

EL SALVADOR LAND REFORM
1980-1981

IMPACT AUDIT

Laurence R. Simon
James C. Stephens, Jr.



EL SALVADOR LAND REFORM
1980-1981
IMPACT AUDIT

Laurence R. Simon
Director
Education and Issue Analysis
OXFAM-America

James C. Stephens, Jr.
Department of History
University of Chicago

oxfam
America

302 Columbus Avenue, Boston, Massachusetts 02116, (617) 247-3304

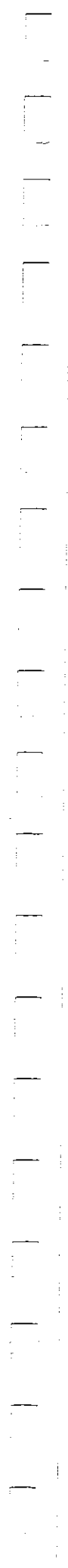


TABLE OF CONTENTS

	Page
Preface.....	i
Need for Agrarian Reform.....	1
Political Moment of Agrarian Reform.....	11
The Structure of the Agrarian Reform.....	18
The Reform : Phase I.....	22
Phase II.....	41
Phase III : Land-to-the-Tiller.....	44
Financing the Reforms/Economic Climate in..... El Salvador	64
Review of Findings.....	70
Appendix : Agrarian Reform Laws of 1980	

LIST OF MAPS

Principal Place - Names.....	iv
Generalized Relief.....	10
Agricultural Regions.....	17
Density of Population.....	21

the impact of the program on the poorest people in the society? Is it a viable program economically? Will it lead to greater self-reliant development rather than increased dependency? Are the necessary local resources accessible to ensure full potential development?

These lines of inquiry are important considerations whether the investment in a project is \$5000 or as in this case hundreds of millions of dollars. A development program of the magnitude of El Salvador's should have a major impact on the lives of the poor. We would hope that impact would be beneficial, but in our experience the reverse is often the case. This, unfortunately, is our conclusion after studying El Salvador's program.

We do not have all the answers to agrarian reform in El Salvador, or anywhere else in the world. We are still asking questions and learning from such diverse situations as Zimbabwe and Sri Lanka. Through this process we've come to understand better some of the essential ingredients in development planning.

A poor country cannot change historic patterns of dependency overnight. It cannot change land use and land tenure arrangements without careful assessment and planning, without proper credit and supply channels, without extension and training services. Sometimes production and marketing cooperatives must be formed. Education and literacy programs begun. Attitudes change slowly. The Minister of Agriculture of one progressive Third World nation has wisely advised that the most important ingredient for successful agrarian reform is patience.

The constraints on land reform under the best political

PREFACE

This study originated out of our experience in a camp for displaced persons in San Salvador in the summer of 1980. We found that most of the families had been potential beneficiaries of the newly announced land reform program. Some had fled the large haciendas that were being converted to cooperatives when members of their families were assassinated. Others had fled their small rented farms in Chalatenango after their field and homes had been put to the torch. Most claimed they were fleeing the violence of the National Guard. If true, these reports indicated a serious contradiction: while one arm of the government was mobilizing to extend land reform to numerous peasant farmers, another agency of the government was driving those same peasants from their promised land.

What was the truth? And what, indeed, was the nature of El Salvador's land reform program?

Land reform, wherever it occurs in the world, under whatever political and economic system, should have essentially this same goal: to enable the rural poor to increase their agricultural production and standard of living through secure access to land and related resources. The design of the program will, of course, vary according to the specific needs of the rural poor in the context of the dominant land use and land tenure pattern of a given country.

In evaluating the El Salvador land reform, we asked the same questions and applied the same criteria that we would to any development project -- especially OXFAM-America's. Who are the intended beneficiaries? How do they participate in the planning and implementation of the program? What is

circumstances often are severely limiting. Unfortunately, land reform has to do with power. Land and water are the most important productive assets which form the basis of power in the developing countries. Genuine land reform requires a transfer of power and control of those assets if it is not to be merely a "cosmetic" change. Above all, agrarian reform, involving necessary changes in all institutions affecting the lives of the rural poor, can only be maintained where there is a unified political will to improve the lives of the poor.

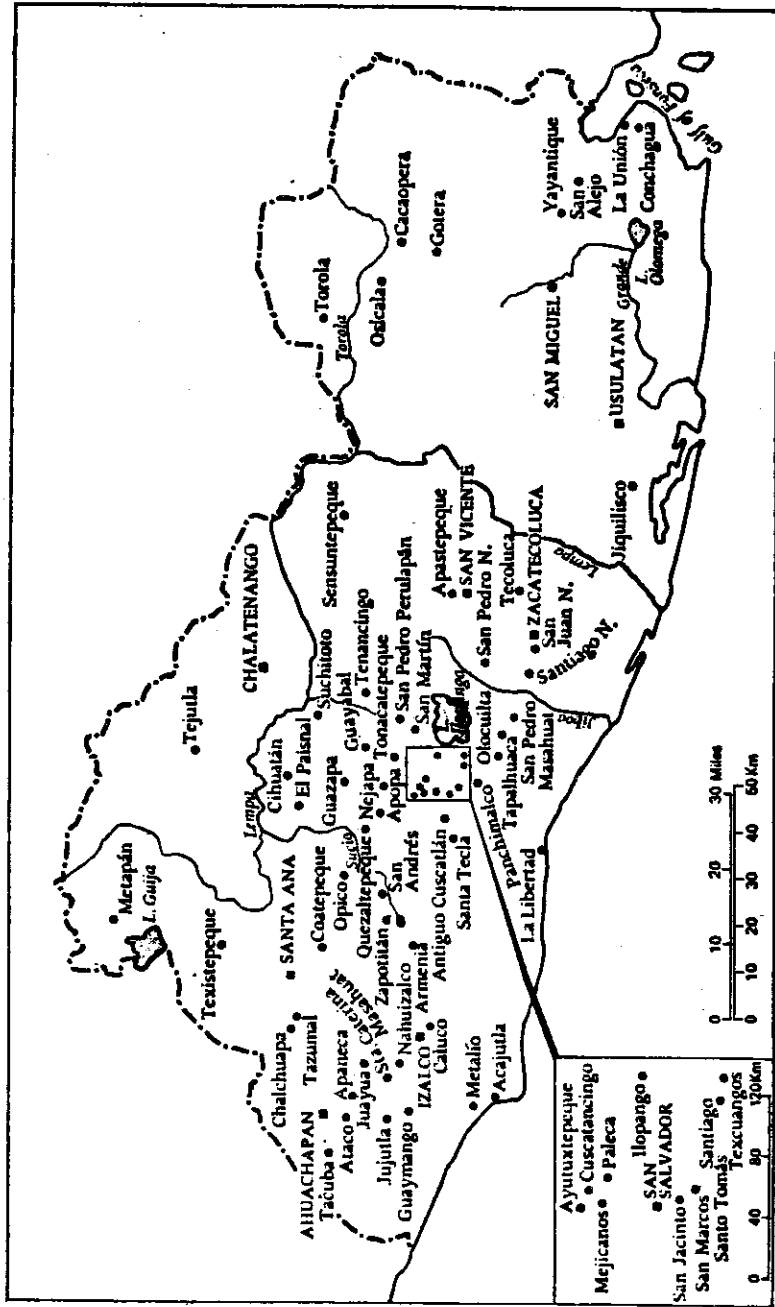
It is our hope that this report may shed some new light on the agrarian situation in El Salvador and, in a small way, contribute to more enlightened policies.

LRS

JCS

Boston

27 January, 1981



MAP 1. Principal place-names

Source: Browning, David. El Salvador: Landscape and Society

In 1971, half of El Salvador's 271,000 farm units consisted of less than one hectare of very poor soil; ninety percent were smaller than five hectares.³

(Nine hectares are the minimum necessary to provide subsistence for a family of six.) Less than one percent of the units, farms of more than 500 hectares, controlled more than fifteen percent of the land. A study by Melvin Burke reveals that six Salvadorean families held more land than 133,000 small farmers.⁴

Each year, hundreds of thousands of peasant families migrate seasonally from small plots to commercial plantations, unable to subsist on their own units. This pattern of agricultural life reflects the predominant pattern of land use.

Land Use Patterns

Agriculture accounts for over twenty-five percent of El Salvador's GNP, more than any single sector of the economy, and agricultural activities absorb fifty percent of the economically active population. Agricultural exports represent ninety percent of the value of exports outside Central America.⁵ Of the country's 2,098,000 hectares, one third is not in production, leaving 1,580,000 for farming. Much of that land, however, is either

-
3. Direccion General de Estadisticas y Censos, "Tercer Censo Nacional Agropecuario Vol. II (San Salvador: January 1975), Table 1.
 4. Burke, "El Sistema de Plantacion y la Proletarizacion del Trabajo Agricola en El Salvador," p. 478.
 5. Samuel Daines and Dwight Steen, Agriculture Sector Assessment: El Salvador, US AID/El Salvador (Washington, D.C.: Daines and Steen Consulting Firm, 1977), p. 1.

NEED FOR AGRARIAN REFORM

The lack of extensive agrarian reform¹. seriously impedes the future economic growth of El Salvador. Since 1881, when the nascent planter oligarchy abolished communal forms of land tenure, evicting thousands of Indian and Mestizo villagers from the fertile central highlands, to plant coffee, El Salvador's agrarian reality has been characterized by a growing dichotomy between large landed estates devoted to commercial export crops and small subsistence plots of basic food crops, with as much as 65 percent of the population landless.²

-
1. In this study, the terms "agrarian reform" and "land reform" will be used interchangeably, although in other contexts agrarian reform often has a broader meaning. We are here conforming to the lack of such distinction in the source documents.
 2. The best historical treatment on changing patterns of land use in El Salvador, the demise of communal forms of land tenure and the rise of commercial export crops is found in David Browning, "El Salvador: Landscape and Society, (Oxford: Clarendon Press, 1971). The question of landlessness is addressed in Melvin Burke, "El Sistema de Plantacion y la Proletarizacion del Trabajo Agricola en El Salvador," Estudios Centroamericanos 335-336 (September-October 1976): 473-86. It bears mentioning that Salvadorean experts with whom we spoke consider the problem of landlessness foremost.

Conversely, on land of 100 hectares and larger over 50 percent lies fallow and less than 20 percent is planted with basic grains.^{8.}

Land use follows the same patterns for permanent crops, of which coffee, the backbone of the economy, comprises over 90 percent of the value. Only 9 percent of permanent crops are grown on farms larger than 500 hectares, but over 63 percent are grown on farms of 5-200 hectares.^{9.}

- 1) More of El Salvador's land resources were used for extensive cattle grazing than for the production of food crops;
- 2) Only 10 percent of El Salvador's land was planted with permanent crops;
- 3) Despite rapid population growth and increased demand for basic grains, the amount of pasture land remained unchanged;
- 4) During a period of sharply increasing unemployment more labor un-intensive export crops were planted at the same time more labor saving machinery was utilized.^{10.}

Land use patterns are critically related to agricultural growth and increased employment. Agrarian reform should move to redress the imbalance between the large estate, the latifundia, and the minifundia.

8. Tercer Censo Nacional, Vol. II, Tables 20-24.

9. Ibid., Table 25.

10. OAS et al., Tenencia de la Tierra y Desarrollo Rural en Centroamerica (San Jose: Editorial Universidad Centroamericana, 1976), p. 62.

unsuitable for intensive agriculture or currently utilized as pasture. The 1974 Agricultural Zonification Study of the OAS, gives the following breakdown of El Salvador's land resources:

- 1) 18.3 percent of El Salvador's land is suited for intensive crops, mechanization, and irrigation - classes I, II, and III;
- 2) 6.1 percent are classified as medium quality soils suitable for limited cultivation but subject to erosion - class IV;
- 3) 18.3 percent are not suitable for intensive cultivation; they are subject to serious erosion - class VI. They are however suitable for perennial and tree crops;
- 4) 56.7 percent are classified as classes V, VI, and VII. Depending on the specific class, they need either drainage, terracing, or other land improvements.⁶

In El Salvador, it is common practice for small farmers and peasants to devote the greatest proportion of their land to annual crops such as corn, beans, and sorghum. On micro-plots smaller than one hectare over ninety-five percent of land is devoted to cultivation of basic grains; less than one percent of land lies fallow.⁷

6. Ibid., pp. 2-3

7. Programa Regional del Empleo para America Latina y El Caribe, Organizacion Internacional del Trabajo, Situacion y Perspectivas del Empleo en El Salvador, Vol. I (Santiago: Organizacion Internacional del Trabajo, 1977), pp. 311-312

100 percent, from 33,000 to 76,000.¹² In 1971, of 271,000 agricultural units, 28 percent were rented on the basis of varied forms of payment.¹³ Perhaps the most striking aspect of the rental situation in El Salvador is the diminutive size of land parcels. More than 98 percent of renting occurs on parcels smaller than 5 hectares - considerably below the land minimum required for subsistence. And more than 60 percent of all land holdings were operated by some form of rental or lease arrangement in 1971.¹⁴

The increase in rented parcels reflects an expansion of wage labor on plantations, the monetization of the rural economy, the conversion of colono lands to rental arrangements in the wake of a 1965 minimum wage law, and finally, the division of several large properties into rental units. It is evident that the size and number of rental plots is one of El Salvador's urgent agrarian problems.

There has been a sharp decline in the number of colonos, permanent resident laborers who normally were given access to a small plot of land in return for part of their crop and labor. As more plantations increase the use of labor saving machinery and employ landless temporary laborers, the number of colonos and colonaje arrangements has rapidly diminished. From a high of 55,000 in 1961 the number of

12. Eduardo Colindres, "La Tenencia de la Tierra en El Salvador," Estudios Centraamericanos 335-336 (September-October 1976), p. 466.

13. Tercer Censo Nacional, Vol. II, Table 1.

14. Daines and Steen, Agriculture Sector Assessment, pp. 3-4

Land Tenure Arrangements

There have been three major developments during the past 20 years:

- 1) The rapid expansion of the landless rural laborers;
- 2) The rapid growth of rental arrangements;
- 3) The marked decline in permanent resident laborers, colonos.

According to a 1976 United Nations Study, Realidad Campesina y Desarrollo Nacional, the number of landless (that is those without access to land either by renting, sharecropping, or ownership) mushroomed from 12 percent to 40 percent between 1960 and 1975¹¹. because of reductions in the number of permanent resident laborers and temporary landed laborers, the displacement of laborers by labor saving machinery on export crop plantations, and a reduction in the tide of rural to urban migrants. Informed sources believe that the landless rural laborer constitutes as much as 60 percent of the rural population today. The significance of this figure cannot be overstated. As will be documented in this report, the majority of the rural population - landless and poorest - are excluded from any potential benefits under the present land reform.

The second important development has been the expansion of tenancy arrangements. Between 1950 and 1971 the number of rented landholdings has increased more than

11. Melvin Burke, "El Sistema de Plantacion y la Proletarizacion del Trabajo Agricola en El Salvador," p. 476.

\$225 per capita.¹⁹ Sixty percent of El Salvador's rural families earn less than the minimum \$528.00 (1976 prices) needed to buy subsistence food products.²⁰

The source of income is highly correlated to size of landholding. The larger the landholding the greater the proportion of income derived from agricultural activities and vice versa. While campesinos with less than one hectare earn 80 percent of income in off-farm wages, farmers with 10 to 50 hectares earn over 80 percent of income from agriculture.²¹ The skewed distribution of income in El Salvador has severely hindered the growth of domestic markets and the economic modernization of El Salvador. It is one of the issues that agrarian reform must address.

Underutilization of Labor

The combination of minifundia and sharp seasonal fluctuations in the demand of labor on commercial farms produces a chronic underutilization of labor. PRELAC of the International Labor Organization reports that El Salvador has the highest degree of labor underutilization in Latin America. More than 50 percent of the rural labor force is unemployed more than two thirds of the year. From 1950 to 1970, rural unemployment figures have oscillated between 45 and 50 percent, indicating that only 35 percent of the population is active during the whole year.²²

19. Daines and Steen, Agriculture Sector Assessment, pp. 44-45

20. Burke, "El Sistema de Plantacion," pp. 480-482

21. Colindres, "La Tenencia de la Tierra en El Salvador," p. 470.

22. Ibid., p. 472.

landholdings with colono arrangements fell to 17,000 by 1971.¹⁵ As White observes,

...planters now found that it paid to reduce the number of colonos to around the number needed at slackest times of the year, relying on labor hired for specific tasks, and usually for one or two days only...¹⁶.

