Agrarian Reform, Neoliberal Adjustment and Democracy in Central America and East Africa

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Introduction

In developing countries with poor agrarian majorities, political stability and economic security in the countryside hinge on the quality of relations between the state and the diverse interests that make up rural society. This paper adopts a comparative historical perspective of rural development in Central America and East Africa in light of various state initiatives to provide security in land tenure and food production. The principal concern is with persistent conflict over access to land and property rights exacerbated by recent trends toward privatization and market liberalization in these regions. Neoliberal economic reforms in the late 1980s and early 1990s intended to legitimize new definitions of private ownership in rural areas where export and food crops compete for the richest farm land. Rapid changes in patterns of land tenure and abrupt modifications to the institutions which define property rights raise questions about how the state exercises authority in affected rural communities.

Socialist states dominated by vanguard parties in Nicaragua and Tanzania pursued rural policy initiatives which entailed different long-term political and social consequences. After the overthrow of the Somoza dictatorship in 1979, the Sandinista Front of National Liberation (FSLN) carried out redistribution and created producer cooperatives with lands expropriated mostly from the Somoza family and its allies in Nicaragua. But, the somewhat unexpected electoral victory of Violeta de Chamorro in 1990 led to the reversal of agrarian reform and unleashed legal clashes among confiscated landowners and those who occupy agricultural properties previously under state or cooperative operation. The Tanganyika African National Union (TANU) adopted a socialist strategy that aimed to break the direct link between agriculture and capitalist producers through the creation of a village cooperative system. By the early 1980s, the TANU regime began to reconsider the socialist model as internal economic strife and international financial pressures weighed on the one-party state. The dismantling of agrarian socialism in Nicaragua and Tanzania occurred in an atmosphere of active and latent tensions among diverse sociopolitical interests with historical claims to agricultural properties in either communal or private forms.

The main concern of this paper is to explore how the failure of agrarian reform affected state capacity to govern rural social relations. The process of economic liberalization in Central America and East Africa present a dilemma for mass rural groups in the most vulnerable economic positions. Deliberate official efforts to reconcile a political opening with market reform shape institutional responses to the desire of small producers to maintain security in property rights and production. Regime change in Nicaragua and Tanzania resulted in political coalitions that advocate competitive markets to achieve much needed recovery and growth agriculture. Yet, uncertain agricultural property rights and incoherent policy priorities in production and marketing reveal a broader problem of the exclusion of small cultivators from participation in democratic institutions. This problem exists not only in the two former socialist states under consideration, but also in El Salvador and Kenya where elite landowners have restricted democratic openings and peasant incorporation.

Unlike most socialist and communist regimes, the FSLN in Nicaragua and the TANU in Tanzania permitted scholars and technicians to conduct sophisticated research on agrarian change. The abundance of secondary historical research and the availability of primary data on current neoliberal policies increases the potential for a rigorous comparison of Nicaragua and Tanzania. The cases of El Salvador and Kenya will be considered briefly to offer a contrast with regional counterparts which attempted limited land redistribution, but followed a strict capitalist path of development.
State and Rural Society in Central America and East Africa

Conflict over land in predominantly agrarian societies is rooted in class, ethnic, and clan relations that shape rural development. Since Central America and East Africa gained independence from European colonizers, the historical trajectories of state formation in these regions have been disparate. But, in the post-World War II period, Central America and East Africa experienced an acute contradiction between the role of the state and the definition of formal citizenship in rural areas. Pressures mounted on benign neglect of rural tensions over land rights and production which led to political and social change along distinct ideological paths. Central American peasants actively participated in guerrilla insurgencies that incorporated the interests of the rural poor into revolutionary agendas, whereas East African peasants did not engage in violent actions against the political establishment. Nevertheless, peasants in both regions remain potential integral components in coalitions that influence the nature of modern state building in the latter half of the twentieth century. Prominent scholars of rural politics and society have argued that peasants usually minimize risk and resist state hegemony (Scott 1976; Migdal 1974; Hyden 1980). Yet, the hypothesis of an “uncaptured” peasantry is not necessarily confirmed by the existence of peasant resistance to state intervention in everyday village life. Some recent analyses challenged the notion that peasants are predisposed to reject external influences (Isaacman 1993; Bratton 1989).

Rural development in sub-Saharan Africa and Latin America reveals evidence for the responsiveness of the peasantry to pressures for economic modernization and shifts in state policy. Long before the wave of independence after World War II, African peasants raised explicit objections to the policies of the colonial state. European exploitation of limited arable land for cash crops and cheap manual labor elicited overt political action on the part of poor farmers and rural workers. A tradition of resistance enabled small commercial farmers in some countries to influence nascent national coalitions which took shape after independence (Burgess 1997, 129-32). Rural mobilization did not consist of just universal resistance to the extractive state. Peasants attempted to sway state decisions that affected land distribution and agricultural marketing. Rural stratification was demarcated by ethnic and tribal hierarchies rather than by a dichotomy of oligarchy and peasant proletariat. African elites assumed “modern” and “traditional” characteristics upon the withdrawal of European direct rule. Tribal and ethnic divisions, exacerbated by the colonial legacy, continue to influence land tenure across sub-Saharan Africa. State intervention to establish political hegemony over rural society collided with customary village norms of dispute resolution. Modern African institutions were forged within nationalist frameworks. But, “Independence could not wipe clean the slate. This has been reflected in the tendency of states to shift uneasily between the broad strategies of rural repression and appeals to traditional authority, in the partial involvement of peasant communities in the market and in their frequently partial subordination to the state...” (Munro 1996, 128).

