

## CHAPTER 8

# Colombia: Agrarian Reform— Fake and Genuine

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During the last thirty years, the World Bank and the Colombian government have introduced a variety of initiatives under the guise of agrarian reform. In this chapter, we track the failures of the Colombian agrarian reform project, and show that these disappointments are yet more tragic than they first appear, given that genuine agrarian reform has the promise of addressing directly a range of ills that persist in Colombia today.

The issue of land reform remains pertinent. Although the rural population in Colombia has dropped in relative terms, it has continued to increase in absolute terms, from 6 million people in 1938 to 11.6 million in 1993. A similar dynamic has occurred with the economically active population in the farming sector, which grew from 1.9 million in 1938 to 2.7 million in 1993. Moreover, those who can be considered self-employed workers, medium-scale *campesinos*, went from 600,000 in 1938 to 700,000 in 1964 and to 800,000 in 1993. Campesinos no longer face only landowners as employers, but now must deal with a range of other forces as they compete directly as entrepreneurs in the global market. Such a market, and its “globalization” model, seeks to “clean” territories of “inefficient” people. While elsewhere this happens as a result of so-called Darwinian economic competition, in Colombia it is being attempted through war. Not only are people displaced because of war, there is war in order to displace people. The agrarian reform that has come as a consequence is geared not to addressing the causes of the war, but to legitimating its outcome. The Colombian case offers an extreme example of the use of

contemporary agrarian reform as a means of entrenching, rather than addressing, inequality.

### The Failure of Colombian–World Bank Agrarian Reform

The World Bank has been part of the Colombian agrarian context since it first began disbursing loans. In 1949 and 1954, the first World Bank credits for the Colombian farming sector were put in place. They were given for the purchase of farming machinery, with further credits of US\$16 million following, in May 1966, to foster cattle ranching. The Bank supported the policy of modernization and of extending farming areas, although credits were never aimed at directly supporting the policy of land redistribution. Farming credit programs increasingly became the Bank's specialty, with a few large infrastructure projects thrown in.

In 1996, however, the Bank for the first time introduced loans directly aimed at land reform and its subsidized land market program, established by Law 160 in 1994. On June 30, 1996, the World Bank granted an induction credit of US\$1.82 million to fund pilot projects and a technical unit, with the goal of preparing for a subsequent project entailing complete support for market-based agrarian reform.

The subsidized land market program was announced with bells and whistles, touted as a way to guarantee land access to campesinos that would eliminate bureaucratic interference and unnecessary state intervention. The program, called Incora, has been a failure: high interest rates, defaults in payments by beneficiaries, and the ongoing reductions to Incora's budget have resulted in a vast slow-down of beneficiary disbursement. We discuss each of these in turn.

#### *Beneficiary Disbursement*

Incora had only enough money to subsidize the purchase of 42,527 hectares (3.7 percent of the total made available). In 1997, of 38,451 applicant families, 3,113 were chosen. Despite early enthusiasm, from that time on, the program fell flat: beneficiary families were reduced to 1,767 in 1998, to 845 in 1999, and to approximately 650 per year in 2000 and 2001. Since its creation, therefore, the program has allocated subsidies for the purchase of land to a total of almost 13,000 families (see table 8.1).

It is clear that the program has grown considerably weaker after 1997, which may explain why the World Bank continues to describe the project as

TABLE 8.1 Number of beneficiary families and amount of land purchased, 1995–2001

<i>Year</i>	<i>Families</i>	<i>Hectares*</i>
1995	1,308	17,479.3
1996	4,633	71,616.1
1997	3,113	42,527.0
1998	1,767	22,879.4
1999	845	10,454.0
2000	646	7,087.9
2001	662	8,167.3
TOTAL	12,974	180,211.0

*Source:* Incora, various years

\*1.0 hectare = 2.4 acres

“in preparation.” Of the 1,547,676 families that were interested in acquiring land in 1997, only 356,957 knew about the program, and of those, only 38,451 were registered. Of those applicants, only 8 percent were placed in 1997 and in 2000 less than 3 percent were placed.

