

Assessing the Impacts of Venezuela's State-led Agrarian Reform Programme on Rural Livelihoods

By

Ben McKay

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Abstract

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By Ben McKay

The debate surrounding land reform is back on the development agenda with a consensus that the severe unequal distribution of land in developing countries is the main cause of persistent levels of poverty and inequality in the countryside. In Venezuela, a state-led agrarian reform programme is being pursued. This programme is designed with the most promising elements to offset strong landlord resistance, alleviate poverty, and increase agricultural productivity; but key weaknesses in the implementation and institutionalization of the programme hinder its ability to be fully effective. Three key weaknesses have been identified – corruption and political sabotage; private intermediaries; and a lack of regulation. The ability of the state and society to overcome these key weaknesses will dictate whether this agrarian reform programme can make for a successful and productive agrarian transformation or whether its inconsistency and its lack of capacity will lead to a crisis of legitimacy and increased conflicts.

August, 2011.

Key Words: Agrarian Reform, Rural Livelihoods, Social Structure, Venezuela

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Chapter 1

Introduction

In Venezuela, under the Chavez administration, one of the most progressive forms of agrarian reform is being implemented. Venezuela is pursuing a model of agrarian reform that encompasses La Via Campesina's notion of food sovereignty. The Chavez administration has changed the Constitution and passed a new Land Law that is aligned with the food sovereignty movement in an attempt to reintegrate their agricultural sector back into the economy after years of neglect by previous regimes. Due to Chavez's blunt personality and populist rhetoric, many academics disregard this state-led agrarian reform as superficial and bound for failure. Moreover, Chavez's pursuit of a new model of socialism, and the anti-free market policies that this entails, has created a consensus of hatred towards him by the elites, corporations, and wealthy countries around the world.

Land reform in Latin America was very common in the 1950s to 1970s, but their poor design led to failure and neoliberal policies came to dominate, promoting policies of 'modernization' and agro-industry, GMOs, monoculture plantations, and a concentration of power in the countryside ensued. When Chavez came to power, land reform was one of his key policies and one of the most contested by the wealthy, elite class. Venezuela is an extremely urbanized country, after decades of agricultural neglect due to the previous governments purely concentrating on the oil industry. As a result, only 12% of the population lives in rural areas, compared with 35% in 1960 (Wilpert, 2007:110). Furthermore, "75% of the country's private agricultural land is owned by only 5% of the landowners, while 75% of the smaller landowners own only 6% of the land" (Wilpert,

2007:110). With these statistics in mind, the new Land Law under Chavez is designed to achieve greater equity in the countryside, eliminate the *latifundio* regime, and redistribute land to smaller family farms and cooperatives to increase agricultural production. Studies by the Food and Agriculture Organization (FAO), among others, show that due to the “inverse relationship between farm size and production of food crops...the family farm is the most efficient and sustainable” (Riddell, 2000). The FAO also point out that most land reform programs implemented since 1945 have largely failed due to the tremendous gap between theory and practice. Without the ongoing government support to provide skills in training, credits, technology, access to markets, safety nets, etc., land reform initiatives are bound to fail.

In the case of Venezuela, a state-led land reform model is being pursued. But *how* is this being pursued and for *whom*? To what *extent* is this reform process reaching those in need? And what is the *context* in which this reform is taking place? These are the central questions which help to identify *how and to what extent pro-poor agrarian reform in the context of food sovereignty is being implemented in Venezuela*. To understand the issues regarding agrarian reform, it is not only necessary to map out where it’s coming from (historical context), the underlying reasons for its implementation, or how it relates to economic growth and the purposes it should serve for the overall national development strategy. It is also necessary to analyze the underlying theoretical debates and the proposed models they guide. The rest of this chapter is organized as follows: identifying the problem of study; a brief overview of land reforms in a historical context and an exploration of the underlying reasons for which they were carried out; the role of agriculture in economic development; the analytical framework employed in the study, an

outline of the methodology; the scope and limitations of the study; the thesis statement; and finally an outline of the structure of the argument.

The Problematic

The debate surrounding land reform has been revived in the development discourse after years of neglect. The two decades of Neoliberalism as the hegemonic discourse in the 1980s and 1990s “disdained land expropriation...as not contributing to greater productivity and not leading to a reduction in poverty and inequality” (Bello qtd in Borras, 2008:ix) Another reason why land reform policy was not brought to the fore, was that progressive peasant movements, at least since 1995, were preoccupied resisting the World Trade Organization’s ‘Agreement on Agriculture’ (AoA) which, as we will explore later, is destroying the livelihoods of many in agrarian societies. The AoA was met with a force of resistance from developing countries’ governments, peasant movements, and advocacy groups that – combined with the crisis neoliberal policies¹ – shifted attention back to issues of land reform. A key component of international development studies is how to transform the countryside into a productive, efficient, and effective part of a country’s economic, social and cultural development. In the developing world, rural populations have suffered from neoliberal policies, as highly-subsidized foreign products flood their markets, corporations force them (through payment) off their land, and traditional methods of production become obsolete due to competitive forces. With approximately three billion people in the developing world living in rural areas, and

¹ The crisis of neoliberal policies was exemplified by the failure of SAPs, which had to be revised and reformed into PRSPs.

70% of those living in poverty (World Bank, 2007:3), questions surrounding the rural sector are undoubtedly central to development studies today, especially in terms of meeting the Millennium Development Goal that calls for halving the share of people suffering from extreme poverty and hunger by 2015 (UNDP, 2010).

The 2008 World Bank Development Report on “Agriculture for Development” highlights three complementary pathways out of rural poverty: farming, labour, and migration. Farming is a source of livelihood for an estimated 86% of rural people (World Bank, 2007:3), deeming this pathway the fundamental component for rural development. Since farming is the main economic activity in rural areas, issues regarding access to, and control over, land and its productive resources are imperative to address rural development. Moreover, there is a consensus amongst academics that the severe unequal distribution of land in developing countries is the main cause of persistent levels of poverty and inequality in the countryside (Francisco, Ferreira, and Walton, 2006; Barraclough, 2001:26; El-Ghonemy, 1990:152). This is highlighted in the World Bank’s 2006 World Development Report on ‘Equity and Development’ which equates “a positive association between more unequal land distribution and lower GDP growth” (World Bank, 2006: pp.162). The debate surrounding land reform is thus of critical importance when concentrating on rural development.

Although not always used synonymously (de Janvry, 1981), throughout this paper the terms ‘agrarian reform’ and ‘land reform’ will be used interchangeably to refer to a process that is meant to “correct or eliminate some or all of the conditions of agrarian production that give rise to inequality, poverty, and political powerlessness” (Diskin qtd

in Thiesenhusen, 1989:430). It is not simply the land-tenure pattern that must be reformed; it is the social structure of the countryside. Institutions must be reshaped or established to ensure that land beneficiaries receive the necessary means (services, inputs, research, irrigation and water facilities, credit, marketing assistance, education, etc.) to build productive and sustainable livelihoods. The redistribution of land with the simultaneous institutional reform and social support can facilitate the social transformation that 'pro-poor' *agrarian* reforms seek to achieve.

Enabling the rural poor to hold the rights and the control over land and its productive resources is essential in their ability to overcome poverty. Although the rural poor have diverse livelihoods, farming accounts for a significant portion of rural income. Poverty and inequality are thus strongly related to the lack of access to land (Borras, Kay, Akram-Lodhi, 2007)². Land reform that empowers the rural poor – economically, socially, and politically – is crucial to facilitate their ability to build a rural livelihood that is sustainable and viable. As Herring points out, “Land confers power in agrarian systems; reform policy must work through that very system of power to restructure its base” (Herring, 2003 in Houtzager and Moore, 2005: 59). Thus, an effective land reform must also encompass the broader socio-economic and political issues to effectively transform the structural inequalities inherent in many rural areas. It is only through this transformation that will end persistent poverty, marginalization, and exploitation.

The question, then, lies in the rationale behind, and the manner in which, to effectively implement an agrarian reform that will bring people out of poverty, decrease inequalities, and render the countryside a productive, viable sector for many to build a

² But see Griffin, Keith (1976) *Land Concentration and Rural Poverty*. London: Macmillan Press for quantitative and qualitative evidence.

sustainable livelihood. This is the fundamental problem that arises in implementing agrarian reform. Pursuing a land reform model for economic reasons will have different implications than pursuing land reform for socio-political reasons. In addition, a development strategy that purely focuses on how agriculture can contribute to industrialization, without concentrating on how industry can contribute to agricultural development will pursue a certain type of land reform strategy with different outcomes. The main actor in a land reform process – whether it is the state³, peasants, market, or a combination – will also greatly affect the outcome of the reform process. These issues contribute to the ongoing debate and problematic surrounding effective land reform. By exploring the outcomes of these methods and models, we can reveal which type of land reform has been most effective and under what circumstances. Moreover, the manner in which the main actor(s) initiates and implements the land reform process can also be problematic in terms of generating intended outcomes.

Agrarian Reform in Historical Context

It is no surprise that land reform is such a hotly debated issue in rural development given that the past century has featured numerous types of land reforms, carried out for a variety of reasons, and producing an array of outcomes. The 1910 Mexican Revolution, for example, was carried out by a mobilized mass of peasants who had been brutally suppressed for years by the ruling elite. The revolutionary force of the peasantry led by

³ In this study, the terms ‘state’ and ‘government’ will be used interchangeably referring to the administrative bureaucracy who make political decisions, enforce and create new laws, arbitrate conflicts and control the public institutions.

Emiliano Zapata and Francisco (Pancho) Villa, failed to benefit from their struggles and sacrifices as land reform was dominated by a 'new bourgeois state', benefiting a new landed elite and guaranteeing 'private property' (Otero, 1989:277; Teubal, 2009:153). In this regard, the peasant movement successfully initiated a social revolution, but failed to gain from the ensuing political revolution. This case exemplifies – to a certain degree – the importance of both the state and society (peasant movements) in carrying out successful redistributive land reform. The issue of state-society relations will be discussed in greater detail below.

Furthermore, between 1945 and 1973 the 'development project' (McMichael, 2008) was a period marked by peasant struggles that led to fundamental changes in agrarian property regimes carried out by the state. Agrarian reform that excluded the landowning oligarchy was an important part of political and social revolutions carried out in Bolivia, Cuba, Nicaragua, Vietnam, and Algeria (Bernstein, 2002:436; Thiesenhusen, 1989:10, 11; Teubal, 2009:152).