Populist and socialist efforts to redress the inequities of colonial patterns of land tenure cannot be placed in strong and weak categories that distort how relations between the state and rural society evolved after independence (Williams 1996, 213). Modern African statesmen appealed to civil society to coalesce around new national institutions. Once Great Britain withdrew from East Africa, elites in Tanzania and Kenya faced similar problems related to ethnicity, geography, and development policy. The leaders who had mounted the anticolonial charge formed regimes with divergent ideological orientations in each case (Barkan 1994, ch.1). “Only class societies required multiple parties; the classless nature of African society was a prime justification for a single-party system” (Young 1994, 229). The TANU embarked on a socialist experiment that sought redistribution particularly where European, Arab, and Asian capitalist had monopolized the richest farm land in the colonial period. In contrast, the Kenya Africa National Union (KANU) established a patron-client capitalist state and gave rise to an agricultural elite tied to coffee and tea that sustained the colonial economy.
Capitalist modernization in Latin America evoked peasant mobilization in the face of rising rural economic hardship. The state pursued different methods of maintaining stability in rural areas as the region became more integrated into the international economy. An important question is how peasants react to state initiatives to achieve its interests. “Too often peasants...have been seen as acting only on the urging of their stomachs” (Mallon 1995, 10). Rural development strategies, on which the state in several Latin American countries pursued political stability in the countryside, often entailed arbitrary intervention. Populist or corporatist tactics rarely acknowledged the legitimate interests of the peasantry and alienated large sectors of rural society (Thiesenhusen 1989, 1995; De Janvry 1981; McClintock 1981; Roseberry 1993). Rural class conflict in Central America was deeply entwined in the relationship between military dictatorship and export-agriculture. Social relations became hostile with the expansion of the modern agroindustrial economy after World War II (Dunkerley 1988; Bulmer-Thomas 1987). The agroexport boom destroyed the social interdependence between landlord and peasant, created new elite interests in the political economy, and increased the economic insecurity of small farmers (Williams 1986; Brockett 1988). Class tensions persisted through the 1970s as elites defended economic privileges with military force throughout most of Central America (Booth 1991).

In Nicaragua, cotton and beef production threatened the livelihoods of small farmers in the 1950s and 1960s as land became heavily concentrated in plantations and grazing pastures. The Somoza dictatorship initiated a disingenuous land reform program in the early 1960s which resulted in the forced relocation of the rural poor on land of poor quality. This situation combined with increased sugar production to activate overt political resistance from food producers and rural workers who encountered export-agriculture on the rich western plains (Gould 1990; Paige 1985; Biderman 1982). The historical disunity of the agroexport elite partially explains why some landed interests aligned with popular sectors who supported the Sandinista revolutionary option in the late 1970s (Everingham 1996; Stone 1990). In El Salvador, the coffee oligarchy exhibited consistent political unity against challenges from peasant uprisings and guerrilla organizations which championed the cause of the rural poor since the 1930s (Paige 1993; Browning 1983). By the 1960s, the expansion of coffee cultivation caused the violent dislocation of peasant communities, many residents of which were forced to squat on poor quality land across the border in Honduras (Durham 1979). A coup d’etat in October 1979 by a group of junior army officers installed a provisional government that proposed limited land redistribution. Meanwhile, rural insurrection began with the convergence of five guerrilla armies in January 1980. The Farabundo Marti Front for National Liberation (FMLN) waged a civil war against an alliance between the military and the oligarchy for the duration of the 1980s.

Obstacles to the political participation of the peasantry in developing countries posed a serious dilemma for villagers who did not enjoy the means to achieve formal citizenship. The structures of various types of authoritarian regimes reserved formal channels of representation for elites. Elites in Latin America and sub-Saharan Africa designed institutions to preserve pacts of domination over the state. African nationalist parties and Latin American caudillos inspired patrimonial dictatorships and elite contests for hegemony. Peasants were denied the right to participate in state construction which perpetuated the complex problems of rural development, including the tenuous citizenship of poor farmers (Cooper et al. 1993; Young 1994; Schraeder 1994; Stone 1990; Huber and Stephens 1995).
Agrarian Socialism and Rural Change

This section pursues a comparative analysis of how socialist regimes in Nicaragua and Tanzania attempted to harness peasant discontent with authoritarian rule and to alleviate the hardships associated with capitalist modernization in agriculture. Comprehensive agrarian reform is “an intensely political matter, involving substantial conflicts of interest. The ownership of land reflects and underpins social power and structure of agrarian societies, so that changes in the pattern of ownership necessarily involve changes in society itself” (Bell 1990, 150-51). Anti-colonial elites in Tanzania and anti-imperialist Sandinistas in Nicaragua sought to reorganize state-society relations under one-party states. Agrarian socialism originally set the primary goals of agricultural policy to be food self-sufficiency, security in land tenure, and the protection of rural standards of living. Yet, throughout the respective socialist interludes, class, ethnic, and ideological acrimony would continue to reverberate in rural politics. Eventually, the explicit promises of equality and security in the countryside were disappointed by conservative and violent opposition, administrative ineptitude, and external economic pressures.

