

## CHAPTER 1

# The Agrarian Question in Guatemala

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On May 6, 1996, the Guatemalan government, the general command of the Unidad Revolucionaria Nacional Guatemalteca, and a United Nations representative signed the Guatemalan Peace Accords, marking an official end to the thirty-six-year civil war. Since the beginning of the war, one out of every four Mayans—the largest group of indigenous peoples in the nation—had been displaced, more than 200,000 Guatemalans had been killed or disappeared, and more than 1,000,000 Guatemalans had been designated as internal refugees. The 1996 peace accords recognized that both the historical social exclusion of Guatemala's indigenous and *campesino* rural populations and the unequal distribution of land were not only root causes of the civil conflict, but also primary obstacles to long-term national development and a lasting peace.

The peace accords included agreements on socioeconomic and agrarian issues, resettlement, and ethnic identity and rights of indigenous peoples. These agreements emphasized the Guatemalan government's duty to restore land to indigenous communities, to eliminate gender discrimination in land allocation, and to promote measures to regularize the legal codification of communal landholdings. All three agreements obligate the Guatemalan government to enact rural development programs, solve land disputes generated during the war and identify land for resettlement for displaced communities and landless indigenous and *campesino* families, and address longstanding inequalities in land distribution and rural welfare.

While the 1996 accords represented a landmark attempt to address Guatemala's longstanding agrarian problems, little progress has been made in changing current practices of rural land distribution, and agrarian conflicts

continue throughout the Guatemalan countryside. Today's extremely high levels of rural poverty and landlessness continue, products of one of the most historically inequitable systems of land distribution and tenure in the world. To provide a framework for understanding the potential for the 1996 peace accords to truly enact agrarian reform, this chapter analyzes the historical roots of Guatemala's agrarian situation and compares previous land administration policies to current programs outlined in the accords. While the reasons previous attempts at agrarian reform have failed in Guatemala are complex and historically contingent, it is important to ascertain whether the fundamental power dynamics governing the Guatemalan economy and society have changed sufficiently to allow the 1996 agreement to foster a meaningful redistribution of land. Caution is warranted, given the ongoing dependence on the agro-export sector, which is supported by the rural elite, the military, and foreign institutions. This dependence has conditioned the implementation of agrarian policies that benefit larger and more capitalized<sup>1</sup> owners, who have taken advantage of previous attempts at land reform to achieve further consolidation of both land and political power in Guatemala.

### Exclusion in the Countryside

Guatemala has one of the most unequal land distribution patterns in the world. It also has one of the most historically stable rural sectors in Latin America, currently comprising 69 percent of the population. Agriculture and forestry account for more than 60 percent of national land use, and agriculture provides more than 50 percent of employment (Food and Agriculture Organization of the United Nations [FAO] 1998). But at the same time, less than 1 percent of landowners hold 75 percent of the best agricultural land, 90 percent of rural inhabitants live in poverty, and more than 500,000 campesino families live below the level of subsistence (Misión de Verificación de las Naciones Unidas en Guatemala [MINUGUA] 2000b).<sup>2</sup>

The historical expropriation of indigenous lands has had serious consequences for sustainable land use, for smallholder self-sufficiency, and for food security and health.<sup>3</sup> In some areas, population pressures on the land no longer allow for traditional practices of shifting cultivation, and intensive cultivation practices on marginal lands have led to severe soil erosion, lower yields, and dependence on seasonal and permanent migration for remittances to support family income needs.<sup>4</sup> In addition to problems related to distributional inequity, Guatemala's unequal land regime also leads to disproportional