Table 1: Land Reform Accomplishments in Selected Countries

Country	Years	Redistributed Land as a % of Total Arable land	Household Beneficiaries as a % of Total Households	Sources
Philippines	1988-99	42	42	FAOSTAT Agriculture Data
Cuba	Since 1959	80	75	Kay (1998:11-12)
Bolivia	1952-77	74.5	83.4	Thiesenhusen (1989:10-11)
Chile	1964-73	Nearly 50	20	Kay (1998:11-12)
Peru	1963-1976	42.4	32	De Janvry (1981:206)
Mexico	1970 data	42.9	43.4	Thiesenhusen (1989:10-11)
Ecuador	1964-85	34.2	No data	Zevallos (1989:52)
El Salvador	From 1980 through 1990s	20	12	Paige (1996:136)
Venezuela	Up to 1979	19.3	25.4	Paige (1996); Dorner (1992:48)
Costa Rica	1961-1979	7.1	13.5	Paige (1996:136)
South Africa	1995-2000	1.65	2.0	SA Dept. of Land Affairs (2000)

(Data from Borras, 2001)

Under the Alliance for Progress, more moderate land reforms were carried out by the state in Chile, Peru, Colombia, and Ecuador without a strong supportive social base (Teubal, 2009:152). These reforms, however, were driven by the US anti-communist political agenda and were not designed to undertake substantive agrarian reform. The

Cold War ideological warfare was also a key component in the land reform initiatives carried out in Asia “where (the US) imposed and financed sweeping land reforms in Japan, South Korea and Taiwan partly in reaction to the revolutionary land reform being carried out in China (Akram-Lodhi, Borras, Kay, 2007:7). This period of the ‘development project’ was thus marked by many different land reforms with a variety of outcomes between and within countries over time. Akram-Lodhi et. al (2007) highlight six broad interlinked types of socio-political reasons that are useful to mark this period:

1. The post-WWII decolonization process by emerging nationalist governments
2. Cold War ideological warfare between the capitalist and socialist
3. National projects of victorious peasant-based revolutions
4. State reaction to manage rural unrest and political pressure (external/internal)
5. Legitimization/consolidation of state power and reach
6. State-building process, develop tax base.

(Akram-Lodhi, Borras, Kay, 2007:6-8)

The demise of the development state was triggered by the debt crisis that emerged in the 1980s. As indebted countries were forced to seek loans from the International Monetary Fund (IMF) and World Bank (WB), the era of Neoliberalism materialized. Governments were required to ‘rollback the state’ and allow the forces of free-market capitalism to correct the inefficiencies and inadequacies that caused their fiscal

recklessness and over-spending. The inconsistent record of state-led land reform combined with a dominant free-market capitalist ideology and the introduction of 'Green Revolution' technologies diverted attention away from redistributive land reform to a model of development based on 'modernization'.

While land reform was officially taken out of many governments' 'policy agenda', "it never left the 'political agendas' of peasants and their organizations" (Herring, 2003 in Akram-Lodhi et. al. 2007) By the mid-1990s peasant movements once again began to mobilize and cause social and political conflicts. On January 1st, 1994, the same day the North American Free Trade Agreement (NAFTA) came into effect, the Zapatista Army of National Liberation (EZLN or 'Zapatistas') launched a series of coordinated attacks on the government in the name of "*tierra y libertad*" (land and liberty) and in memory of revolutionary leader Emiliano Zapata (Fox, 1994:1119-1122). In Zimbabwe, black, landless peasants invaded white commercial farms; while Brazil's Landless Workers' Movement (MST) exercised militant land occupations on unused land (Akram-Lodhi et. al., 2007:12). Issues regarding land were therefore back on the international stage, as governments and international agencies alike, reconsidered the issue of land reform, particularly in terms of what to do with the large state and collective farms and how to capitalize on the resource-rich, labour-abundant developing countries of the South (Akram-Lodhi et. al., 2007).

As the new free-market economic ideology set in – influenced by the likes of Nobel Prize in Economics winners Friedrich Hayek (1974) and Milton Friedman (1976) – a new set of economic policies, designed to condition and render economies more (allocative) efficient, were adopted and supported by many developed countries of the

North and the major international financial institutions (IFIs). This so-called ‘Washington Consensus’ included the following elements: “the privatization of the state and state functions, and hence the privatization of the public sphere; the privatization of welfare, law and a vast expansion of the legal dominion of property rights, tax reform and upward income redistribution; the deregulation of labour markets and ‘deproletarianization’ policies; trade and market liberalization; and currency devaluation (Araghi, 2009:133).

This ushered in the era of neoliberal globalization onto the land reform stage as “the consensus among mainstream economists was that many rural poor people have insecure access to land resources, leading to their unstable livelihoods and low levels of investment” (Akram-Lodhi et. al. 2007:13). The era of Market-Assisted and Market-led Agrarian Reform (MLAR) became part of the IFI’s dominant discourse and policy prescriptions. This will be discussed in more detail below.

The Role of Agriculture in Economic Development

As large farms under-utilize their land and smaller farms have an abundance of labour, low levels of land and labour productivity persist, creating un(der)employment, inequalities, and poverty. This is a common trait amongst large farm estates and has been recognized as the ‘inverse farm size-productivity relationship’ which “implies that agriculture generally is characterized by diseconomies of scale, which means that redistributing land from large farmers to family farmers can bring efficiency gains to the economy” (Binswanger-Mikhize et al. 2009: 11). The question, however, remains as to

how this land redistribution should take place and where the fruits of increased agricultural productivity should be distributed.

Questions regarding the reinvestment of the surplus value created in the agricultural sector have also been split between the ‘agrarianists’ and the ‘industrializers’ (Kay, 2009). This is a question of development strategy/paradigm and depends on what developmental end the rural surplus should be made to serve. (Akram-Lhodi et al. 2007:4). Whether the fruits of economic growth in the countryside should be funnelled to the cities to support industrialization or reinvested in the rural sector, with industries supporting the process of agricultural development is contested. While some economists argue that agriculture should be developed and given priority over industry; others argue that funnelling all surplus resources to the industrialization process is the way to achieve development. This ‘agrarianist-industrializers’ debate presents the dichotomy as to which sector should be developed first, which would theoretically ‘trickle-down’ and transfer its fruits to the other sector (See Kay, 2009).

For the ‘industrializers’, development is defined by the need to ‘modernize’ and transfer the majority of the agricultural surplus to industrial development. In 1945 Mandelbaum argued that ‘backward areas’ (rural sector) ought to transfer the agricultural surplus and highly unproductive labour surplus to the productive industrial sector (Mandelbaum, 1945). This idea became the basis for Arthur Lewis’ Two-Sector Model, which argued that developing countries’ ‘unlimited supply of labour’ should be transferred to the modern sector which would have a much higher productivity of labour through technological superiority, but which could maintain close to subsistence-level wages (Lewis, 1954).

Lewis' dual economy model heavily emphasized transferring the rural surplus to the industrial sector and endangered the sustainability of the rural sector. Although it is necessary to extract a certain degree of resources and labour to the industrialization process, the danger of over-extraction from the rural sector would leave "too few resources to invest and hence (the agricultural sector would) be unable to provide an adequate supply of food and raw materials to the nonagricultural sector" (Kay, 2009:107).

The argument against agricultural over-extraction became the basis for the 'agrarianists' perspective, which saw the shortcomings of Latin America's import-substitution-industrialization (ISI) as the mistake of favouring industry over agriculture. "According to the agrarianists, development strategy in LDCs should have prioritised agriculture, given that the majority of the population was rural, labour productivity was low and rural poverty levels were high" (Kay, 2009:109). Michael Lipton's Urban Bias Thesis (UBT) (1977) stems from this argument.

In *Why Poor People Stay Poor: A Study of Urban Bias in World Development* (WPPSP) Lipton argues that urban bias "involves (a) an allocation, to persons or organizations located in towns, of shares of resources so large as to be inefficient and inequitable, or (b) a disposition among the powerful to allocate resources in this way" (Lipton 2005:724 summarising from 1977). Lipton also suggests that the urban sector is favoured through 'price twists', in which the state's policies regarding the exchange rates, taxation, subsidies, and credit are disadvantageous for the rural sector. In this view, government's would deliberately turn the terms of trade against agriculture in favour of industry by making "outputs from rural areas to be under-priced, and inputs into rural areas to be over-priced when compared to a market norm" (Kay, 2009:110)

Lipton's UBT has come under criticism, most notably from Terence J. Byres (1974,1979), Mitra (1977), Varshney (1993), Corbridge (1982), Griffin (1977) and Kay (2006) who argue, among other things, that Lipton's rural-urban class divide tends to group the urban rich with the rural rich, who exploit the urban poor and rural poor. Thus, the UBT fails to delve into a deeper class analysis, which would take into account class divisions and relations that exist in the context of ethnicity, caste, gender, regions, religions, and other social factors (Kay, 2009:112) For Kay, a more useful analysis would be to consider the 'landlord bias' who exercise their power "from the blocking of land reform, the absence or non-enforcement of minimum wage and social security legislation, the outlawing of rural trade unions, the failure to curb exploitative practices of traders (including sometimes landlords) who pay low prices for the peasants' marketed surplus and sell at a high price the inputs purchased by peasants, and lenders (including sometimes landlords) who charge usury interest rates for credit" (Kay, 2009:112-113).

UBT critics such as Kay and Byers, therefore, see the problems of rural development as structural and cannot simply be resolved by increased investment or fixing 'price twists'. For them, problems of rural development are relational, meaning that poverty is produced by social inequality and the social relations and divisions that exist between class, gender, ethnicity, nation, etc. Proponents of the UBT, on the other hand, seem to view problems of rural development as residual, as they view the 'rural class' as being excluded from the benefits of the market and investment. The solution, therefore, is to introduce market-led policies to allow everyone to benefit from the fruits of the free market. In the World Development Report of 2008, the World Bank also approaches the problem as residual, claiming that "there has been an urban bias in the allocation of public

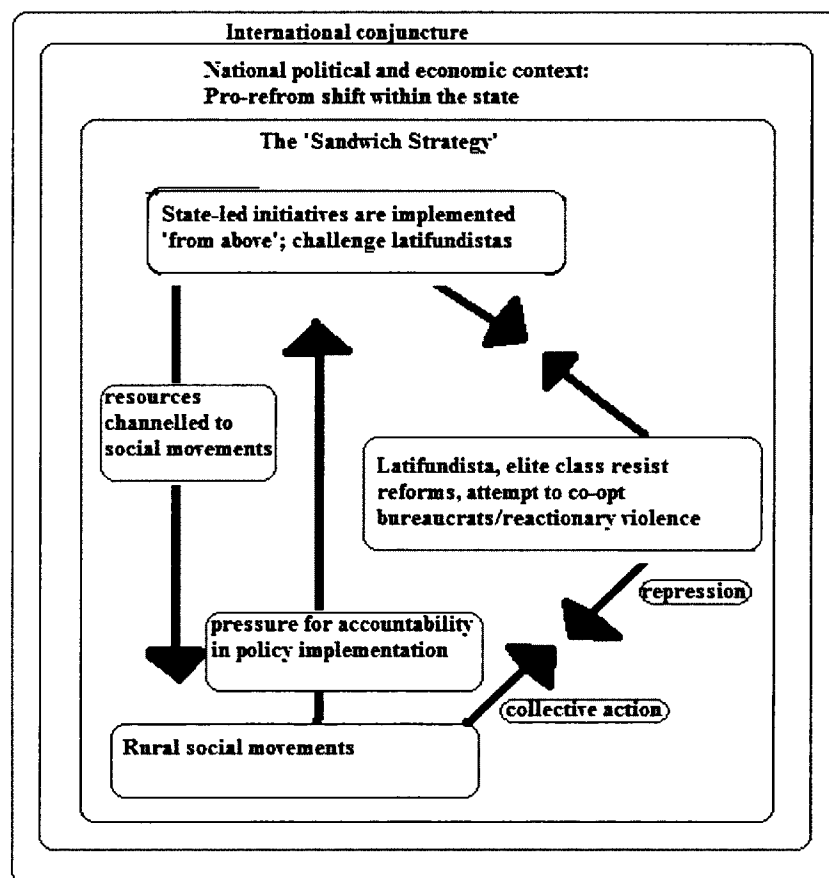
investment as well as misinvestment within agriculture” (World Bank, 2007:38). The problem, however, is not solely one of misinvestment, but of the structure of the rural economy – those who control the means of production and those who do not – and the consequential relationship of these two social classes. This study approaches the problems of rural development as relational, not residual.