Nicaragua

When the Sandinistas came to power in 1979, they embarked on a massive agrarian reform program. In the first stage of 1979-81, The property of the Somoza family and its closest allies was confiscated, amounting to 23 percent of the arable land. Yet, official land redistribution during this period was preempted by the need to reactivate production which had dropped drastically during the revolutionary war. The Sandinista government poised itself to undertake agrarian socialism without attacking non-Somocista commercial operations (Deere et al. 1985). In July 1981, the state announced broader legislation that permitted the confiscation of large tracts of abandoned, idle, or underutilized land. The intended redistribution spurred much controversy among government officials and producer groups. An agreement emerged to utilize state resources to pursue the gradual collectivization of rural production and a network of cooperatives and state agricultural enterprises. While the government preferred a methodical transformation of agriculture, peasants of various political loyalties wanted land in the form of individual holdings (Brockett 1988, 172-86).

Political divisions among rural inhabitants became sharper from 1982 to 1984 as the FSLN exerted ideological control in the countryside. Sandinista tactics alienated not only hacendados linked to export-agriculture, but also many small and medium-size farmers who expressed discontent with the aggressive intervention of Sandinista rural labor organizers. Opponents of socialist policies either became members of the United States-financed counter revolutionaries (Contras) or joined the conservative Nicaraguan Union of Agricultural Producers (UPANIC). The FSLN responded by creating the National Union of Farmers and Ranchers (UNAG) as a means to channel the preferences of “patriotic producers” through the party. But, UNAG quickly established a high degree of autonomy. By 1987, UNAG successfully lobbied on behalf of its diverse membership for individual titling and the deregulation of grain markets. The UNAG and the UPANIC represented a deep political fissure between rural capitalist interests in the food, export, and agroindustrial sectors (Barrios 1995, 126).

The overall program of agrarian reform between 1980 and 1989 affected 5.4 million acres, or 34 percent of arable land, and 120,000 families. However, only 55,000 families received clear titles to 2.2 million acres, while about one third of the remaining land was kept in state hands and two thirds in cooperative forms. The Sandinista Association of Rural Workers (ATC) dominated the cooperative sector. Of the sixty-six percent of arable land that remained in private hands during the 1980s, twenty-one percent was farms of more than 340 acres, and twenty-nine percent was farms of between 100 and 340 acres under the control of individual
cultivators. In general, the process of land redistribution and titling did not entail an entire overhaul of rural social relations. The Sandinista regime never acquired a monopoly over the production of cash crops. Only about half of the production of coffee, cotton, and beef and sixty percent of sugar were under state control at any given time (Martínez 1993; Spoor 1994; CIERA 1989; MIFIN/INRA 1996).

In a reaction to the urgent economic crisis, the FSLN implemented a self-imposed structural adjustment program in late 1988. The program abruptly eliminated subsidized credit and prices to producer cooperatives, emasculated the state grain marketing enterprise and adopted a bias in favor of agroexports. The creation of three large state corporations in cotton, coffee, sugar, and beef helped agricultural production rebound from a 10.2 percent decline in 1988 to a 9.2 percent increase in 1989 (IDB 1997; Spoor 1994). Former Sandinista economic ministers claimed that the Sandinistas would have continued structural adjustment had they won the 1990 election.¹

At the end of the decade, state coffers and the patience of rural citizens were exhausted by the war with the Contras. Despite the emphasis on land titling after 1985, thousands of peasants in battle areas remained landless or land-poor and disenchanted. High state expenditures of financial and human resources did not afford the Sandinistas durable political loyalty from the many layers of farmers. “The concentration of resources on urban areas, together with the absence of profitable rural investment opportunities, provided a disincentive for peasant producers. Continuing land invasions and decreasing support for the Revolution indicated the central role of access to land and the ineffectiveness of the government’s policies” (Deininger 1993, 36-7). The combination of external and internal factors caused the FSLN to fall short of consolidating its hegemony over peasant communities through policies of agricultural redistribution. As Nicaraguans prepared to hold the first competitive election in their history in February 1990, the Sandinista version of agrarian socialism had not achieved the anticipated transformation of agrarian relations.

**Tanzania**

Forrest contends that "contemporary African states have been largely unable to overcome the resilience of deeply entrenched local level sociopolitical units and to ensure that these groupings function according to official rules" (1988, 427-28). The socialist approach to redistribute land in Tanzania disrupted and complicated traditional rural social relations. The countryside was already fraught with grievances among competing tribal and ethnic groups before the state intervened to transform land tenure and agricultural production. But, the bureaucratic apparatus assembled to replace personal and kinship relations proved incapable of allocating land without consideration for rural elites and local politics.

Upon rise to power of the TANU in 1961 and the creation of the independent state of Tanzania in 1964, Julius Nyerere committed the country to socialism with the promulgation of “Ujamaa, The Basis of African Socialism.” The Arusha Declaration of 1967 put forth a long-term rural development project that referred to private property as anathema to progress and prosperity. The socialist bureaucracy was hostile to private farming enterprises devoted to export crops which led to the nationalization of most shambas over ten acres. Ujamaa thus struck at the heart of family farms with the creation of village-centered producer cooperatives that rationalized the cultivation of scarce arable land. The village policy was bereft of citizen participation and rural resettlement became coercive in the 1970s. TANU also aimed to eliminate speculation in cash crops, especially by Asian and Arab immigrant capitalists who were favored by British colonial rulers

¹ Author interviews with former Sandinista ministers of external cooperation and economic planning (October 1994, Managua, Nicaragua).