TABLE 1.1 Land distribution in Guatemala, 1950, 1964, 1979

Size	Percentage of Farms			Percentage of Total Farm Area		
	1950	1964	1979	1950	1964	1979
Less than 0.7 ha	21.30	20.39	31.36	0.77	0.95	1.33
0.7 to 1.4 ha	26.26	23.64	22.83	2.54	2.77	2.75
1.4 to 3.5 ha	28.62	30.94	24.19	5.70	7.85	6.40
3.5 to 7 ha	12.17	12.47	9.74	5.32	7.04	5.74
7 to 22.4 ha	7.72	8.87	7.6	8.36	12.95	11.91
22.4 to 44.8 ha	1.76	1.59	1.72	5.10	5.90	6.77
44.8 to 450 ha	1.86	1.88	2.31	21.86	26.53	30.66
450 to 900 ha	.16	.13	.17	9.52	10.03	12.81
900 to 2,250 ha	.10	.07	.07	13.32	11.22	12.00
2,250 to 4,500 ha	.03	.01	.01	8.81	4.92	5.43
4,500 to 9,000 ha	—	—	—	5.28	5.17	2.12
More than 9,000 ha	—	—	—	13.43	4.67	2.05
	<i>Number of Farms</i>			<i>Number of Hectares</i>		
TOTALS	358,687	417,344	531,636	3,720,831	3,448,737	4,180,246

Source: Hough et al. 1982; Sandoval 1987.

tionate channeling of government credit and other resources to the agro-export center and urban areas, in what Palma Murga (1997) refers to as “chronic underinvestment in the countryside.”

The most widely accepted statistics on land distribution in Guatemala are based on data collected from the 1979 agricultural census (see table 1.1). The average minimum landholding necessary for family subsistence in Guatemala (allowing for differences in land quality, climate, and altitude) is between 4.5 and 7 hectares (Hough et al. 1982; Stringer and Lambert 1989). In 1979, 88 percent of productive farm units were less than family subsistence size, holding 16 percent of arable land, while 2 percent of units held 65 percent of arable land (see table 1.1). Between 1964 and 1979 the number of farms of less than 3.5 hectares doubled; between 1950 and 1979, the average farm size among those with less than 7 hectares fell from 2.4 to 1.8 hectares. Stringer and Lambert (1989) attribute the increased concentration of land in Guatemala not only to population growth but to a monopolistic landownership structure, an unwieldy and expensive land registration system, and a lack of agricultural

credit available to small farmers. While there have been few reliable studies on land distribution since 1979, the Guatemalan Ministry of Agriculture and Food (MAGA) estimates that in 1998 approximately 96 percent of farm units fell into the subsistence or below-subsistence categories, comprising 20 percent of agricultural land (Misión de Verificación de las Naciones Unidas en Guatemala [MINUGUA] 2000b, 6).

### Agrarian History

With the arrival of the Spanish in the 1500s, Guatemala's indigenous communities were resettled in centralized villages that facilitated a system of social control, allowing European colonizers to manage threats of rebellion, to control labor, to exact tributary payments, and to force changes in cultural practices and religion (Brockett 1998, 119). After Guatemala's independence in 1821, land tenure remained highly unequal, with the new government quickly passing resolutions to transfer large extensions of community held land to private ownership, under the premise that "the small number of private landowners is one of the causes for the backwardness of agriculture" (McCreery 1994, 54). Although this legislation specifically allowed for *Ladino*<sup>5</sup> occupation of indigenous communal lands, some village communities were able to maintain a parallel structure of indigenous authority alongside the laws advocating private ownership, and maintain in practice extensions of communally managed lands and forests (Barrios 1996; Hernández Alarcón 2001). After a peasant and indigenous revolt led by Rafael Carrera in the early 1830s, the merchant class engaged in a policy of "benevolent neglect" toward further land privatization. They were willing to forego seizure of additional community and indigenous lands as long as these lands continued to provide the main source of cochineal, at that time one of Guatemala's most important agricultural exports (Handy 1994).

### The Liberal Reforms, 1871–1944

The displacement and disruption of indigenous communities from traditional communal land areas was renewed later in the nineteenth century. Under liberal reforms beginning in 1871, the administrations of Miguel García Granados (1871–1873) and Liberal General Justo Rufino Barrios (1873–1885) encouraged the build-up of a national agro-export-based economy by expropriating communal indigenous lands in the fertile lowlands, subsidizing

domestic and foreign operators, and running an advertising campaign in Europe to attract “modern farmers with capital” for the development of coffee as Guatemala’s principal export crop. To foster a land market, public land on the southern coast was sold and massive landholdings of the Catholic Church were privatized.

In 1894, the first agrarian law of the reform period promoted increased settlement in the more remote areas of the western highlands and continued to privatize state and indigenous landholdings (Davis 1997). According to McCreery (1994), indigenous Guatemalans found themselves “priced out of the market for land they had always imagined was theirs” (183), and Ladinos continued to settle in areas previously controlled by indigenous communities.