Income Distribution

A direct corollary of the concentration of land holdings, patterns of land use, and increase in landlessness is the acutely skewed distribution of income. Over two thirds of the population receive less than one third of disposable income. On the other side, less than two percent of the population possess one third of the income.¹⁷ Less than 6.5 percent of the coffee growers control over 78 percent of income derived from profits.¹⁸

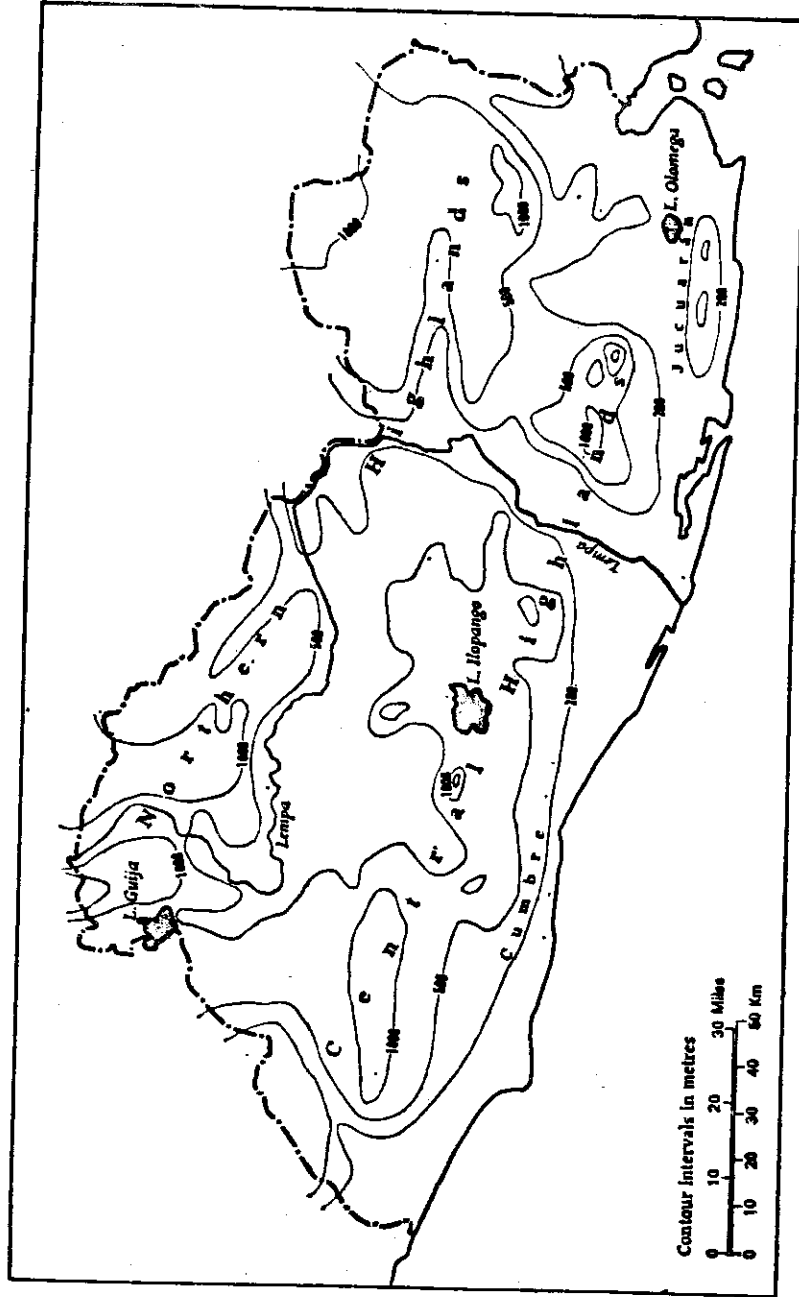
According to the Congressional Mandate which required U.S. AID to establish an income limit for rural poor, 83.5 percent of the rural population receives less than

-
15. Colindres, "La Tenecia de la Tierra en El Salvador," p. 466.
 16. Alastair White, El Salvador (New York: Praeger Publishers, 1973), p. 119.
 17. Segundo Montes, S.J., "Situacion del Agro Salvadoreno y Sus Implicaciones Sociales," Estudios Centroamericanos 297-298 (July-August 1973): p. 470.
 18. White, El Salvador, p. 123.

Summary

The yardstick for agrarian reform in El Salvador must be the extent to which it addresses the issues of land concentration, inefficient use of land, growing landlessness, skewed income distribution, and chronic underutilization of labor.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60
61
62
63
64
65
66
67
68
69
70
71
72
73
74
75
76
77
78
79
80
81
82
83
84
85
86
87
88
89
90
91
92
93
94
95
96
97
98
99
100



MAP 2. Generalized Relief

Source: Browning, David. El Salvador: Landscape and Society

The most far-reaching attempt at agrarian reform occurred in 1976 under the government of Colonel Molina. With the support of U. S. AID, ISTA, the newly formed Agrarian Reform Institute of El Salvador, planned to expropriate some 56,000 hectares of land in the Department of Usulután. However, since this was good land suitable for export crops, major opposition to the plan was mounted by cotton growers from the area. The plan was shelved and the law which gave birth to ISTA was emasculated. Afterwards, though there continued to be an acute need for a general agrarian reform in El Salvador, both U. S. AID and the Government of El Salvador (GOES) stopped their efforts for such reform.³

Immediately following the ouster of General Carlos Romero on October 15, 1979, the young officers who headed the bloodless coup issued a proclamation underlining the centrality of agrarian reform in the formation of a new

fear of organized peasants, GOES attempts to form tightly controlled cooperatives have been vitiated by a lack of truly democratic farmworker's organizations. Without these, peasant participation in design, organization, and implementation has been nil. Thus, ironically, it has been the government's distrust of precisely the sorts of participatory organizations (farmworker's unions, peasant unions and cooperatives) necessary for successful agrarian reform and colonization schemes which has insured their failure. The net result has been an exacerbation of agrarian problems.

3. As the U. S. AID/El Salvador, El Salvador Agrarian Reform Sector Strategy Paper, 21 July 1980 pp. 5-6., points out, there have been continued land purchases by ISTA. By June 1979, ISTA had bought around 14,000 hectares. With this land, cooperatives were formed. Yet these cooperatives are such in name only, for on them the general pattern of cultivation has been for subsistence farmers to plant basic crops rather than working cooperatively to plant higher yield export crops.

POLITICAL MOMENT OF AGRARIAN REFORM IN EL SALVADOR

Following the peasant uprising of 1932, El Salvador has been governed by almost 50 years of uninterrupted military rule.¹ Though the pressing need for agrarian reform had been widely recognized, outside of some limited efforts, little has been done. Both colonization schemes and efforts by the government to rebuy private estates have been characterized by insufficient credit and inadequate planning, and affected only a tiny portion of cultivatable land. Beneficiaries of these efforts often become deeply indebted and forced to sell their small plots of land back to the original owners. All attempts to take advantage of economies of scale by fostering the development of cooperative enterprises ended in disappointment.²

-
1. The most thorough investigation of the peasant uprising of 1932, in which state security forces killed at least 10,000 peasants in what became dubbed La Matanza (the massacre), found in Thomas Anderson's Matanza, El Salvador's Communist Revolt of 1932 (Lincoln, Nebraska: University of Nebraska Press, 1971). It bears mentioning that the Indian and mestizo peasants who participated in the revolt were the descendants of villagers whose lands were seized from them in 1882 following the abolition of communal forms of property. As important as communist participation was, the revolt was agrarian. Its roots were anchored in the long frustrated desire for land on the part of El Salvador's peasantry.
 2. The best summary of previous agrarian reform attempts and the obstacles they encountered, institutional, economic and technological, is found in David Browning, El Salvador: Landscape and Society, (Oxford: Clarendon Press, 1971), Chapter 7, pp. 271-92. Motivated by a

Ungo and Mario Andino.^{7.}

With the two military members remaining in the Junta, a new civilian component was brought together with Christian Democrats Hector Dada and José Antonio Morales Erlich and independent José Ramón Avalos. Just three days after the formation of a new junta, on January 12, 1980 the popular organizations unified to form the Revolutionary Coordinator of the Masses. To show their support as well as their opposition to the junta, a mass march was called on January 22, 1980. Though estimates of the crowd vary from 50,000 to 300,000 it was clear that the popular organizations enjoyed a broad base of support.^{8.}

Repression escalated against the popular organizations and their sympathizers during January and February 1980.^{9.} At the same time that violence escalated, word leaked out in February that a coup was being hatched by right-wing military officers and members of the oligarchy. The actual coup was aborted but the shift within the Armed Forces away from the Proclamation of October 15 was evident. The five progressive military officers who led the October 15, 1979 coup were forced to flee the country when their lives were threatened. Only two garrisons remained under the command of progressive officers, while the rest had been placed under the command of officers loyal to Colonel Garcia, the Minister of Defense.

-
7. Their resignation letters are printed in the 1980 January-February issue of Estudios Centroamericanos.
 8. In NACLA's Report on the Americas, July-August 1980, there is an excellent political map of El Salvador which delineates the membership of the different popular organizations which made up the Revolutionary Coordinator of the Masses, pp. 34-5.
 9. As demonstrated by the Archbishop's Legal Aid Office (Socorro Juridico) which only accepts signed depositions from victims and witnesses of repressive acts, repression was systematic: peasants by far were the primary

society.⁴ This society was to be built on justice, equality, and respect for human rights. The sincere desires of the young military officers and the progressive and moderate civilians who supported the Junta (who were led by the former Director of the Military Academy, Colonel Majano) went unfulfilled. Between October 15, 1979 and January 1980 repression and violence dramatically increased and basic reforms were not initiated.⁵ It became very clear that the young officers' influence had waned. It also became evident that the civilian members of the Junta had no control over the military.⁶

The failure to initiate the promised reforms and the startling escalation in violence and repression led to the resignation on January 3, 1980 of the three civilian members of the junta - Roman Mayorga Quiros, Guillermo Manual

-
4. The proclamation issued by the military on October 15, 1979 may be found in the October-November 1979 issue of Estudios Centroamericanos, pp. 1017-18.
 5. See reports from Legal Aid Office of The Archdiocese of San Salvador as well as Amnesty International bulletins from that period.
 6. On December 30, 1979 a letter signed by the Cabinet, Supreme Court Judges, and high functionaries from various institutions (including the Central Bank) was directed to the Permanent Council of the Armed Forces (COPEFA) expressing their profound concern that the Minister of Defense (Jose Guillermo Garcia) and others were making decisions which bypassed the Junta, or that those same parties were using the coercive power of the state to violently attack the popular organizations. This letter which is critically important in understanding the frustrated efforts of the civilian members of the Junta is reproduced in its entirety in the January-February 1980 issue of Estudios Centroamericanos. Following the unsatisfactory response by the military, the entire Cabinet, Supreme Court, and high functionaries from the Banking and Development Community all resigned on the 3rd of January 1980.

that effect seems clear. In that regard, the parallels between Vietnam and El Salvador insofar as concerns the simultaneity of a state of siege, counter-insurgency warfare, and agrarian reform have recently been underscored in a soon-to-be-published article by Peter Shiras in the January 1981 issue of Food Monitor.

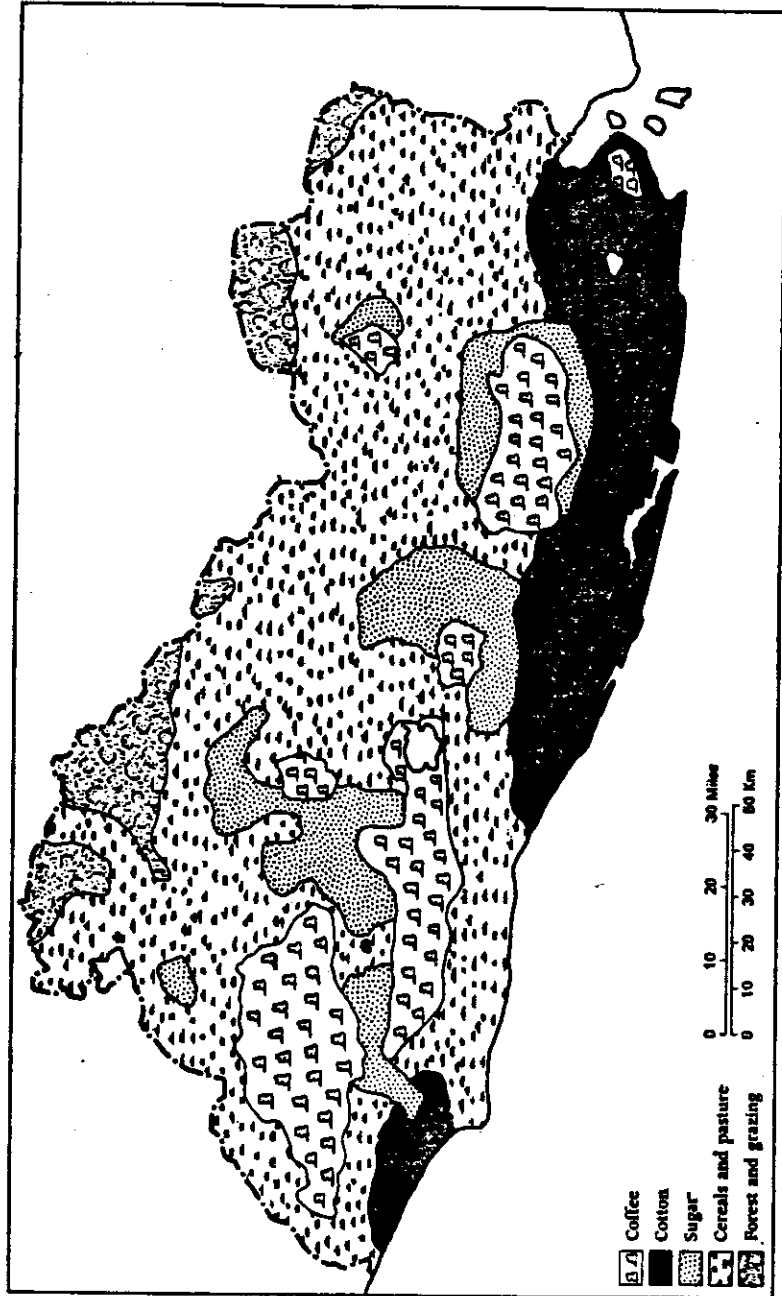
On March 3, 1980 Christian Democrat Hector Dada, a member of the junta, resigned. One week after his resignation six other prominent Christian Democrats resigned from the party and the government. In his resignation letter, Hector Dada wrote,

If it is true that obstacles found along the way have been enormous, it is no less certain that there is an inability on the part of the junta to take actions against those whom I see as the principal opponents of the process, and that every day it becomes more and more clear that these individuals are to be found within the Government itself.....¹⁰.

With the resignation of Hector Dada yet another political crisis developed in the junta. Cabinet level ministers were also resigning with greater frequency as the wave of violence and repression grew. In addition to political crises in the government, the divisions deepened between hardline and progressive military officers. In this specific context, both a state of siege and an agrarian reform decree were announced on March 6, 1980.¹¹

target, followed by workers and students. In the months of January and February, 500 people were killed by combined security forces. More than 50 percent of these were peasants. Given the U.S. population base, an equivalent number would be around 20,000 killed or 10,000 a month.

10. As quoted from Christianity and Crisis, May 12, 1980 p. 121. This is a special issue devoted to Central America, in which the events leading up to the assassination of Archbishop Romero are explored.
11. In an article in Sin Censura, Fall, 1980, Alberto Arene, a former minister from the 1st junta, argues that the agrarian reform was implemented to allow hardline military officers the context in which they could pursue a counter-insurgency war against the opposition at the same time the more moderate officers could promote agrarian reform. Whether the plan was so methodical is difficult to determine. That it had



MAP 3. Agricultural Regions

Source: Browning, David. El Salvador: Landscape and Society

eratives are to elect a cooperative directorate comprised of a president, secretary, and a treasurer. Until the new cooperatives really are able to viably function, the intervened haciendas will be managed by a process of co-gestion between the State, ISTA, and the cooperative directorates.

Phase II has been announced but not implemented. It affects lands in the range of 150 to 500 hectares, estates which include more than 60 percent of El Salvador's most lucrative crop - coffee. As in Phase I, Phase II property holders are to be compensated for their land. However, the form of compensation is different. In the case of Phase II, owners will receive 25 percent in cash and 75 percent in agrarian reform bonds. They will also be allowed to maintain up to 150 hectares of land as their legal reserve. It is estimated that between 1500-2000 farms will be affected by Phase II. Cooperatives similar to those of Phase I are also supposed to be formed in Phase II. Given the paramount economic importance of coffee, El Salvador's biggest foreign exchange earner, Phase II really is the heart of the agrarian reform.

On April 28, 1980 Decree 207 was announced by the Government of El Salvador. This decree initiated Phase III or what is widely called Land-to-the-Tiller. This phase of the agrarian reform was not originally part of the Basic Agrarian Reform Law but was added later in the process. Decree 207 affects those lands which are currently rented or tilled not directly by the owner. It converts the actual renter into an owner of his parcel. Renters may not own any more that 7 hectares of land and all future renting of land is abolished. Formal title would be given to the new owner after a 30 year period in which he will make payments for his plot of land. During this period all sales of Decree 207 lands would be prohibited. Just as in Phase I and Phase II, former owners will be compen-

THE STRUCTURE OF THE AGRARIAN REFORM

On March 6, 1980 the Government of El Salvador announced a Basic Agrarian Reform Law, Decree 153. This decree authorizes the expropriation of landed estates, sets the terms of compensation to former proprietors, and establishes the groundwork for the formation of peasant-run cooperatives. The agrarian reform is divided into three phases, each phase affecting different size estates.