In 1977, the TANU merged with the ruling party of Zanzibar to form the Party of the Revolution (CCM). The CCM achieved supremacy over the bureaucracy and existing urban labor unions concentrated in Dar es Salaam. But the CCM abandoned any further attempt to pursue a legitimate alternative development strategy for the villagers left in the void. However, no opposition movement emerged in rural areas to channel discontent with the urban political bias of the CCM (Baregu 1994, 165-69). Some farmers began to ignore official directives to sell their harvests to the National Milling Corporation and the State Marketing Board. The few large producers who managed to escape confiscation chose not to plant or engage black markets for food and export crops, rather than encounter what they considered to be corrupt and inefficient state agencies. Consequently, Ujamaa never effected a wholesale radical change in the capitalist mode of production (Sarris and Van den Brink 1994, 294-5; Lofchie 1976, 492-97; Puttermann 1995, 314-15; Munro 1996, 130). The CCM’s state corporate policies gave way to practical matters of the reinvigoration of food markets and trade liberalization that would bring greater efficiency to the agricultural sector. In 1982, the Tanzanian National Agricultural Policy Task Force explicitly linked higher productivity investment in agriculture to individual private ownership of land (Tanzania 1982; Feder and Noronha 1987, 158).

The Task force’s report became the basis for an incremental reexamination of agricultural policies. In 1984, a group of technocrats gained control of economic planning from hard-line socialists. When Nyerere retired as president in 1985, his successor Ali Hassan Mwinyi encouraged Western-trained economists in the Central Bank and the ministries of finance and economic planning to embark on state reforms. The Mwinyi administration’s reconsideration of socialism facilitated negotiations with the International Monetary Fund of a complex neoliberal adjustment program that would last until 1994. The political decision to embrace structural adjustment resulted from declining living standards and international financial pressures brought to bear on the CCM. The various facets of the adjustment package were implemented by executive decrees that did not require legislative approval. The government began to eliminate the state trading and milling corporations, reduce taxation of agricultural output, and allow private farmers’ markets (World Bank 1994a, 82-9). Private traders soon were purchasing grain from cooperatives which gradually led to the collapse of state corporate control of food marketing and distribution. Therefore, the issue of property rights assumed a high profile on the government’s political agenda as international financial consultants advised in favor of private titles over cooperatives for greater efficiency in commercial agriculture.

The failure of agrarian reform to deliver greater economic security to rural society revisited the long-standing problems of tenuous citizenship and insecure property rights in Nicaragua and Tanzania. As the Cold War wound to a close in the late 1980s, the “agrarian question” lost importance in the politics of developing countries. Hyperinflation, huge budget deficits, and sharp declines in agroexport production forced the FSLN

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and CCM/TANU to initiate some form of structural adjustment by the late 1980s. Subsequently, while political
and economic change took place, rural competitors made overlapping claims to lands affected by redistribution.
As the will be discussed, the transition to the market in Nicaragua and Tanzania facilitated the resurgence of
commercial agroexport producers. The disappearance of socialist regimes refocused attention on the status
of relations between the state and rural society and the definition of property rights.

The Limits of Reform

Non-socialist regimes in El Salvador and Kenya implemented less ambitious agrarian reform programs
which encountered stiff political resistance from landed elites. Class and ethnic-based disputes persist in these
countries even after redistribution and titling schemes were carried out by reformist and populist regimes to
redress skewed land ownership. Wealthy landowners successfully circumvented pressures for wholesale
redistribution to maintain competitive advantage in lucrative export crops like coffee, tea, and cotton (Lofchie
1994; Paige 1993; Strasma 1989). Capitalist development facilitated the political influence and longevity of
cohesive landowning groups. Security in land tenure remains a source of political discord in El Salvador and
Kenya.

El Salvador

The Basic Agrarian Reform Law promulgated in March 1980 scarcely resembled a more
comprehensive proposal put forward by a civilian governing junta in late 1979. The reform affected about
fifteen percent of the country’s farmland, much of which had been devoted to the cultivation of export crops.
Additional provisions allowed renters or sharecroppers to claim legal land titles, and several commercial banks
were nationalized to reallocate credit to the reformed sector (Strasma 1989, 409-11). A Christian Democratic
government attempted to utilize land reform to discourage landless peasants from joining the FMLN in the first
half of the 1980s. The cooperatives established through redistribution were intended to inspire a peacefu1
transformation of capitalist production. However, the ferocity of the civil war took a severe toll on the
productivity of the cooperatives. Many members reported that guerrilla groups exacted a war tax of food,
horses, cattle, or money. By 1985, abandoned cooperative farms represented a loss of about six percent of
national agricultural output. This resulted in the inability of many cooperatives to make full payments on debts.
Active cooperatives were able to produce about as efficiently as other farmers in El Salvador (Strasma 1989,
419).

Between 1989 and 1994, the conservative administration of Alfredo Cristiani and the National
Republican Alliance (ARENA) rolled back agrarian reform. The reprivatization of commercial banks reverted
control of agricultural credit policies to insular family-based business groups. Protracted disputes over the legal
titling of redistributed land ensued and several expropriations were overturned by the Supreme Court. “[Salvadoran] elites displayed a tight articulation of economic features such as concentration of land ownership as well as kinship ties. Complex and extended networks of family relations endowed... traditional ruling groups with solidity and the resources either to resist efforts toward social change or redirect them” (Vilas 1996, 476-77).