Between 1896 and 1921, a total of 3,600 large landholders acquired 16 percent of national territory, both in the lowlands as well as in potentially profitable areas in lower altitudes of the highlands, where coffee, banana, sugar, and cotton plantations were established throughout the nineteenth and early twentieth centuries (McCreery 1990). Highland residents, cut off from the lowland areas they had formerly used seasonally for maize production, began to depend on seasonal wage earnings to replace the lost production areas. A second strategy to secure a constant source of seasonal labor was enacted through a series of coercive laws that ranged from outright draft, in 1876, to a 1934 vagrancy law that required individuals with less than 2.8 hectares of titled land (most of the indigenous population) to work 100–150 days each year as wage laborers (Lovell 1988). Designed to channel indigenous labor into agro-export plantations, these laws instituted a system of forced seasonal migration between highland *minifundios* (smallholder farms) and lowland *latifundios*<sup>6</sup> that has continued to the present day.

During the same period, many communal land areas were classified as *baldía*, or empty, despite their historical use for maize cultivation by indigenous populations. These areas were ordered to be subdivided among community inhabitants, and then privately titled. For example, between 1871 and 1879, 155 parcels of *terrenos baldíos*, measuring almost 75,000 hectares, were awarded to private coffee entrepreneurs (Davis 1997, 10). As Ladino and Creole Guatemalans used their legal and economic power to take over additional acreage for coffee plantations, indigenous communities are estimated to have lost about half the lands originally held during the colonial period (McCreery 1990; Palma Murga 1997; Smith 1984).

By the last decade of the nineteenth century, Guatemala had become the world’s fourth largest coffee producer, with coffee comprising 96 percent of

exports; between 1890 and 1900 alone the volume of international trade increased twentyfold (Handy 1994; Thiesenhusen 1995). In 1901, the United Fruit Company (UFC), known today as Chiquita, began operations in the country, and by 1924, the Guatemalan government had ceded to the company a total of 188,339 hectares in the fertile Pacific lowlands, in twenty-five- to ninety-nine-year leases (Thiesenhusen 1995). United Fruit quickly became Guatemala's largest employer, landowner, and exporter.

In 1931, the dictatorship of General Jorge Ubico began, initially with full support from the US. Over the next fourteen years, Ubico cultivated relations with the United Fruit Company, offering exemption from taxation and guarantees of low wages (Schlesinger and Kinzer 1999). At one point, Ubico enacted a land distribution policy designed to fill Guatemala's less populated lowland areas, but rescinded the offer when faced with protests from highland coffee plantation owners who feared the loss of their cheap labor (Handy 1994, 79).

### The October Revolution and the Arbenz Reform

In 1944, in what came to be known as the October Revolution, the US began to support Juan Jose Arévalo, Ubico's nationalistic opponent. Also popular with the urban middle class, Arévalo was elected president in 1945 and called for a new constitution as part of his efforts to instill political democracy. The constitutional assembly of 1945 established the idea that land must fulfill a social function, and the resulting constitution included several articles that continued to protect private property, while also allowing for the expropriation of uncultivated *latifundio*. Article 96 of the new constitution also protected *ejido* (municipal) and communal lands, stating they were "inalienable, inprescriptable, inexpropriable, and indivisible." A titling law (*Ley de Titulación Suplementaria*) passed by the Arévalo administration awarded title to squatters who farmed land for ten years, but this law also served to legalize the holdings of larger landholders who had continued to encroach onto indigenous lands (Thiesenhusen 1995, 75).

While the political reforms of the Arévalo administration did little to alter rural social relations or to reduce the power of landlords and military, they laid the foundation for the agrarian reform program proposed by former defense minister Jacobo Arbenz, elected president in 1951. With the support of worker and campesino organizations that had gained strength since 1944, Arbenz vowed to "convert Guatemala into a modern capitalist nation through industrialization and land reform" (Hough et al. 1982). In 1950, two-thirds of the Guatemalan popula-

tion depended on agriculture for their livelihoods, while 72 percent of agricultural land was controlled by just 2 percent of farms. The twenty-two biggest *latifundios* held more land than 249,169 peasant families, and according to a 1947 land tenure survey carried out by the Guatemalan government, only 12 percent of privately held land was cultivated (Handy 1994, 102).

