ECONOMIC SPECIALIZATION IN SUGAR CANE WAGE LABOR:
ETHNOGRAPHIC CASE STUDY OF A RURAL NICARAGUAN COMMUNITY

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This thesis titled

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ETHNOGRAPHIC CASE STUDY OF A RURAL NICARAGUAN COMMUNITY

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ABSTRACT

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Valencia, a rural community in northwestern Nicaragua, was formed into a cooperative when the Sandinistas came to power. With the rise of the Unión Nacional Opositora (UNO) government, the cooperative disbanded and its members have turned to wage labor in the sugar industry as their main livelihood. This thesis uses insights from development geography and the experiences of decollectivization elsewhere to understand how livelihoods were shaped by the collectivization process and the decollectivization that has accompanied neoliberal economic reform. These overarching economic models affect localities in distinct ways, making place-based studies focused on local characteristics a vital research tool. In the case of Valencia, it is important to examine the community’s ties to Nicaragua’s agrarian reform of the 1980’s, the undoing of the reform, and individual responses to those changes. Based on a household census and semi-ethnographic research, this study shows that the implementation of reform policies must match the goals they are meant to achieve (i.e. by promoting technical proficiency), and that having sufficient time is an important component when agrarian reforms are used to create lasting changes in rural areas.

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CHAPTER 1: INTRODUCTION

Valencia is a small rural village located in Chinandega, Nicaragua’s most northwestern department.\(^1\) The community was originally formed as a cooperative farm during the country’s socialist revolution of the 1980’s. During this time, members worked their lands together and shared the profits of their production. Following the electoral defeat of the revolution in 1990, livelihood patterns among remaining residents have changed considerably. They now do very little farming, and have come to rely instead on seasonal wage labor from the local sugar mill. This is true despite the fact that sugar cane work has been criticized for its poverty wages, long hours, and employee exposure to chemicals. In contrast, most members of nearby communities have avoided this work by choosing alternative livelihoods such as traditional subsistence agriculture or different types of off-farm employment. As a Peace Corps volunteer living and working in and around the communities in this area, I was fascinated by Valencia’s apparent uniqueness. It appeared to have far more sugar mill employees than average, and since most of them worked during the dry season as cane cutters, the community’s economic cycle was the reverse of that in nearby villages. While other communities boomed during the rainy season when planting and harvesting took place and slumped in the dry months, the rainy season was Valencia’s most economically challenging time due to the low availability of sugar mill wage labor positions. My curiosity about these intercommunity livelihood differences is what prompted this research project.

Studies to date have focused mostly on explaining how communities such as Valencia become more integrated into national and international economies (globalization/neoliberalism), but have failed thus far to sufficiently explain regional
differences in the manifestations of these trends. The importance of local-level studies of these larger developments is only now beginning to be recognized. Why would the members of one community choose to specialize so highly in sugar cane employment while members of nearby communities have avoided it? Given the infamous reputation of this economic activity, which the workers themselves cite as a cause of debilitating illness, why have they not sought other employment? Studies to date discuss some of the main areas which must be included in an investigation of intercommunity livelihood differences, but do not provide a definitive answers to these questions.

The reasons for livelihood variations in and around Valencia lie in a complex web of interconnected factors dating back to the community’s creation as an agricultural cooperative by the Sandinista government of the 1980s, which confiscated the land and buildings from a privately owned hacienda. This was common practice. In the department of Chinandega alone, over 60,000 peasant producers were organized into agricultural cooperatives similar to Valencia during the revolution (Everingham 2001). This was to change with the Sandinista loss of the country’s presidential election in 1990. According to those who still live in the community, the subsequent governmental transition left cooperative members burdened with untenable levels of debt and fearing for the security of their holdings, which they assert were privatized as a result. Indeed, the first years of the Unión Nacional Opositora (UNO) government following this transition were characterized by political and economic instability and fierce land rights disputes that undermined peasants’ faith in the holdings they had been granted during the revolution (Close 1999; Cupples 1992). These disputes were particularly strong in Chinandega as large plantations and other properties were returned to their previous
owners and other members of the local elite (Everingham 2001). It has been in the years since 1990 that the community members’ economic specialization in sugar cane wage labor has developed, and intercommunity livelihood differences have widened. Interestingly, however, the members of many nearby communities also participated in this same agrarian reform, but have not taken up sugar industry jobs to the same extent as the members of Valencia in the post-revolutionary years.

The main research goal of this thesis is to explore livelihood differences in and around Valencia, particularly the varying degrees of involvement with the sugar cane industry, and how these differences inform understandings of rural differentiation. This exploration has been carried out by investigating the interaction of macro policies with local history and agency in shaping livelihood decisions at the community and household level. By showing how Valencia’s workers have come to depend on sugar cane wage labor, this study illustrates the factors which have proved most important in shaping rural change in Nicaragua’s post-decollectivization era, and points to a number of concerns which must be considered when studying post-agrarian reform communities. By expanding on my initial interest in Valencia’s sugar cane workers, this thesis aims to add to a growing body of place-based studies focused on increasing awareness of how people in specific localities respond to and are influenced by globalization, neoliberalism and other macro trends.

In order to address this goal, the results of a mixed methods census in Valencia are combined with information from secondary sources to arrive at possible causes for the livelihood differences among the members of Valencia and neighboring communities. Two theoretical perspectives are used to guide this research. Development geography,
which focuses on place-based globalization studies, offers a model for understanding how communities develop as the result of mutually determining influences, originating both within and outside of a given community. The basic assumption in this field is that all analyses must be place-based, as diverse local characteristics will change how larger trends manifest at the community level. Decollectivization studies also speak to these same macro and micro forces. Decollectivization is the process whereby explicit state support for collective agriculture is removed with the expectation that market dynamics will assume the state’s former regulatory functions. Decollectivization may be carried out directly, through legislation, or indirectly through the adoption of policies which encourage privatization. This literature consists of numerous case-studies which provide specific points that assist in applying the concepts of development geography to the realities of agrarian reform communities, such as Valencia, and the people who live there. Since development geography centers on trends like globalization and neoliberalism, and decollectivization of agriculture is a key component of those larger projects, the two literatures blend well. The combination of these two perspectives will allow for preliminary findings about potential causes of intercommunity livelihood variation, particularly in the post-agrarian reform context.

Addressing the variation that occurs in the post-agrarian reform era is especially relevant given that Valencia’s strong ties to those reforms mirror the experiences of many communities in other Latin American countries, a great number of which carried out land reform experiments which produced similar transformations in rural areas. As was the case with Nicaragua, many lands in the reform sector were redistributed into collective agricultural systems (i.e. cooperatives and state farms) instead of being allocated to
individual farmers. Privatization of these lands began with the switch to more conservative economic policies under the neoliberal model. In addition to Nicaragua, decollectivization has now occurred in numerous countries including Mexico, Honduras, El Salvador, Peru, the Dominican Republic, and Chile. Individual title-holders from these former cooperatives are now wholly dependent on “competitiveness in a market that has been increasingly globalized” (de Janvry et al. 2001: 281). Neoliberalism has become standard in most Latin American countries, and has been associated with a number of changes in the agricultural system. Many of farmers do not thrive in this environment and are forced to turn away from agriculture as their principal livelihood strategy.

The effectiveness of neoliberalism has been widely contested as a result of the mixed effects that it has produced. Proponents of neoliberalism contend that macroeconomic stability is the foundation upon which a nation’s growth must be built. By lowering government spending, eliminating trade barriers, and restructuring the economy to improve efficiency, it is possible to create the conditions needed to encourage capitalist development and to articulate local economies into global markets (Robinson 2000). While this shift to ‘free trade’ may create job loss and other difficulties, these are merely short-term adjustment pains that are offset by long-term growth (Roberts 2007). Neoliberalism’s potential would thus appear to be considerable, provided that countries adopt the appropriate monetary, fiscal, and structural measures.

Although neoliberalism has been applied in all Latin American countries to varying degrees, Chile is usually held up as the poster child of the model’s capacity to spur economic and agricultural advancement in the region. Having begun this economic
shift in the mid-1970s under Pinochet, Chile was the first country in the region to implement structural adjustment and fiscal austerity. The results for the country have been largely positive, producing an average annual growth in per-capita GDP of 4.1% from 1991 – 2005, a figure that is well above the world average (Schmidt-Hebbel 2006). The country now exhibits a burgeoning export sector for lumber and agricultural products. Unemployment and inflation are down and real wages are climbing, making Chile “a leading example of the widespread benefits of market deregulation and competition” (Soto 2004: 403). While Chile is considered to be perhaps the most shining example of neoliberal success in Latin America, not all countries throughout the region have experienced similar benefits.

Significant criticisms of the neoliberal system exist which illuminate the experience of rural communities such as Valencia. In recent years, low standards of living have prevailed throughout much of Latin America, which is infamously known as the most economically polarized region in the world (Franko 1999, Klak 1999). The disparity between rich and poor has continued widening despite or, arguably because of, the implementation of economic and structural reforms (Carter and Salgado 2001; Robinson 2000).

Neoliberalism has reinforced the dualistic industrial and agricultural systems historically present throughout much of Latin America. Small technologically ‘backward’ manufacturers and farmers generally produce for the domestic market, while large modern farmers dedicate their substantial financial and political clout to production for exportation (Arze 2004). This gap has become so marked that some have begun to doubt that traditional agriculture will survive in the long-term (Appendini 2001; Murray
2006). Even in Chile, many peasants have been forced to sell their landholdings due to rising indebtedness and managerial inexperience in the face of mounting competitiveness (Kay 1995). In fact, numerous small farmers in Latin America have engaged in distress land sales (Carter and Mesbah 1993; Barham et. al 1995). The resulting land concentration contributes to the general failure of farming as a viable livelihood option for many rural families; they find themselves obligated to work, often seasonally, as wage laborers on these same large agro-export farms (Jansen 2000; Trouillot 1988).

These patterns are by no means universal, however, and can vary significantly within a given country or region (Bebbington and Batterbury 2001; Murray 2006, Woods 2007).

The variation in neoliberalism’s effect on communities and households means that local level studies are vital for understanding how such wide-reaching policies translate into individuals’ lived realities. When compared with similar research on the decollectivization process as it has occurred in other Latin America countries and around the world, this case-study of Valencia provides a window into the workings of larger trends like neoliberalism and globalization. This allows for what Bebbington (2003) refers to as “theorizing-up,” which requires the evaluation and comparison of a wealth of local, place-based studies to reach conclusions about broader issues. Valencia presents an opportunity to add to the theorizing-up process, and it is with the goal of informing this method that the following study has been undertaken.

Chapter 2 will provide a detailed description of the two literatures guiding this thesis. Subsequent chapters will be organized around a parallel analysis of development geography and decollectivization studies as they apply to the concerns most relevant to people’s experiences in Valencia, and will follow the basic macro to micro format
suggested by studies on decollectivization. Chapter 3 will address the methodology that was used to answer the research question and put the literature into practice. Chapters 4, 5, and 6 flow out of the literature’s emphasis on examining the interplay of factors between various levels. Chapter 4 provides an explanation of the national, historical context in which the community of Valencia was formed, information which is important for understanding the community’s history and how that has affected the decisions made by its members. In Chapter 5, that context is narrowed to the meso-scale with an analysis of the agrarian reform and its undoing at the cooperative level. Chapter 6 narrows the focus yet again by carrying the analysis of macro and meso influences to the case-study of Valencia. The local characteristics emphasized in Chapter 2 as being most important will be addressed here, and arguments about causation will be made. Chapter 7 will conclude the thesis by returning to the issue of this case-study’s contribution to understandings of rural differentiation.
CHAPTER 2: REGIONAL ECONOMIC DIFFERENTIATION: A THEORETICAL PERSPECTIVE

The larger contexts in which Valencia’s residents have lived and worked since the community’s formation have combined with these local agents’ decisions in creating their current livelihood situations. Two landmarks stand out in the history of the community: the revolution’s agrarian reform, followed later by an abrupt shift to neoliberalism. The significance of these policies on localities such as Valencia will be examined through two bodies of literature. First, development geography emphasizes the necessity of looking at how these broad patterns interact with local places and the people that live there to create a panorama of rural differentiation. This field’s inclusion of both macro and micro issues and the relationship between them will be particularly useful in drawing out the connection between Nicaragua’s agrarian reform project and the response which occurred at the local level. The second body of literature, the decollectivization of collective agriculture, comes from a variety of studies on the decollectivization experience throughout Latin America and elsewhere. It also demonstrates the importance of understanding the interplay of influences from different scales and sheds light on Valencia’s particular history as a cooperative farm. Both development geography and decollectivization studies highlight common themes and explain similar processes. More specifically, the decollectivization discussion applies the development geography model to the agrarian reform context, thereby providing researchers with the specific points which must be included in research on Latin America’s former agrarian reform communities. Both bodies of literature emphasize the value of place-based analysis.
2.1 Development Geography, Neoliberalism and the Larger Latin American Agrarian Context

While neoliberalism has become the predominant economic and development model for most of Latin America, it is important to remember that the local manifestations of these global trends “are not really globalized, but are highly uneven geographically,” (Klak 1999: 112). The globalization and neoliberalism literature to date, however, has focused overwhelmingly on international forces while overlooking their effects at the local level (Llambi 2000; Woods 2007). This approach is flawed because, as Robinson (2000: 104) points out, globalization is merely the “backdrop” against which countless individuals exercise agency and actively construct their realities. Far from being hapless victims of overriding global forces, the residents of Latin America’s rural communities are committed decision-makers in their own destinies (Nock 2000).

Consensus does exist that a thorough understanding of macro-trends depends on understanding the various ways in which they develop at the local level (Bebbington 2000, 2001, 2003; Deere 2000; Ellis 1998; Jansen 2000; Keeling 2004; Soto 2004). Understanding and comparing how and why the individuals of various communities make the decisions that they do can contribute to a broader comprehension of what is happening in the region as a whole.

Development geography is one field that has begun to turn its focus towards placed-based globalization studies in recent years. Due to its emphasis on community-level variations in the manifestations of globalization, this literature is very useful in explaining how and why neoliberalism affects different localities in different ways. In
particular, this thesis will use Anthony Bebbington’s model (Bebbington 2001, 2003; Bebbington and Batterbury 2001), which stresses the significance of place-based studies centered around four main factors and the way in which these interact; place and livelihood are coupled together, as are scale and network. Any analysis using this framework must begin in a specific place given the complex and web-like nature of these issues and their tendency to vary immensely between localities. For this reason, Bebbington (2001: 415) argues that, “There is, ex ante, no reason to expect that these different webs will lend themselves to similar patterns of livelihood and landscape change – above all when they become part of the making of places with their own particular histories.” As such, an essentialized globalization cannot be discussed; it must instead be weighed by its diverse effects at the local level. A discourse of globalizations results from this process, which can open the door to deeper understandings of current trends and the most appropriate ways to work with them (Bebbington 2003). One of this theory’s most basic arguments is that macro and micro factors are so closely linked that distinguishing between the effects of the two becomes nearly impossible. Both are equally important in explaining the livelihood and landscape changes of a given community and its people (Bebbington 2001).

Including place and livelihood is a vital step if essentializing is to be avoided, as both invoke the agency of local actors. Place refers to the immediate context in which people spend their lives and make decisions. It influences what possibilities exist and the way in which individuals construct meaning out of those possibilities. Livelihood refers to individual work goals, which commonly fall into more than one area. Both place and livelihood are deeply interdependent and cannot be separated, “Place and livelihood
clearly intersect as, to a considerable extent, places are produced out of the livelihoods of people, while at the same time structuring elements of those livelihoods” (Bebbington 2003: 302). Certain livelihoods are strongly tied to a specific area or community, which in turn are shaped by that livelihood. Thus, place and livelihood must be examined together (Bebbington 2000, 2001, 2003; Bebbington and Batterbury 2001). This means that Valencia as place and sugar cane wage labor as livelihood are inextricably connected and an analysis of one must necessarily include the other.

Scale and network considerations demonstrate that neither place nor livelihood exist in a vacuum but are also dependent on macro conditions. Scale indicates that place-based agency extends beyond the borders of its own creation. Actors in different areas are constantly making decisions that affect people elsewhere. This is evident, for example, in the relationships that communities may share with regional and national governments and other institutions. In effect, looking at scale means that, in order to understand the decisions that have been made in the community of Valencia, the decisions made in other areas must also be taken into account. Network discusses the flow of “ideas, people, products, money, etc.” between these different scales (Bebbington 2003: 303). Discussing different levels of activity and agency is meaningless if the connection between them is not clear. Networks affect the individuals and institutions upon which local actors may depend when confronting the frequently difficult changes caused by neoliberalism and the larger globalization project (Bebbington 2000, 2001, 2003; Bebbington and Batterbury 2001). Thus the relationship between the decision-making process in Valencia (place and livelihood) to decisions made outside of the
community \((\text{scale and network})\) needs to be examined to illustrate the forces which have played a role in shaping the economic and livelihood landscape of the community.

With the significance of place-based analysis thus established, Valencia’s strong historical connection to Nicaragua’s agrarian reform makes it necessary to include a second body of literature which will aid in understanding the community’s formation and the later parcelation of the cooperative. Recent studies on the privatization of agriculture cooperatives, a key component of the neoliberal project, provide exactly this perspective. Given the wide-spread nature of the agrarian reform project (and in particular the ubiquitous use of agricultural production cooperatives) that took place in Nicaragua and other Latin American countries (Carter \textit{et al.} 1993), these studies are vital in illuminating Valencia’s post-decollectivization path and also speak to the creation of uneven development. Thus the privatization process gains a central role in explaining the history of a given agricultural community and its residents, not only in Nicaragua, but also in other countries which have undergone similar agrarian reforms.