Since the United Nations-brokered peace accords in 1992, land policy has remained an obstacle to
durable peace in many disputed rural areas. The international community emphasized the necessity of private
titles in order to integrate peasant combatants into the market and society (Seligson 1995; United Nations
1992). The government’s Land Bank and the Institute of Agrarian Transformation provided administrative
support to the Land Transfer Program (PTT) as part of the United Nations agreement. But the political
sensitivity of the land issue hampered the efficiency and effectiveness of the program to an extent to which the former combatants and other tenants who occupy potentially productive land still live in legal insecurity. Land transfer to former combatants and dislocated peasants stalled in war-ravaged areas where sixty percent of the properties were located. By late 1994, the United Nations Observer Mission reported that the ARENA government Armando Calderon Sol had completed only forty percent of the land transfers. Mass protests in 1994 and 1995, including one by 4,000 landless peasants, emphasized the inadequacy of the land program. As of late 1996, after the United Nations dramatically reduced its presence in El Salvador, more than two thousand intended PTT beneficiaries had no titles on record with the state land registry.³

Kenya

Kenya suffers one of the highest levels of unequal land distribution in sub-Saharan Africa (Barkan and Holmquist 1989; Shipton 1988, 1992). After gaining independence from Great Britain in 1964, Kenyan agricultural capitalists consolidated political power over state institutions and cash crop production (Johnston 1989, 253). Radical elements of the KANU party elite who favored massive land reform were isolated by moderate groups who rejected the socialist alternative to commercial farming (Burgess 1997, 134). Though not a classic oligarchy like that found in El Salvador, the Kenyan landed elite accumulated the best arable land through direct political influence over agricultural policy.

In the 1970s, the state pursued a resettlement and titling program that targeted thousands of small holders, but did not challenge elite dominance over the production of cash crops. Official efforts in the early 1980s to adjudicate land disputes, consolidate fragmented holdings, and register titles were hampered by latent tensions between land patrons and clients that cut across ethnic, regional, and family lines (Coldham 1979). "The prospect of imminent adjudication sharpened land interests of all kinds, producing a wave of disputes and litigations" (Shipton 1988, 108). An independent analysis of titling in Kenya indicated that “traditional inheritance laws combined with the demographic pressures and resultant land shortages led in reality to fragmentation of holdings, and a continuation of land disputes, the very consequence the registration system was meant to avoid” (UNFAO 1989, 9). Frequently, the new title holder was an “owner” without power or right to take possession of the land. Yet, no public information is available about how much land government officials and political leaders control (Johnston 1989, 250-53; Lofchie 1994, 151-54 Riddell 1988, 43). Elite cohesion partly "determines whether elites and masses can arrive at new rules of political interaction through negotiation [and] accommodation" (Bratton and Van de Walle 1994, 454). The Kenyan agricultural elite is a dynamic group of producers, but its political interests are tied to the maintenance of a one-party state.

The KANU attempted to increase its legitimacy in remote areas with financial support for peasant-initiated development projects in the 1960s and 1970s. This self-help rural movement known as "Harambee" was a populist endeavor to reorganize relations among the party, the state and small cultivators in the form of a patron-client hierarchy. Harambee helped reduce land inequality in areas where small farms dominate agricultural production and gave the state a powerful patronage mechanism in the form of schools, health clinics, and housing (Barkan and Holmquist 1989, 370). The administration of Daniel arap Moi, who came to power upon the death of Jomo Kenyatta in 1978, used agroexport promotion to channel resources to KANU supporters and some members of small opposition parties in rural areas where competition for land is particularly intense (Lofchie 1994, 152). Moi also orchestrated one of the first structural adjustment programs

³ See Joya de Mena et al. 1993, 33-4; El Diario de Hoy (San Salvador), 30 April 1996, 2; Miami Herald, 29 April 1995, 6.
prescribed by international lending institutions in Africa. Under the pressures of adjustment and liberalization in the early 1980s, the KANU regime reduced the flow of resources to rural social programs and isolated the interests of small farmers from the state ruling coalition (Burgess 1997, 135, 142).

**From Socialism to the Market in Nicaragua and Tanzania**

When small developing countries whose economies depend heavily on agricultural production adopt liberal market principles, they confront stark choices about investment in competitive agricultural crops (Melmed-Sanjak et al. 1994; Barrows and Roth 1990). Economic stagnation and international financial pressures in the 1980s forced Latin American and sub-Saharan African countries to revamp agricultural policies in favor of privatization and liberalization. Sub-Saharan Africa began losing significance in global agricultural markets at the end of the 1970s and Latin America experienced dramatic market losses since the second half of the 1980s. The precipitous drop in agricultural commodity prices over the last fifteen years prohibited food cultivators in the least developed countries from increasing their share of regional and global exports (Di Girolamo 1992, 96; UNFAO 1995, 12). Governments and international creditors agreed that agricultural development would be best achieved through the adoption of market incentives.

The General Agreement on Tariffs and Trade (GATT) required developing areas to open agricultural sectors to competition while northern industrialized countries, especially the United States and the European Union, continue to protect farmers (Di Girolamo 1992, 108). In Latin America, an agroexport bias pervades production priorities that coincide with the ascendance of the North American Free Trade Agreement and plans for free trade in the Americas by the year 2005 (Thiesenhusen 1995, 17). Recent deliberations among rich and poor countries before the World Trade Organization (WTO) indicated concern for the deteriorating trade position of “least developed countries” since the implementation of GATT in 1994. The WTO acknowledged the need to enhance conditions for investment and provide “predictable and favorable market access conditions” for the export products of least developed countries which come overwhelmingly from the agricultural sector.  

