

CHAPTER 13

Land for People Not for Profit in Venezuela

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The Venezuelan government under President Hugo Chavez is the only government in Latin America, and perhaps even in the world, that is currently trying to pursue an ambitious land and agrarian reform program. The government has also introduced new agricultural policy principles, such as those of food sovereignty and the primacy of land use over landownership. Because of this, despite the fact that Venezuela has a relatively small agricultural sector, land reform has become one of the Chavez government's most controversial policy endeavors. Exactly why this land reform is so controversial, what it consists of, and its problems and prospects, are some of the issues that will be examined in the following pages.

History of Agriculture and Land Reform in Venezuela

Early in the nineteenth century Venezuela was a fairly typical Latin American country, except that during the period of colonization it was generally considered a backwater because the Spaniards did not believe Venezuela had much mineral wealth. As a result, early on agriculture became the main economic activity of the country, with the production of cocoa, coffee, sugar, cotton, and tobacco leading the way.

At least 70 percent of the population lived in the countryside at that time (Quevedo 1998). Land tenancy was mostly divided up among a handful of *caudillos* (strong men) who had fought during Venezuela's war of independence (1821–1839). This unjust land distribution was not quietly accepted in Venezuela, though. One person who fought against the unjust distribution of

land shortly after independence, thus helping fuel Venezuela's post-independence civil wars, was Ezequiel Zamora (1817–1860). His famous slogan called for “Land and free men, respect for the peasant, and the disappearance of the *Godos* (Spanish colonialists).” With this slogan Zamora led numerous popular uprisings against the oligarchy of the time. Even though he was ultimately unable to reverse Venezuela's unequal land distribution, he is today one of President Chavez's main historical reference points and sources of inspiration, especially with regard to agrarian issues.

Later, a number of military rulers, such as Guzman Blanco (1880–1890), distributed land among their loyal supporters. One of the most notorious dictators in this regard was Juan Vicente Gómez (1908–1935), who simply appropriated tremendous amounts of land as his personal property. After he was overthrown his land was expropriated and became state property again.

During the Gómez dictatorship a major shift took place in which Venezuela was converted from a predominantly agricultural economy into one based primarily on mineral exploitation—especially the exploitation of oil, which was discovered in Venezuela in the early twentieth century. This shift would eventually have devastating consequences for Venezuelan agriculture. By the end of the Gómez dictatorship in 1935, agriculture made up only 22 percent of Venezuela's GDP, though it still occupied approximately 60 percent of the workforce. Meanwhile, Venezuela had become the world's largest oil exporting country.

The increasing dominance of oil production over subsequent decades caused an economic phenomenon that among economists is known as Dutch Disease, “a process whereby new discoveries on favourable price changes in one sector of the economy—for example, petroleum—cause distress in other sectors, for example manufacturing or agriculture” (Karl 1997, 5). The inflow of foreign currency as a result of oil exports has an immediate, twofold effect. First, it increases the population's purchasing power and thereby fuels inflation. Second, it makes imported products, whether industrial or agricultural, cheaper than domestic products, thus increasing the volume of imports. In Venezuela, comparatively cheaper imported goods—including food—flooded the market and practically destroyed agricultural production, while also putting a brake on industrial development in Venezuela.

By 1960 the percentage of the population living in rural areas had declined to just 35 percent, and by the 1990s this number had dropped to a mere 12 percent, making Venezuela one of Latin America's most urbanized countries. Another result of Dutch Disease is that Venezuela has been and remains the

only Latin American country that is a net importer of agricultural products, and it has the smallest percentage of GDP—6 percent—that comes from agricultural production.

The relatively rapid decline of agriculture in Venezuela meant that urbanization was quite rapid, and the cities were flooded with far more people than they could accommodate. The result of this massive influx was the creation of enormous slums, *barrios*, stretching out for miles on the outskirts of Caracas and other major cities. The size of the *barrios* and the corresponding decline of agriculture were thus the result of the tremendous increase in oil revenues the country enjoyed in the 1960s and 1970s. This was then followed by a steady twenty-year decline in oil revenues, during the 1980s and 1990s, which meant that the state could not soften the impact of poverty with redistributive measures, and instead cut back social spending.