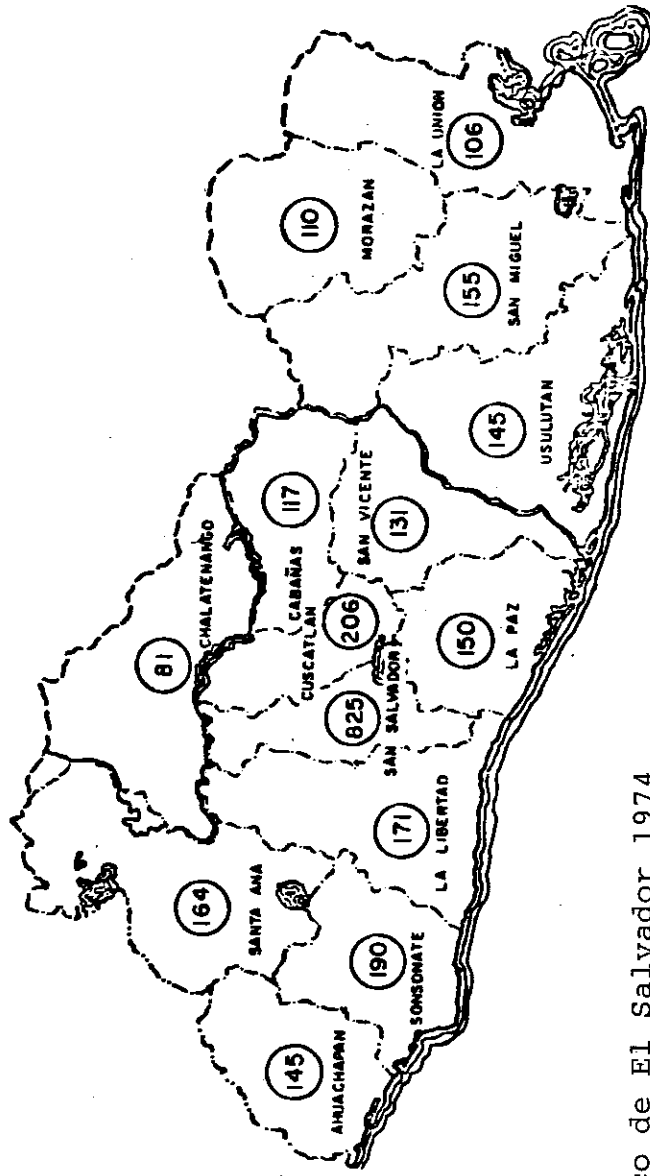
Phase I expropriates estates of 500 hectares and larger. Estates of this size are primarily devoted to the cultivation of cotton, sugarcane, and coffee or to cattle raising, and include some of El Salvador's most productive lands. Approximately 15 percent of El Salvador's arable land is affected by Phase I. It was estimated at first that 376 properties would be intervened. Now this figure has been reduced to around 250. Former owners of Phase I estates are to be compensated according to the average declared value of the landholder's property tax from 1976 and 1977. Compensation of Phase I estates is to be paid solely in agrarian reform bonds, of 20, 25, and 30 year maturity. Former proprietors will be allowed to keep landholdings up to the legal ceiling - 100-150 hectares depending on the class of land. These rights must be exercised within one year.

On the newly intervened properties of Phase I, ISTA (Salvadoran Institute of Agrarian Transformation) is charged with the responsibility of forming cooperative agricultural associations made up of the permanent resident laborers and the salaried employees. The newly formed coop-

sated for their land. Owners with less than 100 hectares are to receive 50 percent of the value of their land in cash and 50 percent in bonds. Owners with greater than 100 hectares will be compensated according to Decree 153, the Basic Agrarian Reform Law.

DENSIDAD DE POBLACION TOTAL

SEGUN CENSO 1971



MAP 4.

DENSITY OF POPULATION

Source: Atlas Economico de El Salvador 1974

○ : HABITANTES POR KM²

The impact of what has been called "right of reserve" cannot be overlooked. In brief, the "right of reserve" allows all former owners the authority to claim up to 150 hectares from their property and up to 20 percent more if they carry out improvements.³ At first glance this measure seems eminently fair and reasonable yet its potential results are questionable. If carried out to the letter, the "right of reserve" coupled with the bonus for land improvements would sharply reduce the scope of Phase I to about 10 percent of the nation's cultivatable land. Moreover, it is possible that former owners might claim as their right of reserve the best land and so cut the "infra-structural heart" out of the cooperative.

Planning

The planning for the Basic Agrarian Reform Law began in the Fall of 1979 after the coup which ousted General Romero and brought to power a civilian-military junta composed of Social Democrats, Christian Democrats, Social Christian Democrats. As evidenced in the Proclamation of October 15, 1979 the young officers had a strong commitment to agrarian reform built upon the principle of social property, incorporating the full participation of all organized peasant groups as well as the advice and assistance of those groups traditionally supportive of agrarian reform: the Church, Universities, and agricultural technicians.

3. Article 4, Chapter 2 of Basic Agrarian Reform Law (Decree 153) specifies the right of reserve for landholders.

AGRARIAN REFORM: EL SALVADOR, PHASE I

Phase I authorizes the expropriation of estates of 500 hectares and larger and the formation of peasant cooperatives. It was originally believed that there were 376 properties of that size, a number believed to be inflated by insufficient information and by counting some estates twice.

Phase I of the agrarian reform potentially affects 238 large estates comprising 218,000 hectares or 15 percent of El Salvador's farmland.¹ Although some of El Salvador's best land is affected by Phase I, over 60 percent of Phase I lands either are used for cattle grazing or lie fallow.² The former represents an unintensive pattern of usage that provides little employment, with few potential beneficiaries on those estates. As shall be seen, there are other important features and aspects of Phase I which further reduce its scope and beneficiary population.

-
1. U.S. AID/El Salvador, El Salvador Agrarian Reform Sector Strategy Paper, 21 July 1980, p. 8. (hereafter referred to as Sector Strategy Paper).
 2. This figure is derived from an analysis of 1970 and 1976 agrarian census data pertaining to land use patterns on estates of 500 hectares and larger. Our findings are corroborated in an article in January 1981, Food Monitor by Peter Shiras. From interviews with agrarian officials of El Salvador, we were told that the agrarian situation had not changed so significantly on large estates between 1970 and 1980 as to render invalid earlier data.

concerning the formation of peasant cooperatives, the redistribution of profit, the establishment of special lines of credit, the specific mechanisms for recompensation, etc. Participation in the formulation of the law appears to have been restricted to top ministerial positions and the Supreme Command of the Military. The Church, Universities, and agricultural technicians were wholly excluded from the process. More importantly, however, was the complete exclusion of peasant organizations with perhaps one exception, the AIFLD-supported Union Comunal Salvadorena.

In its inchoate form, the law failed to build up the bureaucratic and administrative support systems necessary for the reform. The Salvadorean Institute of Agrarian Transformation (ISTA) was the primary institution responsible for expropriating estates, forming cooperatives, and providing technical advice. But ISTA had been dormant since 1976, lacked technical expertise, and was severely understaffed. It was forced to draw on the technical support of CENTA and various other institutions. These numerous shortcomings significantly limited the number of potential beneficiaries, restricted the agricultural impact of the process, contributed to economic problems, and by dashing the hopes of many peasants, have led to further turmoil and insecurity in the countryside.

October 1980 report from ISTA characterizes the planning inadequacies as follows:

The organizational situation of the agricultural sector as well as ISTA were unfavorable for the takeoff of the reform. Planning activities had to be prepared in a hurry since the political situations of the country did not allow more time.

In December, one of the first acts undertaken by the then Minister of Agriculture and Livestock, Enrique Alvarez Cordoba, was the freezing of property transfers.⁴ This measure was effected to prevent wealthy landowners from attempting to subdivide land among relatives in anticipation of agrarian reform. Though this measure was applied retroactively to October 15th, and was intended not only to prevent subdivision of land but also to impede attempts at decapitalization, it does not appear to have been especially effective: millions of dollars of assets were removed from the country.

With the resignation of the first Junta on January 3, 1980 many observers predicted the end of agrarian reform in El Salvador. Thus, there was great surprise when the Basic Agrarian Reform Law was announced on March 6, 1980. When asked about the law one former official replied,

...it was not known until the fifth of March that there really was going to be an agrarian reform. Everything was kept a big secret....There was no discussion of it among the technical personnel of the Ministry of Agriculture and Livestock.⁵

The Basic Agrarian Reform Law established the guidelines and principles for agrarian reform but not the implementing regulations. Hence by March 6, 1980, when the law was announced, little more than the general framework had been established. There were no specific laws

-
4. Interview with former (El Salvadorean) Government official, Washington, D.C., 15 July 1980.
 5. Interview with former official of Ministry of Agriculture and Livestock of El Salvador, Washington, D.C., 20 July 1980.

reform process tightly controlled by government with no significant participation by campesinos of any level.⁸

The failure to prepare adequately for the reform has had profound ramifications for the execution, implementation and the overall scope of the reform process in El Salvador. It directly influences the reactions of landlords and peasants, the size of the beneficiary population, the establishment of peasant cooperative associations, the provision of agricultural credits and the production performance on intervened haciendas.

Landlord and Peasant Reaction

Since most owners of large estates are absentee landlords, the Army (not the National Guard) and 500 agricultural technicians encountered little resistance on March 6, the first day of the reform, when they intervened on approximately 30 estates. However, the process did not continue smoothly. Because of a delay in intervening resulting from insufficient planning and a personnel shortage, some landowners began to exert pressure through their connections in the military to have their land returned or to have their property and assets reclassified to be exempt from expropriation. Other landowners began to decapitalize their farms. Vast quantities of machinery and livestock were removed illegally, much of it transported across the Guatemalan border.

Some sources estimate that as much as 40 percent of the nation's farm machinery was removed in the first month after the reform began. It is more likely that about 25 percent was removed. Certainly these actions

8. Memorandum from University of Wisconsin Land Tenure Center to U.S. AID, 18 July 1980, p. 7.

The Salvadoran Institute of Agrarian Transformation was not sufficiently prepared to confront its enormous responsibilities.⁶

The AID Agrarian Reform Organization project (July 25, 1980) corroborates ISTA's assessment of a critical lack of planning for the program (a program for which U.S. AID has provided substantial funding):

Preparations for the Phase I take-over were made quickly after the political decision was taken and its details were very closely held so that opposition would be minimum. Planning for the reforms further implementation continues to be insufficient and inadequate...The insufficiency of prior planning has been compounded by changing leadership within the government and by the fact that the reform and related events have moved more quickly than priority implementation needs such as approval of policies and procedures.⁷

The shortcomings of planning and preparation for the agrarian reform are reflected in the numerous inconsistencies and loopholes of the Basic Law of Agrarian Reform. In a memorandum commenting on one of the drafts of the law from University of Wisconsin Land Tenure Center to an AID official, the law itself is criticized on a number of fronts.

In general, this is a very hastily and poorly drafted law. There are huge gaps and questions left unanswered. It is full of loopholes, contradictions and ambiguous, imprecise language, which is likely to result in time-consuming litigation. Substantively, the law is very paternalistic. It sets the stage for a top-down land

6. Instituto Salvadoreno de Transformacion Agraria, Informe Sobre El Avance Del Proceso de Reforma Agraria I-Etapa, October 1980.

7. U.S. AID, El Salvador: Agrarian Reform Organization Project Paper, 25 July 1980, p. 4. (hereafter referred to as Agrarian Reform Organization).

committee is unknown, U.S. AID/El Salvador Sector Strategy Paper reports 68 properties that were returned.¹¹ Several of these properties had valuable coffee processing plants which with the collusion of government officials were reclassified as urban properties, thus becoming exempt from the agrarian reform process.¹²

Notwithstanding widespread disregard for the law, an inadequate planning process and decapitalization of farm estates, most officials remained in the government. But by the end of March and beginning of April, with a surge of unprecedented violence and repression of peasants, the Church spoke out energetically and a number of key officials (the government's agrarian experts) tendered their resignations. On March 26, 1980, barely three weeks after the start of the reform process, the Under-Secretary of the Ministry of Agriculture and Livestock resigned. His resignation letter states,

The Agrarian Reform had, as a basic political objective, the intention to pacify the country and to channel development within a model of participatory democracy...I resigned from my position on March 26, 1980, because I believed that it was useless to continue in a government not only incapable of putting an end to violence, but a government which itself is generating the political violence through repression....In reality, from the first moment that the implementation of the agrarian reform began, what we saw was a sharp increase in official violence against the very peasants who were the supposed "beneficiaries" of the process....To cite one case, five

11. U.S. AID/El Salvador, Sector Strategy Paper, p. 8, footnote 1.

12. Interview with Jorge Villacorta, former Under-Secretary of Ministry of Agriculture and Livestock, Washington, D.C., 22 January 1981.

had a disturbing effect on newly formed cooperatives. AID official Dr. Norman Chapin, who travelled throughout the countryside during May, reported the following from one hacienda:

The farm was well equipped before the ISTA takeover, but during the first days of the intervention the owner arrived and slipped his best farm machinery across the Guatemalan border, to another of his farms.⁹.

The wholesale slaughter of livestock was widely reported immediately following the initiation of the reform process. A report dated May 5, 1980 in the El Salvador-News-Gazette places the number of cattle slaughtered at 30 percent of the total.¹⁰ This figure assumes greater importance when we consider that pasture land makes up the majority of land affected by Phase I.

As mentioned earlier, one group of landlords lobbied to have their lands returned. A Devolution of Lands Committee was established for that purpose. It was led by Colonel Castillo and included members from the Ministry of Defense and the MAG. At the same time it was established there were numerous reports of large sums of money being passed from landowners to military officers as the former strived to undermine the reform process. Although the exact number of properties returned by the special

9. U.S. AID, El Salvador: Agrarian Reform Organization Project Paper, Annex IIA A Social Analysis, Norman Chapin, June 1980, p. 26.

10. El Salvador News-Gazette, May 5, 1980

everywhere, and it is having a significant negative impact on the Agrarian Reform process.¹⁴

Insecurity and fear characterized the peasants' reaction to the agrarian reform process. Since peasant organizations were excluded from planning and implementing the reform, it is not surprising that they reacted with incredulity. The presence of the military was especially disturbing. Numerous reports filtered in from the countryside that peasants hid when they saw the military. In many cases it was only the painstaking search for beneficiaries by ISTA technicians which flushed apprehensive colonos from their shanties. Where peasants fled from haciendas upon detecting the presence of security forces, non-resident squatters and renters have, in some cases, been forced to participate in a process about which they know nothing and fear everything. The campesinos fear and distrust El Salvador's security forces, all of which are simply considered la guardia.

Contrary to what might have been anticipated, large numbers of landless peasants did not try to participate in Agrarian Reform and there was no widescale mobilization of El Salvador's peasantry. To the contrary, it was prevented from the outset. In those rare cases where outside peasants did, however, try to become cooperative members, they were prevented from doing so more often by the resistance of the military and of colonos than of ISTA personnel.

14. U.S. AID, Agrarian Reform Organization, Annex IIA A Social Analysis, p. 25.

directors and two presidents of the new peasant management organizations were killed.¹³.

The resignation of Villacorta was particularly significant because he had been one of the original architects of the reform process and had entered the government in October, 1979 because of a real desire to improve the lives of the peasantry. Slightly more than a month after his resignation, ISTA technicians (those working on the newly formed cooperatives) held a mass strike. Their demands were directly related to the escalation in government violence against peasants and the severe shortcomings in the administration and provision of credit.

The most immediate technical problems brought up by ISTA technicians were resolved. But a climate of insecurity prevailed and organized peasants apart from U.C.S. (which even during the Romero period had been closely associated with the government) were attached by security forces and prevented from participation in the process. Describing the general atmosphere in the countryside during May, AID official Norman Chapin wrote:

There is an oppressive atmosphere of uncertainty, insecurity and fear among the people on intervened farms throughout the country. It is present, to a greater or lesser degree, on farms that are small as well as those that are large, on farms in politically "hot" zones as well as those that are relatively calm. But it must be stressed that it is present

13. Resignation letter of Jorge Alberto Villacorta, 22 March 1980.

A AID official who visited Phase I haciendas in May 1980 was concerned at the obvious gap of democratic rhetoric from actual functioning of new cooperative associations. Concerning large commercial well-managed haciendas, he filed the following report:

The cooperative leadership, then, belongs to a different socio-economic class from the ex-colono cooperative members, and there is...very little two-way communication between them. All of the major decisions on the haciendas are made by the ISTA technicians, the administrators, and the cooperative leaders. The agricultural laborers have been excluded entirely.¹⁷.

To more fully understand the subordination of the colono population to that of the administrators, it is necessary to examine the traditional role of colonos on haciendas. Normal Chapin writes,

The campesinos living as colonos on large haciendas have traditionally made up one of the most submissive, passive and unorganized segments of Salvadoran society. Living in a state of semi-servitude, they have never been allowed to form unions, cooperatives, or groups of any sort. They assiduously refrain from behavior that would displease the patrons - such as demanding higher wages, requesting better services, or organizing groups - because this would lead to their expulsion from the estate or perhaps even more drastic measures.¹⁸.

If they did not conduct themselves in a servile manner they more than likely would be placed "out among the numerous desplazados or landless rural poor, that cluster about the periphery of haciendas throughout the country."

17. Ibid., p. 30.

18. Ibid.

Beneficiaries and Non-Beneficiaries

Once the large estates were expropriated, ISTA technicians brought together the colonos and employees in order to form a cooperative association and elect a directorate made up of a president, secretary, and treasurer. In many cases it appears that the colonos (hacienda laborers) with no previous experience in elections or any political process remotely democratic, gave way to the superior position of the administrators, who often maintained strong loyalties to their former employer and his interests.^{15.}

Beneficiaries

There are essentially two different classes of beneficiaries affected by Phase I: permanent employees and colonos. The first class of beneficiaries consists of managers, bookkeepers, tractor drivers, mechanics and the like. They are employees who have always held a superior position to the poor colonos on haciendas in El Salvador.^{16.}

Although this first class of beneficiaries does not compare in size with the number of colonos, their previous experience, their literacy, and their ties to local security forces, all place them in an advantageous position for administering and controlling the newly formed cooperatives. An AID project paper states, "Even though it was against the general idea of the asociaciones that they as the firms' employees be on their Board of Directors, they were in fact often elected to them by the members."