Neoliberal economic prescriptions minimize, if not eliminate, the state's role in agricultural markets. Reform entails the abandonment of state marketing and distribution agencies, the restriction of credit and increases in interest rates, and the privatization of public lands (Green 1989, 37-47; Barrios 1995, 113-15). These policies can weaken the institutional mechanisms necessary to define and protect property rights upon the introduction of new definitions of formal land ownership in rural areas caught in the lurch between socialism and neoliberalism. The specter of protracted conflicts over land in the neoliberal era raises concerns about the viability of small-scale producers under competitive market conditions. In regions like Central America and East Africa, agriculture accounts for up to forty percent of total gross domestic product, eighty

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4 Ministerial Declaration, World Trade Organization, Singapore, 10-13 December 1996. Nicaragua’s Minister of Economy and Development stated that, “The trade policy reviews undertaken by the WTO have revealed a tendency for the developed countries to protect their sensitive sectors, whereas the developing countries are making progress in liberalization, deregulation, and privatization...In the area of agriculture, continued quota setting [and] the granting of subsidies to the tune of $250 million by the developed countries are creating unfair competition...” Tanzania’s Minister of Industry and Trade, representing the Southern African Development Community, commented that the WTO had addressed some of the concerns of least developed countries. But, he warned of the continued negative effects of free trade on agricultural reform and argued against expanding the negotiating agenda of the WTO until the problems of unfair competition could be resolved.
percent of employment, and seventy percent of household income. Rural development specialists now advocate "promoting infrastructural and institutional investment in food production in resource-poor regions so that small farmers can fully explore market opportunities within the context of liberalization" (United Nations 1995, 54). But, the abrupt elimination of communal land rights and state assistance for rural development may not necessarily lead to alternative livelihoods for small farmers in private markets.

Neoclassical economic thought expounds that secure private titles confer upon their holders the means for effective participation in competitive markets. Unambiguous individual property rights are the basis for efficiency, productivity, and accountability in market democracies (Panaritis and Shepard 1995; UNFAO 1989, 22-7; Feder and Noronha 1987, 145). But, the institution of private property fails if the definition of ownership is not clarified among competing interests (Getzler 1996, 639-42). The requirement of legal title often leads small holders to encounter severe difficulties in entering competitive markets and gaining access to adequate credit (Stein 1994, 1836-37; Pomiere 1995, 38-42; Leonard 1986). “The danger in former state-socialist societies is the prospect for...the creation of private property without the effective institutional and legal infrastructure of an open market economy” (Lijphart and Waisman 1996, 247). The dismantling of agrarian socialism in Nicaragua and Tanzania was not accompanied by a strengthening of those institutions necessary to monitor the privatization of land and the security of property rights after neoliberal adjustment.

After the 1990 election in Nicaragua, property disputes over confiscated and nationalized lands reflected class conflict with deep roots in the agroexport economy that emerged under the Somoza dictatorship. The advent of the Chamorro government facilitated the privatization of land and agroindustrial complexes which constituted the state sector. Confiscated agricultural entrepreneurs in Nicaragua and the United States demanded that the government return all properties that were under the control of Sandinista state farms. In order to accommodate competing interests, the executive cabinet orchestrated a combination of sales and returns of properties from several large state agricultural corporations (CORNAP 1995). The beneficiaries were a mixture of former owners from the Somoza period, Sandinista and non-Sandinista peasants and workers, former combatants on both sides of the civil war, and some new Nicaraguan and foreign investors. Of the nearly 800 thousand acres under the control of state farms, 320 thousand acres were returned to former owners, 233 thousand acres were acquired by worker cooperatives, and 114 thousand and 120 thousand were granted to former Contras and former Sandinista soldiers, respectively (MIFIN/INRA 1996). The privatization engendered debate over whether such action will serve to extinguish the fire that continues to burns under rural social relations.

The defense of land expropriated by Decrees 3 and 38 in 1979 and property affected by the Agrarian Reform Decree 782 in 1981 was a high political priority of the Sandinista government as it prepared to pass executive power to the new government. The Sandinista-dominated legislature passed the Law of Protection of Agricultural Property (Law 88) in March 1990 to offer legal security to those families which received about 2 million acres between 1980 and 1990. But the hasty implementation of Law 88 left thousands of small farmers, who received titles between the defeat of the FSLN in February 1990 and the inauguration of Chamorro in April 1990, exposed to litigation. In addition, it is estimated that over 160 thousand land-holding households had some kind of title defect that occurred in the process of redistribution in the 1980s. The Nicaraguan Institute of Agrarian Reform managed to title 1.8 million acres of agricultural property between 1992 and 1996. However, an exhaustive and expensive legal review of the privatization and titling processes made dispute resolution more difficult. The Office of the Attorney General and the Ministry of the Presidency scrutinized thousands of cases to identify legal and political abuses and referred them to the Supreme Court of Justice for adjudication (MIFIN/INRA 1996). In effect, privatization and titling were subject to executive and judicial delays and invited a barrage of private lawsuits which overwhelmed the administrative capacities of the court system (Stanfield 1995, 12-22).
Healthy agricultural growth rates from 1993 to 1995 were spurred by the resurgence of private farming operations (IDB 1997; ECLAC 1996). Coffee, beef, sugarcane, and nontraditional fruits and vegetables account for 70 percent of Nicaragua’s exports. Wealthy landowners, who enhanced their presence in cash crop production after privatization, established private sources of credit from new banking institutions. Meanwhile, the National Development Bank (BND), the only state source of credit for basic grains, reduced its clientele from 80,000 in 1990 to 39,000 in 1993 by raising interest rates and implementing strict collateral requirements tied to legal land titles. Consequently, the BND financed only 35 percent of more than one million acres programmed for basic grains in 1993 (Barrios 1995, 116-21). At the same time, the state grain board reduced it purchases to less than five percent of beans, corn, and rice (Spoor 1994, 522). The main producer associations UNAG and UPANIC are guided by large agricultural entrepreneurs who do not toil on their lands. The clash of interests among large and small growers over the policy positions of the guilds precludes the responsiveness of state agricultural institutions (Barrios 1995, 126). Consequently, the ATC created a set of private agricultural cooperatives, including stock options and profit sharing arrangements, with the land its members acquired between 1991 and 1995. UNAG leaders opened the Banco del Campo with finance capital from the European Union to attempt to fill the credit void left by the BND (Stanfield 1995, 22-23).