On June 17, 1952, the Guatemalan Congress approved Decree 900, a relatively mild agrarian reform law that called for the elimination of large estates, the redistribution of uncultivated land, and the provision of land, credit, and technical assistance to the landless and land poor. Only uncultivated holdings larger than 90 hectares were available for expropriation; farms between 90 and 270 hectares with at least two-thirds of the farmland cultivated were exempt, as were farms engaged in cash-crop cultivation.<sup>7</sup> Land expropriated from private owners was allocated to beneficiaries who had to give up 5 percent of the value of crops harvested to the government; beneficiaries of state land received land with lifetime usufruct rights and paid a rental fee of 3 percent of production. State repayments for expropriated land were based on the value self-declared for tax purposes as of May 1952 (Christodoulou 1990; Hough et al. 1982; Thiesenhusen 1995).<sup>8</sup>

By 1953, President Arbenz declared in an address to Congress that agrarian reform had caused an “earthquake in the consciousness” of Guatemalans (Handy 1994, 112). Between 1953 and 1954, approximately 1002 decrees of expropriation were issued, affecting 603,615 hectares of land, in addition to the redistribution of 280,000 hectares of state land. Between 33 and 40 percent of rural households and 31 to 40 percent of the landless labor force received at least some land from the Arbenz reform, in parcels ranging from 3.5 to 17.5 hectares. Of the 232,682 hectares controlled by the United Fruit Company in 1953, only 10 percent was in cultivation. The Guatemalan government expropriated 146,000 hectares with just under \$US1.2 million in compensation (Deere and León 1999; Thiesenhusen 1995).

Opposition to the Arbenz administration and the implementation of agrarian reform were swift and decisive. The Arbenz agrarian reform program was opposed by landed elites, the Catholic Church, the middle-class business sector, and foreign plantation owners, in addition to expropriated landowners. These actors protested the rapidity of the reform, the price paid by the government to landholders (indemnification), the lack of landowner participation in the agrarian committees, and a provision of Decree 900 that stipulated the total expropriation without indemnification of land owned by those who used violent or subversive means to oppose the reform (Hough et al. 1982, 43–5).<sup>9</sup>

Pressure from the US government to “ward off the Communist threat” and protect the interests of US companies (i.e., United Fruit), facilitated a military coup backed by the CIA and a complete reversal of the agrarian transformation attempted by the Arbenz regime. On June 18, 1954, Colonel Carlos Castillo Armas led a US-backed invasion force into Guatemala from Honduras, resulting in the resignation of Arbenz on June 27. Castillo Armas, supported by the US ambassador, was installed as president on July 8, 1954.

In the first six months following the coup, the majority of land expropriations were annulled. Of the 535,000 hectares of land awarded through Arbenz’s modest land reform project, only 5 percent of families were able to keep this land; the rest was returned to former large landholders, including the United Fruit Company (Hernández Alarcón 2000).<sup>10</sup>

### Three Decades of Dictatorship

The 1952 reform had threatened the hegemony of the agro-export elite, who proceeded to regain and preserve their rule through violence and repression throughout the next forty years. The support of the United States and of international institutions promoting Guatemala’s focus on agricultural exports for the world market also served to cement the political lesson of 1954 as a warning against further discussion of land redistribution. The 1952 reform can be viewed as a short-lived experimental moment within a historical context of the consolidation of power of the landed few vis-à-vis the state and the potential beneficiaries.

While land expropriations were effectively eliminated with the repeal of Decree 900, the Ydígoras Fuentes government passed Decree 1551, the Law of Agrarian Transformation, in 1962. Passing an agrarian reform law was a requirement to receive funds from the US-sponsored Alliance for Progress, funds that were desperately needed to address the government’s growing fiscal crisis (Berger 1992).<sup>11</sup> Decree 1551 institutionalized the post-Arbenz counter-reform measures, advocating administration and redistribution of state farms and the colonization of public lands by landless farmers.<sup>12</sup> Although Decree 1551 recognized constitutional provisions for expropriation of idle land, and while USAID estimates that 1.77 million hectares of idle land in the private sector were already accessible and had some infrastructure, more than two-thirds of land distributed between 1955 and 1982 was in frontier colonization areas. Of the remaining distribution of state farmlands expropriated after World War II, only 12 percent was located in the prime southern lowland areas (Hough et al.