15. Ibid., pp. 23-30

16. Ibid., p. 32.

By 1971, the number of plots exploited by colonaje arrangements had fallen sharply from a high of 55,000 in 1961 to 17,000.²¹ This pattern reduces the potential number of the colono beneficiaries and at the same time it increases the number of landless temporary laborers. As the cultivation of capital intensive cash crops supplants the subsistence farmer and extensive cattle grazing, the size of the colono population is further diminished.

In addition to agrarian developments, the timing of Phase I aggravated the problem of a limited number of beneficiaries. The U.S. AID Salvador Mission reports the following:

...the intervention process took place during a period of low labor demand, and because in many cases temporary workers do not live on the haciendas (the beneficiary population was reduced.) The result was that in some takeovers at the time of intervention only the management and permanent workers (e.g., tractor drivers, mechanics, bookkeepers, etc.) were on the farms...The net result in many cases was that the already privileged few were incorporated in the associations and the hacienda's poor majority of workers were left wandering when the reform would encompass them.²²

treatise on the shift from subsistence farming to modern plantation agriculture along El Salvador's coastline. Satterthwaite places special emphasis on changes in the rural social structure: migration, decline in size of colono population, and an increase in landless temporary laborers.

21. Eduardo Colindres, "La Tenencia de la Tierra en El Salvador," Estudios Centroamericanos 335-336 (September-October 1976): 466.
22. U.S. AID, Agrarian Reform Organization. Annex IIA A Social Analysis, p. 28.

Size of Beneficiary Population:

Several factors must be borne in mind when assessing the size of the beneficiary population:

- 1) The number of permanent resident laborers has been sharply reduced over the past fifteen years;
- 2) many colonos have been displaced by the expansion of cotton and sugar cane;
- 3) there has taken place a decided shift towards employing the temporary landless laborer instead of colonos;
- 4) sharecropping arrangements likewise have been reduced over the past twenty years.^{19.}

All of these factors mean that fewer colonos would benefit from agrarian reform today than twenty years ago despite rapid population growth.

Though colonos still are found on cotton, coffee, sugar, and cattle haciendas, their ranks have been depleted because of greater capital investment in agriculture and the resulting intensification of land use. Along the coast - the cotton growing region - in 1971 Satterthwaite wrote:

As the transition traditional to modern haciendas progresses colonos have found themselves removed from land wanted for cotton growing and refused any land for growing their subsistence crops.^{20.}

19. David Browning, El Salvador: Landscape and Society, (Oxford: Clarendon Press, 1971), p. 222-271. Also see T. J. Downing, Agricultural Modernization in El Salvador, Central America, (Cambridge: Centre of Latin American Studies, 1978).

20. Ridgeway Satterthwaite, "Campesino Agriculture and Hacienda Modernization in Coastal El Salvador, 1949-1969" (Ph.D. dissertation, University of Wisconsin, 1971), p. 96. This is an excellent

...most of El Salvador's rural poor are not direct beneficiaries of the agrarian reform, especially temporary wage workers ...in other cases the expropriated haciendas cannot provide sufficient employment for all its inhabitants...²⁵.

Since the landless (those who do not sharecrop, rent, or own) are the fastest growing sector of the rural population, this situation is all the more disturbing.

The phenomenal growth of the landless rural population is best illustrated by comparing figures for 1961, 1971, and 1975. In 1961, prior to the passage of the minimum wage law and other modernization measures, the landless accounted for only 11.8 percent of the rural population. By 1971, following dismissal of thousands of colonos and increased investments in labor-saving machinery, that figure had expanded to 29.1 percent. And as sugar cane spread and cotton regained its former levels during the early 70's, the number of landless once again exploded. In 1975 it was estimated to be 40.9 percent - close to half the rural population. Though no confirmed figures exist for the size of the landless population in 1980, based on socio-economic projections for 1985 made by PRELAC and the United Nations, it is possible to estimate its size.²⁶.

Making a series of calculations based on predicted expansion of the rural population, the population as a whole, and the growth rate of the landless between 1961 and 1975 (which assumes continued investment in labor-

25. US AID/El Salvador, Agrarian Reform Sector Strategy Paper, p. 31.

26. Melvin Burke, "El Sistema de Plantacion y la Proletarizacion del Trabajo Agricola en El Salvador." Estudios Centroamericanos 335-336 (September-October 1976): pp.476-480.

When an AID official states, "...until more beneficiaries are added to many of Phase I associations, self-management cannot really be implemented without the risk of creating a 'new oligarchy'..." it is evident that the marked lack of planning, responsible for the small size of the beneficiary population, has wrought serious problems.²³ All of these factors have led colonos to believe that they have simply changed patronos, that the agrarian reform does not represent a substantial change in their lives. Everything happened to them; they did not participate.

Neither this (Phase I) nor any other phase of the Agrarian Reform was planned or directed in any way whatsoever by the campesinos; a state of affairs contrary to the Agrarian Reform envisioned by certain campesino organizations and Agrarian Reform advocates in the past.²⁴

It should be perfectly clear, then, why many colonos still think of their ties to the hacienda as still being dictated by a rigid rural social structure.

Non-Beneficiaries

Peasants without access to land are not beneficiaries of Phase I, or any other phase of the agrarian reform process. Therefore, more than 60 percent of the rural population is entirely excluded from the reform process. An AID report states,

23. U.S. AID/El Salvador, Agrarian Reform Sector Strategy Paper, p. 31.

24. U.S. AID, Agrarian Reform Organization, Annex IIA A Social Analysis, p. 30.

El Salvador will enjoy a good corn crop, but it does appear that a significant portion of the crop is being exported. One wonders how corn will get to remote rural areas where many farmers have not been able to plant their small plots because of military operations.

For export crops, the picture is less sanguine. On the eve of planting season, an AID official reported:

Seeds, fertilizer, and insecticides had not yet arrived on the farms, and the cooperative members, who were doubtful of the sincerity of the government's intentions from the start, were becoming even more suspicious as time dragged on and all they recovered were promises.²⁷

Other observers reported that cotton had not been planted in May and that there were also serious delays in sugar cane. A recent Wall Street Journal article (from October 1980) corroborates those earlier reports:

Cotton in many fields is only ten inches high when it should be four or five feet this close to harvest. The government expects production to be down 16% to 17% from last year but independent estimates range from 30% to 40%.²⁸

Indeed, the area planted in cotton and sugar cane appears to have declined significantly. An American Chamber of Commerce spokesman (in October 1980) gave the following assessment:

Cotton production will come in at less than 60% due to subsistence crops (corn, beans) planted on expropriated lands, and late planting due to credit restrictions. The same holds true with the cane industry,

-
27. U.S. AID, Agrarian Reform Organization, Annex IIA A Social Analysis, p. 24.
28. "Will 'Reform' Save Salvador?" The Wall Street Journal, 8 October 1980.

saving machinery, and almost complete abolishment of sharecropping and other forms of pre-capitalist forms of land tenure, and the incapacity of urban areas to absorb surplus rural population) the estimated landless population in 1980 numbers 312,000 families. This figure represents 65 percent of the rural population. It can therefore be argued that El Salvador's Agrarian Reform excludes over 65 percent of the rural population.

Agricultural Impact of Phase I

Because most of the land affected by Phase I is either pasture, mountain or forest, the agrarian impact on export crops is limited. As seen in the following table, coffee, El Salvador's most important crop, is hardly affected and most of the cotton and sugar cane likewise remains unaffected.

<u>Crop</u>	<u>Percentages of total area affected on estates over 500 hectares</u>	<u>Unaffected</u>
Coffee	14	86
Cotton	31	69
Sugar cane	24	76
Rice	38	62
Sorghum	5	95
Maize		
Local varieties	13	87

Source: Tercer Censo Agropecuario del El Salvador, 1975; US AID/Sector Strategy Paper, p. 8.

These findings accord with the unintensified patterns of land use on large estates.

Production Results

Although there is a shortage of hard data about productivity on Phase I estates, there are reports from which a general picture can be formed.

Because of lack of credit, seed and fertilizer, many cooperatives were compelled to plant basic crops, a practice often instituted as a strategy for survival under a general atmosphere of fear and insecurity. Consequently,



with the added factor that El Salvador will not export sugar in 1980/81 and may even have to import for local consumption.^{29.}

It should be pointed out that the sharp decline in production is probably due more to inadequacy of planning than to disruption in the production process brought about by the expropriation of haciendas.

The American Chamber of Commerce in El Salvador has also shown grave concern because approximately one half of last year's coffee crop remains unsold - world coffee prices are low at this time - and soon this year's crop, expected to be down by 30 percent, will be harvested.

Decreased production of export crops has potentially a very serious impact. El Salvador's balance of payments deficit will worsen, the industrial sector will not be able to purchase intermediate industrial goods, and the problem of both rural and urban unemployment will be exacerbated.

CONCLUSIONS

- 1) Phase I ignores the pressing needs of the landless, the majority of El Salvador's rural population.
- 2) Phase I does not represent a far-reaching restructuring of the agrarian sector.
- 3) Phase I leaves untouched most of El Salvador's export crops.
- 4) Phase I has not substantially changed the lives of colonos.
- 5) Phase I has been accompanied by an alarming surge of violence against peasants.
- 6) Phase I suffers from serious deficiencies in planning and implementation.

29. American Chamber of Commerce, El Salvador, Position Paper, October 1980, p. 2.

...because of smaller size of Phase II compared with Phase I estates, it is probable that a smaller proportion will be well organized businesses with paid administrators; indeed many may be left without any administration upon removal of the former owner. Also, since it is intended to allow the former owner to retain from 100 to 180 hectares, in many cases the net amount to be permanently expropriated may be an insufficient base for the operation of a production cooperative.²

Although Phase II has not been implemented, there are indications that farmers are selling and abandoning property and curtailing production. To arrest these practices the Government of El Salvador has offered generous incentives to landowners. They are given a 20 percent larger reserve and 100 percent cash compensation for improvements made after March 6, 1980.³ There are, however, no reports on the efficacy of this policy.

What is clear though is that Phase II will require very serious planning, a large manpower staff, and a concerted program to broaden the number of beneficiaries. It will also require substantial expenditures which dwarf those of Phase I, as well as easily accessible credit. If and when Phase II is executed, it will truly challenge the state and require a very different political environment from the present one. Until Phase II is carried out, El Salvador's agrarian reform will have ignored the most vital part of the agricultural sector. The failure to follow through seriously on Phase II,

2. U.S.AID, Agrarian Reform Organization, p. 42.

3. U.S.AID/El Salvador, Sector Strategy Paper, p. 10.

PHASE II

Because Phase II would affect over 70 percent of coffee production, it really is the heart of the reform. Coffee still accounts for more than 70 percent of the value of agricultural exports, and is the economic backbone of El Salvador's oligarchy. Moreover, coffee absorbs a greater share of labor than any other crop.

Phase II potentially affects 23 percent of El Salvador's farm land and between 1700 and 1800 pieces of property - more than 8 times as many as Phase I. A large part of El Salvador's best farm land would be affected by Phase II.¹

There are, however, good reasons for believing that Phase II will never be implemented. On May 14, 1980 Colonel Jaime Abdul Gutierrez announced that there would be no more reforms carried out beyond Phase I and Decree 207, which affects renters of small plots. This announcement should be seen as a political ploy designed to allay the fears of Phase II owners whose support is fundamental for the survival of the Junta. This policy would reduce by 50 percent the impact of the agrarian reform.

Even if Phase II were to be implemented (and that appears highly unlikely now) it has a number of peculiarities which make it significantly more complex than Phase I. A recent U.S. AID report states,

1. U.S. AID/El Salvador Sector Strategy Paper, p.10.

UNIVERSITY OF CALIFORNIA LIBRARY

economically the most important phase, places in grave doubt the commitment of the Junta to agrarian reform. Furthermore, it makes a mockery of claims that the economic hold of the coffee oligarchy has been broken.

number of land owners."³.

Lack of preparatory planning has characterized the entire land reform effort. "The decision to implement 'Land-to-the-Tiller' is a case in point. No prior studies were made and to date only a rough implementation strategy has been prepared.... Except for the decree itself, there is to date very little on which to base its implementation."⁴.

Nor were the immediate needs of the intended beneficiaries known. For example; new lines of agricultural credit would be central in initiating any land reform project once tenant-owner relationships were broken.⁵ Yet "The (AID) Mission believes it is premature to develop a credit project for small farmers to be benefitted under Decree 207 until more is known about the beneficiary group and its needs."⁶ The Banco De Fomento Agropecuario "does not have the institutional capacity, not to speak of the resources, to service the credit needs of some 160,000 Decree 207 beneficiaries. It is still not even altogether clear what these needs are."⁷.

If so little was known about the specific requirements of the Salvadorean peasant farmer, one may justifiably wonder where the master plan for Land-to-the-Tiller came from?

3. U.S. AID/ES El Salvador Agrarian Reform Sector Strategy Paper, p. 11

4. U.S. AID, El Salvador: Agrarian Reform Organization Project Paper p. 4

5. AID suspected that "207" beneficiaries financing needs "may have increased" due to higher rural unemployment than normal. "It is thought that 'tillers' finance their plantings... (predominantly) by their off-plot income." (U.S. AID Agrarian Reform Organization p. 15)

6. Ibid.

7. Ibid.

PHASE III: LAND-TO-THE-TILLER

"Phase III presents the most confusing aspect of the reform program, and it could prove especially troublesome for the U.S. because it was decreed without advance discussion, except in very limited government circles, and, we are told, it is considered by key Salvadorean Officials as a misguided and U.S. imposed initiative."

(United States Government Memorandum, U.S. AID 8 August 1980)

On April 28, 1980, Phase III of El Salvador's land reform program was decreed (Decree 207). Dubbed Land-to-the-Tiller (LTTT), essentially it states that all current tenants shall become owners of their rented plots from that date on, providing a renter's plots all together do not surpass 7 hectares in size.¹

The fact that it came as a complete surprise to the Salvadorean agencies charged with implementing the program points to a shocking lack of participation in planning.² Decree 207 was a politically expedient measure. It was, according to AID's Agrarian Reform Sector Strategy Paper, "imposed on an unsuspecting bureaucracy and an unknown

-
1. See fuller description of Decree 207 above. Also text of decree in appendix.
 2. "Decree 207 was not the third stage," affirmed a top official in the Ministry of Agriculture and Livestock (MAG) in a recent interview; "it was completely unplanned for and unexpected. It was totally improvised."

over an area, they fulfilled the promise so far as all appearances were concerned....

Little wonder, then, that through the 1960's the Vietcong used the recruiting appeal, 'we have given you land, now give us your son.' Large infusions of manpower from the North did not begin until 1965. Both before and after the peasants of the South supplied 5,000 to 7,000 recruits a month to the Vietcong....⁹

Saigon reinforced this situation by issuing decrees affirming the rights of landlords to reclaim their property in "pacified" villages.

Again, negative land reform drove tens of thousands of peasants into the arms of the NLF, the landlords riding in with the ARVN jeeps after the American innocents had cleared and "secured" the village.... Clearly, the experience of being "saved from the Communists" meant something different to them than it meant to us.¹⁰

Peasant loyalties to the Vietcong created a guerrilla environment including an intelligence network, caches, and "safe" houses. "The failures of government intelligence were humiliatingly underlined when multi-battalion Communist forces moved into position before Tet 1968 and, while making elaborate preparations, nonetheless achieved almost complete surprise."¹¹

Prosterman anticipated the consequences of ignoring legitimate peasant grievances. At the time of his visit to Vietnam (September 1966) as a member of a Stanford Research Institute team, he published a proposal for "turning the tables" on the Vietcong.¹² These early recommendations eventually evolved into the "Land-to-the-Tiller"

9. Ibid., p. 133

10. Ibid.

11. Ibid.

12. Roy L. Prosterman, "Land Reform in South Vietnam: A

LAND-TO-THE-TILLER: VIETNAM

The prototype for Land-to-the-Tiller was developed for use in Vietnam. The principal author of that program, and currently the key consultant to Land-to-the-Tiller/El Salvador is, (with no extensive experience in Latin America), University of Washington Law Professor Roy Prosterman. In Vietnam over one million families, six to seven million people in a rural population of 11 million, were dependent on tenant farming.⁸ The country's total population was 14-15 million.

In the populous Mekong Delta, seven out of ten families were tenants. They worked an average tract of four to five acres, and paid a third of their crop in rent, which left them virtually no surplus. They had no effective security of tenure, and could be evicted virtually at will. If there was a crop failure, rent generally remained payable in full. The landlord supplied neither inputs, nor credit, nor advice. He merely collected the rent.

The Vietcong promised land, and when they took

-
8. Roy L. Prosterman, "Land Reform as Foreign Aid," Foreign Policy, (Spring 1972): p. 130.