In addition to the overall decline of agriculture, Venezuelan farmers had to cope with the tremendous inequality in landownership. In 1937 landownership was so concentrated that the larger haciendas, with landholdings of 1,000 hectares or more, were held by only 4.8 percent of the landowners, although they constituted 88.8 percent of all agricultural land. Small farmers, meanwhile, with landholdings of 10 hectares or less, constituted 57.7 percent of all landowners, yet they occupied just 0.7 percent of agricultural land (Delahaye 2003).

Venezuela's first real experience with state-sponsored land reform began with a land reform law that passed in 1960, shortly after the defeat of the Marcos Perez Jimenez dictatorship and the 1958 introduction of liberal democracy. The social-democratic presidency of Rómulo Betancourt realized that Venezuela's land distribution was unsustainable and introduced the Agrarian Reform Law of 1960, which set up the National Agrarian Institute. Over the course of twenty years, this reform effort distributed state land to over 200,000 families. Most of this reform, however, came in the first few years after the law was passed; subsequent governments ignored the institute and the land reform program.

The intensification of Dutch Disease, especially during the country's oil boom years of the 1970s, made agricultural production quite unprofitable and urbanization nearly unstoppable. It has been estimated that the drop-out rate from this reform effort was as high as one-third of the beneficiaries. Also, as many as 90 percent of the beneficiaries never obtained full title to the land. The land reform was thus essentially a reform in land tenancy, from state to small farmer, but not in landownership. According to a 1997 agricultural census, land distribution remained almost as unequal as it had been prior to the

1960 agricultural reform law, with 5 percent of largest landowners controlling 75 percent of the land, and 75 percent of the smallest landowners controlling only 6 percent of the land.

What did change, however, was, first, that a market for landownership developed, while mostly among middle to large landholdings, as these landowners began purchasing and selling their land, often for speculative purposes. Second, the larger landowners were also increasingly inclined to expel *campesinos* from the land, either as a result of the introduction of new technologies or because they had to stop production due to the uncompetitiveness of their agricultural products, thus contributing to the already serious pressure on urbanization. Finally, a third change was that the landowners were increasingly companies rather than individuals.

Chavez and Land Reform

When Hugo Chavez came into office in 1999 it was fairly clear that one of his first priorities would be land reform. Although his political platform, aside from his emphasis on developing a new constitution, was far from clear, Chavez repeatedly stressed that one of his main heroes was Ezequiel Zamora. Also, once the new constitution was approved by referendum in December 1999, it became even clearer that land reform would be a constitutional mandate. Article 307 of the 1999 constitution states:

The predominance of large idle estates (*latifundios*) is contrary to the interests of society. Appropriate tax law provisions shall be enacted to tax fallow lands and establish the necessary measures to transform them into productive economic units, likewise recovering arable land. Farmers and other agricultural producers are entitled to own land in the cases and forms specified under the pertinent law. The state shall protect and promote associative and private forms of property in such manner as to guarantee agricultural production. The state shall see to the sustainable ordering of arable land to guarantee its food-producing potential.

Likewise, the constitution specifies that it is the state's obligation to promote the development of agriculture in Venezuela. Article 306 states:

The state will promote conditions for holistic rural development, with the purpose of generating employment and guaranteeing the peasant population an adequate level of well-being, as well as their incorporation into national development. Similarly, it will support agricultural activity

and the optimal use of land, by means of the provision of infrastructure works, credit, training services, and technical assistance.