TABLE 1.2 Effect of Decree 1551 on the landless

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1964	262,750 landless (between 1955 and 1964, 8.9 percent of landless received land)
1973	267,058 landless (between 1965 and 1973, 3.5 percent of target landless received land)
1980	309,119 landless (between 1974 and 1980, 5.7 percent of target landless received land)

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Source: Hough et al. 1982.

1982, 55). Instead, thirty-nine national farms were distributed to private owners as political awards, averaging over 3,000 hectares each, while others were divided among “deserving members of the military” (Brockett 1998, 107).

With its emphasis on colonization of frontier lands rather than expropriation, Decree 1551 was designed to demobilize demand for action on land reform by relocating the rural poor to remote (and ecologically fragile) areas, including the northern Petén and Northern Transversal Strip. Although a 1970 USAID evaluation concluded that the impact of these colonization projects on the land tenure structure in Guatemala had been negligible, and acknowledged that “land grabs by the elite” had denied distribution benefits to many intended landless beneficiaries, USAID still provided over US\$5.6 million in the late 1970s for resettlement projects (Brockett 1998, 107).

In subsequent decades, factionalism within the state, continued pressure from the landed elite supported by the military, and an increasing transfer of funds from agrarian policies to counterinsurgency efforts effectively blocked the implementation of Decree 1551 (Berger 1992). As shown in table 1.2, progress of Decree 1551 quickly waned. Thiesenhusen concludes that the reforms of the 1960s in Guatemala “took away by stealth what it had given with a flourish” (1995, xi).

At the same time, displacement of indigenous and campesino populations increased rapidly due to civil unrest, and discussion of land reform became even more taboo throughout the period of the thirty-six-year civil war that began in 1960. During the 1960s and 1970s, a progressively more militarized and violent Guatemala followed an import-substitution model of economic development to build national industry and reduce economic dependence on food and technological imports. The western highlands, for example, were targeted as a priority wheat-producing area, and government programs provided high-yielding technology (hybrid seeds, fertilizers, herbicides), extension

services, and, to a certain extent among the larger farmers, mechanization. This commodity production strategy was supported by public sector agricultural institutions and by the National Union of Wheat Growers, which played an important role in the territorial expansion of wheat production and in the increase in yield. Production was destined for regional flour mills, and the expansion of local flour production contributed to regional and national food security and rural employment, and it revitalized the small mercantile production of wheat and flour products for the national market. During this period seasonal migration to coastal plantations diminished, a practice that had supported the export-led model of development that had reigned from the end of eighteenth century to the middle of the twentieth century (*Asociación para el Avance de las Ciencias Sociales* 2001, 26–28). However, subsequent economic restructuring processes, including market liberalization, eliminated tariffs on wheat imports, and the displacement caused by state terror and repression in the highlands in the 1970s and 1980s placed small producers in the western highlands at a serious disadvantage, in relation to subsidized and mechanized imports. Wheat, as one of the area's primary cash crops, was decimated as high volumes of imported wheat from the United States caused prices to plummet for local production, forcing renewed dependence on seasonal migration to lowland coffee plantations for subsistence (Lovell 1988; Ordóñez 1998).

### Leading Up to the Peace Accords: The Call for Agrarian Reform

After Guatemala's return to civilian government in 1986, a march of 16,000 landless workers to the National Palace in Guatemala City set the stage for the return of agrarian issues to the Guatemalan political agenda (Perera 1993). Facing extreme repression, peasant movements showed that land concentration had increased more than in any other Central American country between the 1950s and 1970s, while export booms had disproportionately benefited large commercial farms and displaced small farms. As Thiesenhusen points out, "in the 1960s and 1970s, it was considered subversive to even speak of land reform, but in the economically depressed 1980s, as civil war deepened and violence escalated, there came renewed public calls for structural agrarian changes" (1995, 85).