"If one takes the agrarian portion of the total population of a society (thus accounting for the weight that the rural sector has in the entire society) and multiplies it by the proportion of that agrarian population which is landless (tenant farmers, sharecroppers, plantation laborers). One gets the percentage of the total population of that society which makes its living as landless peasants." This percentage furnishes the IRI - Index of Rural Instability. See reference for comparative IRI ratings for 20th century revolutions, as well as potential trouble-spots. Post-1953 Bolivia, where Che Guevara complained of the 'stolid indifference' of the peasantry to his appeals - had a population of which only 5 percent were landless peasants. (Ibid. p. 131) By contrast, pre-1952 Bolivia (prior to a large-scale land reform) had an IRI of 60.

Ignoring, for the moment, the question of legitimate authority, we may observe that Prosterman's prescription ignores many motives for rebellion. In Vietnam, the land reform was too often used as a cover for repression. Strategic hamlets and politically loyal peasant groups received the benefits of land reform. Others were terrorized and killed.

The strategy failed in Vietnam. It can be argued that it was either too late or poorly backed militarily. Yet the model has been cloned elsewhere in Asia and in Latin America, each time retaining certain essential (and ideal) features:¹⁴.

1. A tenant farmer no longer pays his landlord rent or in many instances up to one-half his crop.
2. Instead, he pays a modest monthly payment to the government (in Vietnam, nothing) to cover costs of the land acquisition. Even where payments have been relatively high, such as in Taiwan, Prosterman claims that net family income doubled during the period of repayment and tripled afterwards.
3. Surplus income is supposed to be used for better nutrition and increased agricultural inputs.
4. Better yields are to favor the urban and export markets. Increased income is to be used for small capital investments in tools, irrigation, etc. which in turn again increases production. Further income is used for consumption of consumer goods. Urban industry benefits from both increased consumer demand and investment of the former landlord's compensation from his properties.
5. New cooperatives form to utilize part of the surplus for storage facilities, marketing and purchasing services.

14. As outlined by Prosterman, "Land Reform as Foreign Aid", op. cit. p. 136-137.

model for agrarian reform in Vietnam.¹³.

Prosterman's model for non-marxist social change is based on his belief that humanitarian concerns and long-term U.S. interests require support for land reform through existing regimes.

Proposal for Turning the Tables on the Viet Cong,"
Cornell Law Review, Vol. 53, No. 1, November 1967,
pp. 26-44.

13. A report of the House Foreign Operations and Government Information Subcommittee prepared in late 1967, and released in March 1968, expressed serious criticism of U.S. policies toward Vietnamese land reform.

The failure of the GVN land reform efforts in the middle and late 1950's must be attributed, at least in part, to the lack of strong U.S. support. Neither the United States nor the GVN can afford another such failure at this critical time. Land reform is an essential element of the pacification program and the resolution of the present conflict may very well hinge on the success of pacification..... (emphasis added). (House Committee on Government Operations, Land Reform in Vietnam, 90th Congress, 2nd session, March 5, 1968.)

The report sparked considerable public support for the proposed land reform program. In a lead editorial, the March 31, 1968 New York Times hailed land reform as a new path toward peace in Vietnam.

Virtually overnight, South Vietnam's landless peasants would be given a stake to defend in their society. The Vietcong would be deprived of a gut issue. No military victory or political achievement would be more likely to move Hanoi toward the peace table than evidence of a substantial shift in peasant loyalty.

After the war, Prosterman expressed his regrets that the reform had not come sooner. If Diem had adopted a similar land reform in the 1950's, Prosterman lamented, there would not have been a Vietcong, and there would not have been a war. (Prosterman, Roy and Barry Hill, Land Reform and Revolution, unpublished manuscript, University of Washington, School of Law, n.d.)

It is based on Asian precedents -- including U.S. supported programs in Vietnam, Korea, Japan, Taiwan, and the Philippines...."19.

Justification for the U.S. role is attributed to Prosterman. "A key AIFLD consultant, University of Washington Law Professor Roy Prosterman, and his associate Mary Temple, urge us to look on the program -- if not already too late -- as a last chance to save El Salvador from a take over by 'a far left so extreme the comparison with Pol Pot's reign in Cambodia would not be far-fetched.'"20. AIFLD, its long controversial history notwithstanding, is working under an AID contract in El Salvador.^{21.}

As noted earlier, LTTT is considered by key Salvadorean

and 85 other multinationals. It has had dubious connections with repressive governments in Chile, Brazil, Uruguay and has built company unions for such operations as United Brands and Standard Fruit in Central America.

See Penny Lernoux, Cry of the People, New York: Doubleday & Co., 1980, pp. 211-213. Also, Carolyn Forche and Philip Wheaton, "History and Motivations of U.S. Involvement in El Salvador: The Role of AIFLD in the Agrarian Reform Process 1970 - 1980," Ecumenical Program for Interamerican Communication and Action, Washington, D.C. n.d. (1980). The EPICA study contains some misinformation about the specifics of the land reform but does nevertheless provide a useful background on AIFLD.

19. Silverstone, op. cit. p. 3
20. Ibid. p. 6. This comparison to the "Pol Pot left has been successfully used by Roy Prosterman as well as the American Ambassador to El Salvador Robert White in their lobbying efforts in Congress for economic and military aid. In an evening meeting in San Salvador on July 11, 1980 with Laurence Simon, White admitted that the characterization was exaggerated.
21. The Central Labor Council of the Santa Clara (CA) County AFL-CIO passed a resolution dated September 15, 1980, denouncing AIFLD's silence in the face of violations of

6. Rural schools and clinics are to be financed through the collective power of surplus income.
7. Surplus enables children to attend school longer thus increasing literacy. Social status and better educated peasants are elected to local and district political offices.

In short, the plan reflects Prosterman's idealized view of grass roots democracy and social change. He argues that American foreign aid should be committed on a priority basis to support such programs.^{15.}

A MODEL SOLUTION FOR EL SALVADOR

AID is taking the advice seriously. The Agency has requested a minimum of \$425 million over five years for support of the agrarian reform in El Salvador.^{16.} "If it has come in time," Prosterman is quoted in a United States Government memorandum, "and if the violence can be brought under control, the El Salvador land reform could be a textbook demonstration of the viability and importance of the 'New Directions' language of the U.S. Foreign Assistance Act...."

The administrator of the PPC, the author of the Memorandum, acknowledges the origins of the program. "Phase III is the 'land-to-the-tiller' reform, which is closely identified in El Salvador with the U.S. Government and the American Institute for Free Labor Development (AIFLD).^{18.}

15. Political opposition stemming from fears of expropriation without iron-clad guarantees of compensation can be reduced, Prosterman suggests, by an international guarantee of the bonds, sort of a "Federal Deposit Insurance Corporation" for land reform.

16. See below for analysis of the AID funding requests.

17. Quoted in Jonathan Silverstone, U.S. Government Memorandum, Weekly Report, 8 August 1980. p. 1.

18. AIFLD, sponsored by the AFL-CIO, was created in 1962 with the financial assistance of AID, the State Department, W.R. Grace, ITT, Exxon, Shell, Kennecott, Anaconda, American Smelting and Refining, IBM, Koppers, Gillette

*Program and Planning Coordination, U.S. AID.

deceptive," a U.S. AID report notes, "for it includes a number of agricultural operations renting farms in excess of 50 has. -- and sometimes much larger -- for the production of cash crops such as cotton and rice (a pattern common on the coastal plain). In reality, most renters have access solely to very small plots of land."²⁴.

Larde and Jacir report that in a rural municipality in Chalatenango, the average rented plot was slightly over 1 manzana (0.7 hectare).²⁵ Another study by Rodriquez McCall and Reyes found that in the Region Oriental (San Miguel, La Union, Morazan, and Usulután) 62% of the renters farmed plots from 1/4 to 1 hectare.²⁶

A U.S. AID analyst observes that his findings from several Departments "of differing agricultural potential, crops, and farming systems, indicate that this general pattern of small rented plots of 1 hectare or less is extremely widespread throughout the country."²⁷ Essentially, renting occurs on poor land that is not wanted for cultivating export crops, and is usually located on steep hillsides, highly prone to erosion.

The practice of renting increased significantly from 1961 to 1971 at the same time that the number of farms smaller than one hectare increased from 107,000 to 132,000, thus indicating growing fragmentation and miniaturization of farm plots.²⁸ In 1977, Daines and Steen

24. Chapin, Comments....p. 11.

25. Anabella Larde and Evelyn Jacir. Una forma de Produccion Campesina de la Formacion Social Salvadorena. Tesis para titulo de Licenciatura. UCA, 1980. quoted in Chapin, Comments, op.cit. p. .

26. Aida Ruth, Rodriquez McCall, and Rafael Reyes P. Precaristas de la Region Oriental, Ministerio de Agricultura, 1979. (quoted in Chapin) Comments, op.cit.

27. Chapin, Comments, op.cit. p. 12.

28. Samuel Daines and Dwight Steen, Agriculture Sector Assessment: El Salvador; USAID/El Salvador (Washington, D.C.: Daines and Steen Consulting Firm, 1977), p. 10.

officials as a "misguided and U.S. imposed initiative." This view is widely held and threatens any chances for the program's success. An AID memorandum on "Land-to-the-Tiller" confirms this:

A sizeable number of people in ISTA and MAG are suspicious of Decree 207 because it was designed virtually in its entirety by Americans and slipped into legislation without their being consulted. This fact is known and resented. It is widely believed that "land-to-the-tiller" is a political move on the part of the U.S. Embassy and the State Department. Many believe it is a "symbolic" and "cosmetic" measure which was proposed because it would look good to certain American politicians and not necessarily because it would be beneficial or significant in the Salvadorean context.²²

It is the Salvadorean context which has been ignored at great peril by the "politicians, unfamiliar with land tenancy" and their "planners".

LAND-TO-THE-TILLER: EL SALVADOR

Land-to-the-tiller or Decree 207 affects rented plots of land. As seen in the section "Need for Agrarian Reform", more than 80 percent of renting takes place on plots smaller than two hectares.²³ "But this figure is

human and workers' rights in El Salvador and called upon the AFL-CIO to disassociate itself from the AIFLD program in El Salvador.

22. Norman Chapin, "Difficulties with the Implementation of Decree 207 ("Land-to-the-tiller") in El Salvador's Agrarian Reform Program." AID/Washington, n.d.

23. Ibid, p. 12: The broadest term for renter is arrendatario. This usually refers to a cash payment. Other terms in use for renter are terrajeros, aparcero, cencista and mediero. Aparcero (from parcela: "plot") is generally translated as "Sharecropper," as he traditionally pays for land use rights with part of his harvest. Cencista is similar; he pays with censo (a portion of the harvest) - as is mediero, who pays with half (media) of his harvest. The term colono, as used earlier, is a separate category, referring to the agricultural worker on the haciendas.

It is precisely in such terrain that Land-to-the-Tiller will have its greatest impact.

Although the small rental plots are agriculturally significant when collectively analyzed, that is not so individually. They do not provide subsistence to their tenants. U.S. AID/El Salvador states that,

about 83% of El Salvador's farms are too small to provide the families who work them sufficient income to raise them above the absolute poverty level (even when off-farm income is counted).³³

Hence, it is necessary to employ a variety of survival strategies which include spending months away from home following the succession of harvest periods of export crops. For many small property owners who are also poor this means renting additional plots of land while they too search for wage labor. For both very small farmers and renters, off-farm income is considerably more than on-farm income.³⁴

Agricultural Impact of Land-to-the-Tiller

The design of Land-to-the-Tiller shows an apparent ignorance of El Salvador's agricultural practices. The single most important factor for understanding the negative agricultural impact of Land-to-the-Tiller is its disregard for the system of plot rotation employed by small renters. Because of the very poor quality of soil, a system of rotation is absolutely necessary. Simply stated, one plot is left fallow for several years while basic grains are cultivated on another plot. If tenants were to cultivate the same plot several years in succession, their soil would become depleted and crop yields would sharply decline.

33. U.S. AID/El Salvador, Agrarian Reform Sector Strategy Paper, July 21, 1980, p. 2. Absolute poverty level is defined as per capita incomes below \$150 (1969 dollars).

34. U.S. AID Agrarian Reform Organization Project Paper, p. 44. Also see U.S. AID/El Salvador Agrarian Sector Strategy Paper, op.cit. p. 32: "Most tillers earn most of their income in activities other than their small, rented plots".

noted that about 50 percent of all farms in the country were leased or rented farms of less than two hecares.^{29.}

Despite the small size of rental plots, their agricultural significance is striking. More than 50 percent of corn, beans, and sorghum are grown on such plots.^{30.} In a very real sense, small plots are the food basket of El Salvador.

Although renting occurs in all departments of El Salvador, it is the predominant form of land tenure in the infertile northern zone - Chalatenango, Morazan, Cabanas, and Cuscatlan. In those departments as much as 80 percent of the rural population rent land.^{31.} Browning vividly describes that area:

The landscape across the northern highland gives ample evidence of over population and the total failure of attempts to check spontaneous settlement or to regulate its primitive forms of land use: denuded hillsides of bare rock and stone continue to be scratched each year by the peasant's stick and hoe; blackened stretches of burned forest where scattered maize plants are grown between the skeletons of dead trees; emaciated cattle grazing withered clumps of grass on unwatered slopes; and valleys where riverbeds are choked by the debris of unchecked erosion.^{32.}

29. Ibid., p. 4.

30. Direccion General de Estadisticas y Censos, Tercer Censo Nacional Agropecuario, vol. II (San Salvador: January 1975).

31. Following the outbreak of war between El Salvador and Honduras in 1969, thousands of Salvadorean families that had previously inhabited Honduras were forced back into El Salvador, the majority settling in the northern zone. The increase in population produced higher rents (greater demand) and severe population pressure in the land.

32. David Browning, El Salvador: Landscape and Society, (Oxford: Clarendon Press, 1971), pp. 256-257.

or rental of the newly acquired parcels during that period not even with ISTA permission."³⁶. Land-to-the-Tiller is also meeting resistance because the law affects all owners who rent out plots of land regardless of the size. Chapin notes that "numerous arrendatarios rent small plots from neighbors or relatives who themselves are poor and have little land."³⁷. Hence a poor minifundista who owns and rents out a one or two hectare plot will lose his land the same as an owner renting 50 hectares.

U.S. AID's investigation revealed this injustice:

Renters of this sort who were questioned in several Departments said that although they had heard the law announced on the radio they would find it extremely difficult to claim the property from the owner. Some said they could not possibly take the land: the owners were poor themselves, and the renters felt pity for them. Some arrendatarios were renting from men too old to work the land themselves, or from widows. As the rental payments were the land owner's primary source of income, it would be unjust to take land from them,³⁸ for such an action would leave them destitute.

Reactions appear to vary according to property size, with the most hostile reaction shown by large property holders.

renting occurs. It is reasonable to assume that the percentage would decline noticeably in the North. The findings of AIFLD are corroborated by Norman Chapin's report.

36. U.S. AID/El Salvador Agrarian Sector Strategy Paper, op.cit. p. 11.

37. Chapin, Comments, op.cit., p. 15.

38. Ibid., p. 16.

Thus, it is the rule that few renters farm the same plot more than two years in succession.³⁵ This fact alone has decisive importance for comprehending the harmful impact of the Land-to-the-Tiller program.

As designed, Land-to-the-Tiller freezes the system of plot rotation by abolishing the practice of renting and requiring tenants to remain on the same land for thirty years. Land-to-the-Tiller thus locks peasants for thirty years onto plots that cannot even provide full subsistence. The effects of this are the following:

- 1) it will exacerbate erosion;
- 2) it will lead to reduced yields of basic crops;
- 3) it will entrap peasants in a vicious circle of increased agricultural inputs (fertilizer and insecticide) and decreased income and crop yields;
- 4) it will make El Salvador more dependent on expensive food imports;
- 5) it will increase the number of landless peasants.

Land-to-the-Tiller will profoundly disturb the tradition of shifting agriculture since it abolishes the practice of renting and will encourage more intensive use of marginal lands highly susceptible to erosion. It will arrest a very fluid system of land rotation, which not only facilitates survival for the poor but also is based on long agricultural experience.

Landlord/Peasant Reaction to Land-to-the-Tiller

"(Decree 207) is meeting with a great deal of resistance," the AID Agricultural Sector Strategy Paper reports, "in part, because of certain technical flaws. As already seen, the decree appears to lock the actual pattern of land holdings in place for the next thirty years because it forbids sale

35. American Institute for Free Labor Development, Preliminary Report, Survey of 207 Beneficiaries (AIFLD: August 1980) question 31. Less than 35 percent of the 547 peasants interviewed farmed the same plot of land more than two years in succession. And it should be added that the survey bypassed the infertile Northern Zone where most

the decree's implementing regulations have yet to be issued and detailed implementation planning is still required. There is little doubt that these delays and proposed legal modifications constituted a concerted effort on the part of certain high level GOES officials⁴³ to emasculate Decree 207 by reducing its coverage.

Even assuming the legal process for transfer of titles is finally announced, the agronomic and social difficulties will remain. The administration of Land-to-the-Tiller also presents a veritable nightmare. AID warns, "The dimensions of the task are staggering...an estimated 160,000 potential Land-to-the-Tiller beneficiaries with claims to 200,000 or 300,000 discrete parcels of land..."⁴⁴.

In CENTA, the agriculture extension service, there is strong opposition to Land-to-the-Tiller because it is seen as a costly waste of agronomists and technicians. The futility of trying to provide credit and agricultural extension services to thousands of small farmers was fully recognized by US/AID El Salvador in 1977, when Daines and Steen wrote,

The large number of small farmers makes it virtually impossible to reach an appreciable number of them

that the tenant had a period of one year in which to make a claim. But that has been impossible because of a total lack of secondary laws and administrative regulations. As the deadline date approaches, many campesinos are uncertain whether this clause is still in effect and how it might affect them. Given the massive displacement of the rural population caused by civil war, this clause could dramatically alter the number and constituency of beneficiaries.