There is a serious bottleneck here. The demand for land is much larger than the government’s ability to provide it, and it would be even higher if more information were available. The selection of beneficiaries is difficult—most applicants need land and know how to cultivate it, and therefore cannot be discriminated against on these grounds. The supply of land is also greater than the government can afford to buy, and there is a proliferation of political and other pressures to sell a quantity of land, with the knowledge that less than 4 percent will be acquired under the scheme. These pressures are reflected in the selection of beneficiaries in areas where landowners have more political influence or other ways of creating pressure.

Overall, the program has had a small impact on one segment of the market: in the supply of land made available by medium-scale landowners, with an average plot sale of 223 hectares until 1997, and 180 hectares between 1998 and 2001. Generally these were businessmen ruined by structural adjustment, and who had never been large-scale landowners. Due to the nonexistence of credit for the past three years, desperate small-scale landowners who are ruined and sell their land opt to take a 30 percent loss on its market value. It has become a market among poor people who trade

within one segment of the market, outside the circle of better-located and better-quality land.

### *Default in Payments*

In the subsidized land market program, campesinos have received 70 percent of the land price as a subsidy, and have had to commit to paying the remaining 30 percent, for which they have been advanced credit at commercial and variable interest rates, at a rate of increase of the consumer price index plus two points. This arrangement is slowly suffocating campesinos, due to the fact that interest rates are much higher than the actual income from working the land. Nearly all of the beneficiaries from 1998 have defaulted (Marulanda 1998, 11; Caja Agraria 1998), and the amount in arrears is almost ten thousand million pesos.

It is important to remember that, despite its failures, this is meant to be a pilot project, and such projects cannot escape a double isolationist approach. On the one hand they experiment in a costly laboratory that tries to remain separate from real life; on the other they formulate recommendations that, from the outset, leave the mainstay of the socioeconomic context intact, precisely because they were developed, trialed, and analyzed with the prevailing context as a given, rather than as something that contributed to the problem at hand.

For the same reasons, pilot projects create their own trouble; the subsidy covers the excess land price, but also helps to maintain it, making it hard to increase the project beyond a pilot stage. Furthermore, the subsidy does not cover money needed for housing and other non-land purchase investments. Only 259 families in the pilot projects aided by experts paid by the World Bank could benefit from the 732 million pesos for land improvements sent to the DRI fund and to municipalities, and they requested another 500 million pesos for investments apart from the land (Unidad de Gestión para la Reforma Agraria 1998).

Condemned to the status of a miniprogram, there have seemed to be only two alternative paths to continuing it. One would be to maintain the profile of the poor campesino as the beneficiary, offering not only subsidies to buy land, but also subsidies to pay the interest on the loan. This also involves legally establishing the possibility of expropriation through administrative means if a large-scale landowner refuses to negotiate or doesn't sell at prices suitable for profitability. Another alternative would be to transform the program by redefining the target population, and to subsidize land purchases only for people who have the capacity to invest and to contribute productive assets as well as admin-

istrative qualifications. Instead of a program to convert poor campesinos, rural salaried workers, small-scale landowners, and sharecroppers into small businessmen, the program would instead subsidize experienced businesspeople.

In fact, the proposal to subsidize producers with investment capabilities is nothing new. It was the country's previous model of rural development from 1922 to 1978, and between 1982 and 1990. Law 1483 of May 11, 1948, is illustrative of government subsidy for the expropriation of land through the market by the rich. It is the true precursor of the current World Bank program, not only because of its content, and of its failure, as a substitute for agrarian reform, but also because it coincided with a period of intense violence and massive displacement of campesinos in Colombia.

### Shift in Agrarian Policy, 1980–2000

In Colombia in 1988, the proposal to divert land purchase subsidies to farmers with investment capabilities was just one small element within a larger move to return to large estates. At the center of this process were large investment projects in rural areas, and it was characterized first by the farming crisis, the bankruptcy of rural businessmen involved in transitory crops (medium- and small-scale businessmen), and finally by the displacement of hundreds of thousands of campesinos due to violence.

In 1998, the government of Andrés Pastrana sought to substitute the subsidized land market program with what the government called “strategic alliances” between large- and small-scale landowners and businessmen, and what the Bank called “associations for production,” none of which sought to strengthen the campesino economy, but rather sought to subordinate campesinos and hand over their property to large farms.