In Tanzania, international financial institutions expressly linked the opening of markets to the privatization of agricultural property rights. The government thus sought a way to confer private property rights to those farmers still cultivating land acquired through the village program. In 1992, at the behest of the CCM, the legislature enacted "Regulation of Land Tenure" (Tanzania 1992). Act 22 intended to eliminate preexisting rights to land affected by ujamaa and to offer security to village cooperatives. The legislation assumed that land rights had accrued as a result of ujamaa redistribution in the 1960s and 1970s. The action amounted to an official initiative to privatize property rights, but it became a watershed for legal disputes. The Supreme Court found that Act 22 violated the right to property provided under an 1984 amendment to the Constitution. This decision set in motion a full scale assault on the village network and encouraged former owners to seek the retrieval of lands from which they were evicted. Demands for the outright return of land set off a political firestorm among villagers. The legal process entailed confrontations among claimants who had long-standing land disputes stemming even from before agrarian reform after 1967. Act 22 inadvertently rekindled direct competition for land between producers of cash crops and subsistence farmers and grazers (Coldham 1995, 236-40).

But, because of the lack of legal precedence at the national level, no clear rules and procedures could be invoked to adjudicate claims across the board. The state was unprepared to handle the crush of demand on the judicial system. Contradictory institutions and rules associated with native customs and village socialism led to institutional paralysis. The State Land Commission responsible for dispute settlement encountered overlapping jurisdictions between local tribunals and state courts which caused "dissatisfaction, complaints, delays, and inefficiencies in the existing machinery for settling land disputes" (Shivji 1994, 19-21). Months of arduous and expensive litigation often did not lead to definitive outcomes. In some cases, rural competitors for land refused to allow the state to intervene, turning to the government only as a last resort (Van Donge 1993). State authorities frequently deferred to local elites and native customary law which caused the proliferation of self-appointed authorities, favoritism, and corruption in land allocation and adjudication. The bureaucracy was apt to acquiesce to local elites who managed land returns and hastened the reversal of agrarian reform policy on which Tanzanian socialism staked its legitimacy with the peasantry.

The new emphasis on export production that accompanied structural adjustment since 1985 permitted the gradual resurgence of native, Asian and Arab traders (Cleaver and Donovan 1995, 28). The agricultural growth rate increased from an average of 3.4 percent between 1981 and 1986 to 5.3 percent between 1987 and
1991. The total elimination price controls and the state monopoly on the purchase of coffee, tea, cashews, and cotton in late 1992 facilitated more sophisticated cash crop operations (World Bank 1994, 233, 38-39, 46). This trend spurred more intense competition for the country’s five percent of arable land. Nevertheless, food crops still account for 70 percent of household income, while export crops account for only four percent; and, nearly ninety percent of the economically active population continues to be employed in subsistence agriculture. (World Bank 1994, 254-55; Tanzania 1996). “In societies where central governments fail to act efficiently, food security rests on the foundations of small farmers who plod on regardless of the politics of the urban elite.” Nevertheless, rural development and land tenure security are still important responsibilities of the state.

**Democratic Transitions and Rural Society**

Several developing countries were swept into the “third wave” of democratization upon the collapse of communism and mounting international financial pressures in the late 1980s and early 1990s. A powerful combination of global political and economic forces influenced the political choices of elites who had constructed authoritarian states. Dual transitions from exclusionary politics and centralized economic planning to multi-party competition and open markets presented ruling elites with the challenge of how to reconcile greater citizen participation with the imperatives of international economic competition (Haggard and Kaufman 1995). As the political travails of the eastern Europe attest, “Democracy...is not a requirement of economic reform in any logical or institutional sense...” (Comisso 1991, 179). The simultaneous construction of democratic norms and open markets is made more arduous if painful economic reforms are not accompanied by tangible increases in the participation of civil society. A long interlude of dictatorship can make democratic consolidation difficult to achieve as elites maneuver to preserve strategic interests (O’Donnell and Schmitter 1986; Remmer 1995; Lijphart and Waisman 1996). Elite political preferences influence their perceptions about what is necessary to maintain power when faced with institutional renovation (Bates 1989; Smith et al. 1994a). While structural adjustment has been fully implemented in most developing countries, governments are tempted to neglect the essential functions of a judicious state.

Recent emphasis on “good” governance points to the strengthening of civil society and the creation of transparent and accountable bureaucratic agencies. The World Bank asserts that, under these conditions, public policy can foster the expansion of private enterprise and empower producer classes (World Bank 1992). However, state reform in developing countries has been controlled by insulated executive agencies (Bresser Pereira et al. 1994; Young 1994a; Williams and Young 1994). Elite attitudes about how to reform decision making processes greatly influence the chances for the creation of “innovative political structures [that] mobilize the rural population to support economic reform in new democracies” (Bienen and Herbst 1996, 37). The dismantling of the state apparatus in Nicaragua and Tanzania illuminates persistent conflict over property rights in the neoliberal era. The quality of existing institutions is important for understanding how land disputes affect the prospects for democratic politics in agrarian societies. “The core problem of governance and state authority is how to incorporate people into a polity and economy in such a way that they accept the particular forms of political and legal authority...” which regulate, among other things, property rights (Munro 1996, 122).