Analytical Framework: State-Society Relations

The relationship between the state and society is an issue of primacy in this study. The analytical framework for this study builds on Fox’s interactive theory of state-society relations (sandwich theory) and Borras’ ‘Bibingka’ strategy. In *The Politics of Food in Mexico: State Power and Social Mobilization* (1993) Fox examines Mexico’s food distribution policy for rural development under the Lopez Portillo presidency (1976-1982). With rising food imports and a landholding pattern that was not conducive to optimizing domestic food production, the Mexican government decided to empower peasant producers through state support, extension services, and enabling peasant beneficiaries to be part of the reform process itself by regulating community food councils. Fox comes to the conclusions that as peasant beneficiaries gained agency and became part of the reform themselves, sparking the movement ‘from below’, the policies initiated ‘from above’ were most effective. The Community Food Councils, Fox concludes, “became a new, two-way institutional access route that connected state and social actors. From above, state reformists structured new patterns of representation within rural society. From below, these new opportunities for participation became

autonomous channels for interest articulation that in turn left their imprint on the state” (Fox, 1993:217). Furthermore, Fox goes on to add that “the Mexican state’s capacity to...carry out distributive reforms depended on its ceding power to autonomous, representative social organizations” (Fox, 1993:217). The ‘sandwich strategy’ emphasizes the need for interaction between autonomous social movements and the state, in order to combat entrenched authoritarian elites and make for a sustainable social transformation.

Figure 1: *The ‘Sandwich Strategy’ by Jonathon Fox (1993)*



- Possible outcome: Increased government accountability is contested policy

arena, spreading to other issues

- Probable outcome: Increased peasant capacity to articulate interests, as autonomous, representative organizations consolidate

(Data and photo derived from Fox, 1993)

With pressure from both above and below, the sandwich strategy creates political space and shifts the balance of power between authoritarian elites and movements for rural democratization.

Additionally, in his analysis of the Philippines' 'Comprehensive Agrarian Reform Program' (CARP) in 1988, Borras shows that redistributive land reform is not limited to only 'less contentious' (primarily public) lands. Although the CARP programme redistributed only a small amount of private, 'highly contentious' land (100,000 hectares out of the 1,887,300 m.has.), Borras' thorough examination demonstrates that these cases were successful due to unique circumstances between the state and autonomous peasant movements. He shows that despite significant landlord resistance, highly contentious land was successfully redistributed to landless peasants, showing that the program's outcomes are not predetermined (Borras, 1998). Borras' conclusions are similar to those of Fox's in that successful land reform implementation, especially when it involves the expropriation of private lands, "involves the symbiotic interaction between autonomous societal groups from below and state reformists from above..." (Borras, 1998:66). For Borras, he refers to this dynamic relationship as the 'Bibingka' strategy.

What both of these studies suggest is that the outcomes of an agrarian reform programme are not solely determined by the structural or institutional factors, the policy

elites, or strong peasant movements alone. The most promising strategy for a successful state-led agrarian reform programme is based on the progressive interaction between the institutional/social structure influenced by policy-making by the state 'from above' and the capacity of individuals to mobilize in the form of peasant movements and increased participation 'from below'. The state, through its institutions, produces the structure of rules and regulations that shape human behaviour. This behaviour, however, is not totally dependant upon the structure. People wield a degree of agency and can act independently and cooperatively against the structure as it increasingly constrains their social mobility. Over time, the structure tends to become shaped by the elite, wealthy classes in society and the co-opted bureaucrats. However, as the structure creates social exclusion and marginalization for the majority, through agency and class consciousness people demand change by acting as a 'class for itself' through social movements. This, in turn, puts pressure on the state to create change. In a democracy, the majority should hold the power over their government and can thus influence its policy-making to alter the institutional structure, which in turn shapes the social structure and therefore social relations. Meanwhile, the increased agency of the majority challenges the unequal social structure through their actions (in this case it could be land occupations) and thus an interactive, reinforcing relationship emerges that is optimal for a structural transformation. Although the state could lead such a transformation through policy making 'from above'; and individuals, through their agency, could mobilize strong peasant movements and lead a social transformation 'from below' – the optimal circumstances are those where multi-faceted state support creates increased emancipation in society. As the state's policies alter the social structure and create an environment conducive to emancipatory social

action, that social action begins to influence those very structures – an effect that Giddens (1986) calls ‘the duality of structure’ in his structuration theory.⁴ It is through this analytical framework that will be used as a guide to assess Venezuela’s state-led agrarian reform and its ability to successfully decrease inequalities, alleviate poverty, and increase agricultural production in the context of a food sovereignty framework.

Methodology

The objective of this research is to assess whether Venezuela’s State-led Agrarian Reform (SLAR) is effectively dismantling the structural inequalities inherent in the rural sector, while increasing agricultural production and rendering the country more food secure within the context of food sovereignty. Using an ‘interactive approach’ drawn from the works of Fox (sandwich strategy, 1992) and Borras (Bibingka Strategy, 1999), this study will examine the success of the agrarian reform programme based on the two key actors: the state and society. Thus, the key units of analysis of this research are state and societal actors. The empirical data I collected from the field is based on individual experiences and how this has affected their household. The overall effects on the community as a whole, however, will be used to make analytical generalizations at a macro level. The level of analysis will therefore be micro and macro. Due to the lack of empirical national data on Venezuela’s land reform, it would be an over-extension of generalizations to

⁴ The duality of structure is when social structures make social action possible, and at the same time that social action creates those very structures. Structuration theory, coined by Anthony Giddens, treats the influences of structure and agency equally and holds that they continuously shape each other as the structure only exists by the reinforcement of social action, and that human action is influenced by the structure. See Giddens, Anthony. (1986) *Constitution of Society: Outline of the Theory of Structuration*. University of California Press: California.

make empirical generalizations for the entire country based on communities in one state. This case study will thus be used, at the macro level, in an instrumental way, so as to “provide insights into, or refine a theoretical explanation, making it more generalizable” (Berg, 2009:326). The empirical data from the individuals/households, however, still allows for a better recognition of the intrinsic aspects of that particular situation, and thus acts as a separate intrinsic case study. This case study is descriptive in design, as it is guided by a theoretical framework and specific research question.

The theoretical framework which guides this thesis acts as the analytical lens through which the outcomes are assessed. The extent to which the state and society interact in a mutually reinforcing manner is of critical importance in a successful pro-poor agrarian reform initiative. A high degree of social mobilization ‘from below’ that reinforces, but remains autonomous from, the state reformist initiatives ‘from above’ is considered ‘ideal’ in transforming the countryside (Borras, 2008:190-191).

This analytical lens will primarily be used in analyzing the primary qualitative data obtained through semi-structured interviews conducted in several rural communities around Carora in the state of Lara. As an exploratory process, individual interviews were conducted with participants being as differentiated as possible. To gain different insights into different experiences over time, the aim of the individual interviews were to involve resource-rich and poor people, people of different ethnic/religious groups, people of different ages, and of course, both males and females. These semi-structured interviews were conducted in two parts: part one presents a personal profile to gain perspective on where this participant is coming from, their family, upbringing, ethnicity, religion, age, gender, class, etc. Part two of the interview focuses on the more technical issues involved

in the land reform process: their experiences with the land reform, the benefits (or lack thereof) from the reform, whether this process has changed their political views, attitudes towards cooperatives/collectives versus individual farms, general sense of solidarity and views on the national development project, whether people are a 'class in itself' or act as a 'class for itself', etc. Part one will therefore provide a deeper understanding and allow for patterns, similarities, and/or differences to be extracted from the answers given in part two. This qualitative research method will thus be extremely useful in assessing the extent of the relationship between the state and society.

The lack of national data on Venezuela's land reform presents difficulties in obtaining useful secondary data for my research. However, some empirical data does exist by several key Venezuelan scholars such as Wilpert (2007) Suggett (2010) Isaacs et. al (2009), Wagner (2005), and Broughton (2010). Moreover, the Venezuela Analysis (Venezuelaanalysis.com) has a wealth of Venezuela news publications, government-released data and announcements, and scholarly-works on Venezuela. These authors have written extensively on Venezuela's political economy and land reform process and provide thorough and in-depth examinations on the land reform process, implementation, and outcomes thus far. The goal of this research is to contribute to these studies and provide primary, qualitative data based on the experiences of those who have been affected by the reforms (rural populations).

A timeline of secondary data based on employment, income, land concentration, and poverty will be of great use to assess how the reform process has affected each of these variables. National government statistics, the Economic Commission for Latin America and the Caribbean (ECLAC), and the Center for Economic and Policy Research

(CEPR) are key sources for this data. More broadly, some macro-economic indicators will also be useful, such as changes in real GDP over time, GDP by economic activity, national unemployment rates over time, poverty rates, and trade policies concerning agriculture. These broad indicators are useful in assessing the state of Venezuela's overall economy in the context of such transformative reforms.

Select works in several key academic journals have been used to frame my argument and establish a theoretical framework. Key academic journals include the *Journal of Peasant Studies* and the *Journal of Agrarian Change*. Moreover, the works of Borras (2001, 2008), Akram-Lodhi, Borras, Kay (2007), Akram-Lodhi et. al (2009), Akram-Lodhi and Kay (2009), Kay (2009), and Fox (1993) have been extremely valuable in gaining insights into the land reform debates, the agrarian question(s), and helping me construct an analytical lens through which to guide my thesis research. Meanwhile the World Bank's World Development Report of 2008 and 2006, as well as the works of Binswanger and Deininger, and Binswanger-Mkhize, Hans P., Camille Bourguignon, and Rogier van den Brink (2009) have been useful in assessing the dominant discourse in land reform and the ideology behind the World Bank's land reform recommendations.