It is important to note that Venezuela's 1999 constitution is replete with provisions that act as guidelines for state action. That is, the constitution is almost as much a political program as it is the country's basic legal framework. Many activists in Venezuela make this point explicitly, saying that in contrast to the past, the current constitution outlines a path for development and for social justice in Venezuela. While many might complain that the constitution is just a wish list, it is actually more than that in the sense that it acts as a focal point for galvanizing the population in the pursuit of the concrete goals that the constitution outlines. To make sense of the central role the constitution plays in contemporary Venezuela, it is useful to quote Roland Denis, a prominent Venezuelan community organizer and former vice-minister for local planning, in a conversation with the author:

Here there was no revolutionary organization that assumed role of driving force. There were only insurrectionary movements—first of the masses (in the uprising of 1989), then of the military (in the coup attempts of 1992). These movements were heterogeneous, dispersed, fragmented. What united them was the project to develop a common foundation—that is to say the constitution. Nobody had been able to centralize this movement around a program, not even Chavez. His leadership is unquestioned, but his ideas were not sufficient to unite the movement. The constitution filled this emptiness. It is simultaneously a political program and a framework for the future of the process. In this sense, the constitution is not a dead letter. In it many values and principles are reflected. And it is a deeply libertarian and egalitarian constitution (Denis 2003).

Despite his clear interest in promoting a land reform, it was not until three years into his first term in office that Chavez presented his government's land reform law, which was passed as part of a set of decree-laws in November 2001 and went into full effect a year later, on December 10, 2002. The decree-laws were part of an "enabling act," in which the National Assembly allowed Chavez to pass a set of 49 laws by decree. When Chavez passed these 49 decree-laws, the opposition's uproar against them was immediate and resounding. As a matter of fact, it was these laws, but especially the land reform, that galvanized the opposition for the first time since its devastating defeats at the polls in 1998 and 2000. Eventually, the land reform and the

other laws would provide one of the main motivations for the April 2002 coup attempt and the 2003 shutdown of the oil industry (Wilpert 2006).

The reasons the opposition was so opposed to the land reform law were varied but principally had to do with the objection that not only state-owned land but also privately held land could be redistributed. The opposition argued that since the Venezuelan state is the largest landowner in Venezuela, all redistributed land should come from state-owned land and not from privately held land. According to the opposition, Chavez was conducting an unconstitutional assault on private property. However, as is shown above, the constitution clearly states, in its opposition to *latifundios*, that privately held land is also to be part of the land reform and, thus, while generally protected, it is constitutionally eligible for redistribution.

Despite the opposition's uproar, the land reform law of 2001 is not all that radical, when compared with the history of land reform around the world. The law clearly states that large landowners are entitled to their land. Only if the land is idle and over a certain size, depending on its quality, may a portion of it be expropriated. In addition, if the government expropriates it for redistribution, then it must compensate legitimate landowners at current market rates for this land.

A change in the land reform law that was enacted in early 2005 revised the size of idle land that landowners may own. According to the law as it was first passed, the largest tract of idle low-quality agricultural land that could be held was 5,000 hectares. The 2005 reform of the land law, though, made the permissible sizes of idle agricultural land more flexible, leaving the extent up to the National Land Institute, which is in charge of land redistribution. The land institute decided to reduce the largest expansion of idle high-quality land an owner may own from 100 hectares to 50 and the largest expansion of low-quality land from 5,000 hectares to 3,000, with another four categories of land between these two extremes (Venezuela 2005).

Aside from the possibility of idle large estates being expropriated, the new land law specifies, just as required by Article 307 of the constitution quoted above, that such estates would be taxed as long as they are idle. The rate of taxation would depend, just as with the maximum size of the landholding, on the land's agricultural quality. This measure, of course, provided landowners with another reason for opposing the new land law. The government, though, decided to pass a moratorium on this tax, not requiring landowners to pay until 2006. Part of the reason for this is likely that the government does not really know who owns how much land, and needs time to sort out the land title registry.