\section*{2.2 Agricultural Decollectivization}

As is true for studies in development geography, analyses of agricultural decollectivization illustrate how this process generates a dynamic and complicated web of interrelated influences at both the macro and micro level. These influences vary from one place to the next and their importance can cycle with time, even within a given country (Walder 1996), leading some authors to assert that the decollectivization process results in rising levels of interregional differentiation (Muldavin 1996; Unger 1985-86). As Baumeister (2000: 249) explains, “[P]rivatization policy will, depending upon the local situation, produce different results, and peasants will play an active role in it,
whether or not they benefit.” Numerous inquiries into agricultural privatization and its effects have been carried out around the world in Central and Eastern Europe, Asia, and Latin America. Research in this literature allows for a division of the types of pressures exerted on the decollectivization process into two categories: (1) the macro-structural context in which privatization occurs and (2) community and individual characteristics that determine the reactions to that context. Both of these influences in turn include a variety of sub-themes. The similarity between these issues and those highlighted in Bebbington’s model is relatively straightforward; factors originating both within and outside the community shape the decision-making process at the household and community level and are extremely useful in explaining how intercommunity differentiation can occur as a result of the privatization of collective agriculture.

**The macro-structural context:**
The macro-structural context is comprised of the overarching economic and political situation created within a country as the direct result of government policy and the shift to market-led economies. With agrarian privatization, the macro-structural context consists primarily of the design of the transition process, which may be carried out directly by state intervention, or indirectly through the implementation of policies which encourage decollectivization. The components of this design which are considered to be most critical include:

- Economic incentives such as credit, production quotas, taxation, and price controls (Brooks *et al.* 1991; Kochin 1996; Swinnen 2001)
- Markets and the degree to which a given collective farm is tied to governmental input distribution and output purchasing networks (Brooks *et al.* 1991; Kochin 1996; Spoor 1995)
- Land titling provisions (Carter 1987; Everingham 2001; Swinnen and Mathijs 1997)
While it may be necessary for the purpose of discussion to separate each of these categories, it is important to understand that they are interconnected. Although these issues are generally developed and implemented on a national level, they do have a strong affect on the unfolding of local events; as Carter (1987: 585) suggests, “macroeconomic policies can destroy reform sector productivity, and motivate parcelation.” Some authors go even further and argue that the macro-structural context is more influential than community and individual characteristics (Kochin 1996; Ruben et al. 2001). It is thus important to understand the ways in which each of these macro policies affect local actors.

The economic environment present throughout the transition period is useful in explaining the rate of decollectivization and the consequent success or failure of post-decollectivization farming (Swinnen and Mathijs 1997). This environment affects the incentives associated with collective and private farming and can either encourage the continuation of the former, or a shift to the latter (Swinnen and Mathijs 1997). As agricultural privatization occurs, governmental protection and guidance are replaced by market forces. This frequently involves the retraction of formerly cheap credit and the elimination of price controls for agricultural products, both of which have negative effects on producers. The shock felt by collective agriculturalists when these aides are withdrawn increases in direct proportion to the distance of credit rates and price controls from free-market equilibriums, as these are the levels which come to reign in the new liberalized economy (Brooks et al. 1991; Swinnen 2001). The viability of collective agriculture may be further undermined by government taxes and production quotas,
which are used to transfer agricultural profits to the government. Both of these policies limit returns to cooperative members and encourage the break-up of cooperative farms, as soon as this option is allowed by the government, as farmers attempt to avoid disincentives to production (Kochin 1996). By discouraging collective agriculture, the economic environment created by these policies adds momentum to agricultural privatization, but has different effects in different regions (Walder 1996).

The development of markets and input/output redistribution networks at the time of decollectivization also sways decisions at the local level since these infrastructural conditions are important in determining which livelihood options are most viable. The dissolution of state-controlled markets can leave a vacuum in the interim before private markets emerge; farmers find it difficult to purchase the factors of production and later sell their crops (Spoor 1995). However, if state-controlled markets continue alongside the newly developed private markets, the choice between a faulty but well-established system (the state) and one which has yet to prove itself (free market) is fairly easy. As long as a given cooperative is presented with the option of remaining tapped into governmental networks of input supply and output purchasing, there is little reason for collective farmers to pursue privatization (Brooks et al. 1991). In a comparative case study between the agricultural decollectivization of China and the former USSR, Kochin (1996) found that this process had proceeded more smoothly for China. Unlike the USSR with its centralized state planning apparatus, China had divided its countryside into self-sufficient units, controlled internally rather than externally by redistribution, with the goal that “each unit could survive economically if cut off by invasion from centrally dispensed resources” (Kochin 1996: 730). In short, because the country’s
regions were less connected to national redistribution networks, agricultural privatization was carried out with greater ease. Not only can market development and ties to resource distribution networks determine the viability of collective farming practices, they can also influence the relative attractiveness of agriculture in comparison to OFE and other sources of livelihood.

The land titling provisions made by the government can be considered a final but equally significant component of agricultural privatization. Land titles may be provided collectively or to individuals and are necessary to ensure a stable environment in which farmers feel confident in their ability to retain their property. As Everingham (2001: 66) explains, some authors argue that, “Secure property rights constitute the foundation of credible institutions and the rational behavior of self-interested actors that facilitate the accumulation of capital and economic growth.” Through the transition from collective to privatized agriculture, land titles exert pressure in a number of ways. If titling provisions are weak for reform sector lands, they will frequently be returned to their former owners. The likelihood of this occurring decreases with time, however, as former owners pass away and demand for these lands consequently declines (Mathijs and Swinnen 1998; Swinnen 2001). If the lands are returned, a reversion to previous agricultural patterns is to be expected. This can be avoided by granting ownership of holdings to the farmers who worked them during the collective period (Swinnen and Mathijs 1997). Even when farmers do indeed receive titles and are able to preserve their landholdings through the transition period, the size of their farms may be below optimal levels. This means that they will no longer able to take advantage of economies of scale and the advantages which this affords, such as higher degrees of mechanization and greater access to credit.
This increased vulnerability frequently results in land reconcentration as reform beneficiaries find themselves forced to sell part or all of their land, which is usually purchased by medium and large farmers (Carter and Alvarez 1989; de Janvry et al. 2001). Secure and timely land titling is thus crucial in determining the path of agricultural transformation in the post-decollectivization period and must be scrutinized alongside economic and market considerations when discussing how parcelation affects a given community.

Most decollectivization in Latin America has been carried out indirectly through the use of policy incentives. This indirect decollectivization may be an intentional and planned outcome of policy decisions or, as in the case of Nicaragua, may be a secondary, unplanned result of policies directed at carrying out other changes. Thiesenhusen (1995: 176) explains that, although direct state involvement was explicit in undoing the agrarian reform in a small handful of Latin American countries, for most of the region it was “usually subtle and surreptitious.” Following decollectivization in countries such as Chile and Mexico, newly independent collective farmers have increasingly resorted to land sales, migration, and OFE. This in turn has led to a situation of mounting economic differentiation among small and medium farmers, indicating that some producers are able to benefit from the transition to the market, while others fall behind (Kay 2000; Nock 2000). It can be seen that the macro-structural context has played an important role in decollectivization throughout the region, and has had a hand in increasing differentiation, even among former reform participants.

Of these three macro-structural factors, two appear to have been most relevant to the decollectivization process in Valencia. Changing economic incentives, in particular
the lower availability and higher expense of credit, caused rising indebtedness in the cooperative and prompted the decision to decollectivize. The decision was also influenced by the perceived weakness of the cooperative’s land title and members’ interest in preserving their lands. Land title considerations also swayed individual choices pertaining to land sales following parcelation. Both of these areas will be described in further detail in Chapter 6, which describes in detail the decollectivization process and its effects on the residents of Valencia.

While case studies of macro-structural context such as those above definitely illuminate the most noteworthy policy elements of the agricultural transition period, they do not explicitly address the causes of the intercommunity differentiation which frequently occurs as a result of this process. It thus becomes necessary to examine conditions at the local level.

*Community and individual characteristics*

While the macro-structural context and the overall design of the agricultural transition are important in explaining how decollectivization unfolds, it is important to remember that local actors continue to exercise agency throughout this process. Cooperative members weigh their expected returns to participation in collective agriculture against the returns they believe they would enjoy by working their own land. When the latter begin to outweigh the former, farmers respond by abandoning collective farming and dividing cooperative assets amongst themselves (Vaessen *et al*. 2000). This process varies from community to community, creating considerable regional differentiation (Carter and Alvarez 1989), and includes factors that influence not only the decision to decollectivize but also the results of that decision. These factors fall into the following three categories:
Cooperative productivity and profitability (Carter 1987; de Janvry et al. 2001; Mathijs and Swinnen 1998; Ruben et al. 2001)

Community and individual work histories (Luong and Unger 1998; Vaessen et al. 2000; Yan 1992)

Intracommunity differentiation following decollectivization (Kampwirth 1996; Muldavin 1996; Ruben and Masset 2003)

Cooperative productivity and profitability, or the lack thereof, have been found to be closely linked to the decision to continue or desist collective farming. Collective farms the world over, from Asia and Europe to Latin America have been found to be rather inefficient (Carter 1987; de Janvry et al. 2001; Unger 1985-86), leading to their eventual downfall and decollectivization when this option becomes available. Nevertheless, this inefficiency is by no means universal. Case studies in Europe have found that inter- and intra-country decollectivization differences are linked to differing rates of cooperative productivity. High rates of decollectivization have been found to be associated with low levels of productivity (Mathijs and Swinnen 1998; Swinnen 2001). This was also been found to be the case in Nicaragua. Throughout the 1990s, it was observed that “the breakdown of the cooperative framework [was] . . . related to the relative success of earlier operations” (Ruben et al. 2001: 165). Less successful cooperatives began parcelation earlier and showed higher levels of member desertion. It is also important to note here that a cooperative’s level of debt, linked not only to its profitability but also to the economic context described previously, has been shown to influence the type of contract change\(^2\) that members choose. Indebted cooperatives are more likely to continue collective farming, indicating that high debt may preclude the possibility of parcelation (Vaessen et al. 2000). Both productivity and profitability,
including indebtedness, will of course vary from cooperative to cooperative, a fact which highlights the importance of studying the specificities of each locale in order to better understand the decisions that are made there.

The outcome of decollectivization can also be influenced by community and individual work histories. Comparative studies of decollectivization patterns in Asia have shown that previous economic specializations frequently resurface at both the community and family level, even if considerable amounts of time have passed since those activities ceased to play a role in livelihood strategies. Luong and Unger (1998) found that, following China’s decollectivization, communities began to renew economic specializations which they had been forced to abandon years earlier by the state. Areas once famous for their production of noodles or quilts had retained their know-how and resumed these trades even after decades of inactivity (Luong and Unger 1989). This and other studies also determined that workers’ occupations during the collective period led to the development of specific skills (handling tractors, for example) as well as social connections (similar to the networks described by Bebbington), both of which could result in better paying jobs in the post-decollectivization economy. Those who had farmed individually prior to collectivization were able to do so more successfully following decollectivization than those who had had little experience (Luong and Unger 1998; Yan 1992). These findings indicate the value of examining individual and community histories as key components in explaining the outcome of agricultural privatization.

Others point out that intracommunity differentiation is also a noteworthy result of agricultural privatization. As resources are divided, not all members receive an equal
amount of land, nor is the land that they receive always of the same quality (Kampwirth 1996). Other forms of capital, such as buildings and machinery, are difficult to divide and may be allocated to a small number of privileged individuals (Muldavin 1996). Once a collective farm has been completely divided among its former members, other forms of differentiation then begin to emerge. In Nicaragua, it has been found that former reform beneficiaries sell their land at higher rates and lower prices than farmers who did not benefit from the agrarian reform. Among these former beneficiaries, women generally sell at higher rates than their male counterparts (Ruben and Masset 2003). The decollectivization process thus creates differences not only between different countries and regions, but also between the members of the same farming community. Some families and individuals are able to excel, while others fall behind.

I will argue in Chapter 6 that, of these three local factors (productivity and efficiency, work history, and intracommunity differentiation), the relative inefficiency of Valencia’s cooperative has been one of the most important local characteristics. The differentiation evident today both within and around the community is due in large part to differences in productivity between this and other nearby cooperatives. Many of the other changes which have occurred during this time period pivot on this farm’s former production problems and the decision to decollectivize very early in the post-revolutionary decade as a result.

In order to facilitate analysis throughout this thesis, the theoretical perspectives offered by development geography and decollectivization studies will be blended. Since both hinge on the interplay of factors between local and macro levels, this will be relatively unproblematic. Development geography provides the broad areas which must
be examined, while decollectivization studies suggest specific points within those areas which will help make the following analysis more relevant and applicable to the experience of Valencia’s residents. The scale component of Bebbingon’s model will be considered implicit given the organization of the analysis, which will situate the experience of Valencia’s residents in the larger context of the agrarian reform project and its effects at the community level. It is assumed that the interplay between these scales has been vital in shaping the landscape and livelihoods of former agrarian reform communities and the ways in which people have reacted to those changes. This same analysis will explore the links and the flow of influence between the various levels of the agrarian reform, thereby incorporating the network concept. Decollectivization studies suggest that the scale investigation must begin with a look at the macro-structural context, including economic incentives, market structures, and land titling, which prevailed before, during, and after decollectivization. In addition, the local factors of place and livelihood (along with local aspects of network) from development geography will be blended with decollectivization studies’ community and local characteristics, including cooperative productivity, work histories, and intracommunity differentiation. These three micro-level issues emphasize the need for a place-based investigation of livelihood patterns and represent a more specific elaboration of the factors of place and livelihood. A thorough analysis of the livelihood differentiation evident in and around Valencia will be possible by examining the community and its residents through the macro and micro lenses provided by the two areas of literature guiding this study.
CHAPTER 3: METHODOLOGY

1. Review of secondary sources in the U.S. and Nicaragua
2. Key-informant interviews with local and national Nicaraguan institutions
3. Semi-ethnographic research in the community

The community in question presents a peculiar situation and thus an opportunity for much needed preliminary findings about local economic specialization. In order to address the research goals, I conducted a semi-ethnographic case-study during an eight-week period from June to August, 2007. Three principal methods were used in carrying out the study.

The first method was a review of a variety of secondary sources which were used to produce a historical review of changes to the agricultural system during Nicaragua’s revolutionary and post-revolutionary periods. Much has been written on the country’s revolution and agrarian reform in both the United States and several European nations, and this information is widely available. Hoping to supplement these studies, I visited four of Nicaragua’s main libraries, located in Managua, (three at universities and one at the Central Bank). Unfortunately, they contained little pertinent information about the country’s cooperatives, and no information about Valencia. They did have plenty of technical data about sugar cane cultivation as well as documentation on the current state of agriculture in Nicaragua, however. The secondary sources that were available in both the U.S. and Nicaragua have been used to structure the research and writing of this study and have been invaluable in placing the experiences of Valencia and its members into larger regional and national contexts.

The second method consisted of in-depth key informant interviews with representatives of a number of sugar-industry and agricultural institutions in both
Chinandega and Managua. Their main purpose was that of helping me gain a broader understanding of the most prominent issues that have affected Valencia and influenced its livelihood transitions. The first of these interviews was with the Association of Private Western Sugar Cane Producers (APRICO), headquartered in Chinandega, which provided me with background information about the local organization of the sugar industry. An explanation of the sugar industry at the macro-level was provided by the National Committee of Sugar Producers (CNPA), located in Managua, which represents the industry before the government. A critical look at sugar production was provided by Professionals for the Social Auditing of Business (PASE). The Chinandega office of the National Union of Farmers and Ranchers (UNAG) (the organization created specifically by the revolution to work with cooperatives) was able to provide some anecdotal history of Valencia, but few specific details and no documentation. Finally, I was hopeful that the Chinandega office of the Ministry of Agriculture and Forestry (MAGFOR) would be able to provide data about local agricultural conditions and rates of landlessness, but this was not the case. As such, some of the original comparisons I had hoped to do between the community, the department of Chinandega, and the country as a whole, have not been possible. These interviews together provided a solid overview of Nicaragua’s contemporary sugar industry and the most prominent concerns of the industry’s mills, independent cane growers, and laborers.

The third and certainly most important method, semi-ethnographic research, was conducted in Valencia. This research showed the impact of Nicaragua’s agrarian reform at the community level, and most importantly allowed me to gather the important local level information described previously in development geography and decollectivization
studies. Data were collected about individual and community histories which illuminated the productivity of the cooperative, the work experience of its members, and the differentiation that occurred during and following decollectivization.

Three procedures were critical to completing this case-study: 1) observations and informal interviews, 2) a mixed methods census, and 3) an informal intercommunity survey. This methodological variety has allowed for “triangulation”, or cross-checking of the findings, a standard technique for qualitative research of this kind (Lindlof and Taylor 2002). To carry out the observations, I stayed in the community for extended periods of time over the course of eight-weeks, during which I viewed the tangible effects that sugar cane employment has had on the village’s residents. These observations additionally included several field visits to accompany Valencia’s workers on the job and experience first hand their sugar cane routine, including: one visit to see cane cutting, one to see cane planting, and a third to see the new “tree project”. These work and community observations were vital for achieving an understanding of the lived reality of Valencia’s members.

The second procedure, the mixed-methods census (see Appendix), was based on the most important factors listed in the literature (as discussed at length above) and was carried out in tandem with community members. Both quantitative and qualitative data were collected from each of the community’s thirty two families. Quantitative data included family possessions, construction materials used in their homes, years lived in the community, and a work history for heads of household. Qualitative data included participants’ accounts of the cooperative’s history and the changes that have occurred in the community throughout the years, as well as their opinions about the reasons for those
changes. I had originally planned to follow-up the census with in-depth semi-formal interviews, but this proved unnecessary as the information obtained was sufficient to address the research goals.

Analysis of the data was conducted upon my return to the United States. Interviews that had been recorded were transcribed and coded to facilitate analysis. The transcripts were read carefully to identify trends and particular attention was paid to descriptions of those factors which the literature says are most salient during decollectivization. In addition, these interviews were used to compile histories for individual families and to construct a coherent timeline of the community’s progression, from the days before its members were involved in collective agriculture up to the present. The quantitative data were processed using SPSS software in order to obtain the descriptive statistical information which appears in the tables included later in this thesis. Both the quantitative and qualitative data were used in conjunction with the third method, the informal intercommunity survey, in order to conduct a comparative analysis between Valencia and other neighboring communities.