The National Coordination of Indigenous Peoples and Campesinos (CONIC) calculated that as of the mid-1980s, only 2.8 million of the 10.8 million hectares of land in Guatemala had been cultivated, representing about 40

percent of potential cropland. Another 2.4 million hectares of arable land were idle or misused (Peace Brigades 1996; Stringer and Lambert 1989). The most skewed land distribution countrywide continues to be in the relatively more productive coastal lands, where fertile lowlands are often left unused or are devoted to cattle grazing. For example, Gini-coefficients of land inequality in the coastal departments of Sacchitepequez and Escuintla are as high as 0.94 and 0.92 (1.0 signifies total land concentration), and farms of 450 hectares or more hold 53 and 59 percent of agricultural land, respectively (World Bank 1996). Another 40 percent of all farm units in Guatemala are located in the western highlands, where a typical *minifundio* ranges in size from 0.4 to 2 hectares, supporting five to fifteen family members. Almost half of western highland units are smaller than 0.7 hectares (Katz 2000). In general, "departments of high out-migration have low availability of arable land per capita" (Hough et al. 1982, 24–25), and the highland regions indeed have lost significant portions of their indigenous populations to out-migration. Estimates of landlessness in Guatemala generally vary at 26.6 percent or more of rural families, and Brockett cites figures estimating that by 1975, over 60 percent of the economically active rural population of the highlands had to migrate to find work during some part of the year, making this the "most migratory labor force in the world" (1998, 112).

The productivity rationale for a land reform that would successfully reduce the percentage of Guatemala's agricultural holdings in large plantations is supported by current production data. While agro-export plantations on the southern coast have, for centuries, produced bananas, cotton, sugar, and cattle for export, the relative importance of these products for Guatemala's export earnings has dropped from 58 percent in 1987 to 43 percent of total exports in 1997 (World Bank 1997a), as world market prices continue to drop for these commodities. In contrast, while a 1987 study showed that 75 percent of highland farmers grew only basic grains (Stringer and Lambert 1989, 4), a sharp increase in recent years in small-scale vegetable and coffee production has increased the economic importance of small producers in the agricultural economy of the 1990s.

The enormity of the landless and sub-subsistence sector presents a problem of scale when looking at the potential for land reform. According to calculations by Sandoval (1987), based on the 1979 agricultural census, over 5,400,000 hectares of land (more than half of Guatemalan territory and more land than was currently registered in farms) would need to be acquired and

redistributed in order to provide all landless workers and rural farmers with the 7 hectares required for subsistence.

Although there were more strikes, protests, and land occupations in the first three years of civilian government than in the previous thirty years, President Vinicio Cerezo (1986–1990) refused to propose a new land reform policy (Brockett 1998).<sup>14</sup> The National Campesino Association (ANC) grew to 115,000 by 1988, but, based on its commitment to “nonviolence and the market economy,” it only called on the government to purchase available farms and turn them over to peasant cooperatives. Beginning in 1995, the CUC (Committee of Campesino Unity) and CONIC increased political activity and began a program of land occupations to dramatize the land issue and to force official response to their demands. Brockett (1998) credits this increased social mobilization for putting land reform back on the agenda of the 1996 peace accords.

### The 1996 Peace Accords

As part of the 1996 peace accords, the language of the Agreement on Socioeconomic and Agrarian Issues (ASESA) was the product of lengthy negotiations between the various constituent groups including the National Coordination of Campesino Organizations (CNOOC), the guerilla forces, and the government. CNOOC’s demands included guarantees of landownership for the poor, fulfillment of human rights agreements including the demilitarization of the countryside, technical and financial support reflecting a Mayan worldview, and reform of state institutions and the constitution. CNOOC also reintroduced the idea of “social property,” used to advocate the recovery and protection of communal and other indigenous and former campesino lands acquired by large landholders since 1955. The evocation of “social property,” which endorses state expropriation of idle lands held by large, private land holders, challenged the 1955 and 1985 constitutional definitions of private property upheld by every government since 1954.<sup>15</sup>

Campesino and human rights organizations argue that the attempts to create an agreement that would effect structural changes in current land tenure arrangements were diluted by pressure from the Coordinating Committee of Agricultural, Commercial, Industrial, and Financial Associations (CACIF), who actively opposed the idea of social property. Instead, CACIF advocated the privatization of communal and municipal lands and a “more rational and efficient use of the land to reflect Guatemala’s comparative advantage in the new global economy” (Palma Murga 1997). Ultimately, the Coordination of