43. U.S. AID/El Salvador, Sector Strategy Paper, pp. 11-12.

44. U.S. AID, Agrarian Reform Organization Project Paper, Annex II. A. p. 48.

The AID Agrarian Reform Organization Project Paper provides a clear picture of the reaction of medium size and large landowners:

The reaction of landowners with from 20 to 100 hectares who rent to small farmers has thus far been overwhelmingly hostile. Many of them are furious and have already taken steps to evict arrendatarios (renters) who had earlier made rental arrangements with them. In every department I visited there were numerous reports of owners returning rent money to the renters and throwing them off the land (legally, this is not correct; in practice the renters are now without land). Some medium-sized landowners have enlisted lawyers to write up documents stating that the present renters renounce all ownership rights to the land, and paying off the arrendatarios or forcing them to sign. Others have used a more direct form of coercion....³⁹

If legal redress is out of the question for most poor peasants, government workers charged with implementing the reform are also powerless to help. "They are not sure how the law should be interpreted,"⁴⁰ and hope that clarifications and refinements are soon forthcoming. But that is unlikely, for the Government of El Salvador has wavered in its commitment to land reform. An AID document reports one effort to significantly weaken the reform program:

(the redrafting) would significantly reduce the area affected by Phase II, and reportedly would "gut" Decree 207, by means of various dispositions, which when taken together, would reduce the number of 207 beneficiaries significantly (original estimate 150,000) perhaps even down to 20,000.⁴¹

The GOES may, like a pocket veto, just let the Land-to-the-Tiller program die in a few months.⁴² No clear legal process for filing claims has yet been announced:

39. Ibid., p. 18. Also, p. 11 "Few rental contracts are formalized in writing...rarely legalized with a written receipt."

40. Ibid., p. 19.

41. U.S. AID/El Salvador, Sector Strategy Paper, p. 11

42. Originally Decree 207 or Land-to-the-Tiller stipulated

Thiesenhusen of the University of Wisconsin's Land Tenure Center conclude:

In El Salvador tenancy implies far more than a big landlord renting parcels of his land to others... The point is that the losers in this process may well be simply others in the very poor sector of the economy. Salvador is very different from Japan and other parts of Southeast Asia, and, indeed, quite different from other Latin American countries that do not have the extreme pressure on the land that exist here.⁴⁷

RESULTS

Though USAID/El Salvador optimistically reported that the Junta on July 11, 1980 ordered the Ministry of Agriculture and Livestock to proceed quickly with implementation, nothing has been accomplished to date. No titles have been distributed, no special channels of credit have been established, and very few peasants have ceased renting land. In effect, virtually nothing has been altered since April 28, 1980 --- the first day of Decree 207, or Land-to-the-Tiller.⁴⁸

there exists an estimated 150,000 has., now mostly in pasture or in fallow farms, which is apt for crop production. A corollary is that there exists some 150,000 has. in crops on smaller farms which are not apt for cropping. Over 80% of the land on farms smaller than 5 has. is cropped, while farms larger than 100 has. only crop about 40%". U.S. AID/El Salvador Agrarian Reform Sector Strategy Paper, p. 3.

47. Memorandum from Dan Kanel and William C. Thiesenhusen, Land Tenure Center, to U.S. AID/El Salvador, 27 March 1980. The date is particularly significant for it shows that U.S. AID/El Salvador had already received expert advice concerning the lack of feasibility of Land-to-the-Tiller. AIFLD nonetheless went straight ahead with a program that was fraught with enormous difficulties. It appears that the Land Tenure Center has been left out of the planning and implementation of Decree 207 since that time.

48. As we go to press, news from El Salvador indicates

with new technology...The trained technicians required to meet the needs of the private sector and the public sector, and the public sector institutions in agriculture are not presently available.^{45.}

Tragically, all these concerns pale in view of the great violence which threatens Land-to-the-Tiller beneficiaries. The regions most directly affected by Decree 207 coincide almost identically with the areas of greatest repression against peasants by government security forces. It is precisely the Departments of Chalatenango, Cuscatlan, Morazan, and Cabanas that has the highest percentage of renting, as it is also those same Departments which have been the victims of the most brutal repression. An examination of the data provided by the Legal Aid Office of the Archbishop's office of El Salvador clearly bears out the close connection here. Another dimension of this problem is the refugee question. Of the more than 75,000 refugees now known about in El Salvador, according to the Catholic Relief Services, the vast majority come from rural areas, where they would normally be potential beneficiaries of Land-to-the-Tiller. Thus the ranks of the landless are further increased as farmers are transformed into refugees.

Instead of enlarging the size of the proverbial economic pie, Land-to-the-Tiller merely fragments land among many of those who are already poor.^{46.} Kanel and

45. Daines and Steen, Agriculture Sector Assessment: El Salvador, p. 10.

46. This situation is unnecessary, the result of land use policies that have discriminated against the poor.

U.S. AID/El Salvador Agrarian Reform Sector Strategy Paper, op.cit. p. 3, points out: "The skewed distribution of ownership also contributed to the under-utilization of scarce cropland and soil degradation. Although in El Salvador the area in crops is roughly the same as that which is suitable for crop production,

12. Latin America is not Asia: models derived from intensive rice cultivation cannot simply be translated to Mesoamerica.

13. Land-to-the-Tiller excludes the majority of peasants in El Salvador.

In short, this program aggravates the most serious agrarian problems of El Salvador.

PHASE III - CONCLUSIONS

1. Land-to-the-Tiller must be seen as essentially a politically expedient measure adopted not to conform with the agricultural needs of El Salvador's people, but rather as an attempt to generate popular support for a faltering regime.

2. Land-to-the-Tiller institutionalizes the most negative aspects of the minifundia - over-use of marginal soils, inability to absorb family labor, and failure to provide subsistence.

3. Land-to-the-Tiller fragments and miniaturizes small holdings.

4. Land-to-the-Tiller is based on individualistic competition rather than collective cooperation - an aspect which flatly contradicts advice and concepts of the first Junta.

5. Land-to-the-Tiller will lead to serious deterioration of the environment through increased erosion.

6. Land-to-the-Tiller locks peasants onto poor unproductive plots of land for thirty years.

7. Land-to-the-Tiller will lead to decreased yields of basic grains.

8. Land-to-the-Tiller has led to an exacerbation of the problem of rural landless laborers.

9. Land-to-the-Tiller is not in any sense self implementing.

10. Land-to-the-Tiller was imposed on the Government of El Salvador and people of El Salvador without prior discussion.

11. Land-to-the-Tiller was designed with a patent ignorance of agricultural practices in El Salvador.

that the GOES may have finally prepared an implementing decree. The secondary laws truly necessary for the enactment of Decree 207 are non-existent. Land reform implies vastly more than a set of Decrees.

It is proposed that the U.S. government acting through AID be granted the authority to guarantee up to \$400 million of new external debt which is either incurred or guaranteed by the GOES during FY 1981 and 1982. The mission is aware that this measure would require legislative authorization and that it would be the source of considerable debate in the Executive and in the Legislative branches, but we are convinced that the potential pay-off is worth the effort.³

U.S. AID/El Salvador, moreover, requests that most of the \$425 million direct assistance be financed through Economic Support Funds (ESF) and Public Law 480 ("Food for Peace"). The use of ESF and PL480, Title III in such large quantities raises serious concerns about adequate Congressional review. The two funding instruments were chosen because they are the most flexible sources of assistance, requiring the least processing in a situation where "macro-economic needs will not coincide with the logic of projectized assistance disbursement."⁴

The request includes \$25 million per annum each of five years in PL480 Title III, the proceeds from which would finance the reform activities in part. Abuse of PL480 is notorious, often being channeled with little

-
3. Ibid. p. 40. Also see US AID Agrarian Reform Organization Project Paper, op.cit. p. 1. Perhaps because of the controversial nature of the Commercial Lending Guarantee for El Salvador, it has not yet been formally proposed by the Administration.
 4. AID/El Salvador Strategy Paper p. 39. AID/El Salvador also requests use of ESF because they are understaffed. Ibid. p. 29: "One of the most serious institutional constraints facing the reform is AID itself. This Mission, now down to four U.S. direct hires is literally doing the impossible...ESF and PL480...need to come in larger chunks to cut down our number of submissions and documents."

FINANCING THE REFORMS
ECONOMIC CLIMATE IN EL SALVADOR

"There are no cut-rate agrarian reforms" AID/El Salvador advises. And the reform in El Salvador is certainly no exception.

The costs of implementing the reform, both financial and from a foreign exchange point of view, are substantial, around one billion dollars over the next five years. There is no possibility of financing any significant part of the cost of the reform implementation with internal resources without driving the country into hyperinflation.¹

Most of the one billion dollars would be financed by the United States and multilateral aid. U.S. AID is proposing that over the next five years it make available a total of \$425 million in bilateral assistance, on an annual assistance level of \$85 million of which \$50 million would be used to finance reform activities and the remainder for complimentary social services.

The AID/El Salvador funding request also calls for "A New Foreign Assistance Initiative --- an AID Commercial Lending Guarantee Program for the GOES." Due to "civil disorder and continued economic chaos normal commercial international financing is not available to El Salvador."² AID is proposing to bridge the gap:

1. AID/El Salvador Strategy Paper, p. 4.

2. Ibid. p. 40.

by 1982-1983.⁷ Levels of former landlord compensation are estimated to be \$800 million with fledgling cooperatives being burdened with over \$215 million in compensation to former landlords and in payments of the agrarian debt.⁸

Previous experiences in other areas of the world - Phillipines, Chile, and Peru - have unequivocally demonstrated that one of the most sure-fire ways of destroying newly formed producer cooperatives is to overburden them with debts in their beginning stages. Even in El Salvador previous attempts at colonization where peasants were required to pay back nominal sums as compensation have terminated in high default rates.

Moreover, El Salvador's GDP is predicted to decline by 5 percent (a conservative estimate by the Central Bank) during fiscal year 1980. The U.S. AID Mission warns,

There is a strong possibility that it (decline of GDP) might be considerably higher owing to the collapse of private investment and the sharp drop in manufacturing production---Indeed ROCAP's Economic Advisor believes that private investment must be expected to be very low this year - perhaps even close to zero. Based on such an expectation, the Advisor projects a decline in the real GDP in the range of 6 percent to 9 percent.⁹

7. U.S. AID, Strategy Paper, p. 17.

8. Ibid. p. 14 & 17.

9. U.S. AID, Development Assistance Executive Committee, El Salvador Private Sector Support Program Assistance Approval Document, p. 3. (hereafter referred to as Private Sector Support).

or no regard for the impact on the farm economy.⁵ AID, to the best of our knowledge, has not assessed the potential effects.

This level of PL480 is nearly unprecedented. At current prices, it represents 71,000 tons of wheat per year delivered to El Salvador.⁶ It is doubtful that the country has the storage capacity or that adequate means exist for channelling it internally. Such high inflows could do irreparable harm in a nation struggling to build a viable small farm economy unless commercial imports are cut dramatically and safeguards established to protect local markets.

The Inter-American Development Bank has also approved over \$40 million in loans during December 1980 for a global credit program to the reformed agricultural sector in El Salvador.

Other questions are raised by U.S. AID's funding requests: what will be the short-term impact of increasing internal indebtedness by 1000 percent; what is the advisability of seriously draining El Salvador's international reserves; when foreign investment is negative and capital flight has removed over \$400 million, why take on additional sizeable debts.

U.S. AID estimates that El Salvador's agrarian reform will require debt levels of \$600-\$800 million

-
5. For a detailed explanation of PL480 which expands upon these concerns, see Oxfam-America, A Primer on Food Aid (working title) to be published April, 1981.
 6. To appreciate the magnitude of this allotment, compare to PL480 recipients with enormously larger populations: India \$130 million, Pakistan \$53 million; Bangladesh \$58 million; Phillipines \$44 million. (Source: U.S. AID figures for FY 1979.) These figures represent proportionately less wheat, due to higher shipping costs to Asia.

The foreign exchange needs of El Salvador are extraordinary. Undoubtedly, El Salvador will be forced to renegotiate its external debt and accept IMF austerity measures which will further delay needed reforms and improvements in the basic standard of living among the poor. Or as AID recognizes, El Salvador will have to sell more of its gold reserves, both measures being very unpleasant and fraught with dramatic economic repercussions. The possibility of El Salvador's economy collapsing is not remote.

In sum, it is only possible to concur with U.S. AID's assessment of the entire situation: "Thus the outlook is grim."

It should also be noted that El Salvador has the second lowest GDP per capita in Central America. At the same time that U.S. AID is pressuring international banks to grant credit to El Salvador's faltering economy, it recognizes,

There is a considerable risk in El Salvador's actual circumstances, large increases in internal indebtedness, coupled with lagging production, and strict exchange controls could trigger a serious inflation. The annual rate of inflation in El Salvador for the first three months of 1980 reached 22.3%. Increasing levels of liquidity not accompanied by production increases could easily double or triple that rate.¹⁰

To further aggravate what is a potentially disastrous economic situation, El Salvador's National Plan of Emergency - a poorly conceived piece of economic patchwork - only expects a 9% increase in central government current revenues but has programmed an increase of 54% in current expenditures.¹¹ El Salvador has already had to mortgage a third of its gold stock and delay payments on debts. In formulating some basic conclusions about El Salvador's current economic plight, U.S. AID officials state,

The outlook for 1980 and 1981 is for a further deterioration of El Salvador's balance of payments position---the country is facing serious balance of payments difficulties. Imports cannot be reduced without further adversely affecting production and living standards, and exports are highly dependent upon the government's ability to control violence in the rural and urban areas.¹²

10. U.S. AID/El Salvador, Strategy Paper, p. 18.

11. Ibid. p. 19.

12. U.S. AID, Private Sector Support, p. 4.

only permanent resident laborers have been included to date. (Most hacienda and plantation workers are non-resident seasonal laborers.)

Phase II

- 1) It potentially affects the heart of the agriculture export economy--more than 60 percent of coffee production.
- 2) It has not been implemented and it is widely held that it will not be.
- 3) Failure to implement it places in serious doubt the GOES's commitment to agrarian reform.

Phase III

- 1) It has been imposed on El Salvador by the AFL-CIO sponsored American Institute of Free Labor Development under a grant from U.S. AID.
- 2) It ignores the specific agricultural practices of El Salvador.
- 3) It locks for 30 years over 100,000 peasant families onto poor plots of land that do not provide subsistence and cannot sustain continuous food-crop production.

GENERAL FINDINGS

- 1) Over 60 percent of El Salvador's rural population are not potential beneficiaries for the current land reform program.
- 2) The current land reform program excludes the poorest and largest section of the rural population - landless rural laborers.
- 3) The land reform program is a "top-down" model solution imposed on the government and people of El Salvador by agencies and advisers under contract to the U.S. Government.
- 4) The peasantry, Church, academics, and agrarian experts of El Salvador have been excluded from the design, planning, and implementation of the current agrarian reform.
- 5) The entire program suffers from a critical lack of planning and development of implementing regulations.
- 6) The land reform program has been implemented in the context of increasing and unrelenting levels of violence against the rural population.

SPECIFIC FINDINGS

Phase I

- 1) It only affects 15 percent of El Salvador's arable land, therefore leaving untouched the majority of export crops.
- 2) It excludes those without access to land - more than 60 percent of the rural population.
- 3) The number of beneficiaries is very small because

APPENDIX:

AGRARIAN REFORM LAWS OF 1980

EL SALVADOR

BASIC AGRARIAN REFORM LAW

CHAPTER 1

BASIC PROVISIONS

Article 1. Private property within a communal framework is hereby acknowledged and guaranteed.

Landholdings within the limits established by this law comply with the social or communal concept, in addition to having the following characteristics:

- A) Land is exploited directly by its owner;
- B) Exploitation of said land guarantees the minimum productivity levels, in accordance with national percentages for the crop under exploitation;
- C) Exploitation of such land is carried out in accordance with the Government's agricultural development plans;
- D) Land, water and other renewable natural resources are protected and handled appropriately; and
- E) Labor and social security laws are complied with.

Provisions included in B, C, and D of the present clause shall be governed by a special statute or regulations.

Article 2. For the purpose of this law, agrarian reform shall be understood to mean the transformation of the country's agrarian structure and the incorporation of the rural population into the economic, social and political development of the nation through the substitution of the latifundia system by a more just system including property or land and the exploitation of landholdings, based on an equitable distribution of land, an adequate credit system, and comprehensive assistance to the producers in order that land become the basis of economic stability for the peasant, as the basis of his greater well-being and guarantee of his freedom and dignity.