The intercommunity survey involved visiting four of the communities located nearest to Valencia and meeting with one or two community leaders in each case. Leaders were asked to make estimates about community members’ involvement in the sugar cane industry as well as their participation in other livelihood alternatives. These communities’ histories were also discussed, particularly the period of the Sandinista to UNO transition, as this seems to have been crucial in influencing later events. Because time did not permit, I did not conduct household surveys in these communities. Given the informal nature of this method, it allows for a preliminary argument about differences
in the area, but could not be said to be infallible. Performing a broader, more formal intercommunity survey would help in the formation of more definitive conclusions and a more thorough understanding of intercommunity economic specialization. It is here that additional time and effort must be spent in future studies.

Conclusions were arrived at by a comparison of the semi-ethnographic case-study findings with information provided from existing secondary sources on Nicaragua’s revolution and agrarian reform. Numerous studies describe the various outcomes experienced by the country’s cooperatives following the rapid implementation of economic and structural reforms in the early 1990’s. Specific outcomes were associated with specific cooperative characteristics, allowing for an informed supposition about Valencia’s success as a collective farm and the livelihood potential of its members following decollectivization. The conclusions arrived at through this method were substantiated using the intercommunity comparison to provide a more complete description of the possible causes for the livelihood differentiation evident in the area. This comparison of secondary studies with primary data from Valencia allowed for the development of preliminary findings.

This chapter will examine the national policies involved in the creation and later decline of the agrarian reform project in Nicaragua. Focus is placed specifically on the changes that occurred in the agricultural system’s land reform, market structures and economic incentives as these are the areas suggested by decollectivization studies as being the most pertinent. The scale component of analysis will begin here with this description of macro-level conditions and will be continued in the chapters to follow as the discussions moves to progressively smaller levels. Network will be addressed here implicitly in the discussion of the influence which flowed from governmental decisions to the reform sector, and will be included more explicitly in the analyses of the following chapter on the meso-scale.

4.1 The Somoza Era and the Beginnings of Agricultural Polarization

Nicaragua’s agricultural sector has historically played an important role in the nation’s economy (Close 1999), which was the strongest in all Central America prior to the revolution (Biondi-Morri 1993). However, as with many other Latin American countries, Nicaragua’s agrarian system has been typified by a high degree of inequality. The country’s macro-structural environment was heavily biased towards a minority of economic and agricultural elites, frequently at the expense of the popular classes. This can be accounted for by the historical emphasis placed on the agro-export sector, a trend which began in the mid-1800s with the introduction of coffee and became more firmly entrenched as the production of other export commodities such as cotton, sugar cane, bananas, and livestock began to expand and take over prime farm lands (Luciak 1995).
While the agricultural system did in fact function effectively, with sufficient linkages between rural producers and redistribution networks, its exclusive nature led to interclass tension in the farming sector (Enríquez 1991; Thiesenhusen 1995).

**Land**

The boom in agricultural exports which followed World War II resulted in significant growth for many countries, including Nicaragua. As a consequence, the amount of land dedicated to the cultivation of export crops increased markedly (Everingham 2001). In Nicaragua, this success led to the dislocation of tens of thousands of farmers from the country’s key farming areas (Spoor 1995). This peasant relocation, which continued right up until the triumph of the revolution (Biondi-Morri 1993), was encouraged by the government as a sort of pseudo-land reform which would reduce “unrest in the countryside without affecting the status quo” (Enríquez 1991: 50). The goal was merely to decrease social tension without having to effect any fundamental social change or question the validity of the agro-export model.

The accumulated result following decades of such policies was striking. In the 1963 agricultural census, it was found that 58 of Nicaragua’s farms occupied only 2% of the country’s farmable territory, while the largest farms, comprising .6% of the total number, occupied 41% of the arable lands (Thiesenhusen 1995). Somoza himself was owner of 20% of those lands, which comprised over 50% of the modern agricultural sector (Padilla *et. al* 1987). On the eve of the revolution in the late 1970s, landless peasants and smallholders together comprised over three-quarters of the agricultural population (Deere 1983). These small scale farmers faced a number of disadvantages not only in land ownership, but other areas as well.
Market structures and economic incentives
Credit policies during the Somoza years were predominantly restricted to large producers, a fact which combined with the low productivity of most smallholders’ lands to further handicap peasant producers and lower food production levels. Small producers, whose cultivation focused largely on domestic staples, received only 10-15% of the financial assistance allocated to agriculture during this time. These limitations led much of the peasantry to seek out alternative credit arrangements with informal, paternalistic lenders in order to pay for fertilizer and other inputs. The rates they paid were generally exorbitant and restricted the viability of small scale agriculture, which was unable to move much beyond subsistence levels under the Somoza regime (Enríquez 1991; Enríquez and Spalding 1987).

The failure of smallholder farming due to low soil fertility and lack of credit, coupled with the near complete monopolization of agricultural resources by elites, led many in the peasant sector to sell their labor during certain seasons, thereby resulting in high levels of semi-proletarianization (Carter and Mesbah 1993; Deere 1985; de Groot and Plantinga 1993). This was not by accident, however, but was part of the government’s larger economic plan. The increase in peasant reliance on wage labor coincided conveniently with the expanding cultivation of export crops as most of these were harvested during only a few months of the year (i.e. cotton and coffee). As Enríquez (1991: 9) explains, “This relationship eliminated the need for agroexport growers to support a large labor force on a permanent basis and enabled the campesinos to supplement the income earned on their own farms.” As a consequence, these workers were dependent on the capitalist producers in two ways, including the informal credit
arrangements which made their small scale farming possible, and also for the provisioning of temporary off-farm employment opportunities.

**Conclusion**

While a century and a half of such biased policies did create considerable inequality between agricultural producers, the system itself “functioned well with backward and forward linkages between production, distribution, and consumption” (Spoor 1995: 52). Peasants could supplement low production with temporary wage labor, producers could pay workers for only the seasons that they were necessary, exports grew, and agriculture in general permitted reasonable profits and a good supply of food from the countryside to the cities (Spoor 1995). The structure worked; it was the uneven distribution of wealth and welfare in this system that the revolution was to take issue with in its agrarian agenda.

**4.2 Sandinismo’s Agricultural Democratization**

The Sandinistas faced a monumental task when they assumed control of Nicaragua. The cost of ousting Somoza had been horrendous; the country’s agricultural and manufacturing production had fallen off dramatically in the late 1970’s and physical destruction was wide spread across the country (Weeks 1993). Beyond this, the country suffered from a “generally underdeveloped economy”, a weak industrial sector, and a highly inegalitarian agrarian system, as described above (Spoor 1995:63). Nicaragua’s foreign debt per capita was higher than that of any other Latin American economy (Thiesenhusen 1995). In order to rectify these problems, the Sandinistas optimistically envisioned socialism to be the solution to underdevelopment and championed the rights of the poor and socially marginalized in an effort to “offset the historic advantage of the
wealthy and privileged” (Close 1999: 4). According to Sandinista political thought, the equal participation of all members of society was absolutely essential to the democratic process (Close 1999).

This of course entailed deep and fundamental shifts to the country’s macro-structural environment. Whereas Somoza’s government had promoted the exploitation of the peasant class for the benefit of elites, the new one was designed to provide increased social and livelihood benefits for the people, especially the country’s poor and historically underprivileged. As such, economic and agricultural policies under the Sandinistas were to be characterized by a blend of private and public interests and were to be dominated by a strong state sector and considerable agrarian reforms. Initial modifications in the agricultural sphere were driven by hopeful optimism, which would later be replaced by more practical measures that reflected the increasingly difficult situation of the government due to the U.S. sponsored embargo and contra war. While a much stronger emphasis was placed on small producers and the rural poor ideologically, the country did not question the belief in the need for modern farms and economies of scale (Enríquez 1991; Jonakin 1994). This highlights an underlying thread of tension which was to define revolutionary efforts from their very inception. The revolution’s two main goals were those of popular hegemony and national unity. The first required enormous changes to the country’s macro-structural landscape, which of course made the second all the more difficult given the government’s concern with not alienating the political and economic elite (Luciak 1995). The accommodation of the public sector and popular rule alongside the private sector and upper class interests would come to be known as Nicaragua’s ‘mixed economy’ and would prevail throughout the decade.
While the Sandinistas certainly desired national unity between different social strata, Nicaragua’s economic reality presented the new government with severe limitations. The country was heavily dependent on imports and consequently in desperate need of foreign exchange to maintain a positive balance of payments, a constraint which was to leave the Sandinista’s hands somewhat tied (Enríquez 1991). As a consequence, at the beginning of the revolution, plans were aimed more at democratizing the agricultural system than at dramatically altering forms of production (Jonakin 1997); the agro-export model would continue to play a prominent role in the economy, but the benefits would now be more directed into state coffers (de Groot and Plantinga 1993).

The land reform

Agrarian reforms (and land redistribution in particular) have been a critical component of many Latin American revolutions; owning land allows peasants a “safety net” in times of economic crisis by ensuring a certain degree of food security (Weeks 1993:28). This may perhaps explain why one of the revolutionary government’s first undertakings was that of confiscating Somoza’s old landholdings and those of his supporters, most of whom had abandoned the country. Because these haciendas, which represented 20% of the arable territory, were unoccupied, the revolution was able, at least at first, to avoid conflicts with the landed elite (Padilla et. al 1987). As these farms were among Nicaragua’s most modern, it was recognized that parceling them for later redistribution would have undermined their productive capacity. Collective agriculture provided an alternative solution. It was decided that the confiscated lands would be converted into state farms known as the Area Propiedad del Pueblo (APP) where the country’s landless peasants could be hired as wage laborers, thus providing a valve to
release popular pressure for land reform while at the same time maintaining the higher degree of efficiency associated with large, modern farms (Deere 1983).

Beginning in 1981 with the country’s Ley de reforma agraria (Agrarian Reform Law), the heart of the agrarian reform began a shift away from allocating lands strictly into state farms and expanded into cooperatives, with the chief types being production (Cooperativas Agropecuarias Sandinistas or CAS) and credit (Cooperativas de Crédito y Servicio or CCS). The former involved the pooling of land, machinery and other resources, while the members of the latter worked together simply to obtain financial and technical assistance but did not otherwise share the means of production. The new law’s main goals included incorporating underutilized lands into cultivation, improving the state’s ability to meet land reform demands, and calming the fears of the agricultural bourgeoisie who expected to lose their holdings at any time (Deere and Marchetti 1985). The idea was not to attack landholders, but simply to increase production. In fact, in order to even be considered for confiscation under this new law, landowners had to possess more than 850 acres if they were on the Pacific Coast, and more than 1,700 acres if they were in the interior. Confiscated lands had to be monetarily compensated by the government, much to the chagrin of poor rural workers, and only those lands classified as under- or unused could be seized. As long as all lands were utilized efficiently, the new law did not place any upper limit on the size of holdings (Collins et al. 1986). A significant influx of property into the public sector followed, which in turn fueled the new emphasis on cooperative farms in subsequent years.

The cooperative movement that was so widely promoted during the revolution had originated with Sandino in northern Nicaragua around 1930, but died out with his
assassination several years later (Collinson 1990). It resurfaced in the late ‘70s during the later years of armed insurgency, thanks to active promotion by the Sandinistas as a form of alternative development. It also helped the movement win over peasant populations (Deere 1983). It continued to be advanced during the first years of the revolution, but lagged behind the APP in terms of land reallocation, accessibility to credit, and member numbers, due largely to the government’s decision to emphasize the state farms as its main agrarian reform project in an effort to maintain export earnings. Despite this, the 1982 agricultural census showed that in the first three years of reform, 2,849 cooperatives had been formed with a membership of nearly 70,000 (Deere and Marchetti 1985; Enríquez 1991). Over half of these farms were located on the country’s volcanic soils of the Pacific region (like Valencia in the department of Chinandega) (Ruben et al. 2001). These cooperative lands represented only slightly less than 6% of the land which had been redistributed up to that point, with the APP controlling 20%. This imbalance slowly shifted over the decade as the level of governmental technical and financial assistance offered to the cooperative movement crept upward. By 1985, for example, the APP and cooperatives shared an equal percentage of reallocated lands, with the combined relative importance of the CAS and CCS pulling ahead from this point onward (Spoor 1995).

The reasons for this lay in the appeal of the cooperatives themselves and in the fact that the state farm sector had proven to be incredibly inefficient. During the revolution’s first years, government officials observed the rising difficulties of the APP and their emphasis shifted accordingly to the cooperative farms, which they viewed in an increasingly favorable light. This occurred because it was hoped that the cooperatives
would be more productive than the flailing state farms and would further the revolution in
two important ways; they acted as schools of revolutionary thought (by teaching farmers
that sharing and solidarity were better than the individual pursuit of wealth) and they also
allowed for the more practical dispersal of financial assistance and agricultural training
services to small-scale farmers (Ruben et al. 2001). The APP continued to operate
despite this, and by the end of the 1980s, had provided increased access to the means of
production for tens of thousands of rural residents.

After a decade of revolutionary rule, the state farm and cooperative sectors
together accounted for 31.8% of the nation’s farmland, while the percentage owned by
large producers had decreased from 52.4% in 1978 to a mere 21% ten years later (Jonakin
1997). The number of cooperative farms had increased to 3,554 with a total of 88,085
members, while the number of workers on state farms averaged between 50,000 to
60,000 (Luciak 1995). This presented a perceptible shift in land tenure, but other
infrastructural changes, particularly those in agricultural markets, were to have an
additional impact on production.

Changes in agricultural market infrastructure:
The government’s control of markets during the revolutionary decade was overt,
highly centralized, and generally inconsistent. Farmers were legally required to sell their
crops to the Empresa Nacional de Alimentos Básicos (National Basic Foods Corporation
or ENABAS), which in turn gave them a guaranteed, subsidized price. ENABAS was
intended to replace previous input and output redistribution networks, which had been
“monopolistic and exploitative” but “had functioned relatively well” (Spoor 1995: 67).
The new system was far less efficient, though. Former linkages had been deconstructed
in an effort to overcome market deficiencies, but nothing was immediately available to
take their place. ENABAS lacked sufficient trucks to transport all of the country’s grain, and its initial storage capacity was less than needed. Although enough silos were later constructed for the agency to have stored more than a year’s production, their locations did not correspond with regional production patterns (Collins et al. 1986).

Unsurprisingly, the agency was unable to meet expected purchasing levels (which had been set at 40%), but these difficulties did not stop ENABAS from quickly becoming Nicaragua’s largest purchaser of basic grains (Spoor 1994b).

Closely tied to this infrastructural reorganization was the implementation of economic policies such as price controls and heightened credit availability. While both of these measures were motivated by a sincere desire to help the farming sector, policymakers found themselves confronted with a number of obstacles. To start with, the agricultural price controls imposed by ENABAS were plagued with problems. The government had no cohesive strategy for its pricing program, with the result that relative prices fluctuated widely and created market chaos. Government bureaucracy made responding to these conditions virtually impossible:

The price policy decision-making process proved to be complex and time consuming. In the case of beef and milk, for example, price-setting procedures involved a minimum of four different ministries, seven administrative steps, and six months of negotiations among various government branches before a decision on a new price could be reached. This lengthiness and complexity prevented the translation of price policy into consistent and timely operational decisions and contributed to the perpetuation of perverse price incentives (Biondi-Morra 1993: 137).

Coupled to this was the fact that prices were set consistently lower than production costs. Even though efforts were made to raise the price guaranteed to producers, these increases continued at real negative rates due to the country’s growing inflation. This clumsiness led to the emergence and growth of a parallel, black market where private purchasers
were able to provide farmers with higher prices (Enríquez 1991). Eventually, even state enterprises such as the nationalized sugar industry were forced to turn to the black market to remain financially solvent (Biondi-Morra 1993).

Agricultural credit also underwent significant restructuring following the Sandinista takeover, including a five fold increase in the amount of loans made to the farming sector within just the first year of the revolution (Enríquez 1991). Fully one third of medium and large peasant producers and two thirds of small farmers were first time beneficiaries of agricultural loans. The reach of credit was extended to extremely remote areas through the use of mobile banks (helicopters even carried lenders out to the most isolated farming communities). Loans were frequently conducted in cash and were intended for the purchase of fertilizer, pesticides, and other chemical inputs by small-scale farmers (Enríquez and Spalding 1987). The increase in the number of recipients was astounding. While only “28,000 small and medium-scale agricultural producer families had been recipients of rural credit [during the 1978/79 season], this number . . . rose to 100,000 in 1980” (Spoor 1995: 130). This sudden swell in loan availability was obviously received positively by those whom it benefited.

There were three principal reasons for this sudden credit explosion. Having fought alongside the rural poor throughout the 1970s, a time when the Sandinista movement had been heavily in need of grassroots support, government officials understood the plight of Nicaragua’s peasantry. “Spilling credit” as it was called by Jaime Wheelock, the country’s agricultural minister, thus became a way of improving economic conditions for many of the country’s poorest people. In this way, it also served as a show of gratitude for those who had been the revolution’s biggest benefactors. In
addition, a graduated interest rate favoring collective over individual production provided small farmers with an incentive to help restructure the rural landscape by joining cooperatives. The interest rate confronted by the CAS was 7% and that of the CCS was 8, but individual producers faced the prospect of a higher cost of repayment at 11%. The availability of loans and assistance was much higher as well for collectively organized producers. Given that the majority (60%) of the country’s grain production was carried out by traditional farmers, it was anticipated that improved access to credit would result in an increase in domestic food production. This in turn would lower Nicaragua’s dependency on imports and improve its balance of payments (Collins et al. 1986; Deere and Marchetti 1985). Although the goals driving these credit policies may have been not only practical but benevolent as well, there were a number of problems with their implementation which would ultimately undermine their effectiveness.

Many of the snags that plagued the nation’s credit system could be explained by the simple fact that so many of the credit recipients had never before received loans. Production increases did not match expectations and it was found that, after years of deprivation under the dictatorship, many peasant families had opted to use the money on increased consumption instead of on the purchase of agricultural inputs. Other families had in fact been able to increase production, but their own higher consumption more than offset the new increase. The result was that many peasants did not experience gains in income sufficient enough to repay the credit they had received. The default rate for the 1980 farming season was high, with only 26% of the loans being repaid that year (Enríquez 1991). As a consequence, the banking sector was forced to reduce the amount of credit available to small farmers. In the seasons that followed, the number of credit
participants dropped from 100,000 to between 70,000 and 80,000 by mid-decade (Jonakin and Enríquez 1999). But not all of the credit system’s inefficiencies were caused by peasant shortcomings and low repayment.