Land Redistribution

Any Venezuelan citizen who is either the head of a family household or is single and between eighteen and twenty-five years old may apply for a parcel of land. Once the land has been productively cultivated for three years, the applicant may acquire full ownership title to it. However, even the full title does not mean that the owner can sell the land, only that it can be passed on to his or her descendants. The prohibition against selling titles acquired through the land reform is another issue that land reform critics find fault with because it can lead to a black market in land titles. And, just as with all black markets, because the trade in titles is not legal, the titles end up being traded below their true value and thus can lead to making poor farmers even poorer than they otherwise would be. The Chavez government insists, though, that land should not be a commodity to be bought and sold, and that a market in agricultural land inevitably leads to greater land concentration and inequality, and thus to rural poverty.

In an interview with the author, Olivier Delahaye, a professor of agronomy at the Central University of Venezuela and a critic of the land reform, argued, though, that “the campesino who transfers ‘his’ lands obtains for them a price significantly below (40–60 percent) the price he would obtain in the formal market. Such a prohibition (against selling land) cannot be implemented in practice and disadvantages the poorest.” Only time will tell which side is correct in this argument about which approach to land titles is better for fighting or avoiding rural poverty (Delahaye 2002).

The implementation and management of the land reform is to take place with the help of three newly created institutions. The first is the National Land Institute (INTI), which replaced the previous National Agricultural Institute (IAN) and now manages all land held by the central government and administers all land titles. Its main duty is to determine ownership of land and to redistribute it according to the land law. Also, it certifies the quality of the land and whether it is being used productively or is idle.

The second institution is the National Institute for Rural Development (INDER), which provides agricultural infrastructure, such as technology and roads, credits, and training for farmers. The third institution is the Venezuelan Agrarian Corporation (CVA), which helps farmers and cooperatives that benefited from the land reform to bring their products to market.

Shortly before the land law entered into full effect, the Chavez government’s land reform efforts were dealt a serious blow. On November 20,

2002, Venezuela's Supreme Court ruled that Articles 89 and 90 of the land law were unconstitutional and annulled them. At the time, the Supreme Court was narrowly controlled by opposition sympathizers, which led Chavez supporters to argue that this was a political move and not a legal one.

The annulled Article 89 had allowed INTI to authorize peasants to preemptively occupy land qualifying for expropriation (*ocupación previa*), while the landowners appealed their right to the land's ownership in court. Since such court proceedings generally take many years, not allowing the preemptive occupation of disputed land allows landowners to hold on to the land far longer than would have been possible with Article 89 in effect, and seriously slows down the entire land reform process. As a point of comparison, it is worth noting that *ocupación previa* is the principal tactic used by the Landless Workers' Movement (MST) in their relatively successful "land reform from below" in Brazil. To prohibit *ocupación previa*, then, is to seriously weaken the peasant movement on land reform issues.

Article 90 stated that the government did not have to compensate landowners for investments they made in the land, such as buildings, roads, and waterways, if a finding was made that this land had been acquired illegally, as many large estates were. In other words, the article's annulment required the state to compensate those large landowners who had made investments, even on land they had essentially stolen.

In April 2005 the National Assembly passed a reform of the land reform law, and essentially reinstated Article 90 with slight modifications of the text, so as to make it legal under the constitution. As for Article 89, the government has tried to get around the *ocupación previa* issue by issuing "*cartas agrarias*," or letters granting peasants provisional land-use rights, which do not constitute land titles but allow the temporary occupation of land until legal disputes are resolved. The opposition and large landowners have challenged the legality of these titles, and numerous lower court rulings have come down against peasants and on the side of the large landowners, but as of this writing no higher court decision has yet been made on this issue.