The development plan of the Andrés Pastrana government assigned campesinos a completely subordinate role to large landowners. Its text, “Change in order to build peace,” states:

[F]arming and forestry production units are promoted, in which state support efforts are focused on rural development. This is defined as socioeconomic processes generated around a primary activity in which rural communities integrate with the business sector in strategic alliances within successful production projects that are already underway or that have a high probability of competitiveness . . . This strategy will also have access to resources from the private sector, public funds from the Peace Fund and international cooperation agencies.

In implementing the agrarian reform program, the trend will be towards an efficient and transparent model of voluntary negotiation and land purchases within concrete production projects carried out in a decentralized manner and with citizen oversight . . . and towards those in which, depending on their cost, not only land but also production assets can be partially or totally funded . . . (Cambio para construir la paz 1988, 260)

In short, the government proposed a rural reform that would be completely dependent on a large central investment, creating as satellites small-scale producers in the “alliance” system, a euphemism for their actual subordination. The new subsidy model made clear that there were two major, incompatible rural development alternatives in Colombia, and that these had been in conflict for decades. One approach was to achieve development by maintaining and consolidating large rural properties. The other was to foster development through the redistribution to campesinos of large-scale landholdings that are suitable for agriculture and are extremely underused. For example, some 5 million hectares are generally being used for extensive livestock ranches, which require minimal labor and involve the clearing off the land of its inhabitants. These landholdings, vast and underfarmed, are ripe for redistribution to landless and land poor campesinos (IGAC 1988; IGAC-Corpoica 2001; Fajardo and Mondragón 1997, 159).

Fans of the first alternative have spent twenty-five years accusing the second alternative of being obsolete or antiquated. What they don't seem to realize is that the development proposal based on large property holdings is equally old or older, and what is truly obsolete is the structure of rural property ownership, the large estate. These two alternative means of approaching the agrarian problem seem destined to continue to be in conflict; it remains for the Colombian government to find a path to real reform.

### Preconditions for Genuine Social Transformation

When land prices are higher than their potential farming profitability, the policy of creating small-scale businessmen from among the campesino population is not actually viable, save with few exceptions. Conditions that impede small-scale businessmen from being successful would have to be addressed. There are six such conditions: (1) the concentration of landownership by large landowners; (2) land speculation and price; (3) the use of 5 million hectares of agriculturally suitable land for extensive cattle ranching and, as a counterpart,

the cultivation of thousands of hectares of land that are not suitable for farming; (4) high interest rates; (5) the absence of a strategy for food sovereignty; (6) the absence of a national foreign trade strategy.

The first three conditions can be corrected only through an agrarian reform that redistributes land among owners in accordance with adequate use of the land. The second condition also demands an adequate land tax system that contributes to the elimination of speculative accumulation of land.

The phenomenon of high interest rates is very complex, and has a variety of causes. Nevertheless, agrarian reform and the reorganization of land taxes would contribute to lowering interest rates in a decisive manner. Keynes (1958, 232) showed that some landowners have behaved as though they considered land to be a “liquid premium” because land, like money, is available in limited quantities. This premium, which produces a preference for accumulating land, fixes this kind of interest at a very high level that surpasses the yield of the land and stops growth. In Colombia those able to accumulate this land are often connected to the drug trade, and they hold their money in US currency, adding yet more downward pressure to the peso.

The regular economy must compete with the yields of drug trafficking, the high profitability of which raises interest rates. The success of drug trafficking in Colombia depends directly on thousands of tenant farmers who face a lack of land in the “agricultural frontier” and who move to the jungles, where they devote themselves to narco-crops, the only profitable crops in certain areas, and the only ones that landowners allow campesinos to grow, at least for the time being.

Agrarian reform would not only eliminate the premium of land accumulation, but would remove the labor force from drug trafficking, which would help to lower interest rates. It would reduce the space for businesses whose exaggerated, illegal, and atypical yields raise interest rates to extreme levels, and it would reduce the quantity of hoarded dollars, forcing those who have legal routes to reinvest them or to offer them on credit.