Government officials in the first years were generally inexperienced, a shortcoming which was to create a number of negative credit effects given that ideal management of the nation’s crippled economy was to require considerable skill. As Deere and Marchetti (1985: 84) explain, “The credit was received too late by some producers, in amounts exceeding the actual productive capacity of the peasant holdings, and with shortages of inputs, insufficient price guarantees, and inadequate marketing facilities.” The isolated producers who were visited by mobile banks or aerial lenders in helicopter frequently never received follow-up visits for the purchase of their crops. Perhaps as much as 10% of the 1980 grain crop was lost due to this oversight (Collins et al. 1986). What’s more, the influx of cash into rural areas augmented demand for agricultural supplies, many of which were not consistently available. Inflation began to creep upwards in the early 1980s as a result of this and other questionable economic policies, increasing from a tolerable 11% in 1983 to 39% by 1984 and 167% in 1985. By 1988, inflation would reach 33,000% (Weeks 1993). These infrastructural inadequacies, combined with the production failures above, led to an enormous increase in peasant indebtedness in the first years of the revolution.

Perhaps most important were subtle policy factors in financial and technical assistance programs which carried over the agro-export favoritism begun under Somoza into the new revolutionary economy. Over 70% of the available credit was allocated to the regular banking system whose customers consisted of large capitalist farmers and
state farms. Most of those who received this type of credit had already been banking customers during the previous Somoza era (Enríquez and Spalding 1987). The high rates of inflation also tended to hurt peasants more than capital agriculturalists (Spoor 1994a). There were even differences between small producers. As Collins et al. (1986: 56) describe, “[T]he better off small producers corner the benefits of most small-producer credit programs . . . the minority who generally work their land mostly with hired labor . . . have all the advantages.” This aside, the relative amount of credit received by agro-export producers did decline during the Sandinista years. Despite this, even the credit destined towards the more popular farming sectors was portioned out at more favorable rates to collective agriculture. As mentioned above, cooperatives enjoyed the lowest interest rates, and the APP, despite accounting for only 19.2% of the land, received 41% of the credit (Enríquez and Spalding 1987). The situation was marked enough that independent peasant farmers began to complain about the biased allocation of resources into the capital-intensive sector (Luciak 1990). This led Spoor (1995: 129) to conclude that “agricultural and rural credit mainly reached the large producers, leaving the great majority of small and medium agricultural producers outside the formal banking system.”

**Conclusion**

At the end of the 1980s, after ten years of revolutionary government, Nicaragua found itself in an extremely difficult position. Hyperinflation had become entrenched and the civil war was causing generalized social duress. These two conditions limited the agrarian reform’s potential to create lasting change for the country’s farmers. While the Sandinistas had certainly democratized the nation’s agricultural production, this sector never became the stimulus for growth that had been hoped. Far-reaching infrastructural changes took place which put land into the hands of tens of thousands of landless and
land poor peasants and gave them a guaranteed price for their crops. This price was insufficient, though, and transport difficulties made it doubtful in some cases that crops could even be sold. Credit also reached many new clients, even when this required travel by helicopter. Unfortunately, a number of policies were created which undermined the revolution’s egalitarian nature. Specifically, the capital intensive sector continued to receive preferential treatment at the expense of small and medium producers (Luciak 1995). Despite these flaws, the elections of 1990 marked the end of an era. Whereas the old regime had focused on empowering the poor and underprivileged and had achieved significant advances in the country’s human development index, the new one was determined to “do the exact opposite of whatever the Sandinistas had tried to do” (Close 1999:125).

4.3 Undoing the Sandinista Agenda: The UNO’s Harsh Agrarian Environment

While the Sandinistas reeled against what was felt to be a collective slap in the revolution’s face following the election, the National Opposition Union (Unión Nacional Opositora or UNO) prepared to accept leadership of the nation. The UNO was a coalition which consisted of a highly polarized mix of numerous organizations and political parties that were never able to move beyond a rocky, begrudging coexistence to formulate any degree of unified direction for the country (Close 1999). Even had the UNO been stronger, and the relatively inexperienced Chamorro a more adept leader, Nicaragua’s prospects looked bleak. As Arana (1997:82) explains, “The economy [the UNO] inherited that year was afflicted by well-entrenched hyperinflation dating from 1988, protracted economic stagnation that had begun in 1984, large distortions of relative prices, poorly defined property rights, the largest per capita foreign debt in the world, and
severe gaps in the current account and in domestic spending.” The government would counter these problems with drastic economic restructuring, but improvements would be years in the making.

Slightly over a decade after the Sandinistas had assumed control, Nicaragua was to experience another extreme transformation of its macro-structural environment. Virtually overnight, the country launched a shift from socialism to a neoliberal approach for the economy. The immediate results were largely negative, although this was not necessarily the consequence of any particular government strategy. The current account deficit was looming large over the country, severely limiting the possibility of any future growth. Foreign aid was slow in materializing and exports could not be increased quickly enough to offset the deficit, meaning that, in the short term, an economic decline was unavoidable (Weeks 1993). Notwithstanding initial troubles, the government persisted with its neoclassical economic policies, implementing a number of customary strategies such as the introduction of a new currency, high interest rates, and exchange rate devaluations (Arana 1997). These were coupled with structural adjustments such as the privatization of state-owned enterprises and the dismantling of state farms, which was done through direct land redistribution (Spoor 1994a). Although no legislation was passed to specifically divide up the country’s cooperatives, the UNO policy towards this sector was characterized by “benign neglect” which did nothing to create a more effective agrarian system or ease the transition to market regulation (Carter et al. 1993: 180). Economic stabilization was slow in coming and, in hindsight, the record of the UNO government was mixed at best (Close 1999).
As was true for the Sandinistas, the UNO’s main agricultural focus was that of promoting agro-exports, especially cotton during the administration’s first years, due to the rapidity with which it could be produced. This was motivated by the previously mentioned capital account deficit and the country’s dire need for financial inflows (de Groot and Plantinga 1993). To an even larger degree than had occurred during the revolution, policies specifically favored large producers over small. A number of macro-structural measures were implemented which produced a hostile environment for the nation’s collective farms: the privatization of the APP, the revision of previously redistributed lands, reduced access to credit, and the elimination of price controls (Jonakin 1997). Overall, the result of the UNO agricultural policy changes led to a decrease in production of both food and export crops and resulted in renewed polarization in the agricultural sector (de Groot and Plantinga 1993).

*The land reform reviewed*

Land market reforms were important in post-1990 Nicaragua and represented a significant shift from the previous decade’s focus on communal agricultural systems. Despite continuing to redistribute land as a part of the government’s efforts at demobilization and providing livelihood alternatives for disbanded members of the *contra* and Sandinista armies, the UNO also began a review process of the redistributions which had taken place under the previous administration in order to determine title legitimacy (Jonakin 1997). Unfortunately, through most of the revolution, governmental efforts at “land measurement and registration [had been] almost completely neglected” (Ruben and Masset 2003: 486). Knowing this and having supposed that some kind of land reform review would likely occur, the Sandinistas passed a number of last-minute titling laws before handing over the presidency. It was believed that this would solidify
the informal changes which had occurred up until that point. The new titles themselves
did little to ensure continued ownership of the land as title disputes quickly undermined
farmers’ confidence in their holdings (Jonakin 1996). Pressure on the UNO government
for a change in the country’s agrarian system was high, given the large number of
suddenly unemployed members of both the contra and Sandinista armies along with
bourgeoisie interests in reacquiring former holdings.

Although the government carried out very few confiscations in 1990, popular land
seizures began almost immediately following the UNO’s ascendancy to the presidency
(de Groot and Plantinga 1993). A number of ex-contra groups overtook roughly 200
cooperative farms, killing numerous cooperative members in the process (Cupples 1992).
Former Somoza supporters and the agricultural elite also insisted on reclaiming former
properties, frequently through the use of violence. Many obtained numerous large, agro-
export farms in multiple regions of the country (Everingham 2001). The government
joined in the process in 1991 and within a short time, 40% of the country’s households
found themselves with land title problems (Thisenhusen 1995: 137). Given high demand
for land along with the fact that very little was available for redistribution, it was decided
that the APP would be privatized and parceled. By August of that year: “80% of the
state-owned farmland was redistributed. Of that 26% went back to the former owners,
22% was destined for the resettlement of former contras, 17% was given to demobilized
army personnel and 35% to the workers of those farms” (Spoor 1994b: 527). This
process was rife with tensions. The agricultural upper class resented the government’s
attempts to accommodate the concerns of small producers, and legal battles over land
rights generated an air of mayhem which ate away at farmer morale and ultimately
brought the country’s agriculture to a near standstill (Jonakin 1997). Less than a decade after the Sandinista defeat, one tenth of the nation’s farms again controlled three quarters of the farmland, and 38% of the nation’s rural households were landless (Corral and Reardon 2001). The collapse of the land reform was well underway.

**Restructuring of agricultural markets**

While state intervention had been designed to essentially replace the workings of the market under the Sandinista government, the regime change of 1990 brought with it considerable liberalization of agricultural markets. These liberalization policies were pursued so aggressively as to result in a “total inability of the government to develop and implement state policies, particularly in the agricultural sector,” leading to a condition in which “the opposite of interventionism had been achieved” (Spoor 1995: 203). The UNO attempted to maintain price controls in the first agricultural season (1990/91) but in the end was unable to pay at promised levels and price controls were eliminated. Further liberalization occurred as trade tariffs were reduced for basic grains following the decision to have an open market in this sector. By the end of the 1991/92 growing season, the price of corn had dropped by one third and that of beans by nearly three fourths, while the prices of rice and sorghum had actually increased (Spoor 1994a, 1995). The price decrease of corn and beans was due to a combination of improved availability of these products (thanks to growing international trade and rising domestic production as demobilized soldiers began farming) along with a shortage of purchasers following the elimination of domestic production purchasing networks (Spoor 1994b: 531).

Although ENABAS continued to function during the UNO’s first agricultural season, its importance and market share had diminished dramatically by 1992. By that time the agency was operating at far below capacity, leading a USAID report to conclude
that it should be fully privatized (Spoor 1994b). As ENABAS passed into obsolescence, the government did little to encourage growth in the private sector to replace the redistributive functions of the agency. Although new private traders did begin to emerge, some of whom even purchased part of ENABAS’ physical capital, there were far fewer than was necessary. They were further limited in their ability to purchase large quantities of grain as credit availability began to dry up (Spoor 1995). As a consequence of these changes, farmers faced a number of infrastructural limitations under the UNO government. Locating a purchaser for their crops became much more difficult, and when they were able to do so, prices for most were less than they had been in prior years.

Although state market intervention during the revolution had been flawed and inefficient, causing a number of unintended negative effects, the UNO’s efforts at deregulation were not carried out in such a way as to ensure the success of the agricultural sector.

**Declining economic incentives**

Besides land titling chaos and a shortage of markets, conditions at the beginning of the decade also included a drastic cut in credit availability over a relatively short period of time. While the Sandinista credit policy had largely been a way of subsidizing production (and had inadvertently fueled inflation and brought about borrower irresponsibility), the UNO’s privatization of the banking sector occurred simultaneously with a retraction of cheap credit and led to further marginalization of small producers (Jonakin 1997, Spoor 1994a). Branch offices began to close, particularly outside urban areas, which complicated access for rural producers. Beyond this, banking institutions demonstrated a clear preference for larger clients. By 1992, barely two years after the UNO had assumed control of the country, credit availability had dropped to 17% of its revolutionary level and large producers were once again receiving over two-thirds of the
country’s agricultural loans (Jonakin and Enríquez 1999). By mid-decade, a number of other cutbacks were in evidence; in the 1995/96 season, only 10 to 15% of producers were receiving financial assistance and credit availability for the production of basic grains had dropped to only 6 or 7% of its 1991/92 level (Davis et al. 2001; Enríquez 2000). This shift was to have a significant impact on Valencia, whose production had been dedicated primarily to corn, rice and sorghum. While the government justified this by claiming it was a risk reduction strategy, studies at the time showed that nepotism figured significantly in loan procedures and that small-scale borrowers actually repaid at much higher rates (Jonakin 1997). Credit availability remained low well into the latter half of the decade and was far below levels of neighboring countries such as Honduras (Boucher et al. 2005). Although the Sandinista’s “paternalist” financial assistance programs undoubtedly had their flaws, neoliberal austerity came as a blow for the majority of Nicaragua’s farmers, particularly in the collective sector (Cupples 1992: 301).

**Land, market, and economic incentive problems at the cooperative level**

While privatization may have been disruptive, the state-owned farms and cooperatives had exhibited poor performance since their inception years before (Spoor 1994a). The APP loan repayment rates were low, for example, due to a number of factors which had undermined their productivity (Enríquez and Spalding 1987; Luciak 1995). The cooperatives in turn were plagued by “high dropout rates among members, lack of internal democracy, excessive hiring of agricultural laborers, and inefficient use of profits” (Enríquez 1991: 159). Beyond these structural problems, both the state farm and cooperative sectors had also developed a complete dependency on subsidized credit for their continued operation. They worked with a higher degree of technology than was warranted by their production levels and generally faced little incentive to increase
efficiency or cut costs given the unfailing nature of the governmental assistance that they received (Spoor 1995). It is unsurprising then that “the cooperatives did not achieve levels of growth and technical efficiency that would have made them competitive under conditions of the 1990s” (de Groot and Plantinga 1993: 159).

**Conclusion**

The structural and economic reforms which were put in place while the UNO was in office led to increasing differentiation in the agricultural sector. The APP was intentionally privatized and divided, effectively destroying the employment of tens of thousands of workers who had been dependent on this sector for jobs (Prevost and Vanden 1999). The same slowly began to occur with the country’s cooperatives as a result of the new, harsher conditions which they faced and their own internal financial and production shortcomings. The response to these conditions was not uniform, however. It was different between and within communities that had been involved in the agrarian reform process, and although most producers were affected negatively, some found increased prosperity. Despite this, the agricultural situation fostered by the UNO’s policies was bleak. As Cupples explains (1992: 300), they created “an absurd situation where an agrarian-based country like Nicaragua with the best geographical resources in Central America [was] not able to feed its mere three million population.” By the turn of the century, 70% of Nicaragua’s rural inhabitants had once again dropped below the standard poverty line (Boucher *et al.* 2005).
CHAPTER 5: INDIRECT DECOLLECTIVIZATION: COOPERATIVE AND INDIVIDUAL RESPONSES TO MACRO-STRUCTURAL CHANGES

As the decade of the 1990s progressed with the UNO’s deepening reforms, the country’s altered macro-structural environment provoked a number of shifts in the agricultural sector. Overall, the relative economic importance of this sector decreased (Baumeister 2000). In particular, the comparative advantage of collective farming began to dissipate with the elimination of price controls on inputs and outputs, to which farmers’ ‘rational response’ included modifying production patterns and opting for alternative contract choices (by changing collective structures or privatizing altogether) (Vaessen et al. 2000). Once individual farmers had exited from collective farming, their distinct circumstances led each to make different decisions and the homogenization which had previously occurred began to slowly unravel. This marked the entrance of Nicaragua’s cooperatives into a period of indirect decollectivization as the result of the new harsher economic and structural environment that reined in Nicaragua in the 1990s (Spoor 1994b).

This chapter will continue the analysis of scale by examining the effects of the post-revolutionary macro-structural changes on local communities and actors, thereby introducing the elements of place and livelihood. Conditions in the cooperatives during this time were heavily affected by the large changes occurring throughout the country, but local characteristics led to different decisions on each farm. Individual responses to national and cooperative-level changes also varied. The mutual interplay of individual agency-based actions, changes in cooperative activities, and policy shifts at the national level show clearly the bidirectional flow of influences between these levels and illustrate
the importance of Bebbington’s network concept. The description to follow will center on contract changes at the cooperative level after 1990, and individual responses to those changes.

5.1 Changes at the Cooperative Level

Cooperatives were particularly vulnerable under the new neoliberal system given their heavy dependence on overt state support, and three principal changes in production patterns were common at this time as a result. First, some production cooperatives continued operating unabated, merely shifting their emphasis from capital-intensive to labor-intensive technologies. Others decided that shifting from production status to credit and service status served their interests best, and presented a middle-ground between continuing collective farming and total decollectivization. Nonetheless, as agricultural credit was cut to a fraction of its revolutionary level and the cost of chemical inputs rose to free-market equilibriums, a third group of CAS found themselves with no viable opportunity to continue producing and began to opt for parcelation. This was particularly true for the producers of basic grains who faced the disappearance of credit and increased foreign competition due to the elimination of state imposed price controls and the elimination of trade barriers (Enriquez 2000). As alluded to here, these three contract changes were associated with certain organizational and individual characteristics and led to ever-increasing rural differentiation in a landscape that had been homogenized in previous years (Ruben et al. 2001).

As cooperative lands began to be parceled in earnest in 1991 at the insistence of cooperative members, newly-independent former reform beneficiaries found themselves relatively disadvantaged in the market-oriented economy and were much more likely than
previously established private producers to resort to land sales as a coping strategy (Jonakin 1996). This led to growing levels of landlessness and land reconcentration as the number of large farms increased and the cooperatives and state farms slowly passed out of existence (Spoor 1994a). Peasant and cooperative farmers began to find themselves relegated to obsolescence as they returned to a situation increasingly akin to that which they had endured during the Somoza era.

Despite the difficulties which confronted cooperatives in the early 1990s, the first group of cooperatives mentioned above, which happened to be the best organized and most efficient, were able to continue working as CAS. During the revolution, the relative costs of capital and labor had been intentionally skewed to favor the former in order to subsidize production. This bias was eliminated by policies which liberalized the economy, thus necessitating a shift in farming patterns towards more labor-intensive technologies. The shift was difficult, and was successful only for cooperatives with effective leadership and organization (Vaessen et al. 2000). Cooperative farmers reluctantly began to adopt non-Green Revolution techniques as the cost of fertilizers and pesticides became prohibitive to their use (Baumeister 2000). By maintaining the collective framework, these farms were also able to continue taking advantage of the economies of scale which their larger size allowed them to enjoy (Ruben et al. 2001).