CHAPTER 2

EFFECT ON LANDHOLDINGS AND OTHER PROPERTY

Article 3. The Agrarian reform shall be applied throughout the entire national territory, without regard to crop, location, productivity, land tenure system, quality of soil, or any other variable; therefore, all land

UNOFFICIAL TRANSLATION
Source: USAID

THE BASIC LAW OF AGRARIAN REFORM (DECREE 153)

DECREE No. 153

The Revolutionary Junta of Government

WHEREAS:

I. In accordance with item III of the Emergency Program contained in the Armed Forces Proclamation of October 15, 1979, it was established that "measures would be taken for equitable distribution of the national wealth, at the same time increasing the national gross product," and, to this aim, an instrument would be created to establish a solid basis for the implementation of an agrarian reform, thus ensuring the right to private property within a communal framework;

II. The present law for the establishment of the Salvadoran Institute of Agrarian Reform does not satisfy the demands of the destitute majority of the population of this country, their situation being the result of a single privileged class, contrary to the objectives of real economic, social and political development;

III. It is necessary to establish a new economic and social order in accordance with principles of social justice and the revolutionary ideology adopted by the new Government, in order to give an objective response to the demands of the Salvadoran people, thereby rejecting the prevailing interests of the minority;

IV. Decree No. 43 of the Revolutionary Junta of Government, dated December 7, 1979, published in the Official Gazette No. 228, Volume 265, of the same date, established the necessary basis for the promotion of a policy of change within the land tenure system, forbidding the transference or partition of rural landholdings, it is necessary to issue the legal provisions to implement such policy;

THEREFORE:

By virtue of the authority conferred (upon the Governing Junta) by Decree No. 1 of October 15, 1979, published in the Official Gazette No. 191, of the same date, and having heard the considered opinion of the Supreme Court of Justice,

DECREES:

The following

CHAPTER 3

ACQUISITION OF LAND AND OTHER PROPERTY

Article 9. The State shall acquire land and other property through any legal means established by law, especially through the purchase and expropriation of same.

Article 10. Once the State has decided to acquire a piece of land or other property, the ISTA shall notify the landholder or owner personally, at his place or residence, if known. Otherwise, a single announcement published in the Official Gazette, and two announcements published in two of the local newspapers of major circulation shall suffice.

The landholder or owner must notify the ISTA officers, in writing of his willingness to sell the property, within eight days (excepting Saturdays, Sundays and holidays) after being notified (by ISTA), or publication of the announcement in the Official Gazette, as the case may be, indicating an address to receive notifications.

The ISTA shall notify owners or landholders, in writing, regarding date and time to appear for the signing of the title deed.

If said owner or landholder should not appear on the date and time indicated, (ISTA) will proceed to expropriate the land or property in question.

Article 11. Expropriation procedures shall be conducted in accordance with the law. In the event of expropriation, a document shall be drawn up, and (ISTA) shall take possession of the land or property in question even before formal transfer of same has been made.

Once ISTA has taken possession of the land or property, the landholder or owner, or his legal representative, shall appear before ISTA to sign the expropriation document. A document containing the description of the land or property shall be attached to the expropriation document. This description will be provided by the Ministry of Agriculture and will constitute a title deed. This deed shall be used to record the (expropriation of the) land or property in question in the Real Estate Records Office (Oficina de Registro de la Propiedad Raíz). This office must register the title deed, even though the description may not coincide with the title, provided the property and the owner are the correct ones.

The owner or landholder, or his legal representative, must sign the deed referred to above at the main offices of ISTA no later than eight working days after the last notification in two local newspapers of major circulation.

In the expropriation document and title deed on behalf of ISTA, the registration number and ledger in which it was recorded shall be indicated. The right to indemnification shall also be recorded.

used for agricultural, livestock or forestry exploitation shall be affected by this law, with the exceptions and limitations established by the law itself.

Article 4. Land affected by the present law is understood to be any property within the national territory belonging to one or more individuals, estates, or associations exceeding ONE HUNDRED HECTARES for land within classifications I, II, III and IV; and ONE HUNDRED AND FIFTY HECTARES for land within classifications V, VI and VII. These classifications constitute the right to land ownership reserved for landholders.

Without prejudice to provisions in clause one of the present article, landholdings which do not exceed the limits prescribed by law shall be affected if their owners do not comply with provisions as established in article one of this law, or should they cause damage to renewable natural resources or to the land itself, which are necessary and indispensable for their exploitation.

Land strictly reserved for forestry exploitation shall be subject to provisions within the Law for Forestry Exploitation (Ley Forestal)

It is presumed under the law that each individual member of an association (or corporation) shall be entitled to land tenure in proportion to the number of shares owned within said association or corporation.

If an individual holds titles to land, both independently and as a member of an association or corporation, property belonging to him independently shall be affected with priority to that pertaining to him as a member of an association.

Article 6. The location of land, and equivalency according to soil classification, in connection with owners' rights shall be determined by the Salvadoran Agrarian Reform Institute (ISTA).

Such rights shall be determined on an equitable basis in order to allow an effective exploitation of the land by landholders or owners.

Article 7. The Government may increase the landholders' rights by 20 per cent if at the time of acquisition of such land (by the State) it is established that the owners have maintained or increased productivity, or have otherwise improved their property on or after the date when this law becomes effective.

In any event, in order (for landholders) to be entitled to such rights, evidence of compliance with labor and social security laws must be presented.

Article 8. Any landholder or owner may continue exploitation of his property until said property is expropriated or acquired by the State.

(F) In the cases included in clause two of Article 4 of the present Law, indemnification or compensation shall be made through Type C bonds, after deducting the amount corresponding to damages, and in addition to any criminal liability therein.

(E) In those cases mentioned in Article 14 — clause 3 of the present Law — payment shall be made through Type A bonds, with a special five-year term of redemption and;

(D) In the case of land leased without a contract registered at the Ministry of Agriculture, payment shall be made through Type C bonds;

(C) In the case of idle land or inefficiently cultivated land, payment shall be made through Type C bonds;

(B) In the case of leased land, tenanted farms or other indirect forms of land exploitation, compensation shall be made through Type B bonds;

(A) In the case of efficiently cultivated land, payment shall be made through Type A bonds;

Article 16. Percentage payment of agrarian reform bonds shall be as follows:

Article 15. There will be three types of Agrarian Reform Bonds: Series A, B, and C, which shall be regulated by a special law. This law shall establish the terms, interest rates, benefits and other conditions.

Capital liabilities for duly proven investments on an agricultural or livestock operation shall be absorbed by the State under the same conditions as those under the contract.

Value of livestock and improvements as mentioned in Article 7 for landholdings or property under 500 hectares shall be paid in cash. Capital liabilities for duly proven investments on an agricultural or livestock operation shall be absorbed by the State under the same conditions as those under the contract.

(3) In the cases mentioned in clause two of Article 4 of this Law: 25 percent in cash and the balance in agrarian reform bonds. These bonds will be subject to special regulations regarding terms and interest.

(2) In the case of property exceeding 500 hectares, or when such property has been expropriated: 100 percent paid in agrarian reform bonds.

(1) In the case of contract of purchase-and-sale, up to 500 hectares: 25 percent in-cash and 75 percent in agrarian reform bonds.

If the owner, landholder, or his legal representative should not appear to receive this indemnification, ISTA shall deposit it in the order of the owner or landholder and payment for such property shall be considered as actually having been made.

Article 12. If the land or property expropriated or crops derived therefrom should be mortgaged, the amount of the indemnification or compensation shall be deposited in any banking institution in the country, at the order of the agrarian judge, in order that he may pay creditors in order of preference, delivering the balance to the landholder of the expropriated property.

In the event that the amount deposited should not be sufficient to pay legal debts, the agrarian judge shall order that payments be prorated among all creditors.

CHAPTER 4

EVALUATION AND PAYMENT

Article 13. Value or compensation of all land and other property acquired (by the State) shall be paid partly in cash and partly in agrarian reform bonds. This amount shall be determined on the basis of the percentage declared by landholder or owner in his property tax declaration for (calendar) years 1976 and 1977.

If a landholder or owner shall have failed to declare his property value for the years indicated above, he shall state the estimated value of his property at the time when he indicates his willingness to sell.

ISTA shall pass a resolution at the next meeting of the Board of Directors, expressing its agreement or disagreement with the estimated property value. In the event of disagreement, ISTA shall make a counter-proposal to which the land or property holder must reply within three working days after being notified. If he should reject the counter-proposal, expropriation proceedings will be carried out and indemnification will be set on the basis of the property value as determined therein.

If the landholder or property owner should fail to appear, the amount of indemnification or compensation shall be set by ISTA, taking into account the percentage value of similar land or property within the same area.

Article 14. Land and other property acquired in accordance with this law shall be paid for or compensated as follows:

- (C) Payment referred to in Article 30 of this law.

Surplus funds shall be subject to special treatment in order to obtain an equitable distribution of same within a given area in accordance with national economy interests, striving to achieve the following:

- (A) Creation of a reasonable margin of savings for all peasants in a given area;
- (B) Development of social benefits for the community; and
- (C) Development of other types of productive projects.

Article 21. Organizations referred to in Article 18 of this law shall be comprised exclusively of peasants who do not own any land, whether they are paid workers, lease-holders, secondary lease-holders, or tenant farmers ("aparceristas" or "colonos"). Peasants who own land but the size of which is not enough to fulfill their basic needs shall also be entitled to membership in said agricultural organizations.

General allotment rules and priorities as well as selection criteria shall be regulated by special legislation.

Article 22. Regulations regarding coordination, training, promotion, credit, technical assistance and other actions aimed at comprehensive development of the agrarian reform process, as well as an enlargement of the minifundia sector in order to increase productivity and achieve integration of productive associations, shall be regulated by other laws.

CHAPTER 7

GENERAL PROVISIONS

Article 23. The Executive Branch, together with the Cabine (Consejo de Ministros) shall define the national agrarian policy.

The Ministry of Agriculture, in coordination with other public sector institutions in the agricultural field, shall be responsible for implementing this policy in order to promote the agrarian reform process.

ISTA shall be responsible for the implementation of the process provided it does not act contrary to this law.

Article 24. A Council shall be established to advise the Ministry of Agriculture regarding agrarian reform. This Council shall be formed by:

- (A) The Ministry of Planning and Coordination for Economic and Social Development and the Ministries of Labor, Defense, Treasury, and Economy;

CHAPTER 5

PROVISIONAL ADMINISTRATION

Article 17. Once ISTA has acquired property title of the land and other real estate property, a provisional administrative office shall be established in order to guarantee the following:

- (A) Agrarian Reform objectives
- (B) Continuity of production and productivity; and
- (C) Care and maintenance of land property acquired.

Whenever there are pending harvests or the cultivation of a new crop has been initiated, the provisional administration shall guarantee the harvesting to the owner or the lease-holder, provided they continue the productive process. The ISTA provisional administration shall be in effect until all land (acquired by the State) has been allocated to the peasants.

CHAPTER 6

ALLOCATION OF LAND AND OTHER PROPERTY

Article 18. Land and other real estate acquired (by the State) shall be allocated to agricultural cooperatives, peasant community associations and other organizations of agricultural workers registered in the Ministry of Agriculture.

Land and other real property thus acquired shall be administered as a joint venture of the government and such organizations.

The joint venture system to which this article refers shall be in effect until the new landholders have acquired the necessary skills; notwithstanding this, there will always be ample coordination between the State and the new landowners, to achieve national planning objectives.

Article 19. Allocation of land shall be carried out taking into account a dynamic concept which will include property size and quality of the soil in relation to productivity and income.

Article 20. Income derived from the exploitation of land and property allotted to the peasants shall be applied according to the following priorities:

- (A) Defrayal of production costs;
- (B) Fulfillment of basic needs of family units within agricultural organizations;

Article 30. The beneficiaries of land and other property and/or goods and services shall pay ISTA an amount of money that will be applied toward paying the agrarian reform debt.

ISTA shall not apply these funds to any other ends.

Article 31. Until such time as the Agrarian Courts are established, all matters pertaining to the agrarian reform process shall be handled by the Civil Courts.

Article 32. All actions, proceedings and documents relative to the agrarian reform process are hereby exempted from payment of any and all taxes.

Article 33. The agrarian reform process is hereby declared to be a public utility or social program.

Article 34. The provisions of this law are hereby declared to be of public nature.

Article 35. Executive Decree No. 24 dated March 20, 1975, published in the Official Gazette No. 35, Volume 246, of March 21, 1975, is hereby nullified.

Decree No. 43 of December 7, 1979, published in the Official Gazette No. 228, Volume 265, of the same date, is hereby nullified.

Provisions contained in the Legislation for the Establishment of the Salvadoran Institute of Agrarian Reform are hereby declared null and void insofar as they violate the present law. Other laws, regulations or decrees contrary to the present law are also nullified.

Article 36. The landholder's right (or reservation) recognized through the present law shall be exercised by said landholder or owner concerning property affected by the (agrarian reform) law one year after ISTA has taken possession of said property.

Article 37. The present law shall become effective eight days after its publication in the Official Gazette.

SIGNED AT THE PRESIDENTIAL PALACE, San Salvador, on March 6, 1980.

(Signed by)

Col. Adolfo Arnaldo Majano Ramos

Dr. Jose Ramon Avalos Navarrete

Col. Jaime Abdul Gutiérrez

Ing. Octavio Orellana Solis
Minister of Agriculture and
Livestock

Dr. Jose Antonio Morales Erlich

- (B) A representative of each of the following institutions: the Salvadoran Central Reserve Bank and the Agricultural Promotion Bank (Banco de Fomento Agropecuario);
- (C) Four members representing the organizations covered by this law.

Article 25. Special Rules and Regulations shall be issued, no later than 90 days after this law becomes effective, for the division of the country zones and the implementation of the agrarian reform.

Notwithstanding the above, acquisition of rural land and/or property shall be implemented immediately for estates whose size will be indicated in a Special Decree, and (the State) shall take possession of same in the manner established in Article 11.

Article 26. Transference of property within the present irrigation and drainage zones shall be subject to the laws through which they were established. (This clause sent by subsequent tel-id)

Article 27. Landholders or owners of land and/or property whose acreage, taken either combined or separately, does not exceed the limits established by this law may sell or mortgage their property without other limitations than those established by other legislation, provided a sworn statement is made before a notary public at the moment of signing of the title deed and that the overall size of rural land and/or property does not exceed the limits established by law. The notary public shall indicate this fact in a sworn statement.

Land or real estate which does not exceed these limits may be sold, provided transfer is made to an agricultural association as described in Article 18, belonging to the State and previously decentralized for the development of a plan regarding housing, industry and services, duly authorized by ISTA. However, landowners may mortgage property, either as a whole or in part, to obtain supervised credit for the development of agro-industrial production or the improvement of their property.

Any sale made in violation of this provision shall be void, and the State may take possession of all rural property belonging to the violator.

Article 28. Present landholders or real estate owners whose property exceeds the limits established in Article 4 of the present law are under obligation to maintain their livestock at the present level in order to keep their productive units intact.

Article 29. This provision shall not apply to land and/or real estate or other property belonging to duly registered agricultural cooperatives and peasant community organizations.

Article 2. The Ministry of Agriculture will cooperate in the implementation of this decree and the Ministry of Defense will also assist in its implementation, as needed.

When the Basic Agrarian Reform Law becomes effective, expropriation procedures established thereby will be implemented on the basis of the appropriate document ("Acta de Intervención") prepared in accordance with article one of the present Decree.

Article 3. The taking of possession and expropriation (intervención) conducted in accordance with this Decree will be effective at such time as the Basic Agrarian Reform Legislation becomes effective.

Article 4. The present decree will become effective on the date of publication in the Official Gazette.

Given at the Presidential House in San Salvador.

(Signed)

Col. Adolfo Arnaldo Majano Ramos

Col. Jaime Abdul Gutiérrez

Dr. José Antonio Morales Ehrlich

Dr. José Ramón Avalos Navarrete

Ing. Octavio Orellana Solís, Minister of Agriculture.

UNOFFICIAL TRANSLATION

Source: USAID

DECREE No. 154

The Revolutionary Junta of Government

WHEREAS:

I. It is the Junta's objective to adopt measures intended to foster an equitable distribution of the national wealth, and that to this end solid bases must be established at the beginning of the Agrarian Reform process;

II. The "Agrarian Reform Basic Legislation" has been decreed on this same date, wherein the general provisions governing said process have been established;

III. In order to guarantee compliance with the objectives of the law it is necessary to take precautionary measures that allow the taking of possession of land holdings included within the first stage (of the process), in order to maintain normal agricultural productive activities and implement an orderly process of acquisition and awarding of land to the beneficiaries;

THEREFORE:

By virtue of the legislative authority conferred (upon the Governing Junta) through Decree No. 1 of October 15, 1979, published in the Official Gazette No. 191, Volume 265, of the same date,

DECREES:

Article 1. In order to implement the execution of the first stage of the Agrarian Reform throughout the country, which will include land holding in excess of FIVE HUNDRED HECTARES, either as a whole or a combination of several units belonging to one or more individuals, estates or associations. The Salvadoran Institute for Agrarian Reform is hereby authorized to proceed to immediate intervention and taking of possession of land holdings involved, through delegates of that institution or of the Ministry of Agriculture.

Such delegates will prepare a document attesting to the taking of possession of land holdings (in accordance with the law).

Land holdings belonging to agricultural cooperatives, peasant community associations or other campesino organizations are exempted from this legislation.

on shall have preferential rights to acquire said landholdings and become their rightful owners.

Therefore, landholdings or portions of same--appropriate for agricultural exploitation and regardless of their size--which at the present time are being exploited by simple lessees or by persons holding lease contracts with an option-to-purchase clause, sharecroppers, contract purchasers with ownership rights over the property, or other persons who work the land directly--through payment either in cash or in goods--are hereby expropriated.

Article 2. The expropriation of landholdings or portions of same mentioned in the preceding article, is hereby lawfully decreed on behalf of the Salvadoran Institute of Agrarian Transformation (ISTA).