Scope and Limitations of the Research

The main limitation of this research is the concentration of field research in only one state: Lara. This was primarily due to time and resource constraints. However, from the plethora of secondary sources from key academics, the use of government documents, as well as the primary research conducted in the field, this research does provide key

insights into how this agrarian reform is being pursued, its accomplishments to date, as well as its overall strengths and weaknesses. Moreover, the field research conducted, as well as first-hand experiences and daily interactions with *Venezolanos* has provided me with some important insights in terms of the political and social context in which this agrarian reform is taking place. Through many conversations, interviews, and personal observations, the weaknesses and hindrances in the land reform process became apparent. Although my field research was limited in terms of geographical coverage, the diverse groups of individuals – whom were affected both positively and negatively by the agrarian reform programme – addressed similar weaknesses in the reform process. Furthermore, these personal claims were then complemented with secondary data, reinforcing and making clear the problems in the Venezuelan countryside. A key limitation to this study, however, is the lack of accessible national data. The Land Institute does not publish data based on the land reform. Even visits to the Land Institute in Barquisimeto and Caracas, along with a letter of request to the director, left me with no official data from the institute. Much of the data on the amount of land redistributed and the beneficiaries were compiled from secondary sources. Another key limitation to this study deals with the lack of data on the degree and presence of rural social movements in areas where land has been successfully expropriated and redistributed. This data would be very useful for this study.

Thesis Statement

The thesis of this study is that while Venezuela's state-led agrarian reform programme is designed with the most promising elements to offset strong landlord resistance, alleviate poverty, and increase agricultural productivity in the context of food sovereignty, there remain key weaknesses in the implementation and institutionalization of the programme, which hinder its ability to be fully effective. The weaknesses and challenges that lay ahead for a successful redistributive agrarian reform are not to do with the programme and policy design, but with the state and society's capacity to effectively institutionalize this programme.

The findings of this study conclude that Venezuela's state-led agrarian reform programme is very inclusive and contains the necessary elements of an effective agrarian reform model: supportive and autonomous peasant movements; supportive state policies that favour the interests of the landless over latifundistas; substantial public investment, state loans, and technical assistance aimed at assisting beneficiaries and increasing productivity; an overarching national development strategy to diversify the economy, alter the relations of production, and prioritize domestic production and consumption. This strategy is also within a food security and food sovereignty framework that uses discriminatory macroeconomic policies to protect domestic producers, yet encourages essential food imports which cannot be fulfilled under domestic production.

With this model of agrarian reform, Venezuela has made significant progress redistributing land and increasing production. This, however, has been done on an inconsistent basis with some major implementation flaws: corruption and political

sabotage; private intermediaries; and a lack of regulation. The ability of the state and society to overcome these key weaknesses will dictate whether this agrarian reform programme can make for a successful and productive agrarian transformation or whether its inconsistency and its lack of capacity will lead to a crisis of legitimacy and increased conflicts. The state-society relationship and ability to confront and adapt to such challenges will determine long-term outcomes.

Structure of the Argument

The remainder of this thesis study is organized as follows: Chapter 2 will present two opposing theoretical debates on land reform – new institutional economics (NIE) and radical agrarian populism (RAP). These two theoretical approaches are examined so as to expose the rationale behind competing land reform models. The NIE and RAP perspectives hold opposing views as to the causes of rural development and unequal landholding structure, as well as how to overcome these problems. In the case of NIE, poverty is a residual problem and can be overcome by bringing the market to the rural poor. RAP, on the other hand, explains poverty as a relational problem and can be overcome by changing the unequal dynamics of the agrarian structure. The theoretical debates are followed by practical models of agrarian reform: market-led; state-led; peasant-led; and state-society driven. These different models are based on who should be the primary driver of the reform. Whether the market, the state, peasant movements, or an interactive, symbiotic relationship between state and society, could create the necessary conditions for successful agrarian reform is analyzed. The chapter concludes that the most

promising model is based on a mutually reinforcing relationship between the state and autonomous peasant movements.

Chapter 3 presents the context in which Venezuela is operating under. A historical context of the international political economy is presented, with the emergence of neoliberalism as the dominant paradigm and its effects on rural development and agriculture. This is followed by a section on La Via Campesina as the world's largest and most influential peasant organization and their influence on the role of agriculture in the international trade regime. The concept of food sovereignty is introduced and the challenges it presents in terms of government policy-making and implementation in the context of influential international financial institutions such as the IMF, World Bank, and WTO. Lastly, the chapter concludes a brief history of the Venezuelan political economy to set the stage for Venezuela's agrarian reform programme under Chavez and the context in which the government is operating.

Chapters 4 presents the agrarian reform programme in Venezuela, its complementary social policies, and the ways in which the government is affecting class relations in the countryside. This is followed by the rural social movements in Venezuela and their role in the agrarian reform process. The chapter presents the successes of the reform to date, while also highlighting some weaknesses based on secondary data from academic and government documents. The chapter concludes with the country's economic and social indicators since Chavez came to power – which show positive results.

Chapter 5 is based on my primary data collected in the state of Lara, Venezuela. Several rural communities were visited with a diverse group of participants. The main

focus of this chapter is the weaknesses in the agrarian reform programme as pointed out by mainly those affected by the programme. The main field research findings are presented, as three main weaknesses were identified by almost all participants – whether supportive or opposed to Chavez and his policies. The three key weaknesses identified are: corruption and political sabotage; private intermediaries; the lack of regulation. These three weaknesses are examined in detail and solutions are put forth in the following chapter.

Chapter 6 concludes the study by summarizing the key findings and offering recommendations based on these findings. The recommendations are policy-oriented and directed at addressing the key weaknesses in the agrarian reform programme.

Chapter 2

The Dynamics of Agrarian Reform

There is a general consensus that the unequal structure of landholdings in many countries today causes increased poverty and lower levels of productivity in rural areas (Barraclough, 2001; Deininger, 2004; El-Ghonemy 1990; Borras and Franco, 2008; World Bank, 2006). However, there is still a lack of consensus as to the nature of these problems – whether they are residual or relational. On a theoretical basis, the underlying issues of these debates is whether or not they can be solved by market-led solutions (World Bank, 2006; Binswagner, XX; Deninger 2004) or whether it requires a structural transformation to change societal relations (Akram-Lodhi, Borras, Kay, 2007). This chapter presents two opposing theoretical perspectives of land reform, followed by four competing models regarding who should be the driver of an effective agrarian reform.

Theoretical Debates

In framing the theoretical debates regarding the viability of redistributive land reform, I will analyze two opposing paradigms: the new institutional economics approach (NIE) and the radical agrarian populist approach (RAP). These two conflicting paradigms exemplify, broadly, the competing perspectives on land reform based on either the market or the state/peasants as being the key drivers of agrarian change. In other words, these two theoretical perspectives view the problems of rural development as either residual or relational. For NIE, the cause of poverty is a residual problem, meaning that the cause of

poverty for the poor is their being excluded from the market and its benefits. The solution is to bring the market to the rural poor or vice versa. RAP explains the cause of poverty as a relational problem. Poverty is a result of the very terms of poor people's insertion into the particular patterns of social relations. The solutions are transformative policies and political processes that restructure such social relations. The following section explores these two theoretical perspectives based on their residual and relational arguments and also provides a synthesis of the two.

Land Reform from a New-Institutional Economics Approach (NIE)

New Institutional Economics (NIE) is an economic perspective that incorporates institutions into economics to resolve market imperfections, information asymmetries, and transaction costs. The unit of analysis is the individual, while the objective is to maximize the three dimensions of economic efficiency with the proper economic and political institutions necessary to offset market imperfections. From this theoretical perspective, rural economies are characterized by the market failures of incomplete information and missing and incomplete markets. Transaction costs – the act of engaging in market transactions, as well as defining, protecting, and enforcing property rights – also cause market inefficiencies (Ankerloo, 2003:5). Property rights are crucial in NIE theory, as they enable actors to use, derive an income from, and sell an asset. Ankarloo suggests that “if property rights are well protected, enforced by the state and clear, then transaction costs will be low, and the gains from trade will be realized” (Ankerloo,

2003:7). These are the key components of NIE theory and it is the institutions which provide the means to meet such ends.

Institutions are of critical importance to the NIE perspective. They are the socially created rules that govern human (inter) actions. Dorward et al. make a distinction between institutional arrangements and the institutional environment (Dorward, et. al, 2005:2-3). The former represents a particular set of rules and structures governing particular contracts; while the latter refers to general property rights, enforcement mechanisms and cost, expected human behaviour, power relations, communication infrastructure, and information flows. Moreover, the authors make the assumption that low-income countries are characterized by high transaction costs and risks, weak information flows, and a weak institutional environment (Dorward et. al., 2005:3). It is therefore necessary to increase and improve the institutional arrangements in order to improve the effectiveness of the institutional environment. Individual actors with little financial, social, and political resources face high costs in accessing information and enforcing property rights and therefore cannot benefit from the institutional arrangements due to the dynamics of the institutional environment. Power relations play an important role in this regard, especially when applying the NIE perspective to land reform since NIE would advocate for a market-led agrarian reform (MLAR), and such a model requires negotiation and bargaining power between parties. This issue will be discussed according to the Brazilian case in more detail below, but first the ideals of land reform from an NIE perspective will be further explored.

While the NIE perspective views landless peasants and large landowners as rational decision-makers, the inadequate information or high transaction costs cause real

markets to become thin or even absent. To solve these issues this perspective promotes institutions such as rural money markets or share-cropping initiatives. Property rights that are rigid, enforced, clear and concise are also seen as institutions that help reduce transaction costs.

Power relations are also recognized from an NIE perspective. Powerful groups can use their property rights, resources, and political connections to their advantage. This can lead to distributive inefficiencies which is detrimental to overall economic growth. This occurs “when large land owners prevent land markets from optimising farm size and allowing the economic strengths of labour-intensive, small-scale agriculture to be realized” (Lipton, 1993:643; Cousin and Scoones, 2010:40). It is thus crucial to resolve issues of power relations in order to redistribute land from large landowners to small landowners. This redistribution of land into smaller-holdings is important due to the inverse relationship between farm size and output per hectare (Deninger, 1999:651). Unequal land distribution can constrain economic growth as large landholders often do not maximize their landholdings.

In order to achieve proper land reform, the NIE perspective argues that the MLAR model must be used with incentives to purchase land and effective new institutional arrangements to render the reform ‘power compatible’ (Cousins and Scoones, 2010:41). This ‘new wave’ of land reform – a term used by Michael Lipton (1993:650-5) – is seen as being much more efficient and effective in redistributing land than the traditional SLAR model of expropriation. However, the inverse-relationship assumption will only take shape if state policies provide access to proper credit mechanisms, input, product, and insurance markets (Cousins and Scoones, 2010:41).

New institutional economists measure land reform in terms of three main criteria: productive efficiency, higher levels of equity, and contributions by land reform to both wider economic growth and poverty reduction (Cousins and Scoones, 2010:41). It should be noted that higher levels of equity, for NIE, is a means to increase economic development and not social development. The main policy implications for land reform for an NIE are MLAR; reducing policy biases favouring large farms or urban consumers (urban bias); the promotion of efficient markets through the creation of new institutions; secure, enforceable property rights; access to credit; and land taxes (Cousins and Scoones, 2010:37-38). For NIE, the market is an important factor to achieve economic efficiency. By responding to market signals, it is assumed that farmers will allocate their resources to produce those which are most 'valued'. They should also have access to credit in order to obtain new technologies to reach maximum output through technical efficiency. Finally, land should be distributed efficiently to enable efficient small farmers to maximize their returns to their land.