Nevertheless, the picture was not entirely optimistic for the remaining CAS. It was found that their per capita debt was higher than cooperatives which had chosen parcelation, suggesting that their indebtedness may have limited the options available to them. Furthermore, despite being legally recognized as production cooperatives, most CAS no longer carried out collective farming activities (one study places the number as low as
20% of those that still existed in 1997) (Vaessen et al. 2000). Overall, however, the well-being of cooperative members was equal to that of private farmers in the same areas who had similar access to resources (Ruben et al. 2001).

Other cooperatives, not wishing to either continue embracing collective farming or leave behind the advantages which it conferred in terms of obtaining resources, selected a compromise solution instead. The collective pooling of the means of production (i.e. land and tools) was discarded and cooperative resources were divvied among members whose cooperation would thereafter be limited to obtaining credit for the purchase and redistribution of inputs. This measure converted these cooperatives to credit and service status (CCS). This shift was most likely for groups which had prior experience in independently soliciting credit and purchasing inputs and whose production centered on a diversified variety of cash crops (Ruben et al. 2001). With this type of contract change, cooperative members avoided some of the disadvantages associated with collective farming and maintained a number of the advantages which larger farm size conferred, such an increased access to formal credit institutions.

The third shift, and one which became increasingly common as the 1990s progressed, was that of complete abandonment of the cooperative framework. The members of a number of cooperatives chose to pursue privatization of all land and other resources and to discontinue all collective operations. Jonakin (1996: 1182) sites three reasons that this option frequently seemed best: 1) “internal tensions” in the cooperatives complicated the collective farming process, 2) an atmosphere reigned in which parcelation was common and was made to appear attractive due to “fundamental changes in official lending policy” as well as “considerable enterprise debt” and, 3) it was
commonly believed that parcelation would make tenure rights more difficult to question. Internal tensions simply refers to the difficulties involved in organizing and attempting to formulate consensus between groups of producers, each of whom had their own agenda and preferences which clashed with those of other members. The second of these points was a macro-structural atmosphere that made decollectivization the logical choice (as discussed at length above), while the third was related to the land rights disputes which began in 1990 and the fact that no official titling measures were taken by post-revolution governments until six years after the Sandinistas handed over control of the country (Ruben and Masset 2003). Farmers were scared of losing their land and doubted that the titles they had been awarded collectively during the revolution would be honored (Jonakin 1996). Decollectivization was thus seen as a defense strategy to increase members’ ability to preserve their landholdings and overcome institutionalized bias against the collective sector. Once decollectivization was complete, individual farmers became wholly dependent on the workings of the market and the ways in which it influenced the relative practicability of different rural livelihoods.

5.2 Changes at the Individual Level

Farmer agency through this transitional period was reflected in the contract changes taking place at the organizational, household, and individual level. Far from being passive victims, farmers weighed their shifting options and made decisions accordingly (Baumeister 2000). Some decided to abandon cooperative farming and strike out on their own, even when their cooperative had not opted for a contract change. Members of other cooperatives decided that their best option was that of dismantling the collective farm and distributing its resources among themselves. After exiting from the
collective framework, following either individual abandonment or group decollectivization, former cooperative members frequently sought to diversify their livelihood strategies in three ways: 1) by pursuing individual agricultural production, 2) by selling part of or all the land they had received in parcelation, and 3) by taking on off-farm employment (Bainville et al. 2004; Broegaard 2004; Ruben et al. 2001). Despite this increase in the diversity of livelihood strategies, these former reform beneficiaries found themselves more disadvantaged than other private farmers after leaving collective farming (Broegaard 2004; Jonakin 1996; Ruben et al. 2001). They were less likely to possess the basic physical capital necessary for agricultural production and enjoyed lower levels of income than their private farmer counterparts. Their living standards were also lower than those of farmers who remained in the cooperative sector (Ruben and Lerman 2005). These trends show that, while livelihood diversification was certainly necessary, it was not enough to offset the difficulties which former reform beneficiaries encountered following decollectivization.

Individual members began to desert the cooperatives for a number of different reasons. As Ruben et al. (2001: 165) describe, some of these included “dissatisfaction with internal rules and procedures, unclear definition of membership rights, and incomplete insurance mechanisms.” From the individual perspective, the future success of the cooperative farm was no longer guaranteed by state support, which, coupled with the difficulties associated with collective farming (such as challenging interpersonal relations), made abandoning the cooperative seem all the more appealing (Ruben et al. 2001). Those who deserted generally were not founding members, meaning that their names were not on the original collective titles which had been issued in the early to mid-
1980s. As such, they had “no claim to collective land and low claims to other collective resources,” which made their decision to leave much easier (Vaessen et al. 2000: 122). This trend affected cooperatives in most regions of the country. Vaessen et al.’s (2000) study of 62 cooperatives, surveyed in 1989 and again in 1997, showed that average membership had dropped from 18.3 to 12.4 over this time period. Clearly, even the cooperatives which continued to work collectively experienced declining membership as this sector’s comparative advantage began to wane.

Decollectivization also freed individuals from the collective farming framework and made their personal choices much more important thereafter, reflected in a number of changes which began to appear at the household level. For many ex-reform farmers, parcelation was followed by a marked decapitalization as their share of former collective resources was quickly sold off. Parceled cooperatives showed much lower numbers of machinery and livestock than they had previously possessed, and which continued to be maintained by the CAS remaining in operation. Indeed, some CAS actually increased their asset accumulation during this time (Vaessen et al. 2000). As part of this trend, a number of ex-reform beneficiaries resorted to land sales, an option which was adopted for a variety of reasons. While the studies of Nicaragua’s changing agrarian landscape during this time cite different motives for these land sales, which can be generally divided into three categories: 1) financial distress, 2) non-emergency incentives, and 3) land tenure insecurity. Given the importance of these land sales in determining the outcome of Nicaragua’s decollectivization, it is important to examine each one of these cases in further detail.
Land sales motivated by financial difficulty were directly related to the increased trouble with which rural inhabitants made a living in the 1990’s. This was particularly true for former reform beneficiaries, who were found to be as much as two to three times more likely to sell their lands than private farmers in the same area (Baumeister 2000). Jonkin’s study of the mid-1990’s found that, between 1991 and 1993, between 5 and 10% of the Pacific coast’s reform lands had been sold and, of all the land sales that occurred in this region at that time, 95% involved lands from the agrarian reform (Jonakin 1996).

Significant amounts of land were changing hands, which suggested a deep imbalance in the country’s farming communities. Stochastic shocks could no longer be offset by credit, and off-farm employment opportunities were not equally available to all rural populations (Ruben and Masset 2003; Vaessen et al. 2000). Parceled cooperative members thus became increasingly reliant on land sales to make up for their lack of income. Given the ‘distressed’ situation of many of these households, as well as that of the countryside in general, many of these transactions occurred at well below land market values. In some areas of the country, reform area lands were sold at 1/10 to 1/15 the price of non-reform lands, indicating the wide availability these lands and the desperation of their vendors (Broegaard 2004). Such distress sales, generally used only as a last resort by small-scale farmers, signified a “transition of poor peasants towards a condition of severe and chronic poverty” given the decrease in permanent wage-earning possibilities and the low likelihood that these farmers would ever regain their holdings (Ruben and Masset 2003: 496). Ruben and Masset (2003) estimate that perhaps 40% of the country’s land sales were motivated by financial difficulties, whereas Jonakin (1996) places the figure at 64%. In either case, the percentages were high. Rural populations found even basic survival
challenging in Nicaragua’s post-revolution environment and were forced to make extreme and even disadvantageous livelihood decisions as a consequence.

Non-emergency land sales were those that occurred, not out of economic necessity, but out of the belief that the owner’s situation could be improved through the transaction. Some farmers sold all or part of their land in order to make investments, such as to purchase a house or other assets (Ruben and Masset 2003). Some were dissatisfied with the quality or location of their land and decided to sell it in order to purchase elsewhere, whether nearby or in an area nearer to their home town (Baumeister 2000). The effectiveness of this strategy is not clear as many who sold did not later purchase more land (Broegaard 2004). Others offer more of a cultural argument, suggesting that reform beneficiaries were frequently unable to overcome their ‘laborer’s mentality’ and settle permanently into the farming lifestyle. This prompted many to sell for quick profit and short-term gain (Baumeister 2000: 250). This reason was cited by many in Valencia, though always in reference to an unruly neighbor or other member of the community whose land was scandalously sold in order to purchase alcohol. Whether the goals were short or long-term, non-emergency sales were intended to improve farmers’ economic or social conditions, and were not based on economic need.

Land sales motivated by titling considerations occurred, not only due to the judicial process which was questioning land ownership and the chaos which this engendered (as described above), but also as a result of overt pressure exerted by upper-class, elite farmers on peasant producers. Large landholders were known to systematically harangue small-scale farmers. In some instances, elites would turn their cows out on small-holder lands which they desired, and subsequently decline to pay for
the damage caused to crops and fences. In other instances, peasant farmers were not granted right-of-way into their lands when these were surrounded by those of a large landholder, who made it clear that the situation would continue until he was allowed to purchase the property (Broegaard 2004). Land tenure insecurity and power differentials were evidenced in growing rural polarization in terms of landholding distribution. While more than three quarters of the sales which occurred were intra-class, most of the area sold went to large producers (Broegaard 2004; Jonakin 1996). Perhaps as many as one third of the land transactions that occurred during this time were motivated by land-tenure insecurity. Peasants deemed it better to sell while they could, rather than risk seizure of their lands at a later time through judicial mandate or the machinations of the agricultural elite (Jonakin 1996). Thus a lack of secure land titles was to figure prominently in influencing the course of Nicaragua’s decollectivization.

The combined effect of these three types of land sales on former reform beneficiaries was notable. As many as 25 to 30% of former cooperative members ended up landless following the sale of their holdings (Ruben and Masset 2003). In addition, Bainville et al. (2004) note the current difficulty in distinguishing between landless and land poor farmers, as many are reliant on cultivos de patio (yard farming) in which only very limited amounts of land near farmers’ homes are used to produce below subsistence levels of basic food staples. Given that most farmers do not have enough land on which to survive, there is a need to supplement farm income with OFE in the agricultural sector, which is used disproportionately by the rural poor as a vital survival strategy (Corral and Reardon 2001; Davis et al. 2001). This reliance on wage labor began to occur as farmers developed mechanisms to off-set stochastic shocks, to which they have been more
vulnerable following decollectivization (Jonakin 1996). The most frequent type of OFE is day labor on large nearby farms, positions which provide the lowest returns on time invested than any other rural occupation (Bainville et al. 2004). Rates in the area of Valencia are now at C$30 for a half day and C$50 for a full day (with US$1 equaling C$18.4 at the time of this study). Despite these poverty wages, landless wage laborers on average are 30% wealthier than their small-farmer counterparts, indicating that the viability of peasant agriculture has been seriously undermined (Corral and Reardon 2001). Rural landlessness now stands at 38%, and the country’s gini index of .72 has been slowly creeping upward (Corral and Reardon 2001; Davis et al. 2001). The process of differentiation continues in Nicaragua’s rural landscape.

5.3 Conclusion

The diversity of farmer responses to the crisis which ensued in Nicaragua’s agrarian system during the 1990s sparked an era of rural change. The country’s cooperatives were forced to adapt to far less favorable conditions, either by shifting production technologies or opting for contract changes that loosened or eliminated the collective framework under which they had been operating. The necessity of total cooperative privatization became increasingly apparent and was adopted by a greater number of reform beneficiaries as the years passed. This measure placed the newly-independent farmers in a position of relative disadvantage, however, and they were far more likely to resort to land sales than their private farmer counterparts as a result. While the Sandinistas argue that the agrarian reform and land redistribution have not been completely undone, the country’s rising gini index show that both have certainly been undermined (Everingham 2001).
<table>
<thead>
<tr>
<th>Economic Incentives</th>
<th>Infrastructure</th>
<th>Land titles</th>
<th>Co-op Productivity</th>
<th>Work History</th>
<th>Intracommunity Differentiation</th>
</tr>
</thead>
</table>
| **Somocismo**       | -Low credit availability  
                      -Credit reserved for large producers | -Best land/resources for large producers  
                      -Peasants marginalized | -Few titles for peasant producers | N/A | -Significant numbers of seasonal wage laborers  
                      -High levels of rural polarization |
| **Sandinismo**      | -Credit widely available and cheap  
                      -Continued credit bias (towards reform lands) | -High access to land  
                      -State redistribution of inputs/outputs | -Land titling largely overlooked until late in the revolution | -Most co-ops were very dependent on state support and were only marginally productive | -Homogenizing effect during the revolution |
| **Neoliberalism**   | -Stiffer repayment requirements  
                      -Credit only for large producers | -Market vacuum for reform lands created chaos  
                      -No titles until late in the '90s | -Least productive co-ops privatized first  
                      -Decreasing productivity as decade progressed | -Many farmers received access to the means of production for the first time | -Differentiation began to grow once again as wide-scale land sales occurred |

*Figure 1. Comparison of macro and local conditions before, during, and after the revolution.*
CHAPTER 6: DECOLLECTIVIZATION ON THE LANDSCAPE: A CASE-STUDY OF VALENCIA IN RURAL CHINANDEGA

This chapter will examine Valencia’s community history, including the time periods before, during, and immediately following the revolution, to show how circumstances in the community changed during this time, thereby creating the conditions in which members chose to enter into the sugar industry. This will entail looking at the effects of the macro-structural environment on the community, as well as community members’ reactions to those conditions based on local characteristics. In particular, it will be shown how credit cutbacks and perceptions of land tenure insecurity increased the appeal of decollectivization, and undermined the viability of farming as a genuine livelihood choice once decollectivization had been carried out. Place and livelihood will also be looked at in an examination of the ties between Valencia, the region in which it is located, and the sugar industry. The connections between these different places and influences have helped instill a culture of acceptance for the sugar industry among the people of the region. The interplay of macro and micro forces in Valencia at the time of decollectivization will be explicitly analyzed here, and will be placed in an explanation of the local sugar cane culture.

The explanation which follows is based on the mixed-methods community census. Given the small size of the community and the length of time which has passed since the implementation and subsequent failure of the agrarian reform, no documents were found to verify the information presented by community interviews. However, the major landmarks in the community’s history were described fairly consistently, thereby suggesting the reliability of these reports (see Figure 2).
6.1 Historical Overview and Formation of Valencia

Valencia consists of 31 households and a population totaling just over 150 people, including children (younger than 15) and adults (Figure 3). It is located in the department of Chinandega, well-known for the cultivation of both sugar cane and cotton, although the former is no longer extensively planted. This region is home to approximately 85% of Nicaragua’s sugar production, and two of the country’s largest sugar mills, with the *Ingenio San Antonio* being the largest followed by the *Ingenio Monte Rosa* (López L. 2003). The second mill employs the inhabitants of Valencia as well as the sugar industry workers in nearby communities.
Historically, this region was also known as the heart of Nicaraguan cotton production, which began in the 1950’s under Somoza’s careful watch and expanded in the following decades, displacing small grain farmers to less favorable lands in the interior of the country (Spoor 1995). This growth continued until the mid-1980’s when a number of limitations combined to make the sector unprofitable. These included a decrease in the wage labor pool as a result of the agrarian reform, difficulties with importing agricultural inputs due to the war, and excessive pesticide application. Pesticides had become increasingly less effective following decades of use, which played a hand in the collapse of cotton farming in Nicaragua and neighboring countries (Enríquez 1991). Both the sugar cane and cotton sectors have played an important role in the shifts that have taken place among the residents of Valencia through the years.

Leading up to the triunfo of the armed revolution, Valencia was a private hacienda whose owner had grown primarily cash crops. The owner had been a colono, renting out his land to the sugar mill for the cultivation of sugar cane, which was and continues to be common practice in the region. Cotton was also grown on the hacienda,
as this was a popular crop throughout Chinandega at the time. The farm possessed a well-developed infrastructure, with a number of large buildings for storing grains, housing workers, and warehousing agricultural supplies (see Photos 1 and 2 below). Shortly after the regime change of 1979, the owner found himself with bank debt that he was unable to pay. As a result, the hacienda was confiscated by the revolution and converted into a Cooperativa Agrícola Sandinista (CAS) or production cooperative.

Photo 1: Former hacienda’s dormitory building, now divided into five homes.

Photo 2: Former grain storage building, now divided into three homes.
The cooperative was formed in 1981 with approximately 900 manzanas of land and a membership consisting mainly of workers from different communities in the distant northern part of the department. It is not clear whether the founding members were purposefully selected by the state or whether they simply chose to participate after finding out about this new, appealing work opportunity. However, once the link with northern Chinandega had developed, chain migration occurred in which those who were already involved sent word to other family members back in their home towns. As more of these family members arrived throughout the decade, the ranks of the cooperative membership peaked at 38 in 1990. Most of the ex-members who remain today learned of the cooperative through personal family contacts and friends who had been previously incorporated into the farm. One illustrative example is that of Doña Petrona, now feisty and white-haired, who arrived in the community as a young woman in 1983. Her husband had moved to the cooperative a year before after hearing about it from their oldest daughter who was already a member. Doña Petrona later followed her husband, and some time afterwards subsequently sent for their children. As she explained, “So, [my husband] hauled me here. Then I hauled all my family. And that’s how we moved. That’s how we stayed here.”

For the first two years of its existence, the cooperative continued to focus on the cultivation of cotton, although the results were nowhere near as positive as had been hoped, since the crop began to fail in Nicaragua and Central America as a whole. It was clear that a change in strategy was needed, and Valencia’s production shifted from cotton to basic grains, including corn, sorghum, and rice, with roughly one hundred and fifty
manzanas of land being allocated to the production of each. What was produced was transported into the city of Chinandega and was sold for a “good price, [a] fair price,” such that “producers didn’t have any problems to complain about”. None of the interviewees remembered the cooperative having sold its production to ENABAS, suggesting that if they did so, the relationship between the company and the community was minimal and likely amicable.

