1,600 manzanas and the Colonel in charge 3,000.

Of the 421,400 manzanas of state farm lands given out as of August 1991, 73,765 were donated to military officers. Unfortunately, these statistics do not break the distribution process down into detail: what was the average size of distribution, how many beneficiaries, what disparities existed in the distribution process.

(c) Some of the top ex-Contra leaders have been given multiple estates of sizeable areas.

(d) As stated in the text 40 farmer workers and managers have been awarded 6,000 manzanas in El Tanque. They will need to hire hundreds of day laborers. This problem of a few peasant member owners on large properties (one extreme case: 7 families for 1000 manzanas) is widespread. In 95% of the cases, these occupants oppose increasing their membership or creating new settlements on their unused land.


(9) 1979 - 1990: Dramatic changes in land tenure patterns took place after the fall of Somoza in 1979. The two most important were the expropriation of large farms from the Somoza family and supporters in 1979 (Decrees 13 and 38), and the controversial creation of public sector property ownership known as the Area de Propiedad Pública (APP).
The Somoza family alone had 20% of the total farm land in Nicaragua. This land was used by the Sandinistas to create State Farms, which, according to observers, constituted no real change for agricultural workers. They remained wage laborers; they did not participate in management, or as part owners, as was the case in El Salvador.

According to the old Ministry of Agriculture (MIDINRA), State Farms included 31% of farm families and 25% of the land in 1982; but because of management, production and political problems, the share of farm families in state farms dropped in 1987 to 10% and land to 14%.

The 500,000 hectares taken out of the State Farm sector was transferred to a collectivized cooperative movement known as the Cooperativa Agropecuaria Sandinista (CAS), which was used by the Sandinistas as a political mobilization point for demonstration groups and intimidation gangs or "turbas," and as staging area for army recruiting and for the creation of local militia units. After their February 1990, election defeat, the Sandinistas distributed weapons, including AK-47s, to CAS members in far greater numbers than had been the case in the past. The latest figures (1987) show the CAS having 11% of farm land and 29,000 farm families or 13% of the total.

Sandinista Government figures for farm families on State Farms and the CAS are most probably inflated as large numbers of campesinos have deserted these organizations and are now landless.
One result of this political/military function was a drain on needed cooperative manpower which resulted in lowered production levels and an increasing volume of unused and underutilized lands. Agrarian reform officials estimate that perhaps as many as 300,000 manzanas or more of Nicaragua’s most productive lands are idle in Regions I and II.

One continual complaint of campesino leaders from Regions I and II is that most of the CAS and State Farms have large areas of unused and underutilized land which they are reluctant to give up, even when the landless and near landless agricultural population is high. This group, which makes up 60% to 80% of the agricultural unions in non-Sandinista labor unions, was estimated to be 52,000 families or 23% of the farm families in 1987. Because of a 3.5% annual population growth rate, this landless/near landless population is growing at an alarming rate.

The Sandinista land reform reduced the area held by large farms of over 350 hectares from 36% of total farm land in 1979 to 10% in 1987, and that of medium-sized properties (35-350 hectares) from 46% in 1979 to 26% in 1987. However, the policy was not to put all private agricultural holdings out of business as they continued to contribute an important share of overall agricultural production in the 1980s.

The decline in medium-sized properties was the result of the 1981 agrarian reform law. As with later expropriations of land owned by individual opponents of the Sandinistas, the
implementation of the 1981 law has raised questions concerning the justice of many expropriations or confiscations. The labor representative on the Comisión Nacional de Revisión established by Decree 11/90, has stated that many confiscations of medium-sized farms for reasons of political punishment would probably have to be reversed; and if it was not possible to return the land, then some other for of compensation such as a different property, capital goods, or government bonds would be offered to the original owner.

While the overwhelming emphasis was on State Farms and production cooperatives, the Sandinistas did promote some service cooperatives, known as Cooperativas de Crédito y Servicios among small land holders for political organization and credit distribution purposes. From 1982 to 1987 the amount of total farm land (9% to 10%), and families (50,000) in this cooperative sector remained the same.

Starting in 1985-86, the Contra War, mounting pressure from the landless and near-landless and high desertion rates from the CAS forced the Sandinistas to rethink their strategy toward family farms and issuing individual titles. Their new approach of land distribution of smaller parcels for family farms was given more emphasis in mountainous, conflicted areas. We were not able to obtain figures on how much new land was distributed and how much of the older land holding patterns were confirmed.

However, permanent titles were not issued. Instead, usufruct titles, or the right to use the land as long as the campesino met
certain obligations imposed by the State until death or abandonment of the property, were given. This status has been criticized by campesinos. In its 1990 campaign the UNO promised definitive titles as a way to avoid a process of reconcentration of the land.

The use of agricultural bank credit by the State Farms and CAS was deficient. Many times, political influence was all that was necessary for approval, and technical/financial criteria neglected. Also, hyper-inflation, the US trade embargo, and general deterioration in the economy reaped havoc on agricultural production.

A government policy of forced sales to state marketing organizations in most products, especially basic grains, at low and arbitrarily imposed prices as a way to subsidize urban consumers was a disincentive to raising agricultural production. The new government's policy of open and free market sales for agricultural produce has met with broad approval by all farmers - big and small.