Landholdings or portions of same expropriated in accordance with this law, shall be assigned through ISTA to lessees, sharecroppers and other persons referred to in Article 2 of this law, in compliance with provisions contained in the same law and of internal regulations as may be established.

However, in the event that a lessee, sharecropper or contract purchaser should cultivate an entire property or land plot exceeding one hundred hectares, expropriation as established in Clause 1 shall not apply. Therefore, its exploitation shall not be altered in any manner whatsoever until the landholding or land plot has been acquired by ISTA, in accordance with the Agrarian Reform Basic Law.

Article 3. Beneficiaries who, in accordance with this law, have been assigned land plots by ISTA, shall be entitled to own a maximum of seven hectares (approximately 10 "manzanas").

When expropriated landholdings or land plots exceed seven hectares, the excess land shall continue to be ISTA's property, who should respect the rights of the lessee or other person working the land during the current agricultural year, and assign it to other beneficiaries after the end of the harvest season. This seven hectare limit shall not be applied to persons holding a lease contract with an option-to-purchase clause, or to contract purchaser with ownership rights who has acquired such property or land plot through a legal instrument, before the present law became effective.

The time limit established hereby shall not be applicable to agricultural cooperatives, communal peasant associations, or other organizations of agricultural workers registered at the Ministry of Agriculture and Livestock (MAG).

Article 4. For purposes of the present law, landholdings or land plots held under a simple lease or other types of indirect exploitation, shall be understood to be affected whenever their contracts or leases are still in effect, or when their due date has been extended by law.

The above shall also apply to verbal or written contracts, even though no money may have been paid, and regardless of the amount of money involved.

Article 5. Landholders and owners of land plots of less than one hundred hectares, expropriated in accordance with this law, shall have the right to be paid fifty percent of the land value in cash, in accordance with a special law regulating bonds which shall be enacted in the future.

Landholders and owners of expropriated land in excess of one hundred hectares, shall receive payment according to provisions in the Agrarian Reform Basic Law.

In any event, the amount of such compensation shall be established on the basis of the property value stated by their owners in their tax reports for the years 1976 and 1977.

Should the landholder or owner of expropriated land have failed to report such property for the periods indicated in the preceding paragraph, expropriation shall be implemented as indicated in Article 13 of the Agrarian Reform Basic Law.

Any payment already received by a landholder or property owner for land-leases shall be deducted from the price of the property to be paid by ISTA.

Article 6. The amount to be paid by the beneficiaries of landholdings or land plots assigned to them shall be equal to the amount of the compensation that the State has paid for their expropriation. Such amounts must be paid in cash, in regular payments not to exceed a term of 30 years, including interest. The type of product under cultivation, as well as harvest collection time shall be taken into account when setting repayment terms.

However, the beneficiaries can make payments in advance or full payment in cash. In this case, ISTA may deduct up to one third of the total value, in accordance with the special regulations.

Article 7. Until such time as ISTA has set the value of a property or land plot, beneficiaries will pay ISTA an amount equivalent to that set for land leases in Decree No. 44.

Provisions as stated above shall not be applicable if the beneficiaries have already made future payments on account to the landholder or owner of an expropriated property.

In the same manner, any amount paid by the beneficiaries to their former landlords shall be deducted from payments to be made to ISTA, in accordance with Article 6 of the present law.

Article 8. Beneficiaries of expropriated land shall abide by the following rules, limitations and prohibitions:

a) They may not lease, or in any form permit indirect exploitation of land affected by this law;

b) The allocation of landholdings or land plots to beneficiaries shall be entailed in benefit of the family unit for a period of thirty years. The family unit clause shall be effective, even if the beneficiary should pay for the land in full before the thirty year period expires.

During that time, landholdings or land plots assigned to a family unit may not be transferred or mortgaged. However, transfer may be effected in the event of the death of the beneficiary, and property may be mortgaged as collateral for agricultural loans granted by credit institutions.

c) Beneficiaries must pay for their land as established in Article 6. Should a beneficiary fail to make payment without a valid reason for a period of one year or more, the land shall be repossessed by ISTA, to be redistributed to other beneficiaries. The same provision will apply to beneficiaries who abandon their land; to those who violate provisions contained in a) above, and to those who do not comply with the social function provision as described in Article 1 of the Agrarian Reform Basic Law.

Article 9. In order to receive title, persons include in any of the cases described in Clause 2 of Article 1 of the present law, and who wish to take advantage of the benefits that it confers, should contact ISTA express their desire to acquire the land or plot which they are cultivating, or the established maximums, provide information regarding the type of land involved and its location, landholder's name, the tenure arrangement under which they work the land, and any other pertinent information to clearly establish their identity and the legal situation involved. The identity and other details about the applicant must be ascertained by any available legitimate means.

In order to implement the above described procedure-- and after the present law has become effective--ISTA will publish announcements in the Official Gazette and in two newspapers with large

national circulation, inviting interested persons who meet the established requirements to state their intention or willingness to become owners of landholdings or land plots. Their intention must be stated within one year after the last publication of said announcement. One year after the last day of publication of these announcements, the benefits of the present law shall expire.

Until such time as their intention (as referred to in this Article) is stated, ISTA must respect the rights of persons mentioned in Article 2 of the present law, regarding landholdings or land plots.

Article 10. The procedure to identify and legalize the transfer or expropriated land on behalf of ISTA shall be in so far as applicable, that established by Article 11 of the Agrarian Reform Basic Law, without the need in this instance of either previous occupation of expropriated land or the public announcement referred to in Article 11 of the Agrarian Reform Basic Law.

Article 11. The Ministry of Agriculture and Livestock (MAG) shall issue special regulations for the implementation of this law, no more than thirty days after said law becomes effective.

Article 12. This law shall become effective eight days after its publication in the Official Gazette.

GIVEN AT CASA PRESIDENCIAL, San Salvador, on the twenty-eight day of April of the year nineteen-hundred and eighty.

(signed)

Col. Adolfo Arnaldo Majano

Dr. José Ramón Avalos Navarrete

Col. Jaime Abdul Gutiérrez

Ing. Octavio Orellana Solís
Minister of Agriculture

Dr. José Antonio Morales Erlich

UNOFFICIAL TRANSLATION

Source: USAID

PRESS RELEASE: DECREE 220

SPECIAL LAW FOR THE ISSUANCE OF THE AGRARIAN REFORM BONDS

BONDS FOR AGRARIAN REFORM ISSUED

The President's Office of Information yesterday afternoon issued the following press release:

The Revolutionary Junta of Government, through Decree No. 220 has put into effect the Special Law for the Issuance of the Agrarian Reform Bonds, payable in national currency, which will be issued by ISTA and will be used to pay for the land and other assets acquired by the State for the execution of the mentioned Reform.

In accordance with above decree, Agrarian Reform Bonds will be issued for the sum of One Thousand Six Hundred Million Colones, (Q1,600,000,000.00)

The above mentioned bonds will be issued in three categories:

Series "A", Series "B", and Series "C"; they will bear a 5% annual interest and will be redeemed in the following terms: 20 years for Series "A", 25 years for Series "B", and 30 years for Series "C".

It should be noticed that in the Series "A" Bonds, some Preferential Bonds will be issued, with the special term of redemption of 5 years, for payment of cattle, machinery and infra-structures, paying 7% annual interest.

The bonds will constitute direct obligation of the Salvadorean Agrarian Transformation Institute, and will have the subsidiary and unlimited guarantee of the State. This such guarantee includes the due and punctual payment of the capital and any other responsibilities that may be derived from the issuance, service, amortization, or redemption of the bonds.

In accordance with the issued Law, the bonds will be utilized exclusively for the payment of the cost of lands and other assets acquired for the execution of the process of the Agrarian Reform and should be accepted at their nominal value; nevertheless, ISTA can place its bonds in the financial market or in official autonomous institutions, for up to 90% of their nominal value, in order to obtain the necessary financing resources to cancel the cash part of the land and other assets stipulated in the Basic Law of the Agrarian Reform.

BENEFITS

The bonds, according to the Law decreed by the Junta will have the following benefits:

a) The capital and interests will be exempt from payment of stamp, succession and donation taxes.

b) They will be accepted for 90% of their nominal value as guarantee for the payment of Customs and Consular duties, of direct taxes and any other taxes, payable to the State or the Municipalities; and will be also accepted for their nominal value as guarantee in any case in which by order of the Law or of Judicial or Administrative authorities, are required to yield bail.

c) The expired interest coupons will be accepted by the Government at their nominal value, for the payment of all kinds of taxes, tax rates and fiscal contributions.

d) They should be accepted at their nominal value in payment of succession and donation taxes, even though their term has not come due.

The bonds so acquired will be maintained in effect and the Government will have the right to retain them until they are due and negotiate them on the financial market when need be.

e) The Government may invest its own funds or the funds of others in its control, in the acquisition of the above mentioned bonds with the powers expressed in the last Clause of the previous paragraph d).

f) The state enterprises and official autonomous institutions will be able to acquire these Bonds, being able to retain them until they come due, use them to obtain advance payments or sell them when considered convenient.

g) The Central Reserve Bank of El Salvador, according to its Organic Law is authorized to buy or acquire, keep, and sell the above mentioned bonds, either at their nominal value or at the market value.

h) The Agrarian Reform Bonds may be accepted as guarantee to obtain financing from the official financial institutions for industrial, agro-industrial and agro-chemical activities, and rural housing activities in social the interest, up to the percentage of its nominal value approved by the Monetary Junta.

i) In the event that the holder of the bonds sells them at a higher price than their nominal value and invests the product of the sale in new basic welfare producing or strategic enterprises for the economic development, approved by the Executive Power in the Branch of Planning and Coordination of the Economic and Social Development of the Ministry of Finance, the holder will be exempt from capital income taxes corresponding to the amount destined to such activities;

j) When the Bond holders desire to invest in the establishment of participation in the enterprises referred to in clause h) of this article, which promotes the public sector, the Monetary Board will establish the financing mechanism to insure the liquidity of the same.

DECREE 221.

THE REVOLUTIONARY JUNTA OF GOVERNMENT

CONSIDERING:

- I.- That the Basic Agrarian Reform Law establishes as main assignees of the acquired lands the Cooperative Associations, Communal Farmer Associations and other groups directly involved with agrarian activities;
- II - That the same Basic Law has given the Ministry of Agriculture the power to develop and coordinate agrarian reform policy that the Executive Power in the Council of Ministers will enforce;
- III - That the General Cooperative Law, its Regulation and the Law Creating the Salvadoran Institute of Cooperative Development mandates that this latter organization will be empowered to confer official recognition upon inscription to and give legal status to, among others, the Agrarian and Fishing Production Cooperative Associations. Inoperant procedure for an agrarian cooperative system, directed to give impetus to the Agrarian Reform process, with well defined characteristics;
- IV - That it is imperative to facilitate the promotion, formation and declaration of legal status - with the rapidity that the Agrarian Reform process requires - to the largest number of farmer groups possible which are now organizing cooperatively on all the intervened properties, and also on those properties that in the future might be acquired for the continuation of the process, and on those cooperatives which form within the unaffected sector, among small and medium sized farmers that wish to organize themselves cooperatively to obtain the benefits of this Law:

THEREFORE,

Using the legal faculties granted by Decree No. 1 of October 15, 1979, published in the Official Newspaper No. 191, Volume 265 of the same date,

DECREES:

the following

SPECIAL LAW FOR AGRARIAN ASSOCIATIONS

Art. 1. The creation of the Department of Agrarian Associations as a Subordinate Agency of the Ministry of Agriculture, that will be in charge of the promotion, organization and official recognition and declaration of legal status of the Cooperative Associations of Agrarian and Fishing Production, and other similar associations that develop activities technically considered as agrarian.

Art. 2. The organized farmer groups on the existing expropriated properties and on other properties that in the future might be acquired in conformity with the Basic Agrarian Reform Law, will obtain their legal status as associations by virtue of the presentment of the constitutional act drawn at each occupied property, with the ISTA and MAG Delegates' intervention.

Art. 3. The MAG's Agrarian Associations Department will open a Register in which will be inscribed the constitutional act referred to in the previous article, based on which, legal status will be granted, by virtue of Executive Decree, in the Field of Agriculture and Livestock.

Art. 4. For the granting of production credits and verification of legal status, the certification of the act to which the previous article refers, extended by the Department's chief, will be sufficient, and the indorsement of ISTA will be accepted to be responsible in a subsidiary manner for the obligations of the Cooperatives.

Art. 5. For the Register and granting of legal status to other agrarian worker groups organized in different cooperative systems, federations or "de facto" associations that still lack legal recognition, it will be sufficient that they present to the MAG's Agrarian Associations Department the Statutes and Certifications of Acts of the General Assembly, in which the groups representatives have been elected.

If the federation of groups to which reference is made in the previous article assemble several pre-cooperatives, each group must be inscribed separately, for the purpose of giving each one its own legal status under the same procedure accounted for in Art. 3 of this Law, and will enjoy the same benefits in the granting of production credits.

Art. 6. All other legal dispositions that contradict this Law are derogated.

TRANSITORY

Art. 7. The Agrarian and Fishing Cooperative Associations already

Inscribed with the Salvadoran Institute of Cooperative Development, as well as the Communal Farmer Associations to which the Law creating ISTA refers, register with the MAG's Department of Agrarian Associations for that purpose shall submit to it all pertinent documentation, and the MAG shall recognize the legal status requested, by Executive Decree that encompass all of them, requisite by which they will be legally inscribed, by consequence of the Basic Agrarian Reform Law.

Art. 8. During the time that the General Agrarian Reform Law is in force, the Department of Agrarian Associations created by Article 1 of this Law, will be enforced in that which is applicable, and does not contradict the Basic Agrarian Reform Law, by the Cooperative Associations General Law and by the precepts of the Salvadoran Institute of Cooperative Development Creation Law, Issued on November 25, 1969, by means of the General Assembly's Decrees number 559 and 560, respectively, published in the Official Newspaper number 229, volume 225, of December 9 of the same year, especially in that which refers to attributions, activities to be executed, inspection and vigilance of the agrarian associations to which this Decree refers:

Art. 9. The MAG is authorized to integrate an Agrarian Associations Administration Council with the Ministry's personnel and representatives from other organizations involved in the Agrarian Reform process.

Art. 10. The Agrarian Cooperative Associations, ninety days after their inscription, will be obliged to elaborate their statutes, which shall be approved by the Department of Agrarian Associations and these will be ruled by the Cooperative Association's General Law, in those cases which do not contradict the Basic Agrarian Reform Law.

Art. 11. The present Decree will be in force eight days after it's publication in the Official Newspaper.

GIVEN AT THE PRESIDENTIAL PALACE: San Salvador, May 9, 1980.

Signed by all five members of the Junta and the Minister of Agriculture.

UNOFFICIAL TRANSLATION

Source: USAID

DECREE 222

AMENDMENTS TO THE BASIC LAW OF AGRARIAN REFORM (DECREE 153)

For the information of the interested parties, the following are the amendments and additions promulgated:

(Art. 1) to Art. 3., the following clauses are added:

"This law will also affect cattle, machinery and equipment permanently located in the intervened property, which have been used directly for the normal and efficient development of the productive works of this unit.

Exception is made on the machinery and equipment which is temporarily located on the intervened property, which belongs to a third party, and which provides this type of seasonal service to the farmers of the region.

For the verification of the facts established in the previous article, ISTA is authorized to obtain all the evidence considered necessary.

Let it be understood that the machinery and equipment belong to the owners of the affected land, if one or more of the associates of the legal entity which provide the service of the machinery and equipment are the same individuals who receive it."

(Art. 2) Clause No. 3 of Article 14 is amended as follows:

"3) The cattle, the fixed and movable property referred to in Article 3 of this Law, 25% in cash and the rest in Agrarian Reform bonds. These bonds will have preferential treatment in relation to the terms and interests."

(Art. 3) Add Clause No. 4 to Article 14, as follows:

"4) Those fixed properties which constitute an industrial, agricultural and livestock complex, such as sugar mills, coffee processing plants, slaughterhouses, milk processing plants and others, will be paid with Serial A bonds."

(Art. 4) Clause 5 of Art. 11 is amended as follows:

"If the owner, holder or legal representatives are not present when the minutes are signed on the term indicated in Clause 3 of this Article, a footnote will be added to the minutes which indicates these circumstances and registration of the corresponding titles will proceed. The minutes and the footnote referred to in this Article will be authorized by a representative of ISTA."

(Art. 5) Article 36 is amended as follows:

"The right of reservation recognized in this Law, will be exercised by the affected land-owner within the year following the intervention of the property.

If he does not make use of this right within the term indicated in the previous clause, it is understood he waives the right to it."

This report is the result of research by the authors in consultation with a wide-range of experts including government officials, business and university leaders, field workers and peasants. Consultations were conducted in El Salvador as well as throughout Central America and the United States. Special effort was made to talk with persons of varying political perspectives.

The authors wish to acknowledge the constraints under which field research was conducted. The possibility for collecting a large data base using established survey techniques must be deferred until the end of rural violence and repression. Meetings were often held at secret locations. Several Salvadoran government representatives risked their lives to meet with us and must remain anonymous. At least four have since been killed in the on-going tragedy that is El Salvador today.

The views expressed in this report are the authors' and do not necessarily represent those of OXFAM America's staff or Board of Directors.

Copyright © 1981 by OXFAM America, Inc.
All rights reserved.

First Printing: February 1981 \$3.50