Conflict with Land Owners

At first, the land reform program got off to a slow start, mainly because the necessary infrastructure needed to be put into place. When Chavez noticed how slow the process was moving, in 2003, he put his older brother, Adán Chavez, in charge, who instituted the Plan Ezequiel Zamora, which distributed

over 1.5 million hectares to about 130,000 families over a twelve-month period. This comes to an average of 11.5 hectares per family and a total beneficiary population of 650,000 (based on an average of five persons per household). By the end of 2004 a total of 2 million hectares of state-owned land had been distributed. For 2005 the program was to be accelerated again, with the redistribution of an additional 2 million hectares of land, benefiting another 1 million Venezuelans. Venezuelan peasant organizations argue that the progress that these figures measure is not that of a “comprehensive” land reform because most of it apparently involves the legal recognition of already existing informal peasant land settlements, rather than the redistribution to the landless of previously idle, or of true *latifundio* land. So while that certainly can improve the security of land tenure for beneficiaries, and while Venezuela may have relatively fewer landless peasants than some neighboring countries, this still represents a significant pending task for the land reform.

While all of the land that had been redistributed was, until 2004, state-owned land, it was not until early 2005 that the Chavez government turned its attention to privately held land. For this task, Chavez put Eliecer Otaiza, a retired army captain who is known as a radical in the Chavez government, in charge of the INTI. Chavez apparently felt that it was necessary to put Otaiza in charge because, of the 2 million hectares slated to be redistributed in 2005, 1.5 million were to come from privately owned estates. The land reform plan for 2005 was named Mission Zamora, to indicate that it was another of the government’s social programs, which, since 2003, all carry the title of “Mission.” If the plan is ultimately fulfilled, the achievement will represent the government’s first major challenge to Venezuela’s landed elite since the passage of the land reform law in 2001.

The first effort to engage in the redistribution of private land began in March 2005, when the INTI declared that five estates currently in private hands were to be “recovered.” That is, rather than declaring the land as a *latifundio* and expropriating it on the basis that too much of it is idle, the land institute said that all or part of these lands actually belong to the government because the current occupants cannot properly prove their ownership of it. This has, of course, generated much controversy, especially since some of the owners claim to be able to prove their ownership with documents dating back to the mid-nineteenth century. For its part, the government says that some of these documents are false.

One of the roots of this controversy is that landownership in Venezuela, just as in most of Latin America, is an extremely murky affair. Historically, large

landowners often expanded their territory far beyond its original boundaries, claiming land that either belonged to the state or to absentee landlords. Part of the reason they could do this is that the descriptions in old land titles are very vague about demarcating the territory. Also, sometimes a landowner might have legitimately bought land, while the seller did not have a legitimate title. A main task now for the Chavez government is to sort all of this out and to develop a coherent and accurate register of land titles. This is an extremely difficult, time-consuming, and conflictive process, though. In the end, this task could prove to be so difficult and conflictive that it will be easier to simply declare any landholding over a certain size to be illegal, regardless of the land title documentation a landowner might have, or even, perhaps, whether or not the land is actually idle. The INTI, under Otaiza's brief leadership, appeared to be interested in taking the former approach. Faced with a similarly confused situation at the beginning of its revolution, Cuba eventually opted for the latter.

Many landless peasants have already challenged the ownership of large landowners on their own, saying that the latter are not the rightful owners and have illegally acquired land that historically belonged to the peasant communities. In one controversial case, for example, a large group of peasants decided to occupy the El Charcote estate, which belongs to the British cattle ranching company of Lord Vestey. The cattle ranch owners, who say that the occupation has cost them losses of beef production equal to one-third of their pre-occupation output, have said that they have ownership documentation going back to 1850. INTI's former president, Eliecer Otaiza, says that the decline in production is simply because more beef is being imported and former workers of the ranch have begun to cultivate idle sections of the ranch. INTI also argues that the owners do not have proper title to the land. However, since about two-thirds of the land is not idle, they say that the current owners may continue use that portion of the land. The other third, which INTI declared to be idle, however, would be turned over to peasants.