While a Directive Council of community members managed the farm’s affairs, participation seems to have been fairly democratic overall. Members farmed and conducted the cooperative’s business jointly in the early 1980’s, using the cooperative’s three tractors to work the land. Each received a daily wage during the growing season, and profits were divided amongst the members upon sale of the crops. Conditions were comfortable, with an electric pump and water tower providing running water to each household. The farm was even able to pay for the construction of its own gas pump following several years of respectable production in the middle part of the decade. In the late 1980’s, the cooperative was shifted to a surco muerto plan in which each member was responsible for farming an assigned section of the fields, with individual sections being separated by a “dead row” in which nothing was planted. This production scheme was commonly used throughout the country in the latter part of the decade in an effort to increase individual accountability and off-set the free-rider problem common on collective farms, thereby hopefully augmenting production levels (Jonakin 1996). It was around this time in the decade that the municipality of El Viejo confiscated approximately 700 manzanas of the cooperative’s underused lands (in other words, two
thirds of their total holdings) in order to form another cooperative nearby. Community members were unsure about why their land had been targeted specifically. This almost certainly added fuel to fears that would surface later among community members about the security of their land holdings, an issue which affected land sales following the community’s decollectivization and can be seen reflected in current land distributions in the community (discussed below).

6.2 The Macro-Structural Context on the Landscape

Of the three main macro-structural factors discussed above, economic incentives and land titling had the greatest impact on Valencia. Both these areas underwent a number of adjustments which made collective farming much more difficult and provided incentive for decollectivization. Economic incentive changes, especially the reduced availability and higher cost of credit, limited the potential profitability of the cooperative. Members also believed that their land title was weak and would likely be challenged in the years following 1990. The fear that resulted from this belief, combined with the farm’s new limited profitability, motivated members’ decision to decollectivize.

**Economic incentives and the market**

Many of the economic and livelihood changes that have occurred in Valencia following the elections of 1990 have hinged upon the cooperative’s inability to overcome credit and debt problems in the years immediately following the 1990 governmental transition. The cooperative found the UNO’s new restrictive credit policies to be a significant constraint for the continuance of their collective farming practices. As discussed in Chapter 4, the availability of agricultural credit was reduced drastically in
the 1990/91 growing season, and continued to decline throughout the decade. It was heavily biased towards large, export farms and was provided at higher interest rates than before. Hardest hit were the producers of basic grains, like Valencia, of whom only 10 to 15% received loans (for significantly reduced amounts) under the UNO’s banking system. Obtaining credit was further complicated by the closure of smaller banking offices, including the closest one to Valencia, which had been located in El Viejo (Davis et al. 2001; Enríquez 2000). While cuts in credit affected farmer’s ability to plant, increased competition also lowered the prices that farmers received after producing. This competition resulted from the elimination of international trade barriers and the introduction of demobilized soldiers into the agricultural sector, thereby increasing supply. These economic policy changes had a direct and negative impact on production in Valencia.

After one year of operating under the new ‘free market’ conditions, the cooperative in Valencia found itself in debt and too short on sales to pay. While this may have been overlooked in the revolutionary years, new policies included much stricter repayment requirements and imposed higher interest rates. As the community president explained, “After the [UNO] government won, we didn’t fit into the financial policies anymore. We didn’t have the right conditions, with the high interest rates. We worked a year with them and ended up owing a ton of money.” Lacking any other alternatives, the members opted to sell their best tractor, a big John Deere, and 100 manzanas of their land, in order to pay off the outstanding loans. It was clear from the nostalgic way community members spoke about the tractor that it must have held significant symbolic
meaning for them, and the decision to sell it was surely difficult. The outcome of this one growing season under the new system had thus been very negative, and it was agreed that the cooperative framework no longer made sense and should be eliminated; continuing to farm collectively would simply result in the incursion of more debt. One senior member recalls people thinking, “We’re not working with the bank anymore. We’re going to end up with no land, no tractors, and no profits.” Over the course of a week in 1992, the cooperative’s lands were divided among the members, with each receiving ten to eleven manzanas. The remaining two tractors were also sold and the profits were redistributed among the members. The farm had been completely privatized. From this point onward, each individual would decide how to best manage his or her lands and intra-community differences would begin to grow.

Land titles

The decision to decollectivize was not entirely economic, however. Tenure insecurity also figured prominently in this equation. Valencia, as a cooperative, had been issued a collective title early in the 1980s. Later, another title was issued which presented the names of all 38 members, a number of whom abandoned the cooperative in 1990, leaving the community with an inaccurate (and thereby weak) title to its land. It appeared doubtful in the storm of land title litigation following the UNO’s ascendancy to power that Valencia’s revolutionary papers would be honored. On the other hand, if each individual were allotted part of the cooperative’s land and was in possession of the title to that land, any attempts at confiscation, either by the government (as had occurred shortly prior with the municipal confiscation) or the former owner, would be much more complicated. Increasing the difficulty of questioning the community’s land holdings, it
was hoped, would deter any attempts to do so. To a large extent, then, the break-up of
the cooperative was a defensive strategy aimed at conserving the cooperative’s resources.
After consulting a lawyer, the five officers of the Directive Council were able to obtain a
new, official title to the land on which only their names were listed. Although they could
easily have sold the land and absconded with the profits, they opted instead to facilitate
the titling process for each individual member. Today, nearly two decades later, there are
still a number of members who have not received their title, and others who have had it
for only a few years. This tenure insecurity, which was perhaps stronger than in other
communities given the land confiscation which had already taken place, played a role in
many members’ decision to sell all or part of their lands, as will be discussed later.

6.3 Local Characteristics

Difficulties were generated not only by tough counter-reform policies, however,
but also by Valencia’s production problems. Evidence indicates that this cooperative was
probably not as efficient as others. Once the farm had been parceled, community and
individual work histories, specifically in wage labor and the sugar industry, played a hand
in affecting livelihood decisions. As each household made divergent choices, including
partial or total land sales, intracommunity variation began to increase to create the
conditions which can currently be seen in the community.

Cooperative productivity and profitability

A discussed above, studies have shown that during periods of indirect
decollectivization such as occurred in Nicaragua, those cooperatives which are least
productive have the most incentive to terminate collective production and privatize
shared resources first. Although none of the interviewees suggested that Valencia was not efficient or productive enough to survive without the direct state support provided to the farm during the 1980’s, there are a number of clues which indicate that this was indeed the case. First, cooperative members discovered that, while operating in a credit environment in which loans were increasingly scarce, interest rates were higher, and repayment requirements were more strictly enforced, they were unable to break even, much less make a profit. The cooperative was therefore not efficient enough to attain self-sufficiency.

This was not true of all cooperatives in the area. A cursory intercommunity survey carried out in the surrounding region discovered that the members of another village (located no more than five kilometers away), which had also been a CAS during the revolution, did not opt to decollectivize until 1996, five years after Valencia. Clearly, there must have been large, local, farm level differences between these two CAS. The second observation would thus be that, although most collective farmers decided to privatize throughout the decade in a slow war of attrition, Valencia was among the first wave of those who chose this path. Other cooperatives were able to weather the increasingly difficult economic situation much better. It is important to point out here that, while differences in land quality have been shown to influence cooperative productivity and thus decollectivization in some instances (Mathijs and Swinnen 1998; Swinnen 2001), this was not the case in Valencia. Many manzanas of the former cooperative’s lands are now owned by one capitalist farmer who lives in the city and plants basic grains for sale every year, suggesting his continued ability to make a profit.
If land quality were an issue, the new owner would likely be no more successful than the former cooperative. Apparently, even with similar resources and negative external pressures, some cooperatives were not as successful at collective production as others. It is likely that Valencia was less efficient than other communities, and found it necessary to privatize earlier as a result.

Having divided the farm’s resources very early on in the difficult decade of the 1990’s, Valencia’s members were then independent and thus subject to market forces without the risk-sharing buffer formerly provided by the collective framework. As described by Jonakin (1996), this may have left them more vulnerable than farmers who remained in cooperatives. Furthermore, the community’s farmers had already shown their inability to make a profit in the agricultural sector even when endowed with the increased benefits afforded by the collective framework (such as risk-sharing and higher access to credit). There is little reason to think that they would have dramatically improved the outcome of their farming practices when confronted with the more difficult conditions presented to individual farmers. Valencia’s relative lack of productivity thus became a key factor in initiating the chain of events which has occurred in the community in the post-revolution era. It prompted community members to opt for decollectivization early in the decade, thereby leaving members more exposed to the difficult economic conditions of the day, which in turn may have increased their dependence on OFE.

**Community and individual work histories**

Individual and regional employment histories have been shown to influence the decisions that are made during and following decollectivization, meaning that both must
be examined in order to understand Valencia’s current livelihood strategies (in particular, that of wage labor in the local sugar mill). This speaks directly to the issues of place and livelihood and the ways in which they mutually shape one another. In terms of place, Valencia has had a connection to the sugar industry for decades, although in the past it was much weaker than it is presently and considerable community membership turnover has occurred over the years. The region in which the community is located is also a major locus of sugar production, and a wide-spread acceptance of the industry is part of the local culture. As for livelihood, decollectivization studies describe that people are likely to resume or continue working in jobs with which they are already familiar, and a handful of Valencia’s residents had noteworthy sugar cane wage labor experience prior to decollectivization. Even those who did not survive from this type of work lived in close proximity to it, and may have been involved with it intermittently. In other words, the community and region (place) have long been closely connected to the sugar industry (livelihood) and a culture of acceptance is common among the people in the area.

**Place and livelihood: work histories in Valencia**

The inseparability of place and livelihood highlights the importance of sugar cane being one of the dominant agricultural products of Chinandega, and the fact that Valencia lies right in the heart of the main cane-farming area. The crop has been predominant in the area for decades. Before the formation of Valencia as a cooperative, the hacienda had been privately owned and its lands had been rented to the Ingenio Monte Rosa for the cultivation of sugar cane. Don Rafael, whose detailed memory of this era was impressive, explained that the hacienda had even served as a base of sorts where many cane cutters and workers stayed during the zafra, or cutting season. Some of the
cooperative’s lands continued to be rented to the mill until the middle of the 1980’s. In fact, a number of interviewees mentioned that cane was still being farmed on cooperative lands when they arrived. Perhaps most importantly, residents of the community were hired on temporarily to weed those cane fields during this period. This means that many workers in the village had at least some sugar cane-related work experience prior to 1990, even though it had been rather informal. As such, at the time of decollectivization, sugar cane employment had been present in and around the community and region for an extended period of time and had created a legacy which made sugar cane wage labor seem customary and appropriate to people throughout the area.

A look at individual work histories from Valencia shows that several individuals also had much stronger connections to the sugar industry. Although only one head of household professed to having worked primarily for the sugar mill prior to the revolution (see Figure 4 below), two others had also held this form of employment sporadically, although it was not their primary livelihood. This is to say that, in 1991 when the cooperative had been completely parcelled and farming no longer appeared to be viable, three community members already had a high degree of sugar industry experience. One of these had even worked seven zafras during the revolution while living and working in the cooperative. These individuals asserted that they had few qualms about returning to work for the sugar mill early in the 1990’s, and may have served as models for others in the community.

Equally important as this pre-existing experience in the sugar industry was a history of wage labor as the primary source of income for the majority of the
community’s residents. Only two ex-cooperative members of those who remain in the community had owned land before joining the cooperative. One other had farmed on rented land. These three together represent 12% of the community’s heads of household. However, before the agrarian reform, one third of the current heads of household had been wage laborers, and another one third had worked a relative’s land. In other words, 65% of Valencia’s heads of household had worked in agriculture, but had not been self-employed. By seeking work in the mill, these individuals were simply reverting to what they had known before, an agriculture-related job in which they worked for someone else. This would support existing literature on the subject; following decollectivization, former cooperative members will use existing skills and established habits in determining livelihood decisions.

![Figure 4](image.png)

* Figure 4. Principal form of employment prior to revolution (by household).
* Those who were children at the time of decollectivization have been excluded.
The persistence of a local sugar cane culture in Chinandega and community residents’ willingness to return to familiar forms of employment both show the effect of time. Although the agrarian reform had decreased the relative importance of the sugar industry throughout the area and made rural populations less dependent on wage labor, ten years was not enough to erase the economic specialization historically present in the region. As Luong and Unger (1998) point out, these specializations can resurface even a half century after they have been abandoned. At least one community member even continued to work regularly for the mill in the midst of the agrarian reform, and others were hired on informally to work the cane fields close to the community. Under these circumstances, it was simply impossible for the well-established regional dependence on the sugar industry to disappear completely. Furthermore, by taking on sugar cane wage labor following decollectivization, Valencia’s members were drawing on existing work habits which dated to their pre-revolution work days. This again illustrates the difficulty with which change may be implemented and suggests that profound reforms such as this one need to be carried out over extended periods of time in order to be completely effective.

**Intracommunity differentiation**

It is important to recall that the decollectivization process is not homogenous. Not all members receive equal quantities of land, nor are all lands of equal quality. Furthermore, it may be difficult to equitably divide physical assets such as tractors and buildings. Following decollectivization, the independence granted to farmers also ensures that individual and family paths will begin to diverge in the coming years as each makes different decisions based on their unique circumstances.
This has certainly been the case in Valencia where significant intracommunity differentiation is visible. Families have different amounts of land and put it to a number of diverse uses. This is due in part to the land sales that began throughout the community shortly following the redistribution of the cooperative’s resources. It is these land sales, and not other activities such as parcelation of family holdings among the children, which have caused the current landholding situation. While the motive for these sales has varied among families, they can generally be grouped into three categories as previously discussed: 1) financial distress, 2) non-emergency, and 3) land tenure insecurity.

Financial distress was cited by seven of Valencia’s households (22%) as having motivated them to sell part or all of their land. These families’ financial troubles were generally caused by three different situations: 1) illness, 2) low agricultural incomes, and 3) and indebtedness. Given low income levels throughout the community, and in particular during the 1990’s with the decade’s tough economic reforms, there was very little room for unforeseen financial stumbling blocks. Common among these was family member illness. In order to pay for the sick individual’s medicine and other medical treatments, some families found themselves obliged to sell parcels of their land. In a couple of cases, such as that of Doña Petrona’s daughter, Doña Maritza, it was only necessary to sell part of the land. In order to pay for her daughter’s extended hospital stay, the family decided that Doña Maritza’s husband would have to convert some of their lands into cash, “Yeah, he had to sell it, one time when [my daughter] was about to die on me. She had a damaged lung, really little. Her lung got hurt because she suffered from asthma. I was [in the hospital] three months without coming home. So he sold land
in order to send me money. We sold four, three manzanas.” Doña Martiza was lucky, however. Her daughter healed, and her family still possesses sufficient lands to grow a small corn crop for household consumption. Other families have been left nearly landless following such unfortunate incidents. In these extreme cases, involving serious, prolonged health problems, families have ended up with only their patio.

Beyond helping to cover shortfalls in medical expenses, distress land sales were carried out by many of Valencia’s families to offset seasons of low agricultural production and low wage earnings which were not enough to ensure even survival levels of caloric intake. In other words, when weather conditions resulted in a poor growing season and off-farm labor was in short supply, some families sold their lands in order to eat. As Don Pablo, one of the earliest members of the cooperative, explained, “The thing is that there were times, years that we didn’t harvest anything. We sold our land to survive, to eat.” Don Pablo is currently one of the largest landholders in the community, having sold only around half of the twenty two manzanas he and his wife were originally allotted. As suggested here, years with low farm production have had serious consequences following decollectivization. The cooperative no longer exists to provide its members with a safety net.

Years of low production were particularly influential for those farmers who were successful in obtaining bank loans in order to pay for seeds and fertilizer. When less than ideal environmental conditions created inferior yields, their resultant indebtedness meant that they had to resort to land sales in order to pay the loans and cancel their debt. The president of the Community Committee claimed that this happened chiefly to farmers
who used their lands as collateral. They had no other resources to offer the bank as a
guarantee of repayment, and ultimately were left without even their land.

The second large grouping of land sales, those which were carried out for non-
emergency reasons (i.e. to improve the seller’s situation, but not out of economic
necessity), can be broken down in two types. The first of these is location. Valencia’s
lands had been allotted randomly in a drawing. According to community members, they
had little to no influence in this process. As a result, some ended up with several fields
separated by significant distances. Others received fields that were far from the main
area of the community. A number of these farmers, displeased with the location of their
lands, sold them in order to purchase others in a more convenient locale. There appears
to be little evidence of them having done so, however (only one family affirmed having
purchased elsewhere). While this could mean that purchasing other lands nearer the
community ultimately proved too difficult, it may also suggest that these individuals had
little interest in continuing to farm, in which case these sales would probably fall under
the cultural explanation below. Also in this category of non-emergency land sales can be
included those members who decided to return to their hometowns. Since most of the
people who settled in Valencia during the revolution were not native to the area, it is not
surprising that a handful decided to rid themselves of their holdings and return home
shortly after the revolution’s defeat. Nonetheless, not all non-emergency land sales were
so innocent.

A number of interviewees (seven) offered more of a cultural explanation for
community members’ decision to sell their lands, although this was unfailingly in
reference to others. In these accounts, interviewees explained in hushed voices and with sideways glances that their friends and neighbors had actually sold their lands due to vicios (vices, particularly smoking and drinking) and a desire for short-term increases in consumption. Any attempt to attribute the land sales to economic necessity, these participants claimed, was mere façade. As Don Julio said, “There were people here, members, who sold [their land] just to buy themselves things, put on nice clothes, drink, go out, wander.” While these assertions may stem from intracommunity jealousy and feuding, an examination of the community bar-owner’s success through the 1990’s does lend some credence to the allegations. By the end of the decade, most of the former cooperative members had found themselves in an increasingly tense and difficult situation. Doña Ana, on the other hand, proudly announced that she and her husband had managed to accumulate forty one manzanas of land (up from their original twenty two), a car, a tractor, a truck, and a jeep. They had purchased twelve of those manzanas from other community members. They were the owners of two disco-móviles (traveling DJ systems), a small home-run store, and they had nine cows. Although the relationship ended in divorce and their farm no longer exists, the couple’s success was confirmed by others in the community. Doña Ana’s was the only bar in town, and the amazing gap in prosperity between her family and most others in the community is telling evidence for culturally motivated land sales.