Land Reform from a Radical Agrarian Populist Approach (RAP)

The RAP approach discards economic theory based on modernization and promotes an approach to development based on the family farm, self-exploitation, and production for self provision; not for profit. RAP uses the household or an undifferentiated community as its unit of analysis. It views the peasantry as a homogeneous mass, whereby any differentiation is caused by cyclical demographic differentiation and not class antagonism/differentiation. The theory is based on a vision of viable family farms, non-

capitalist in nature, food sovereignty, and ecological sustainability. Before delving into RAP ideals on land reform, it is necessary to trace the history and origin of this perspective.

The RAP perspective is largely based on the Chayanovian concept of the peasant economy, developed by the leading Russian authority on the economics of agriculture from 1919-1930, Alexander Chayanov (Thorner, 1988:xii). Chayanov's theory is essentially based on one kind of family farm in Russia that employs no hired labour. Static in nature, this theory works best in thinly populated countries with an abundance of land and no rigid agrarian structure (Thorner, 1988:xxi). Chayanov identified four major types of economies, with two additional subtypes: capitalism, slavery, communism, and the 'family economy', with the latter being divided into 'natural economy' (self-subsistent) and 'commodity economy' (market-oriented) (Thorner, 1988:xxii). Chayanov's focus was on the self-subsistent family economy which could not be measured by classical economic models based on wages, interest, rent, and profits. Rather, Chayanov would measure peasant farm activity by "taking the entire family household as a single economic unit and treating their annual product minus their outlays as a single return to family activity" (Thorner, 1988:xiv). The peasant family would produce enough for their well-being and have no desire to produce for surplus or profit. Although the theory seems limited in nature in relation to the modern (capitalistic) circumstances of agrarian livelihoods, Chayanov did assert that the family farm economic system can (and does) coexist with other systems (Shanin, 1988:7). For the family farm to persist, Chayanov developed a program for the advancement of (Russian) agriculture, consisting of three interdependent conceptual elements: rural cooperatives, differential

optimums, and vertical cooperation (Shanin, 1988:7). These concepts have been adopted by the present-day RAP perspective, as well as other concepts originating from Chayanov. Chayanov was neither a Marxist nor a capitalist and thus became a populist as he “must be assigned to one of the intellectual chains” (Shanin, 1988:16). Today, the RAP perspective has drawn its ideals and concepts mainly from Chayanovian thought. Theodor Shanin describes it best in saying that, “For the increasingly complex rural world of today it has clear limits, hence, no "chayanovism" but there are many of Chayanov's illuminating insights, explicit and implicit, in the contemporary rural studies” (Shanin, 1988:19).

Radical Agrarian Populism asserts that rural poverty is due to the unequal agrarian structure, including land distribution and the socially constructed relations, and points to the exploitation and domination of the powerful landholding elite and agribusinesses over the rural poor. The homogeneous peasantry with converging interests are seen as “under threat of dispossession by policies and actions that support an emerging global food regime dominated by large corporations” (Cousins and Scoones, 2010:44). Although RAP does not differentiate the peasantry based on classes, they do view two broad groups of conflicting classes – the landholding elite and the poor peasantry. Redistributive land reforms are thus extremely important for RAP, as radical land reform is seen as the first step in changing the broader agrarian structure, including social relations, access to resources, enforced property rights, and sovereignty.

RAP argues that the current food regime based on corporate domination and overseen by World Trade Organization policies, not only exploits rural producers, but also destroys the natural environment by relying on artificial fertilizers, chemicals, and

fossil fuels. The ‘peasant way’ is much more sustainable as it is based on small-scale agriculture, production for consumption, and ecological sustainability. The ideal RAP model would be based on small, family farm agriculture, with no labour market. Labour would be based on the consumer-worker ratio (dependents/workers), exploiting the self more as the ratio increases. In this model, farms that are more successful than others are due to the demographic differentiation (i.e. Higher/lower consumer-worker ratios), as well as support from the state. This directly relates to Chayanov’s concept of differential optimums. Moreover, to remain viable, rural cooperatives are necessary, as well as vertical cooperation so that peasants can address the issue of economies of scale and compete with large farms.

RAP does not assess the viability of the farm in terms of efficiency and productivity, based on the economic logic of quantitative growth (Cousins and Scoones, 2010:45). Using such an approach would externalize the ecological and social effects that are caused by chemical pollution and agribusiness exploitation. RAP views a viable and effective land reform in terms of its ability to promote “broad-based and inclusive local, regional, and national economic development that benefits the majority of the population, as well as ecologically sustainable methods of farming” (IPC, 2006 qtd in Cousins and Scoones, 2010:46). While land reform should be ‘by the people, for the people’ as practiced by the MST, it is also necessary to have state support to expropriate land from large landholders, as well as peasant cooperatives.

A Synthesis of RAP and NIE

The process of an effective and viable redistributive land reform is no doubt an issue of contention. The debate mainly exists in the meanings of effectiveness and viability. Depending on who you ask, which perspective they align themselves with, and what they value are key components in determining their view on an effective and viable redistributive land reform. While both perspectives build upon valid arguments, it is necessary to refer to historical data for concrete evidence and assess which model contributed to the overall well-being of society. The NIE and RAP perspectives on land reform agree that land should be distributed into smaller landholdings to improve the overall well-being of society. But, as shown above, both have very different views on how to achieve this process and what constitutes as ‘overall well-being of society’.

The only main point of agreement between these two perspectives is that large landholdings should be redistributed into smaller family farms. From the NIE perspective, this is due to the inverse relationship between land size and productivity, assuming that smaller farms will maximize their land and thus increase overall land productivity. From a RAP perspective, land should be redistributed into small family farms for household food security, social protection, and food sovereignty. Enabling the landless to acquire land will also empower the poor, changing the power relations and thus inequalities that exist in society.

For NIE, using the market to distribute land is most efficient and effective because it is supply-driven and therefore only ‘fit’ beneficiaries will be included in the reform. Landlords will also receive 100% cash value for their land and market signals will

distribute land most efficiently. A state-led approach will only distort market signals and award land to those who are unfit and will therefore hinder economic growth. For RAP, the market will not benefit the rural poor as power relations and social exclusion will hinder their ability to negotiate land deals. Moreover, the market will continue to reward the wealthy, giving them more leverage, and leaving the social structure and power relations unchanged. Redistributive land reform 'from above' (SLAR), accompanied by support and organization 'from below' (social movements, MST) will enable the rural poor to establish their land rights and gain sovereignty over their livelihoods (Borras, Akram-Lhodi, and Kay 2007).

Measuring the viability of redistributive land reform from an NIE perspective is based on farm efficiency, distribution of income, the impacts on poverty, and the growth multiplier. As land is redistributed into smaller, more efficient farms, more output will be produced and more wealth created. Resources are scarce, so it is essential that they are allocated in the most efficient way possible to obtain the optimum output. Chemical fertilizers and agro-industrial equipment are preferred to maximize output. For RAP, agriculture is a way of life, not a means to achieve economic growth. Agriculture and food are central to social and ecological sustainability and the viability of family farms is based on their non-capitalist nature. Production should not be based on export or to accommodate the 'age of high mass consumption', but to provide for household consumption and sustainability.

The fundamental policy implications for NIE would be to allow the market to lead the land reform. This should also be accompanied by proper institutions to offset transaction costs and establish property rights. Policies favouring urban consumers should

be reduced and land should be redistributed on a voluntary basis. For RAP, the major concern is for a radical agrarian reform that secures rights to land and resources by peasant farmers and allows them to have sovereignty over their land, food, and way of life. The policy should also provide support so the rural poor are not exploited, but rather protected from the global corporate food regime. These two competing paradigms form the basis for the debate between using the market for effectively redistributing land and using the state and/or peasant organizations. Next, we will look at the four main models of land reform: Market-led Agrarian Reform (MLAR); State-led Agrarian Reform (SLAR); Peasant-led Agrarian Reform (PLAR); State/Society-driven Agrarian Reform (SSAR). (Borras, Akram-Lhodi, Kay: 2007)

Competing Models of Agrarian Reform

Market-led Agrarian Reform (MLAR)

The Market-led perspective considers economic efficiency and productivity as key determinants of successful land reform and rural development. Land is viewed as a scarce resource necessary for economic production. If most rural households lack access to land, rural poverty will persist. The key component for MLAR is bringing peasants into the market. Land, which is viewed as a commodity, needs to be titled, privatized, and become a tradable good. Leading MLAR advocates such as Binswanger and Deininger, argue that the MLAR model will distribute land most efficiently and will thus be most productive and create maximum levels of economic growth. The argument is based on assumptions that government bureaucracies are corrupt and will engage in rent-seeking around land

policy-making and implementation. The market, they argue, will distribute land on a purely voluntary buyer-seller basis where both parties receive a fair market price for their transaction. It is demand driven and assumed that land prices will be lower, with transactions that are transparent, corrupt-free and fully voluntary. The MLAR argument is based on the belief of the free market to determine the most economically efficient allocation of resources. In addition, giving poor people property rights secures their access to land and its productive resources while giving them an incentive to take care of the land and render it most productive. Securing property rights will also entice financial investment into the rural economy (Deininger 1999; Deininger and Binswanger 1999; Binswanger 1996; World Bank 2003).

In 1994, Colombia started a subsidized land market program aimed at redistributing public lands via the market. In 1996 the World Bank issued the Colombian government a grant of US\$1.82 million to fund the project and support the MLAR. The MLAR program, called Incora, was largely seen as a failure with “high interest rates, defaults in payments by beneficiaries, and the ongoing reductions to Incora’s budget, (have) resulted in a vast slow-down of beneficiary disbursement” (Mondragon, 2006:166). Without the expropriation of land by the government, the Incora program did not have enough funding to subsidize the purchase of all land available. Only 3.7% of the total available land was subsidized, benefitting only 8% of interested families in 1997 and less than 3% in 2000 (Mondragon, 2006:166-167).

Table 2: Colombia's MLAR 1995-2001

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

(Data from Mondragon, Hector, 2006)

Table 3: Land Redistribution Outcomes of Major Market-Led Agrarian Reform

Programmes in Several Countries

Country	Period	Redistributed Land as % of total arable land	Number of beneficiaries as % of total agricultural household
Brazil	1997-2005	0.4	1.32
Colombia	1994-2001	0.22	0.33
Guatemala	1997-2005	4.0	1.30
Philippines	2000-2005	0.01	0.03
South Africa	1994-2005	1.65	4.1
Zimbabwe	1980-1996	16.6	5.83
Namibia	1990-2005	6.0	0.16

(Data from Borras and McKinley, 2006)

During the past two decades MLAR programs have largely been seen as a failure to redistribute land and effectively encourage farming as a pathway out of poverty. Borras and McKinley reveal the outcomes of major MLAR programmes in several countries in Table 3.