Campesinos who are already landowners operate without credit (only 7 percent of producers use credit). They flee from credit because they know that under the current conditions, if they lose their credit, they lose their land. Paradoxically, beneficiaries of the subsidy program for land purchase become losers: Forced to take credit they cannot repay, they subsequently lose the land, and, to add insult to injury, are entered into a database as being in arrears. Thus, in addition to no longer having land, which they did not have in the beginning, they now can no longer receive any kind of credit. Campesinos in

this situation, as evidenced by in the requests for authorization to sell land that are continually presented to Incora's board, see no other way out than to sell their land. This result leads to a distortion of the objective of the subsidy, which itself ends up being distributed among a campesino who stops being a campesino, a landowner who is selling, and another buyer. As well, of course, this system lends itself to corruption.

To prevent such disasters, the World Bank's technocratic approach aims to give support to the beneficiary, first selecting them through "cream-skimming" criteria that exclude the majority of the less fortunate or endowment- and skill-poor campesinos; second, designing a financially sustainable production project; and third, guaranteeing a contract to market what is produced. These conditions, necessary for the success of the program, suggest that the cost and skills would be excessive.

The philosophy that fostered Law 160 has fallen by the wayside, as the pure market does not work. In light of the market's failure to resolve the agrarian problem, the reaction has been to return to plans to support large-scale landowners, such as in the so-called strategic alliances and production associations.

The issue of land can be put forward in another way, in the context of a peace treaty, unlike that in Guatemala, in which neoliberal reform was a precondition of funding for the peace process. What is needed is a peace process that includes an agrarian reform program based on campesino needs, and not economic dogma, and provides for interest rates to be lowered and subsidized, together with a strategy that protects national food production in the name of food sovereignty. This would, in other words, reverse the conditions imposed by neoliberalism, which ruined national agriculture, adopting instead community planning and management. A real solution should also promote a special regime of landownership that protects campesinos and their communities in a way that truly enables them to manifest their goals.

### Campesino Reserves: A Concrete Proposal for Land Reform, Redistribution and Sustainable Development

Agrarian reform isn't about markets. It's about transforming regions, and the lives within them. There is no reason to insist on a casuist, marginal, and mercantile model. If we plan to abide by the ecological and economic goals of reform, the first areas chosen should be those in which soils suitable for agriculture are currently being used for extensive cattle ranching. These lands should be expropriated and declared as campesino reserve areas. The buying

and selling of plots should be limited to commerce among campesinos, property size should be given maximum and minimum limitations, and campesino land rights should be inalienable. If the land market is not limited, the effect of redistribution is consumed and ends up in a new cycle of concentration.

Other campesino reserve areas might be tenant farmer areas. At this time there is no enforcement of Law 160, according to which all tenant farmer areas become campesino reserves if they have not been declared for business development. Only five campesino reserves have been created in Pato-Balsillas. Only two of these and part of one other are included in the World Bank's pilot program: Pato-Balsillas, Calamar (part of the Guaviare reserve), and Cabrera (Cundinamarca). These reserves have suffered a great deal of violence since the peace negotiations broke down.

While the entire process to approve the Valle del río Cimitarra as a reserve has been completed, its approval has nevertheless been delayed, and violence against in that region has intensified. The World Bank and other international entities could voice their support for the development plan for Magdalena Medio with the Campesino Reserve of the Valle del río Cimitarra, but thus far, certain interests have blocked the resolution declaring the reserve. The procedure in the lower Ricaurte (Boyacá) has also been delayed, and there are requests in process for Arauca, Lozada-Guayabero (Meta), Montes de María (Bolívar-Sucre), and Tomachipán (Guaviare, the first area to request reserve status, has received no attention).

It seems clear that these requests would multiply if Incora had legal norms that allowed it to redistribute land to land-poor people through administrative expropriation and through an end to the domination of large amounts of property that are inadequately used. The weakness in the reform program, as it has been developed to this time, is in the redistribution of land; the law, as has been explained here, does not provide adequate instruments for its implementation. For example, only two estates have been redistributed to a campesino reserve (Pato-Balsillas).

We have seen in recent years the intensification of conflicts, the displaced, the black communities, the assassination of indigenous people, the marches by campesinos and indigenous, and campesino work stoppages in Colombia—yet the country seems deaf and blind to this situation, and commitments made are broken.