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BOX 1.1 Objectives of the 1996 Agreement on socioeconomic and agrarian issues

- Strengthen local and national agricultural councils to increase participation and enhance decision-making role of rural organizations.
- Reestablish a land fund to improve access to landownership through market-based land reform.
- Promote the revision and update of legislation on idle lands, including incentives and sanctions to regulate land use for efficiency and ecological sustainability.
- Recover lands distributed in the past through corrupt means and distribute public lands.
- Create legal reform to simplify land registration procedures and to protect and regulate community-owned land.
- Develop legal land title registry through land surveys and a GIS system.
- Establish a land tax on underused and undeveloped lands.
- Establish conflict-resolution mechanisms to settle land conflicts.
- Implement agricultural development and rural investment programs that facilitate a more equal distribution of credit, technology, training, and information.

Sources: Palma Murga 1997; Guatemala 1996.

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Organizations of Mayan Peoples (COPMAGUA) formed the sharpest critique of the failure to address issues of expropriation and redistribution in the agrarian agreement, stating that “this agenda breathes fresh life into structures inherited from the colonial period, and fails to challenge the overriding interests of large landowners” (Palma Murga 1997). The key government objectives outlined in the agreement are described in box 1.1.

The 1996 Agreement specifies four primary objectives:

1. The proposed revision of constitutional provisions for the expropriation of idle or underutilized land
2. The reaffirmed idea of redistribution of public land and state farms
3. The enforcement of tax provisions
4. The creation of a land fund to promote a market-based solution to the problem of distributional equity

The wording and program specifications of the 1996 Agreement regarding necessary changes to Guatemala’s agrarian structure are remarkably similar

to previous land administration and reform policies which have had little effect on Guatemala's inequitable land distribution. First, the agreement calls for a revised policy on expropriation of idle and underutilized land, and also mandates the recovery of lands taken illegally by large landholders, military officials, and professionals during the colonization programs of the 1960s and 1970s. But one of the major legacies of the failed Arbenz reform has been continued resistance by government actors to expropriate highly concentrated, privately held land. A new land registry law passed in 2005 was opposed by campesino organizations that had been involved in consultations since 1998, as it made no advances in terms of changing or enforcing existing legislation covering idle or underutilized lands. As has been historically the case, the process for determining what land is "idle" is still complex, laborious, and based on declarations of current owners, and property owners threatened with expropriation have been given ample time to put idle land into production (Sandoval 1987; Berger 1992; Stringer and Lambert 1989).

The 1996 measures regarding the allocation of state farm lands are also remarkably similar to the provisions of Decree 1551 of the 1960s, in which members of the military managed to gain control over lands intended for poor and landless beneficiaries. The Food and Agriculture Organization of the United Nations (FAO) (1998) asserts that a top-down redistributive land reform involving expropriation requires exclusive control of political power by the government, and the transfer or elimination of the power of the existing rural, land-based elite in order to succeed; neither of these conditions have existed in Guatemala in the twentieth century.

The tax reform provisions of the 1996 Agreement call for the establishment of an "easily collected" land tax from which small properties will be exempt, and a new tax schedule for significantly higher taxation of privately owned idle or underutilized land. Guatemala mandated taxation and management of land markets as early as 1936, when the tax law for *latifundios* established a 2 to 4 percent tax on farms larger than 500 hectares. But as history has shown, the Arbenz and the subsequent military regimes failed to enforce existing legislation to extract tax revenue from the owners of unutilized land. Decree 1551 also created a legal framework that made it possible to collect rents from the rural poor participating in colonization projects, while also making it even more difficult to collect the "idle land tax" from the rural landed elite, who often simply refused to submit to a system of land taxation (Thiesenhusen 1995, 13; Hough et al. 1982, 60).<sup>16</sup> In 1988 the National Institute for Agrarian Transformation (INTA) introduced legislation that would have increased taxes

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BOX 1.2 Purported advantages of market-assisted land reform model

- The willing buyer–willing seller principle is more feasible when the possibility of expropriation is not politically viable.
- The selection process of beneficiaries seeks to identify those campesinos who are both most needy and most capable of paying back loans.
- Subsidies compensate for the lack of capital held by beneficiaries.
- Distributed land and subsidies are assigned according to specific needs, not in arbitrary average quantities.
- Supposedly, negotiated land reforms are less costly, less conflictive, and more effective than government-assisted land reforms.