State-led Agrarian Reform (SLAR)

Conversely, proponents of the SLAR model argue that letting the market dictate land reform inevitably results in a concentration of land in the hands of a few wealthy elites. This is largely due to the very nature of a free market – those who already have resources and capital are able to forcefully persuade, through monetary or other means, the poor. Moreover, in the event of natural disasters, poor harvests, or drought, poor peasant may see the cash value for their land as more valuable than their current rural livelihood and due to short-term desperation, sell their land. The end result of this, of course is an increase in landless peasants, resulting in poverty and inequality (Borras 2003ab) (Rosset et al. 2006). In addition, Anna Tsing (2002) argues that property rights cannot be viewed as ‘things’, rather they are social relationships. The MLAR view of property rights defines them so as to be traded on the market, for economic relationships.

True agrarian reform however, as argued by SLAR proponents, must not only reform land for economic reasons, but must reform the social relationships that exist in rural areas. The social and political relationships between different classes are part of the agrarian structure and, just like the land, must be reformed in order for agrarian reform to be effective and increase equality in the countryside. SLAR thus goes beyond economism

and takes into account the underlying social and political processes that exist and make up the structural inequalities in the rural sector. It is crucial for the state to fully support and carry out this reform in full, with not only redistributing land to the landless, but also providing key extension services (people's access to markets; access to land and its productive resources; access to social, health, education and technical services; agricultural inputs, access to low-interest credit; marketing assistance; and distribution channels, agro-ecology education, cooperative education). The state-led perspective considers strong peasant organizations as key to the success of the land reform movement to support the state's expropriation and build a loyal mass. (Borras 2003ab; Rosset et. al 2006; Kay 2009; Chang 2009; Borras et. al 2007; Borras 2008; Bernstein 2002; Akram-Lodhi et. al 2007). Before the neoliberal discourse came to dominance as the World Bank's policy prescriptions, many developing countries used an SLAR programme to redistribute land. In Table 4, Borras and McKinley show the outcomes of SLAR in several countries.

**Table 4: Land Redistribution Outcomes of State-Led Agrarian Reform Programmes in
Selected Countries**

Country	Period	Redistributed Land as % of total arable land	Number of beneficiaries as % of total agricultural household
Cuba	Since 1959	80	75
Bolivia	1952-77	74.5	83.4
Rep. of Korea	Since 1945	65	77
Chile	1964-73	Nearly 50	20
Taiwan	1949-53	48	48
Peru	1963-76	42.4	32
Mexico	1970 data	42.9	43.4
Philippines	1972- 2005	~50%	40
Japan	Since 1945	33.3	70
Ecuador	1964-85	34.2	No data
El Salvador	1980 thru 1990s	20	12
Venezuela	Up to 1979	19.3	24.4
Egypt	1952-61	10	9
Brazil	1964- 2005	7.6	18.5
Costa Rica	1961-79	7.1	13.5

(Data from Borras and McKinley, 2006)

Peasant-led Agrarian Reform (PLAR)

The peasant-led perspective comes from the failures of the two former models' ability to achieve comprehensive pro-poor agrarian reform. Though similar to SLAR in many ways, PLAR ultimately assumes that the state is too pre-occupied in politics and tied down by the elite's interests of anti-reform to really achieve comprehensive redistributive

land reform. Since the state will ‘inevitably’ be influenced by the wealthy elites, it is necessary for the peasants to organize and mobilize the masses and take back the land themselves. This perspective requires a vibrant and highly organized peasant movement and has been effective in redistributing land where the state failed to do so.

The Brazilian Constitution, for example, states that land that is unproductive should be used for a ‘larger social function’ – a stipulation that Brazil’s Landless Workers Movement (MST) has acted upon with substantial success. Since 1985, the MST has “occupied unused land where they have established cooperative farms, constructed houses, schools for children and adults and clinics, promoted indigenous cultures and a healthy and sustainable environment and gender equality” (MST, 2010). They have won land titles for over 350,000 families in 2000 settlements and have gained prominence and legitimacy in state affairs (MST, 2010). The MST opposes the neoliberal model and the agribusiness/agro-export economy based on free trade, privatization and commodification of natural resources. In contrast, the MST advocates a model of agriculture based on the family farm and food sovereignty which “prioritizes local production of food for local and national markets, negates dumping, and uses sustainable production practices based on local knowledge” (IPC, 2010). MST has been successful in establishing 96 small and medium-sized cooperatives, 1800 public schools, literacy and health programs. The MST is expanding their reach in their fight for agrarian reform, a free, sovereign, egalitarian Brazil and a continent free from the FTAA (MST, 2010). Along with La Via Campesina, they have been one of most influential, highly organized peasant movements that have been a cause for real change in agrarian societies.

State/Society-driven Agrarian Reform (SSAR)

Lastly, the state/society-driven agrarian reform (SSAR) is, in some ways, a synthesis of the three other perspectives. While the state-led approach overemphasizes the role of the state in carrying out sweeping redistributive land reform that may go against the best interests of elite policy-makers (and the urban bias); the peasant-led approach gives too much weight to the ability of peasant movements to overcome the structural-institutional factors, international institutions, and government policies that work against their interests. In some cases, peasant movements can win the social revolutionary struggle, but fail to take control of the political realm, as in the case of the 1910 Mexican Revolution discussed above. On the other hand, peasant movements can take action and occupy unused land and forcefully take control of these lands and their productive resources, but without government support, cannot achieve large-scale success. This is the case of the MST, who occupy land ‘from below’, but compete with a government implementing MLAR strategies ‘from above’. While both state-led and peasant led models have achieved success to a certain degree, neither can explain their failings with such a one-dimensional view of state-societal relations (Borras, 2001:548).

Jonathon Fox offers a useful analysis of the importance of state-society relations in analyzing the states’ two distinct dimensions of power: the autonomy and the capacity of state actors (Fox, 1993:12). In Fox’s analysis, autonomy is defined in terms of the state leaders’ ‘independent goal formation’; while state capacity is “the ability of state leaders to use the agencies of the state to get people in the society to do what they want them to do” (Migdal, 1988:xi quoted in Fox, 1993:12). Borras contributes to this analysis by

insightfully adding that “during the conflict-ridden process of (land reform) implementation, the policy is transformed by politics, and vice versa, as the policy is put in the crucible of state-society relations where changes in the balance of power within the state dynamically interact with the shifting alignments of forces in society (Borras, 2001:567). Thus, the state-society relationship dynamic is fluid in nature and cannot be viewed or interpreted in isolation from one another. This relationship is the key component of an agrarian reform initiative and should be taken into consideration when analyzing the success and failure of different land reforms. For Borras, this “symbiotic interaction between autonomous societal groups ‘from below’ and strategically placed state reformists ‘from above’” offers the most promising strategy for a successful ‘pro-poor’ agrarian reform (Borras, 2001:571).⁵ It will be through this analytical framework that will guide this thesis in assessing the success of land reform in Venezuela. The top-down, state-led agrarian reform does consist of promising characteristics for successful redistributive land reform, but without a supportive peasant mass, ideal outcomes are unlikely to be achieved.

A Redistributive Alternative?

Though all of these perspectives encompass a degree of validity in their arguments to successfully redistribute land to the landless, it is evident that only one camp (MLAR) views rural development as a residual problem, while all others view the problem as being relational. SLAR, PLAR, and SSAR all view the state and peasants as key actors

⁵ In the Philippines context Borras (1999) calls this the ‘Bibingka’ strategy; while Fox (1993) calls this a ‘sandwich strategy’.

for land reform, but they differ in who will take the lead role and initiate the process. Any pro-poor land reform policy should protect and secure land access and property interest of landless peasants. Gaining access to, and control over, land and its productive resources is crucial to alter the land based social relations amongst the peasantry. As Borras and Franco point out, “It is *these relationships between groups of people or social classes* that are the subject of any pro-poor land policies” (Borras and Franco, 2009:10). They also outline nine interlinked themes that should be key features of a pro-poor land policy: protection or transfer of land-based wealth in favour of the poor; transfer of land-based political power; class-conscious; historical, gender-sensitive; ethnic-sensitive; productivity-increasing; livelihood enhancing; and rights-securing (Borras and Franco, 2009:10-16). These features cannot be met by purely market-oriented means. They require a state-led initiative to compensate for the inherent structural inequalities that exist between peoples in the countryside.

Pro-poor redistributive land reform, to be most successful, requires action and the will of both the peasants and the state. Borras and McKinley outline ‘four pillars’ necessary for a ‘redistributive alternative’ that will advance pro-poor agrarian reform most effectively (Borras and McKinley, 2006; Akram-Lodhi, et. al, 2007).⁶ Firstly, the rural poor must form their own independent organizations – peasant movements (i.e. MST, Via Campesina) – to exert ‘relentless pressure from below’ (Borras and McKinley, 2006). The movement ‘from below’ has played key roles in advancing successful land

⁶ The ‘Four Pillar’ strategy was published in a UNDP-IPC Policy Brief No. 2 in 2006 <<http://www.ipc-undp.org/pub/IPCPolicyResearchBrief2.pdf>>. The original was derived from ten land reform case studies in Akram-Lodhi, Haroon, Saturnino M. Borras Jr. and Cristobal Kay (2007) *Land, Poverty and Livelihoods in an Era of Globalization: Perspectives from developing and transition countries.* (eds.) Routledge: New York.

reform in Mexico in the 1930s; in Kerala, India in the 1960s and 1970s; and in Chile in the early 1970s (Borras and McKinley, 2006). But strong peasant movements need powerful political allies to achieve a greater degree of pro-poor land reform.

The second pillar is the need for a broad pro-reform political coalition that will support the peasants' demands for land reform. Highly mobilized, mass peasant movements demanding state-support for land reform will pressure the state and allow the party in power to justify actions of expropriation that are unpopular with the large landholding elites. The key role of the state is to support the reform with subsidies and public investment.

This brings us to the third pillar – substantial public investment, state loans and technical assistance. The state needs to support land reform by not just redistributing public/private lands, but also supporting these formerly landless peasants in establishing their livelihoods on their newly acquired land. Investments, loans, technical assistance, cheap inputs, and education are all important features to accommodate the land reform. Successful pro-poor land reforms in Japan, Republic of Korea, and Taiwan all featured strong state support with loans, public investment and technical assistance. Bolivia, on the other hand, redistributed 74.5% of agricultural land available to 83.4% of potential beneficiaries, but these beneficiaries got little else but land. “They received few productive inputs, insufficient credit, and not enough technical assistance to launch productive, independent careers in farming” (Thiesenhusen, 1995).

The fourth pillar is the overarching macro-economic policies to complement the land reform within a broader growth-oriented development strategy. Small-holder farmers and peasant cooperatives need to be protected from highly-subsidized foreign competitors

to allow fair competition in domestic markets. Pro-poor land reform in the context of a broader neoliberal economic orientation will inevitably destroy any pro-poor land reform progress and result in the demise of the peasantry. High tariffs, increased public investment, and capital controls should be part of a broader policy orientation to complement successful pro-poor land reform (Borras and McKinley, 2006).