Perhaps, as Baumeister (2000) suggests for Nicaragua’s agrarian reform overall, Valencia’s members never overcame their ‘laborer’s mentality’ and were never truly converted into established farmers. So few had actually owned their own land before the
revolution that it maybe seemed natural to return to wage labor as a livelihood strategy. The importance of land ownership and its relevance to their lives was perhaps not at all clear. Since agricultural wage labor had been their main livelihood prior to the revolution and they had no qualms about returning to just such a condition, community members would have felt little need to avoid selling their lands. This would certainly be echoed by Luong and Unger’s (1998) China study in which communities and households resumed activities that they had been forced to abandon decades earlier. In short, it may be possible to leave aside the moral judgments implied in this cultural argument and merely conclude that, having had little prior landholding experience, some people simply did not view landownership and the conservation of their holdings to be a necessity because they had never truly become farmers. While it may seem like an anomaly from a research perspective that Valencia’s residents sold their reform lands and returned to relatively disadvantaged wage labor positions, perhaps the only truly exceptional event is that these individuals spent a decade away from such work participating in the agrarian reform. While the revolutionary experience did create many profound changes for the community’s residents, it did not permanently shift their livelihood expectations (as may be anticipated when time is considered).

Finally, land tenure insecurity also motivated a number of land sales. Rumors abounded that the former owner would return to reclaim what he had lost, or that the government would evaluate Valencia’s title and would be likely to confiscate the community’s resources in the process. Some farmers thus acted preemptively and sold
their lands before they could be taken away. Don Lalo, who today has only two
manzanas of land left, confessed that he had mistakenly believed these rumors to be true:

[W]hen Violeta [Chamorro] won, all those land takeovers happened. And then, she had this cooperative in her sights. And the government said, “Everyone who has lands that have been confiscated, given by the Sandinista government, they will be taken away and handed over to their owners . . .” But not here, because the members came and said, “No. It’s better for me to sell my land and leave so they don’t take it away.” And that’s what they did. Many members sold and left. . . So, I made the same mistake, too. . . I ended up with just two [manzanas]. Today, I feel bad about having sold them. I will never get that back, now.12

There is pain evident in Don Lalo’s words, first as a result of the fear of land seizures that reined during the UNO government, and second for having fallen victim to the hysteria of fear-based land sales. Having believed this hysteria has been made more painful in hindsight, given the fact that ultimately no attempt was made to seize or even evaluate the validity of Valencia’s landholdings. Nevertheless, at the time, these farmers believed that selling their reform lands was an appropriate and effective defense against the land tenure chaos occurring throughout the country.

**Conclusion**

The macro-structural changes which filtered down to Valencia in the 1990’s influenced and interacted with local agents and their decision-making processes in creating the livelihood landscape which currently exists in the community. The reduced availability and higher cost of credit, coupled with the cooperative’s inefficiency, meant that collective farming no longer offered a real livelihood option for the farmers of Valencia. This continued to be true even after decollectivization; families were not able to sustain themselves through their individual farming practices, and most sold at least some of their land as a result of financial difficulties. Others sold for non-emergency
reasons, possibly as a result of not having adapting to the farming lifestyle after years of wage labor dependence. A third group decided to sell preemptively in order to avoid the possibility of later confiscation. These land sales have led to a rise in landlessness and land poverty and have widened the landholding gap among families in the community.

6.4 Macro and Micro Influences Combined: Livelihoods in Post-Revolution Valencia

So far, a number of macro-structural and local characteristics have been described in detail, beginning with the large changes that occurred in the making and unmaking of the agrarian reform, and how those changes translated into reality on the ground in Valencia. The following sub-section will speak to the results of that interaction, particularly as pertains to shifts in livelihood patterns. Not only did farming prove to be impossible for the cooperative, the last decade and a half have also shown its impracticability for Valencia’s individual farmers, as well. This failure of farming and an atmosphere of generalized economic duress help explain why many farmers understandably chose to sell their landholdings. The necessity of taking off-farm employment became increasingly apparent, and past experience with the sugar industry made this seem a logical choice for a number of workers in the community. The work has continued since that time, becoming institutionalized among community members, but they show a definite willingness to abandon it when alternatives are available, even when they do not pay as well.

Current land use and the failure of farming

Following close to two decades of land sales among Valencia’s inhabitants, the village’s current landholding distribution is very different from the homogenous one
presented shortly after redistribution occurred (see Figure 5). Nine households, or nearly 30% of the community, now possess no land whatsoever, and they live in homes built on borrowed property. Another ten households, or 31% of the community, have only their patio. Thus, two thirds of the community is landless. A portion of this land poverty is due in part to the young age of some of those who fall within these two categories. They belong to the community’s second generation; they were too young to have received land during decollectivization and their parents now do not have enough to leave them any. This is the case for at least five households. While many of these extremely smallholders do have gardens and fruit trees in their patios, the economic savings that result are not large, especially since few can afford to fertilize and production levels on these plots remain low (see Photo 3).
In the next category, one fourth of the community has between 1.1 and 5 manzanas, which is large enough to produce for self consumption, but probably not for sale. Only 16% of the community, or five households, own sufficient land to enable production for the market, although few of them consider farming to be a viable livelihood option. All interviewees explained that cultivating simply generates more expense than profit. As Don Chico succinctly explained, he wouldn’t be able to make a living at farming “even if they gave me 100 manzanas. You can’t do anything . . . you’ll never live well [farming], even if you have land.”13

![Figure 5. Current landholding distribution.](image)

While numerous interviewees provided a rough item-by-item calculation of the costs of farming per manzana, the president’s was most concise. Using current prices
charged by tractor owners, Don Sergio estimated the cost of breaking ground, leveling, and plowing rows to be C$1,300. Two one hundred pound bags of fertilizer would need to be applied at a combined cost of C$750, creating a per manzana total planting price of C$2,050. Average production in the community ranges between 15 to 20 quintales (hundredweights) of corn per manzana, which is purchased for C$100 at harvest time, thereby creating a financial loss of C$550 to C$50. While Don Sergio and other community members admitted that higher production levels were possible, they necessitate increased used of chemical fertilizers, which implies raising costs that then offset the higher production. The price of inputs thus affects yield levels and the viability of farming for these individuals.

Evidence suggests that those who can afford to pay for additional chemical fertilizers may indeed be able to make agricultural profits. As mentioned before, capitalist agriculturalists who have purchased the cooperative’s former lands, and whose financial resources allow them to use more inputs, continue to plant each year (and presumably generate a positive return). Even some small farmers in other nearby communities do not face these same obstacles and are able to survive off agriculture to a greater extent than producers in Valencia, even if they have to supplement farming with OFE. Apparently, slight local variations in the cost equation described above by Don Sergio can have a large impact on the success of farming in a given community. For Valencia’s residents, local conditions have made agricultural an untenable livelihood option.
The evidence for this failure of farming lays in the percent of land that is actually used for cultivation. Although all community members’ landholdings now total just over 100 manzanas (down from probably 300 to 350 that were redistributed in 1991), only one fifth of that area is used for planting crops (see Figure 6). Just over half the community, sixteen households, do no farming at all. Another 42%, or thirteen households, farm small plots for self consumption. Only two households claim to grow and sell commercial crops, and they do so on only a small portion of their lands. At the time of the study, which was carried out during the middle of the rainy season when all the year’s crops had already been planted, no one was farming on rented land. Those who had planted had used a limited portion of their own holdings, making Figure 6 simply a more condensed version of Figure 5.

![Figure 6. Amount of land farmed.](image-url)
Although most community members assert that “la agricultura no da” (farming does not result in profits), there is one agricultural livelihood which is viewed more positively. Ranching is perhaps less difficult than planting, and is considered to have a better profit margin (see Figure 7 and Photo 4). In fact, cattle are seen as a better investment than farming throughout much of Latin America. They provide multiple benefits such as manure for fertilizer, they serve as beasts of burden, and they produce milk and cheese (Jokisch 2002). In Valencia, owning just a few cattle allows a household to either consume, sell, or process the milk into cuajada, a type of curdled cheese made in the home for consumption or sale, and ranching also carries the additional benefit of being only as labor-intensive as desired. Those who do not have much time or interest in processing their cows’ milk may choose simply to sell it to an intermediary. On the other hand, cattle require sufficient grazing land in order to stay healthy and produce milk. As such, this makes landless families’ participation in ranching very difficult, as they must pay a per-day fee to other land owners who rent out their pasture. Unsurprisingly then, twenty three of the community’s households (74%) do not dedicate any land to cattle. However, eight families (26%) do have pasture lands. Three of them rent to others, although only Don Rafael does so consistently throughout the year, thereby allowing a small handful of other land poor families to maintain their one or two cattle. It is important to note that the community’s largest landholding family makes a significant contribution (thirty manzanas) to the seventy three total manzanas dedicated to pasture.
Figure 7. Land dedicated to pasture (improved and unimproved).

In 1991, each of the twenty families that remained in Valencia received approximately eleven *manzanas* of land, for a rough redistribution total of 308 *manzanas*.
overall. Today, only one third of that land is still in the hands of community members. Some families sold all of their lands to return back to their home regions. Others found themselves in difficult financial situations, whether due to illness or crop failures, and decided that selling land was the only solution. Yet others, having come from a wage labor background, perhaps never fully adapted to landownership and slowly dismantled and sold their farms in order to increase short-term consumption. It is important to note that these land sales demonstrate the wide-spread perception that farming no longer provided a living wage. Farmers could not recuperate with the sale of their products the expenses they had incurred in planting them. The consequence of land sales and the failure of farming has been that differences in well-being between families and individuals have been widening. Many families now find themselves without the possibility of agricultural self-employment, particularly those which are landless or extremely land poor, and have had to resort to off-farm labor as a result. Community members’ entry into the sugar industry developed out of this condition.

Sugar cane
In 1991, Valencia’s newly independent farmers were faced with a growing credit shortage and decidedly less agriculture-friendly atmosphere. This made obtaining inputs and selling outputs more difficult. Farming as a principal means of earning a living was already significantly undermined. It was at this time that a recruiter for the local sugar mill happened to be making the rounds through the area’s rural communities, organizing a cane cutting crew for the upcoming zafra. This is typical procedure for the mill, which contracts crew bosses who are then responsible for filling and maintaining the crews. That year, roughly ten men signed on to work as cane cutters during the six month dry
season (see Photo 5). Some of the ten have worked continuously for the mill since that time, and have been joined on the cutting crews by many of their friends and neighbors from the community. A number of Valencia’s residents have held this employment sporadically since 1990, and a few have shifted away from cutting (considered the most difficult and least attractive sugar industry job) to other forms of mill employment, such as working on the planting or watering crews (see Photo 6). While some of the older members have abandoned working for the sugar industry altogether, their children have now begun to take on this work.

*Photo 5: Cane cutter from Valencia*
Since decollectivization, a new generation of Valencia’s residents has come of age. They have done so, however, at a time of economic insecurity and widespread land sales throughout the community. As such, many have grown up without any opportunity to farm, and there is certainly for too little land for these individuals to have any hope of inheriting a sliver on which they may plant. This leaves them with few other choices than to seek off-farm employment, of which there are few options within the community or surrounding area. As Don Marcio cleverly explained, “It’s not that I like [working for the mill]. But, as we say, there’s no other tree to hang yourself on, here. There’s no employment anywhere else. . . So, everyone heads for the mill. Of course if there were other work, I wouldn’t cut cane. I could avoid lots of illnesses. But since there’s no other option, I have to go [to the mill].”¹⁴ Work on nearby farms pays only roughly C$30 for a half-day, and C$50 for a full day (approximately US$1.50 and US$2.50 respectively), while even mediocre cane cutters may earn as much as US$200 per month. Stronger workers may earn as much as 50% more. Despite the nearly universal dislike of
cane-cutting as a job (based particularly on the belief that working in the hot, chemical-laden cane fields eventually leads to sickness and death), many people have decided that this is their best option. This reliance on sugar cane employment, particularly that of cane cutting, has potentially serious implications for community members’ health. Most clearly feared the possibility of contracting a potentially life threatening case of kidney failure, the incidence of which is wide-spread throughout the region’s sugar cane communities. Valencia has lost several young, male cane workers to the illness. While the cause of this epidemic is not clear, the workers allege that it originates with the chemicals that are used in the cane fields, leading some to protest work conditions at the mill (see Photo #). These issues of causation aside, illness does sometimes result from working in the cane fields and represents a potential threat to workers’ well-being. Employment in this industry is thus taken on with a certain degree of trepidation and suggests that sugar cane wage labor is probably not a preferred choice for most workers.

*Photo 7*: Sugar cane workers and family protesting in front of mill entrance.
When asked if sugar mill employment was important for Valencia’s residents, nearly every interviewee responded that it was the only job available, even those who did not themselves participate in this form of employment. Valencia’s first generation of sugar mill workers started in the early 1990’s, and this livelihood option has slowly become institutionalized as subsequent generations have grown and taken on the same work. According to the president of the Community Committee:

Those of us who started, some got sick and stopped working [for the mill]. Others changed their jobs... Now the younger ones ended up going [to the mill], the youngest ones. Even today, they haven’t stopped going. The older folks don’t go anymore. Now it’s the younger ones. Like that, it doesn’t stop. There are always, always people working there. 16

The result is that virtually every family in the community (all but two) has at least one member who is working or has worked for the mill (see Figure 8). Fifty percent of the community’s adults have held mill employment at some point, including the one third of them who work for the mill currently.

![Figure 8. Valencia’s sugar workers.](image-url)
The vast majority of Valencia’s male residents rely on sugar cane wage labor as their primary source of income. The president placed the rate of participation at 80% of the community’s males, and Don Victor, a former member of the Directive Council, explained that, “There are only four of us [men] here that don’t work for the mill. . . Other than that, all the youth work there. Every last one of them. And there are a lot of them here. All of them, all of them work there.” In fact, Valencia’s employment participation in the sugar industry is notably higher than that of neighboring communities (see Figure 10). So many people from this community work for the sugar industry and must be bussed into the mill that the bus actually “sleeps” in the community (i.e. parks there overnight and begins its route there in the morning). The members of other communities must wait by the highway for the bus to pass so that they may board, while the sheer volume of workers in Valencia has allowed them to negotiate this more comfortable arrangement.

Figure 9. Number of mill workers by household.
Each of the communities included in the table could be considered to neighbor Valencia, and three of the four have had similar histories in the agrarian reform, yet their residents have seemingly found alternative livelihoods to that of sugar industry employment. Community A is located about one kilometer from Valencia on the same dirt road that leads towards the main highway (see the map in Figure 11 below for a visual reference). It was also a CAS during the revolution, and is known for contributing a generous number of workers to sugar mill wage labor. Despite this reputation, its members’ involvement with the mill is still much less than Valencia’s. Community B is located another two kilometers beyond Community A, where the dirt road meets the highway. It was the site of a machine workshop during the revolution where nearby
cooperatives could get their tractors serviced. While the residents of this community appear to participate in mill work to an equal degree to those of Community A, the percentage is actually misleading since all of the community’s mill workers are from one family. To arrive at Community C, one must then travel another kilometer down the highway and onto a different dirt road. This community too was a CAS during the revolution, but unlike Valencia, did not decollectivize until 1996. Although Community C is also well-known for being home to numerous mill workers, its rate of participation is still only half that of Valencia. Finally, Community D lies four or five kilometers from Valencia and was not involved with the agrarian reform in any way, having already been an established community prior to the revolution. It is the largest of the five communities on the chart, and has very few residents who work for the sugar mill. Those who do, have factory work which is a higher status position than that of cane cutting. The rest of the community’s members make a living in agriculture, whether farming or ranching, as well as alternative sources of off-farm employment. Although the number of communities sampled here is insufficient to draw concrete conclusions, it is noteworthy than the four communities which had been involved in the agrarian reform have now become more economically dependent on the sugar industry than their non-reform counterpart. Of those four, Valencia leads with double the rate of participation of the next most involved community.
All but two interviewees immediately agreed that Valencia had a higher percentage of mill employees among its working age population than other communities, although the possible reasons offered for this were varied and inconsistent. Some suggested that this was because other people understood sugar cane-caused illnesses better, or that this phenomenon could be explained by the same lack of wage labor alternatives close to Valencia, while other work options must be available in neighboring communities. Doña Maritza and the president of Community A, on the other hand, felt that since Valencia’s members were not originally from the area, they had fewer family ties and social capital to help weather difficult times. While this was certainly a minority idea, impossible to prove, it once again points to the importance of community and
individual histories and the ties between individuals and communities (*network*) in helping to explain livelihood decisions. It was clear that, although Valencia’s residents were aware of differences between their own and other communities, they had not thought about why this was the case and their interviews do not shed much light on the cause.

*The “tree project”: a further livelihood shift*

During 2006 and 2007, a combined United States and German investment group began to purchase remote lands near Valencia and other communities *más adentro* (or further away from the highway). The group’s intention was to plant teak tree forests as a long-term investment. The increased demand for land that this project created raised land values throughout the area, meaning that the option of purchasing land became even farther removed from the reality of the area’s residents than it had been previously. The project created, however, a handful of short- and long-term jobs. Over the course of several weeks between July and August of 2007, the investment group’s lands were prepared and the teak trees were planted using a significant number of local men and women as wage laborers (see Photo 8).
Once this phase of the operation had been completed, the project hired on a number of permanent male workers whose job is to maintain the various fields, following which the project withdrew from the area to begin planting in other, distant communities.
While some of these men are from Community A, ten of them are members of Valencia who had been previously employed by the sugar mill. Accepting these permanent positions has resulted in a significant reduction in pay. While an average cane cutter may earn as much as US$100 or more every two weeks, tree employees earn only around US$60 in the same amount of time. Despite this, the “tree project” has other advantages; principally, the work area is much closer to the community, the work day also starts slightly later, and the hours are much shorter (going from the morning only until noon or slightly thereafter). The project also pays into the national retirement fund on behalf of its employees. Despite the project’s lower pay, being able to leave their sugar mill positions has allowed workers to move up the employment hierarchy. This involvement in the “tree project” represents the most recent and significant livelihood shift for Valencia’s inhabitants since 1990 and is important for its potential to limit community members’ future dependence on sugar cane wage labor. Follow-up phone contact with the community has not been possible to verify whether workers have persisted with this project, or reverted to their previous mill jobs.