Democratic outcomes are likely when the transition to the market is accompanied by changes in the social structure that facilitate durable alliances among democratic actors in urban and rural areas (Moore 1966; 136).

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Huber and Stephens 1995). Weak and divided entrepreneurial classes were tied to the Somoza dictatorship in Nicaragua and were linked to European colonial rule in Tanzania. When revolution and independence swept away the old authoritarian regimes, the FSLN and the TANU seized on the political vulnerability of the agricultural bourgeoisie to implement peasant cooperatives and land redistribution (Everingham 1996; Johnston 1989; Lofchie 1976). A renewed emphasis on commercial agriculture may not necessarily rescue an opportunity for capitalist producer classes to support democracy in the wake of socialist experiments (Gudmundson 1995, 163; Bates 1994, 19-21; Lewis 1996, 100-1).

Poor farmers have not played a central role in contemporary political movements that have pressed for democratization. Recent scholarship has indicated that regime change and economic liberalization in Latin America and sub-Saharan Africa excluded small farmers from formal participation in policy decisions regarding the reversal of agrarian reform and its impact on agricultural property rights. The current governing coalitions in Tanzania and Nicaragua do not include farmers’ unions and organizations which explains the deterioration of rural institutional structures in the 1990s. Consequently, the historical role of peasant resistance and protest has been eclipsed by the imperative of expanding and improving formal citizenship in rural areas (Vilas 1996; Van de Walle 1994).

In Tanzania, peasants occupied less than two percent of parliamentary seats since the 1985 election; in that year, peasants lost a crucial advocate in government when Nyerere retired from the presidency. The process of structural adjustment was at its height when multiparty politics were permitted by the CCM in 1990. Formal opposition groups took shape around urban intellectuals who espoused the virtues of democracy, human rights, and a market economy. However, none of the nascent groups formally represented the interests of peasants and rural labor. The proliferation of embryonic movements contributed to confusion and fragmentation in the opposition’s political agenda which plagued the preparatory phases of the presidential and parliamentary elections of October 1995 (Baregu 1994, 170-75). Anti-CCM candidates referred to the failure of the village policy to provide security to farmers and reintroduced ethnic tensions into the political arena by warning of the potential threat of Asian and Arab influence (Kaiser 1996, 232-35). Yet, the CCM easily defeated its challengers for both branches of government. The CCM’s candidate for the presidency, Benjamin Mkapa, won 62 percent of the vote, while his party took 214 of 275 seats in the National Assembly. This electoral success is attributed to the CCM’s ongoing ability to secure block voting in pivotal rural and urban areas. The closest rivals were the Civic United Front of Zanzibar with 28 seats, and the urban centrist National Convention for Construction and Reform with 19 seats. Despite that fact that Tanzania is suffering “the shock of a rapidly retreating state,” changes in national politics have not brought about coherent political associations which incorporate peasant interests (Kaiser 1996, 236-37).

Economic liberalization in Latin America contributed to the “neutralization of the opposition [through] the progressive disarticulation of social networks and the erosion of collective identities and political solidarities” (Smith et al. 1994a, 5). This phenomenon exists in Nicaragua where peasant communities that were once divided by cold-war ideology are now isolated from pivotal roles in national politics. The FSLN lost the confidence of many peasant groups who joined the Contras in the mid-1980s. Consequently, the majority of rural voters cast their ballots for Chamorro and the Nicaraguan Opposition Union, an electoral alliance of fourteen parties of diverse political orientations that defeated the FSLN in 1990. The Sandinistas’ electoral failure exposed the party’s internal divisions. The multiclass character and the grassroots linkages of the FSLN rapidly disintegrated in the early 1990s as some of the party elite sought accommodation with neoliberal economic reforms. Ensuing behind-the-scenes negotiation between the Chamorro government and the Sandinistas over privatization eventually benefited rightist candidates of the Liberal Alliance in the election of 1996. The current administration of Arnoldo Aleman enjoys the support of a broad range of economic elites,
including Somocistas in Miami, who are engaged in intense legal actions to retrieve agricultural properties affected by Sandinista policies. The Sandinistas occupy 36 of 92 legislative seats in the National Assembly, but none are from peasant backgrounds or enjoy broad popular support in rural areas. Since the transition to democracy in 1990, state reform has channeled resources away from the resolution of complex economic and social problems of rural society in Nicaragua. The distinct rightward shift toward Liberal politics relegated formal representation of peasants to the UNAG, UPANIC, and ATC.

After undergoing comprehensive structural adjustment, the state in Nicaragua and Tanzania is even less capable of resolving disputes over agricultural property rights. The absence of the rule of law is not simply a function of the failure of socialist regimes. It is also due to colonial and authoritarian legacies that adversely affected rural development. Privatization and market reforms in agriculture severed the fragile ties between small farmers and socialist institutions. Land-poor peasants cannot depend entirely on the state for their economic security. But, protracted conflicts over access to scarce arable land are manifestations of the erosion of institutional mechanisms that could extend and preserve the benefits of formal citizenship to the rural poor in the neoliberal era.

References