Pro-poor land reform remains a contested issue for policy makers, academics, and civil society today. Based on historical experiences and processes, it is evident that there are key characteristics consistent in successful pro-poor land reforms, as described above. Based on these characteristics of previous successful pro-poor land reforms, Venezuela's land reform policies, practices, and implementation will be explored. Equally as important for this research however, is the voice of the rural peoples who have been affected by this reform. A prime indicator for this study is the character and degree of the relationship between the state and society.

Conclusion

After reviewing the debates surrounding agrarian reform models and their theoretical underpinnings, the most comprehensive approach to land reform is one in which society and peasant movements are politically active in making demands to the state, as well as carrying out a certain degree of land reform autonomously. This is met with supportive state-led policies which aim to give landless peasants control over land and provide complementary social policies and extension services. Thus, an interactive state-society driven model of agrarian reform will present the optimal conditions for success. Agrarian

reform is not just about reforming the landholding structure; it is much more than that. The structure of the landholdings create certain land-linked social and economic relationships which are “economically inefficient, socially exclusionary, culturally alienating, and politically disempowering (Akram-Lodhi, Borras, Kay, 2007:391). Thus it is imperative that both the state and society are equal drivers of an agrarian reform. For this study, the optimal conditions for a successful agrarian reform exist when there are autonomous peasant movements and strong supportive policies from the state (SSAR) which not only provides extension services and social support, but also uses productivity-enhancing policies within an overall growth-oriented national development strategy to protect domestic producers and consumers.

Chapter 3

Political Economy in Historical Context

The dominant development discourse is based on the need to ‘modernize’ or strive to reach ‘the age of high mass consumption’, which has prompted and encouraged a strong trend of rural-urban migration.⁷ This neoliberal discourse – largely imposed upon developing countries through loan conditionalities, military means, or strategic alliances – has been extremely detrimental to rural livelihoods in the developing world. The highly subsidized agricultural goods flooding developing countries’ markets via free trade agreements; the lack of government spending to provide the rural sector with safety nets, access to credit, extension, and basic services; the deregulation of the market economy and the financialization of capital has destroyed rural livelihoods through neglect, unfair competition, and speculation. In response, rural populations have migrated to the cities, suffered in poverty, or – in the most extreme of circumstances – committed suicide (Bello, 2009:35).⁸ This may happen as a response to the loss of any hope of survival as farmers cannot compete to sell their crops, or, as in the case with Korean peasant Mr. Lee Kyun Hae, may happen out of protest. At the 2003 World Trade Organization (WTO)

⁷ For example, Petras and Veltmeyer point out that “The 1986 rural Census estimated the rural population as 23.4 million people. By 1995, the rural population had declined to 18 million, pointing towards a massive exodus of over five million people. Because of declining revenues, the compression of prices to below production 1972 costs, and massively increasing indebtedness among producers, an additional 800,000 families, that is, over two million persons, are estimated by IBGE (the Brazilian Institute of Geography and Statistics) to have abandoned the countryside in just five years (from 1995 to 1999) because of low prices and the lack of land and credit.” Petras, James and Henry Veltmeyer. 2010 “Social Movements in Latin America: Neoliberalism and Popular Resistance. Pp. 52

⁸ Walden Bello notes that “In the state of Andhra Pradesh, farmer suicides rose from 233 in 1998 to 2600 in 2002; in Maharashtra, suicides more than tripled from 1,083 in 1995 to 3,926 in 2005. One estimate is that from 150,000 Indian farmers have taken their lives over the last few years.” Quoted from Bello, Walden. (2009) *The Food Wars*. London: Verso Pp. 35

Ministerial in Cancun, Mexico, Lee Kyun Hae stabbed himself in the heart during a protest while holding a sign saying “WTO kills farmers” (La Via Campesina, 2007). Lee, who had joined a march with 15,000 other peasants, was a member of one of the most prominent transnational social movements against globalization and free trade. Mobilizing the masses with huge transnational social movements that gain international attention can force change through media pressure by delegitimizing policies and multilateral organizations, such as the WTO. This is the most effective way to make change in the systems of agricultural production and consumption, and social movements around the globe are participating in the resistance movement today.

One of the largest and most influential social movements that has arisen in response to poor living conditions in rural areas is La Via Campesina. This international peasant movement consists of peasants, small- and medium-sized producers, landless, rural women, indigenous people, rural youth and agricultural workers from 69 countries from Asia, Africa, Europe, and the Americas (La Via Campesina). La Via Campesina’s principal objective is to “develop solidarity and unity among small farmer organizations in order to promote gender parity and social justice in fair economic relations; the preservation of land, water, seeds and other natural resources; food sovereignty; sustainable agricultural production based on small and medium-sized producers” (La Via Campesina). This section explores La Via Campesina’s notion of ‘food sovereignty’ in contrast to the dominant systems of agricultural production driven by free-market capitalism.

This chapter is organized as follows: the next section will provide a brief overview of how the neoliberal era of globalization emerged as the dominant

development discourse. The following section will discuss the emergence of resistance movements against neoliberal policies – namely La Via Campesina – their ‘food sovereignty’ movement and how this idea can be turned into a successful development policy. The following (fourth) section presents a brief historical perspective on land and agricultural policy prior to the Chavez Administration, followed by crises that took place previous to, and in the early stages of the Chavez Administration. This chapter provides the political, economic, and social context in which Chavez came to power and challenges his administration faced in implementing a state-led agrarian reform programme.

The Neoliberal Era of Globalization

Neoliberalism, or ‘new’-liberalism, has its roots in classical liberalism advocated by 18th century economist Adam Smith. In *The Wealth of Nations* (1776), Smith proposes that a free-market economy, with liberalized trade, government deregulation, and the specialization of labour would be most efficient and effective. These fundamentals are still relevant in the political economic paradigm that dominates today.

Modern day neoliberalism mainly stems from ideas propagating out of the Mont Pelerin Society which was made up of academic economists, historians, and philosophers, namely Friedrich von Hayek and Milton Friedman (Harvey, 2005:19,20). The founding statement of the society states that, “The central values of civilization are in danger....by a decline of belief in private property and the competitive market; for without the diffused power and initiative associated with these (government) institutions it is difficult to

imagine a society in which freedom may be effectively preserved” (Mont Pelerin Society in Harvey, 2005:20). The society labeled themselves as liberals, but also adhered to the free market principles of neo-classical economics and agreed with Adam Smith's 'invisible hand' notion that the market is best left to guide itself (Harvey, 2005:20). The result of this was a 'new'-liberalism, or neoliberalism, which was deeply opposed to state interventionist theories such as that proposed by John Maynard Keynes. The two central figures in this movement – Friedman and Hayek – emphasized the importance of individual freedom, both politically and economically, as central values to civilization. This link between political, economic, and individual freedom is widely referred to in Hayek's books “The Road to Serfdom” (1944) and “The Constitution of Liberty” (1960), as well as Friedman's “Capitalism and Freedom” (1962).

Prior to 1970, Keynesian economics prevailed to guide the fiscal and monetary policies used by the major international financial institutions (IFIs) (Harvey, 2005:10). This post-war system of political-economic organization is known as ‘embedded liberalism’ – a term coined by John Ruggie (1982:392) -- which refers to “how market processes and entrepreneurial and corporate activities were surrounded by a web of social and political constraints and a regulatory environment that sometimes restrained but in other instances led the way in economic and industrial strategy” (Harvey, 2005:11). Essentially, Keynes argued for more government spending in an economic downturn, and less spending in an upturn. If an economic boom creates high rates of inflation, the government could cut back its spending or increase taxes, taking on an interventionist approach. This era of ‘embedded liberalism’ was promoted to correct the failures of past policy-making. As John Ruggie explains, “...unlike the economic nationalism of the

thirties, it would be multilateral in character; unlike the liberalism of the gold standard and free trade, its multilateralism would be predicated upon domestic interventionism” (Ruggie, 1982:393). In the late 1960s this system started to break down as unemployment and inflation surged all over the world, enabling the emergence of a new international economic order – the era of neoliberalism.

Although neoliberal policies were implemented in Chile and Argentina in the 1970s, it was not until the era of Thatcher and Reagan that the neoliberal revolution had flourished and had been accomplished by democratic means (Harvey, 2005:39). This was brought on by a period of high unemployment and inflation in the US, resulting in a global phase of 'stagflation' (Harvey, 2005:39). The fall of the gold-standard announced by Nixon in 1971 sparked the demise of Keynesian economics. The Bretton Woods institutions changed their roles – the IMF, from stabilizing exchange rates to providing aid to countries with balance-of-payments difficulties; and the World Bank, from providing aid to war-torn countries to providing aid to developing countries and moving closer to the IMF operations designing conditionalities on loans. The interventionist and regulatory practices of the state were seen as the cause of the 'stagflation' that took place, turning the masses against these policies.

The mid-1970s brought about a debate between “those ranged behind social democracy and central planning...and the interests of all those concerned with liberating corporate and business power and re-establishing market freedoms” (Harvey, 2005:13). The latter group emerged victorious in this debate, as the neoliberal ideology gained respect amongst academics and politicians with Nobel Prizes given to neoliberal economists Milton Friedman (1976) and Friedrich von Hayek (1974) for their

contributions to economic theory. Friedman and Hayek's ability to use the term 'freedom' – politically, economically, and individually – gained support from the masses.

The oil price boom following the oil embargo in 1973 flooded US commercial banks with petrodollars, after Middle Eastern oil conglomerates invested their petrodollars in the United States largely due to US military pressure (Gowan, 1999:20). These US commercial banks were thus eager to lend their petrodollars and turned to developing countries as potential customers. Developing countries borrowed heavily at low interest rates to foster their industrialization and development process, only later to realize that their future lay at the hands of the United States. The loans given to developing countries were subject to US interest rates which “could easily push vulnerable countries into default” (Harvey, 2005:29). The fate of developing countries was thus subject to US interest rates.

The debt crisis that emerged in the 1980s with Mexico leading the way resulted in the formal, widespread neoliberal model of development. This debt crisis was largely due to the increased interest rates in the US led by the chairman of the US Federal Reserve Bank Paul Volcker who increased interest rates from 11% in 1979 to 19% in 1981 (Henwood, 2003:208). This so-called 'Volcker shock' indirectly initiated the neoliberal model of development through its mass creation of debt amongst developing countries. With the ensuing debt crisis, the IMF took the lead role in financing and restructuring these economies in need. With SAP conditionalities in place a massive wave of privatization, financial deregulation, and trade liberalization swept across the developing world. This resulted in increased poverty, widespread inequality, and above all, posed a serious threat to agrarian livelihoods. In fact, studies show that between 1982 and 1993 –

the first decade of this ‘new (neoliberal) economic model’ – poverty levels increased from 78 to 150 million (Petras and Veltmeyer, 2010:2). What’s more, is that these neoliberal policies, designed to produce economic development at the short-term cost of social development, have not only failed to produce economic growth in many developing countries, but have also impoverished societies on a grand scale (Chang, 2008).