6.5 Conclusion

Valencia’s cooperative farm proved to be too inefficient to weather the credit cuts that occurred following the elections of 1990, and its members decollectivized after farming for just one year under the new system. This decision was also a defensive strategy aimed at ensuring the preservation of the cooperative’s holdings. The farm’s lands and other resources were divided, and individual decisions acquired more importance afterwards. The land sales which occurred throughout Valencia during the
post-revolutionary decade left residents with few work options. Even those who retained their lands learned that farming provided no profits. All of the advantages associated with larger farms had evaporated with the decollectivization, making even more unlikely the success of individual cultivation as a result. Farming had failed, and many discovered that, in order to survive, they needed to seek off-farm employment. This work was scarce in the area surrounding Valencia, and the few intermittent jobs that were available did not pay well. Many individuals then, due to past experience and familiarity with the sugar mill, rising economic need, and their inability to make profits by farming, decided that wage labor in the sugar industry presented the most viable livelihood opportunity. This decision provided them with a steady paycheck and allowed them to avoid the risks generated by an inhospitable agricultural system. As the years passed and these workers’ children matured, they also began to assume these same sugar occupations and the work has become institutionalized in the community. Valencia’s residents, even those who own land, are now almost fully proletarianized. Although some now own more land than prior to the revolution, those who are landless and dependent on wage labor are no better off than they were before. Their apparent displeasure with sugar cane work is evident in their willingness to leave it abruptly when another opportunity presents itself, such as the “tree project”, even if this choice entails reduced pay. For most, working for the sugar mill provides a living wage while waiting for something better.
CHAPTER 7: SUMMARY AND CONCLUSION

Valencia’s experiences during and following Nicaragua’s agrarian reform have resulted from a combination of the revolutionary project, the neoliberal reforms which followed, and the local characteristics which influenced how those governmental transitions translated into reality at the community and household level. This thesis has demonstrated the following points concerning each of these three principal areas:

- Two flaws of the agrarian reform had a deleterious effect on the community of Valencia in the post-revolutionary years. First, the reform’s paternalistic credit policies served principally to subsidize the community’s production, but did not help make the farm more efficient or teach its farmers sustainable, long-term practices. The dependence of Valencia’s cooperative on overt state support for its continued operation left it more vulnerable in later years. While the revolution may have intended to provide more technical assistance, grueling conditions during the decade made this difficult. Second, by relocating peasants away from their hometowns, the agrarian reform also cut them off from their social support. This proved important for Valencia in the difficult counter-reform years because the community’s former collective farmers did not have the typical network of family and friends to whom they could turn when necessary.

- The brevity of the reform period made it unlikely that the revolution’s new, inexperienced farmers, such as those in Valencia, would be able to continue later in the independent agricultural sector. Former economic specializations (sugar cane) and work histories (wage labor) were not erased, and provided a familiar fall-back as farming began to fail.
- The neoliberal counter-reforms put in place by the Unión Nacional Opositora turned the weaknesses of the agrarian reform project into true livelihood liabilities. Two of these proved key in Valencia’s transition. First, credit became scarce and more costly. With higher interest rates and repayment requirements, Valencia’s production resulted only in debt. The land titling review also made members fear for the long-term security of their holdings. Decollectivization was thus chosen as a measure to avoid both debt and potential land seizures.

- Two main factors originating in Valencia interacted with these transitions to create local changes in recent decades. First, the cooperative’s inefficiency, coupled with restricted credit, resulted in high debt and made collective farming impossible under the neoliberal atmosphere of the 1990’s. Once decollectivization occurred, an improvement in the outcome of individuals’ farming practices was unlikely given the loss of advantages such as mechanization. As farming became unfeasible, workers drew on previous wage labor and sugar cane experience in making their livelihood decisions. Land sales and a lack of alternative forms of off-farm employment have forced the children of the community’s original members into sugar cane wage labor as well, which is now their most important source of income. This may change if workers continue their involvement with the “tree project”.

The two bodies of literature which have informed this thesis have been very helpful in providing the main points for the preceding analysis, and for drawing out the relationship between changes in the macro-structural context and shifts at the local level.
Bebbington’s model points to the importance of exactly this type of scaled analysis and emphasizes the need to investigate the ways in which different levels influence one another. Decollectivization studies aids in extending this model specifically to the post-agrarian reform context. This is an important step with Valencia’s particular history, and the fact that it has be paralleled in many communities in Nicaragua and other Latin America countries like Mexico, Honduras, El Salvador, Peru, the Dominican Republic, and Chile, all of which have had agrarian reform periods. The combination of development geography and decollectivization studies illustrates the need for place-based studies in order to understand the diversity evident in these countries’ rural areas. As such, the lessons learned from Valencia may be extrapolated to other similar communities and permit preliminary “theorizing-up” by suggesting important factors which must be considered in understanding rural Latin America. Thus, the livelihood decisions made by a handful of farmers in a half dozen communities become a window on the workings of larger economic and development trends which are shaping numerous other communities throughout the region.

This case-study of Valencia also demonstrates the importance of two other factors, the inclusion of which would strengthen this thesis’ two bodies of literature. The first is an addition to decollectivization studies’ macro factors. Specifically, the structure and goal of the agrarian reform seem to influence local abilities to negotiate the decollectivization process. Second, the experiences of Valencia’s residents show that Bebbington’s model reflects a dynamic progression of household, community, and regional change which must be seen as a continuous flow rather than a snapshot
description of a given moment. It is thus important to add a fifth component to this model, time. Studies based on these bodies of literature should include these suggested additions in order to obtain more well-rounded results.

The design and implementation of Nicaragua’s agrarian reform project ultimately placed some reform beneficiaries at a relative disadvantage in the post-revolutionary economy. The problems that caused this may have been avoided had the Sandinistas not had to endure the difficult conditions brought on by a decade of civil war. Their unexpected electoral loss in 1990 also cut short the reform project and any potential future policies which could have been put in place to rectify existing shortcomings. This said, however, Valencia demonstrates the importance of two particular failures of the revolution which undermined community members’ ability to deal with drastic post-revolutionary changes. First, the indiscriminate and biased allocation of resources with little regard for efficiency undermined the potential of the reform sector relative to already existing, independent producers. The agrarian reform in Valencia served as a production subsidy more than an effort at capacity-building. While the revolution did provide many with access to the means of agricultural production for the first time in their lives, it did not do so in such a way as to teach them to become responsible, self-sufficient managers of their farming practices. It is unsurprising that most ex-reform beneficiaries had a difficult time surviving without the government support they had previously received. Inefficient cooperatives such as Valencia were bound to fail when that support was no longer available. Second, most of the cooperative’s members were former wage laborers and virtually none of them were native to the region; the
community was not yet well-established and its residents had little social capital on which to depend in times of need. This created isolation and limited the livelihood alternatives that were available. It is to be expected that these individuals would revert to the more familiar wage labor sector given such difficult circumstances and the fact that they had not learned to be successful farmers. The revolution’s lending policies and widespread relocation of peasant populations have become disadvantages for a number of farmers in the post-revolutionary years, particularly those who were least productive.

Had these policies been implemented differently, Valencia’s farmers may have had more success in the early neoliberal years. This suggests that decollectivization and the rural differentiation that results from it, vary according to the political goals of the agrarian reform and the way they are put into practice. Although many reformist governments intend to create long-lasting transformation, they must use approaches which truly promote such change. If policies center on teaching sustainable farming techniques, peasant farmers may learn to produce even under difficult conditions. On the other hand, if the principal effect of reform policies is to subsidize production, the benefits of the agrarian reform will be short-lived. It is important to remember that policy effects vary between communities, meaning that post-decollectivization differentiation may result from the different degrees of capacity-building that occur among reform farmers. While Nicaragua’s agrarian reform translated primarily into a production subsidy for Valencia, perhaps the more successful communities nearby received more technical assistance. Perhaps Valencia would even have received more of such assistance had the revolution anticipated its electoral defeat in 1990. At any rate,
investigating the extent to which policies focus on teaching farmers sound and sustainable techniques will provide stronger studies of rural differentiation in the post-agrarian reform context, and is another pertinent area to be included in analyses of the decollectivization process.

In addition, this case-study highlights the importance of adding *time* as one more factor to those listed in the above bodies of literature, and particularly to Bebbington’s development geography model, due to the model’s dynamic and ever-changing nature. Because of the strong interaction which occurs among *scale*, *network*, *place* and *livelihood*, a change in one must create changes in the other three. However, long-standing patterns and traditions are elastic, and will shift only slowly and with time. Revolution and agrarian reform include profound transformations in those four factors, and decollectivization studies hint at the significance of *time* with the idea that longer reforms reduce land rights disputes in the post-reform period. It is also suggested by the fact that regional specializations resurface even after decades of inactivity (Chapter 2). While the interaction of macro and micro influences can have an immense effect on the lived experiences of the people in a given community, these shifts become more pronounced and permanent with longer reform periods. While Nicaragua’s agrarian reform dramatically modified the reality of Valencia and its inhabitants, the fact that the revolution only lasted a decade makes it unsurprising that not all of those changes have endured. Sugar cane had been grown in Chinandega for decades, in and around Valencia, and permeated daily life. Several in the community had worked formally for the mill, and most had done so informally to one degree or another, meaning that Valencia’s ties to
the sugar industry were likely even stronger than those of other nearby communities. A short reform will not make an industry so unquestionably considered to be normal appear alien.

Furthermore, most of the community’s residents had spent their entire lives prior to the revolution working as agricultural laborers for someone else. Giving land to the community’s former wage laborers did not convert them into farmers, especially since they did not learn to use those lands efficiently to earn a livelihood. Farming no longer represents a viable livelihood option in the area, and in particular for the former reform beneficiaries who continue to inhabit Valencia. As a consequence, they have returned to the work with which they are most familiar after a small deviation from it during the agrarian reform, and their lands have been relegated to the role of a savings account on which they draw during times of need or material desire. *Time* shows that years of wage labor and sugar cane habituation could not be overcome with a reform as short as that of Nicaragua. Ten years were insufficient to supplant the prevalent, local, sugar cane culture in Chinandega or undo the legacy of peasant marginalization to the wage labor sector for more than a century.

Not all regions of the country are loci of sugar production, nor have all communities responded equally to the macro changes which have taken place in Nicaragua in past decades. Given these local dissimilarities, and the differentiation that can occur following decollectivization, understanding Nicaragua’s rural areas necessities a place-based analysis which explores a given community’s ties to the larger agrarian reform project and the ways in which local individuals have made sense of those
connections in their own lives. The degree to which land redistribution and other measures were carried out and have been undone certainly varies between communities and regions. In Valencia, although people are probably no worse off than before the revolution (since only two households had owned land), high rates of landlessness and land poverty mean that they are also not much better. They have hardly any more assets than before and continue to be employed in the agricultural wage labor sector. While experiences similar to those of Valencia certainly abound, this path represents but one of many which have been traversed by small communities and their residents around Nicaragua in recent decades. Perhaps others have continued collective farming, or have decollectivized but faced a different outcome. A more in-depth intercommunity study covering diverse regions around the country would uncover other paths, and would begin to color in the broader details of Nicaragua’s post-reform period.

By blending development geography and decollectivization studies, it becomes possible to achieve a better understanding of recent changes in Latin America’s rural communities, particularly in former agrarian reform countries. Place-based studies allow for continued modification of these bodies of literature in a process of “theorizing-up”, through which larger trends can be understood, while simultaneously avoiding the trap of over-essentializing. Using this approach, this decollectivization case-study of Valencia is important not only because it may have been paralleled in other places both within Nicaragua and beyond its borders, but also because it adds one more voice to a nascent and growing literature on globalization studies at the local level.
The community’s name has been changed, as have the names of all participants in the study, in order to preserve the anonymity of both. This step was necessary to allow interviewees the freedom to discuss any potential critical opinions they may have held about the sugar industry.

Contract changes occur when cooperatives modify the way they are organized (i.e. when production cooperatives convert into service cooperatives or opt for parcelation).

The number of manzanas that the cooperative was said to originally own varied between different interviewee’s accounts, but 900 was mentioned by many, including those who had been present in the very earliest years of the cooperative’s formation.

“Y entonces él me acarreó aquí. Entonces yo acarreé toda mi familia. Y así nos fuimos mudando. Así nos fuimos quedando.” Doña Petrona


“Ya a raíz que ganó el otro gobierno ya la política financiera ya no alcanzábamos nosotros. No teníamos las condiciones. Los intereses muy altos. Trabajamos un año con ellos y quedamos debiendo un montón de plata.” President of the community

“Ya no trabajamos con el banco. Vamos a quedarnos sin tierra, sin tractores y sin ganancia.” President of the community.

While there was some discrepancy about how much land each member received, most interviewees asserted that the number was either ten or eleven manzanas. Others, whose participation in the cooperative during the revolution had been less consistent, reported receiving somewhat less (or in one case, none).

“Sí, las vendió él. Una vez que esta se me estuvo por morir  Tuvo dañado un pulmón. Y se me le dañó porque ella padecía de asma. Y estuve tres meses aquí sin venir a la casa. Entonces él vendió tierras para estarme mandando plata. Vendimos cuatro manzanas. Tres se vendió.” Doña Maritza

“Es que había tiempos, años que no cosechábamos nada. Para sobrevivir vendíamos tierras. Para comer.” Don Pablo

“Aquí la gente . . . socios, vendieron, sólo por comprarse, mudarse, tomar, salir, pasear.” Don Julio

“Es que también, cuando ganó la Violeta se dieron aquellas tomas de tierra. Y entonces, esta cooperativa la tenía en la mira, pues. Y el gobierno dijo, ‘Todo aquel,’ dice ‘que tiene . . . que tenga tierras que hayan sido confiscadas, dadas por el gobierno sandinista, serán quitadas y entregadas a sus dueños.’ Y así lo hizo. . . Aquí no, porque vinieron los socios. Decían unos, ‘No. Para que no me la quiten, mejor vendo y me voy.’ Y eso hicieron. Así hicieron. Varios socios vendieron, se fueron. . . Y entonces, cai en el error, también. Pero, bueno, sólo me quedaron dos para. . . Que hoy me pesa, pues, haberlas vendido. Ya no recuperé eso, ya.” Don Lalo

“Ni que me dieran cien manzanas. Uno nunca hace nada. . . Jamás vas a . . . vivir bien aunque tengás la tierra.” Don Chico

“No es que me guste. Sino que como decimos aquí no hay otro palo donde ahorrarse. Porque no hay empleo, pues, en otro lado. . . Entonces todo el mundo agarra para el ingenio. Claro que si hubiera otro trabajo, yo no iría a cortar caña. Porque me evitaría muchísimas enfermedades. Pero como no hay otra opción, tengo que ir ahi.” Don Marcio.
The workers’ claims were backed by the PASE representative, who claimed that this agency’s 2005 study of the sugar industry originally brought national and international attention to the issue of kidney failure among sugar cane workers in Nicaragua. CNPA, on the other hand, asserted that this illness was the result of drinking well water from Nicaragua’s volcanic soils, and that the sugar industry’s medical screening process had merely led to the discovery of this environmentally related phenomenon.

“Ya los que comenzamos, unos salieron enfermos y ya no trabajaron. Otros ya cambiaron sus trabajos... Se fueron los chavalos, ya quedaron yendo allá, los más jóvenes. Y desde esa fecha no se para de ir. Porque los viejos no van. Ya van los jóvenes... Van los que están más jóvenes. Y así, no se para. Siempre, siempre, hay gente trabajando allá...” President of the community.

“Aqui solo los que no trabajan en el ingenio... somos cuatro. De ahí toda la chavalada trabaja. Toditos. Y son bastantes los que hay aquí. Todos, todos trabajan.” Don Victor
REFERENCES


Klak, Thomas. “Globalization, Neoliberalism and Economic Change in Central America and the Caribbean.” In *Latin America Transformed: Globalization and Modernity*,


APPENDIX A: MAP OF NICARAGUA

APPENDIX B: QUESTIONNAIRE

My Observations:
1) Type of house (materials for roof, floor, and walls)
2) Sanitary conditions (Does the family have a latrine or do they use an open hole? Are the children bathed?)
3) Amenities (Electricity? Electric appliances? Bicycles?)
4) Number of family members in the home (Do conditions appear crowded? Are the children well-clothed?)

Preguntas:

Historia:
1) ¿Cuánto tiempo tiene Ud. y su familia de estar aquí en la comunidad?
2) ¿Por qué su mudaron para acá?
3) ¿En qué trabajaban Uds. antes de venir aquí?
4) ¿En que trabajaban cuando la cooperativa estaba funcionando?
5) Describame que le pasó a la cooperativa después de que ganó la UNO en 1990?
6) ¿Usted estudió aquí en la comunidad o allá, antes de venir? ¿Hasta qué nivel llegó? ¿Y los demás?

Trabajo:
1) ¿Cuántos en esta casa trabajan en la caña? ¿Qué hacen?
2) ¿Hace cuánto que ellos tienen ese trabajo? ¿Cómo consiguieron ese empleo?
3) ¿Les gusta el trabajo de la caña? ¿Qué es lo que (no) les gusta más del trabajo?
4) ¿Es importante el trabajo en la caña para la gente de esta comunidad? Cuénteme de eso.
5) ¿Cómo se paga el trabajo que Ud. tiene, por peso, por área, etc.? ¿Cuánto (de eso) hace Ud. al día? Entonces, ¿cuánto podemos decir que Ud. gana a la semana durante la zafra? ¿Gana mejor o peor que eso durante el tiempo muerto?
6) Parece que un mayor porcentaje de la gente en esta comunidad trabaja para el ingenio que en otras comunidades cercanas. ¿Por qué será?
7) ¿Cuánta tierra tienen? ¿Siempre han tenido esa cantidad? Explique. ¿La usan toda? Si tuvieran más tierra, ¿seguirían trabajando para el ingenio?
8) ¿Qué siembran? ¿Es difícil pagar los insumos? ¿Tienen ganado o gallinas?
9) Cuénteme de las otras cosas que esta familia hace para ganar dinero.
10) ¿Hay alguna otra cosa que Ud. considere importante de la caña, de la comunidad, o de su familia?
11) ¿Tiene alguna pregunta para mí?