If there is no change of perspective regarding the budget allocated to campesinos, to indigenous peoples, to black communities, and to agrarian reform, the Colombian conflict will continue to intensify. Attempts to destroy

rural life through a neoliberal model have run up not only against campesino resistance but also against complex rural communities from an economic and social point of view. Instead of trying to break this rural community dynamic, these communities should be treated as a huge economic and political force capable of fostering transformation from the very roots of society.

## Conclusion

There is a need in Colombia today to recognize the role of the campesino economy and to consider it as a strategic sector, to recognize rural communities as subjects of development with a collective capacity for decision making. The viability of the campesino economy can be maintained by taking advantage of some of its characteristics:

- The capacity to devote itself to producing widely accepted products in the world market and to consolidate itself for long periods in their production
- Its knowledge of agroecological environments that require special management, primarily in the Andean region and in the Amazon, but also in other areas
- Its ability to produce more cheaply certain goods for consumers who do not have access to other markets
- Its key role in the reproduction of a labor force, given that Colombia's food comes from rural areas

Since 1993, Colombian campesino organizations have actively confronted the World Bank's subsidized land market project, especially the Bank's attempts to offer it as a substitute for agrarian reform. Campesinos carried out mobilizations in September, 1993, after which they reached a partial agreement with the government, the terms of which were ultimately not fulfilled because the congress did not approve administrative expropriation. This result emphatically underscored the reality that Colombia does not have agrarian reform through expropriation, a program that can be applied only after a long judicial process.

In October 1998, February and June of 1999, and September 2000, campesinos mobilized to make clear the complete failure of the program. In September 16, 2002, they mobilized again, in favor of real agrarian reform and against neoliberal policies and the FTAA.

Campesinos articulate the following points as forming a basis for an alternate reform plan:

- Devolve state-level responsibilities and power to communities directly, instead of giving decentralized power to local and departmental caciques
- Renegotiate international trade agreements for the Colombian farming sector that protect national production and guarantees access to local markets
- Carry out a massive agrarian reform that benefits 1 million families and puts 5 million hectares of land suitable for farming into use for production, lands that have been underused by large estate owners engaged in speculation
- Make campesino reserves a priority of agrarian reform programs as well as the reorganization of areas for the campesino economy
- Recognize campesino communities' right to land and create a constitutional norm affirming the inalienability of campesino reserves
- Establish real credit with special low interest rates for campesinos
- Create a cooperative or associative campesino program for marketing and agro-industrial processing of rural products
- Undertake assessment and planning for the production, reproduction, and conservation of renewable natural resources and respect for community ownership of genetic resources
- Contract with campesino, Afrocolombian, and indigenous communities for the management of areas of ecological importance
- Approve a law to protect national food production that would serve as the basis for a national strategy of international trade, and establish norms to control the use of mechanical, chemical, and biological technologies

Such a program would be expensive, but the question is whether it costs more than the current war that attempts to carry out a classic program of "cleaning," or clearing, the countryside for development. The discussion about the viability of the campesino sector coincides with the discussion about the viability of peace. Violent paths, such as the war in Colombia, represent one alternative. The other is to foster massive campesino participation, and not simply the marginal participation of a few campesinos favored by programs and politics that are compatible with, and part of, a policy of war.

Many people in government and the World Bank believe that the participation of campesino communities takes place through workshops and, particularly, through state-program committees. While these forums are important, the real problem has to do with power and the availability of economic

means. As long as they have no power, committees will be abandoned by people who see that they are useless. As long as decentralization means strengthening local and departmental caciques, participation will be a lie. As long as campesinos and indigenous peoples cannot participate in decision making, including in shaping international agreements that affect their lives, participation will not be real.

The change required implies not a “conservation” or maintenance of miniprograms of political favoritism; it involves replacing the model of domination for one of participation, poverty for campesino development, and marginalization for respect as part of a new national life. Current affairs in Colombia tell us this, as do the numerous new agrarian struggles throughout Latin America, to the surprise of those who had declared the agrarian problem to be nonexistent.

At this crossroad, the path to choose should not be the route already taken, of subsidized land markets as part of a new project of privileges for large-scale landowners. It should be the path of agrarian reform as an in-depth solution to the problems of poverty, violence, and disempowerment in Colombia.