For the opposition this case has become emblematic, as the National Land Institute has now begun to examine property titles of estates it suspects to be *latifundios*. In early 2005 Chavez set up a special commission, the National Agricultural Commission (CAN), which included the agricultural minister, the INTI president, and the governors of various states.¹ In June 2005 Otaiza announced that the CAN had identified two hundred presumed *latifundios* throughout the country that could be available for redistribution that year. It is entirely possible that the CAN will decide that most of these *latifundios* not only consist of idle land, but that their alleged owners also do not have proper

ownership titles for these lands. If this happens, it is quite likely that conflict in the countryside will intensify.

By early 2005, more than one hundred and thirty peasants had already been killed over land disputes in the previous four years. According to peasant leaders such as Braulio Alvarez, who is the director of the National Agricultural Coordinator Ezequiel Zamora (CANEZ), a coalition of progovernment peasant groups, these peasants were killed by assassins hired by the landowners. The Venezuelan Program of Action-Education on Human Rights (PROVEA), Venezuela's most important human rights group, confirms that the killers have been hired assassins, and notes that this is a distinct change from pre-Chavez years, when most of the killers were from the government's security forces (PROVEA 2003/2004). PROVEA laments, though, that these assassinations are rarely investigated, and that insufficient security measures are taken on behalf of peasant leaders.

Despite all of the protests from large landowners and the opposition, who say the Chavez government is engaging in an assault on private property, the INTI says that by 2004 less than 1 percent of the land reform's land titles had been challenged judicially (PROVEA 2003/2004).

Problems with the Land Reform

Despite the advances that have been made with the land reform, relative to the enormous expectation raised by Chavez's Bolivarian revolution and based on the country's past experiences with the issue and relative to experiences in other countries, Venezuela's peasants are quite frustrated. There are at least five problem-complexes that are the cause of this frustration and are hindering the land reform process in Venezuela. These can be summarized as problems involving the legal framework, general insecurity and impunity, weak peasant organization, poor infrastructure and support, and economic problems.

Weak Legal Framework

The combination of legal challenges to land redistribution and the poor quality of Venezuela's land title registry has made the expropriation and redistribution of privately held land extremely difficult and slow. This situation has also affected the redistribution of publicly held land because in many cases large landowners claim to own lands that the Venezuelan state also claims to own. Even though the government has been relatively rapid with the handing

out of land-use rights, many feel these are legally insufficient. Recent high-profile efforts to take over land that the state considers to be illegally held (such as the Hatos Piñero and El Charcote) moved the issue of the legality of privately held land to the front burner for a while, but once press attention died down, the effort to resolve these land dispute cases seemed to die down too. This lack of *ocupación previa* is also a critical weakness in the legal framework for the land reform.

General Lawlessness and Impunity

Further complicating the land reform is the relatively lawless, insecure, and chaotic situation in Venezuela's countryside. Peasants not only have to deal with ruthless landowners who are intent on maintaining control over their *latifundios*, often with use of hired assassins and bullies, they also have to deal with drug smugglers, irregular military forces (such as Colombia's paramilitary group and an emerging Venezuelan paramilitary counterpart), and corrupt Venezuelan police and military forces.

Even though the peasant group CANEZ has tried to call attention to the more than one hundred and thirty assassinations of peasant leaders, their efforts have had little success, and the government has been very slow to deal with the problem. Only in July 2005, for the first time, did CANEZ and another organization, the Frente Ezequiel Zamora, organize a protest in Caracas to demand government action. The National Assembly finally responded shortly after the protest and formed a commission to investigate the assassinations.

Weak Peasant Organization

Complicating things further is the fact that Venezuela's peasant organizations are very weak, in part because of the history of a collapsing agricultural economy due to Dutch Disease. This means that even though they have a sympathetic government, the peasants are not in a position to exert enough pressure on the government to force it to make sure the land reform is fully implemented. Stronger peasant organizations could probably accomplish much in terms of social oversight over the land reform process. Also, more pressure would probably mean stronger law enforcement when it comes to investigating and prosecuting those responsible for the assassinations of peasant leaders.