Source: Molina 2001.

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on privately held idle land, and it mentioned the possibility of expropriation in certain cases. However, the bill was never acted on by the Guatemalan Congress (Berger 1992).

To understand the fourth objective of the 1996 Agreement, “to enact market-based land reform programs,” we can look at the historical failures of market-led land reform to address land distribution inequities in Guatemala. Negotiated and market-led land reform programs are now heavily promoted by international aid institutions like the World Bank, which assume that when markets work properly, they are the best arbiter of supply and demand (The Food and Agriculture Organization of the United Nations 1998, 89). For these programs, success is measured by whether small rural producers are able to compete in national land tenure institutions like the market, land registry, and mortgage systems as full economic and political participants (see box 1.2).

The 1996 Agreement on Socioeconomic and Agrarian Issues (ASESA) includes the provision of a land fund to promote the establishment of a transparent land market, thus enabling the poor who either do not have land or have insufficient land to acquire property through long-term transactions at commercial or favorable interest rates with little or no down payment. In particular, the agreement promotes the issuance of mortgage-backed securities guaranteed by the state, the yield of which is attractive to private investors, especially financial institutions (Section B[e]).

Market-driven reforms were recommended in Guatemala as early as 1980 by USAID, which noted that pressure for land access in Guatemala was higher than in other Central American countries. Opening up land markets and

facilitating land transfers appeared to be a more viable, politically palatable, and nonviolent means of changing land distribution problems in contemporary Guatemala, and a cheaper option than further investment in colonization programs (Hough et al. 1982; Stringer and Lambert 1989).<sup>17</sup> Between 1984 and 1990, USAID funded the *Fundación del Centavo* (Penny Foundation) program that purchased twenty-eight farms and divided them into 1,400 parcels under collective title, with strict guidelines on production and marketing of farm products. In 1986, the Institute for Agrarian Transformation began to focus less on frontier colonization programs in favor of purchasing bankrupt plantations and reselling them at low interest rates to landless families. Between 1986 and 1988, however, only eighteen farms were purchased by INTA; these were subsequently divided among 16,000 households in sub-subsistence parcels averaging 0.61 hectares each (Berger 1992).

### Guatemala in the New Century

The proposals offered by the 1996 peace accords on agrarian issues follow a legislative trajectory that appears to ignore the historical results of agrarian legislation in Guatemala and to offer few new solutions for improvements in equity and efficiency of land distribution. Unlike an adaptive land reform that learns from the failed projects of the past, the land-related proposals of the 1996 accords do not offer a strategic, long-term plan for resolving rural development problems and the inequitable system of land concentration in Guatemala. Instead, the programs of market-based (FONTIERRAS) and tax-based land reform and promises of conflict resolution are tools used to pacify political opposition by the rural poor, while fulfilling the agendas of modernization via the further power consolidation of the international agro-export sector. The failure of the FONTIERRAS land bank system to distribute significant areas of land is a clear example of this.<sup>18</sup>

In Guatemala today, however, increased grassroots organization and political activity is gaining strength from global indigenous and landless rights movements. Mobilizations for indigenous and campesino rights in Guatemala have increased rapidly in the last five years, with land occupations and protests both in the countryside and in Guatemala City. In January 2004 President Oscar Berger symbolically relaunched the provisions of the 1996 peace accords, and social movements continue to press for necessary legislative reforms related to land distribution and rural development programs.

The FAO sees a “new fire under land reform” worldwide, and notes that

increasing support for agrarian reform among urban populations in Guatemala (many of whom are recent arrivals from rural areas) has fueled movements for rights already guaranteed in law (Food and Agriculture Organization of the United Nations 1998). Forster (1998) also argues that in Guatemala, national laws (or revolution from above) have achieved results only when supported by organizations of those at the grassroots. It is here, then, where we might look for the future transformation of the agrarian situation in Guatemala: in the combination of a struggling civilian government, a growing number of grassroots organizations that are recovering political power after forty years of repression, and the international social movements for landless and campesino rights. While considered inadequate in the current historical context, the land-related components of the 1996 peace accords are first steps toward more fully employable measures of agrarian reform in the future.