A result of the weak level of peasant organization is that many of those who would benefit from the land reform either lack the knowledge or the resources to claim their rights. This, in turn, makes them less likely to organize politi-

cally. However, when they do organize, many times these organizations are drawn into the orbit of one political faction or another, making it difficult for the groups to work together.

Poor Infrastructure and Support

While much land has been titled in a relatively short period of time, the land reform support agencies, that is, the National Rural Development Institute (INDER) and the Venezuelan Agrarian Corporation (CVA), have not been as active as they should be in supporting the land reform. One reason for this is that most government functionaries are from pre-Chavez governments, and a great many of them belong to political factions that oppose the Bolivarian revolution and the land reform. For example, seven months after the opening of a showcase project in Chavez's home state of Barinas in 2003, nothing much had yet transpired, reports Maurice Lemoine (2003) in *Le Monde Diplomatique*:

“Our *comandante* [Chavez] thinks everything's working great! They hide the real figures from him; no one tells him the truth. There haven't been 500 hectares opened up for farming here, only 15.” The Ministry of Infrastructure (MINFRA) should have cleared 400 hectares for planting by now. It hasn't. Despite repeated demands, officials from the Rural Development Institute, responsible for drainage and irrigation, haven't appeared. Those from the environment ministry have been conspicuously absent too. “The state institutions won't see me,” complains Richard Vivas, a leader of the cooperative, “only the INTI supports me” (Lemoine 2003).

In other words, while the INDER is supposed to provide training, technology, and credit to land reform beneficiaries, it has been extremely slow to do so. Other reasons for this appear to be related to problems of corruption within the institute; another reason is that the central government has paid relatively little attention to the infrastructure and support aspects of the land reform, in favor of the more controversial and visible land redistribution aspect. The CVA, which is supposed to help peasants market their new agricultural products, has not even truly gotten off the ground yet, more than three years after the official launch of the land reform program.

Another problem related to the poor governmental support is that, even though the banks are required to dedicate a certain percentage of their loans to the agricultural sector, most of these loans do not reach the small farmers, but mainly large farmers. Also, when they do reach small farmers, all too often

they reach them too late, so that the farmers miss opportunities to purchase and plant seeds for the planting season.

Economic Problems

Even once peasants acquire land, training, technology, and infrastructure such as access roads and credit, they still face the next large hurdle, which is marketing their agricultural products. While the government has set up the CVA, there is no guarantee that the CVA will buy or sell the products. Venezuela has historically encountered the problem, mentioned earlier, of domestically produced products being uncompetitive compared with the cheap import market created by large inflows of foreign currency from the country's dominant oil industry. Unless the government subsidizes Venezuelan agricultural products and/or protects them against imports, it is unlikely that these products can be sold at a good price on either domestic or international markets.

This economic Dutch Disease is precisely what caused Venezuelan agriculture to decline to only 5 percent of GDP by 1998, and it seems that no government, including the Chavez government, has found a solution to this problem. Despite the Chavez government's efforts to diversify the economy by providing credit to small and medium industries, by favoring them in the state's purchasing programs (which are relatively large), and by supporting them in a variety of other measures, none of these measures addresses the problem that production prices in Venezuela are too high because the huge revenues coming in from the oil industry overvalue the Venezuelan currency. The recent oil price boom, which caused oil prices to almost quadruple during Chavez's presidency (from US\$10 per barrel in 1998 to US\$40 per barrel of Venezuelan crude in 2005) has only exacerbated the problem.

The government's currency control, which keeps the currency at a relatively high and steady level, while also restricting capital flight, exacerbates the problems of the Dutch Disease, in that it makes imports relatively cheap (thereby controlling inflation) and exports relatively expensive. The currency controls, however, appear to be necessary in order to control inflation and capital flight. Meanwhile, the Chavez government has publicly stated that most agricultural production should be oriented toward supplying the domestic market, so as to make Venezuela a country that enjoys food sovereignty, a goal from which it is still far removed, since it imports about 75 percent of all food products it consumes. It might make sense, therefore, if the focus on ensuring that Venezuelans consume domestically produced food products whenever they are

available were intensified by imposing import tariffs on competing imported goods. So far it is unclear whether the government is pursuing such a strategy.

The international farmer and peasant movement, *La Via Campesina*,² which is advising the Chavez government, has proposed that the Venezuelan government phase out food imports at a rate of 5–10 percent per year, with a corresponding plan developed with Venezuelan peasant organizations to receive the credit, land, and other services and inputs needed to make up the deficit each year.

Prospects for the Land Reform

The land reform program under Venezuela's President Chavez essentially has two main goals: the creation of greater social justice and the establishment of food self-sufficiency in Venezuela. While the program suffers from a variety of problems, as has been described above, some initial successes have been achieved in the first few years that the land reform has been in effect.

With regard to the first goal, of creating greater social justice, over 130,000 families have benefited from the reform in the first two years of its existence, which is a substantial number of Venezuelans, relative to past land reform experiences in Venezuela and in other countries. Whether these new landowners (or tenants, as many of these only have land usage rights, not ownership, until disputes are resolved) will succeed in the long run remains to be seen. To a large extent this depends on whether the government restricts food imports, subsidizes national production, and whether the Rural Development Institute (INDER) and the Venezuelan Agrarian Corporation (CVA) are able to offer support to the new farmers for the long haul. This support will in all likelihood be necessary in light of the economic difficulties an oil-producing country such as Venezuela has in maintaining agricultural production.

With regard to the second goal, of making Venezuela more self-sufficient in terms of its food consumption, of establishing food sovereignty, here the advance is not as noticeable, but some progress has been made. Partly as a result of the land reform and partly as a result of the government's concerted effort to diversify the economy, agricultural production in Venezuela has increased from about 5 percent to 6 percent, as a percentage of GDP, during the Chavez presidency. The most concerted efforts in this area have been to recapture agricultural production in those areas where Venezuela was strong in the past, before decades of neglect made it dependent on imports. For example, Venezuelans are great consumers of beans, corn, and sugar, all of which

Venezuela could, in theory, produce for itself, while it has become an importer of these goods. These are just some of the areas in which the government hopes to become self-sufficient.

Another part of the strategy for achieving this self-sufficiency has been the social program known as the Mercial Mission. This program, which is part of a whole series of social programs the government introduced in 2003 and 2004, consists of providing food to Venezuela's poor via a network of thousands of subsidized food markets. Already 43 percent of Venezuela's population shops for food at the Mercial stores. While most of the food that is sold in the Mercial stores is still imported, the government is making a concerted effort to increase the proportion of domestically produced food in these stores. Having such a distribution network in its hands, which emerged mainly as a consequence of the 2002/2003 general strike and lockout by the management of the national oil company, puts the government in an ideal position to support the small agricultural producers that it is now creating with the land reform program (Wagner 2005).

Related to the goals of social justice and food sovereignty is the principle that land use takes priority over formal landownership. The land reform program is essentially based on this principle, which is essential for any land reform program that wants to both create social justice and food sovereignty. However, not much education of the general public has been done with regard to this issue. That is, even though there is a general consensus, even in FEDECAMARAS, the country's main chamber of commerce, that *latifundios* have no legitimacy, Venezuela's elite can still rely on the argument that a land-use principle undermines private property rights, which are held to be more or less sacred. This sacred principle of private property is still an important element in Venezuelan culture.

The opposition thus enjoys some moderate success in making the government look unreasonable and even radical whenever private property is touched in the least, thereby undermining the land reform's legitimacy both nationally and internationally. So that the land reform is not undermined in the long run, the government will have to educate the population and spearhead a general discussion about these different conceptions of property. This is especially the case as the slow pace of the reform and the growing frustration of the peasantry may lead to its radicalization, as happened in Cuba and with other revolutionary land reforms.