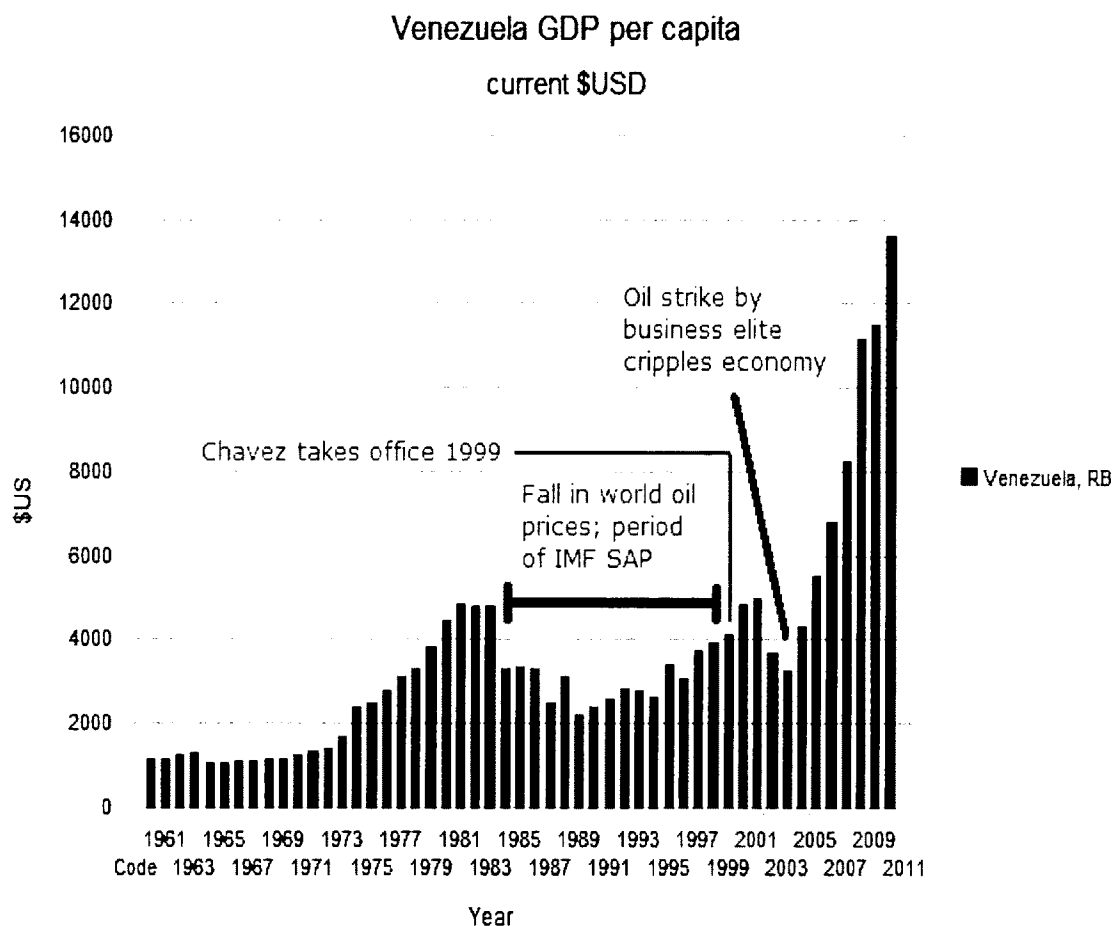
Table 5: GDP Growth Rates

	‘Bad Old Days’ 1960-80 (%)	‘Brave New World’ 1980-2004 (%)
All Developing Countries	3.0	2.2
Latin America and the Caribbean	3.1	0.5
Sub-Saharan Africa	1.6	-0.3

(Data from Chang, Ha Joon, 2008)

During the 1980s Venezuela adopted neoliberal structural adjustment policies, with direction from the IMF. During this period, real GDP per capita in Venezuela decreased substantially (World Bank, 2010). Although this period coincided with a dramatic decrease in oil revenues, Venezuela’s rural sector was nonetheless destroyed by such neoliberal policies, which continue to plague the country today. This resulted in roughly 90% of the population living in urban areas, and Venezuela became the only country in Latin America to be a net importer of food (Wilpert, 2005).

Figure 2: Venezuela GDP per capita



(Data from World Bank, 2011)

There is a fundamental contradiction with the neoliberal model of development. In both cases above, among others, the IMF and World Bank force countries to liberalize their capital accounts and the financial sector in general, while keeping a stable exchange rate to encourage investment. The pressure that arises from the foreign capital inflow, however, causes the collapse of the currency and a financial crisis ensues. Another fundamental problem is that of privatization. The government, especially in developing countries, needs to play a key role in the economy to ensure the development of key

industries and protect infant industries from foreign competition. The decreased government expenditure also cuts public spending on key sectors such as health, education, and welfare. Meanwhile, the lack of trade barriers exposes domestic industries and producers, making them subject to unequal, heavily subsidized foreign competition. The IMF and World Bank's neoliberal agenda is based on an economic theory that has been popularized as a hard science. Yet, time and again, the neoliberal model based on this economic theory proves disastrous. As a response, neoliberal advocates point to the flaws in the policy implementation, the prevalent corruption, or the lack of a completely 'free market'. Thus, the neoliberal agenda continues to dominate, arguing that any failure is due to some externality that has disrupted the 'flawless' theory. The IMF and World Bank are largely controlled by the industrialized north, namely the United States. The neoliberal model of development that these institutions promote is also very favourable to the corporate interests of the 'North' and allows them to penetrate the economies of the 'South'. Despite such corporate control 'from above', the people 'from below' that have been continually marginalized and exploited have mobilized to form a force of resistance. Radical social movements – like the MST in Brazil – have formed, as well as international organizations – such as La Via Campesina – to combat the forces of neoliberalism in the countryside. These peasant-led social movements are attempting to construct new agrarian systems of production and consumption based on co-operatives, family-run farms and self-managed agro-industrial complexes (Petras and Veltmeyer, 2010:46)

La Via Campesina and Food Sovereignty

La Via Campesina is one of the most important transnational social movement in the world and considered by many to be '*the* international peasant movement' by leading academics in the field, such as Borras (2004), McMichael (2006), Patel (2005), Edelman (2005), Martinez Torres and Rosset (2008). During the 1980s and 1990s – the height of neoliberal conditionalities – peasants around the world suffered from a rapid decline in crop and livestock prices, largely due to free trade agreements that allowed highly subsidized foreign goods to flood developing countries' markets. The structural adjustment imposed upon developing countries' economies, combined with the onset of free trade agreements – from the General Agreement on Tariffs and Trade (GATT), to the World Trade Organization (WTO) and its Agreement on Agriculture (AoA), to the North American Free Trade Agreement (NAFTA) – created an institutionalized neglect on the agricultural sector.

Walden Bello exemplifies the causes of such Free Trade Agreements (FTAs) on developing countries in his book *The Food Wars*. After the creation of NAFTA for example, Bello points to three causes that led to the erosion of the Mexican countryside, that are very similar to the causes that led to the downfall of many developing countries' agrarian sectors. First, Bello points out that US government subsidies for corn increased even as Mexican government subsidies were drastically slashed. Secondly, US export credits to the Mexican government rose to \$3 billion so the Mexican government would be able to purchase the overproduction of highly subsidized US corn. Thirdly, the structural adjustment program imposed on Mexico enabled the food distribution channels

to be privatized and monopolized by a few multinational corporations, namely the US-owned Cargill and the partly US-owned Maseca (Bello, 2009:45). Elaborating on this, Bello explains how controlling the distribution channels as such, allows these multinationals to speculate on trade trends, ensuring “that a rise in international corn prices does not translate into significantly higher prices paid to small producers at the local level” (Bello, 2009:45-46).

Agrarian livelihoods have suffered greatly, which led to revolt amongst the peasantry on an international basis. As Martinez-Torres and Rosset put it, “If your real enemy is beyond your national borders and is also the real enemy of your peers in other countries, then you must join forces with those peers to fight your common enemy” (Martines-Torres, Elena, and Rosset, 2010:153).

Not surprisingly, the Latin American region was the first to initiate this transnational resistance movement and networking, since it is “the region of the world with the most unequal distribution of land and income” (Martines-Torres, Elena, and Rosset, 2010:154) and suffered a dramatic decline in living standards during the ‘lost decade’ of the 1980s. This ‘lost decade’ inspired a force of peasant mobilization that swept the continent beginning with the formation of the Continental Conference on Agrarian Reform and Peasant Movements in Managua, Nicaragua in 1981. This conference was held for the next eight consecutive years bringing together “revolutionary peasant organisations, national peasant organisations, and independent peasant organisations, beginning a process of exchanges of experiences that led to an embryonic Latin American peasant movement” (Martinezz-Torres, Elena, and Rosset, 2010:154). As peasant organizations expanded and connected with a common anti-neoliberal, anti- agro-

industrial sentiment, La Via Campesina emerged as a global peasant and farm movement at an international farm leader conference in Mons, Belgium in May 1993 (Desmarais, 2002:93). The international peasant movement began large scale protesting at key international conferences starting with a 5000 person march at the GATT conference in Geneva in 1993, to the infamous WTO protests dubbed the 'Battle in Seattle', to the ongoing WTO Doha Round which continually fails to reach an agreement due to peoples' resistance 'from below' and left-wing government resistance 'from above'. Today, La Via Campesina is the leading international network of grassroots organizations opposed to the process of neoliberal globalization. The movement has played key roles in protesting against the World Trade Organization (WTO), the Free Trade Area of the Americas (FTAA), World Bank land policies, among others. At the heart of this movement for an alternate model of agricultural development is the concept of food sovereignty.

Food sovereignty is defined as “the RIGHT of peoples, countries, and state unions to define their agricultural and food policy without the “dumping” of agricultural commodities into foreign countries” (La Via Campesina, 2007). The food sovereignty movement seeks to change the systems of agricultural production and consumption according to the needs of local communities, prioritizing production for local consumption. It requires strict regulation on national agricultural production and protecting domestic farmers from competing with highly-subsidized agricultural goods from foreign countries. It also promotes state-led land reform – reform that redistributes land to the landless and provides safe access to land, water, seed, productive resources, public services, extension, and credit, so as to enable small farmers to be sustainable,

productive, and have a sense of security in case of crop failure, drought, or natural disaster. Essentially La Vía Campesina is “arguing for a fundamental shift in who defines and determines the purpose and terms of knowledge, research, technology, science, production and trade related to food” (Desmarais, 2002:100). Food sovereignty emphasizes the need to capture valuable local knowledge in the production process to utilize the native seeds and traditional practices that will lead to sustainable agriculture. The challenge is how to implement food sovereignty as an agricultural policy in a country successfully.

To implement food sovereignty as a governmental policy requires enormous government support and commitment. It also requires policy-decision making that challenges the dominant development discourse advocated by powerful corporate interests, the wealthy and highly influential developed countries, and the dominant international financial institutions (IFIs) established in Bretton Woods, NH – the International Monetary Fund, the World Bank, and the World Trade Organization (formerly GATT). These are the forces that have designed and sustained the free-market capitalist system of neoliberal globalization that dictate international trade and the international political economy of today.

In February 2007, La Via Campesina held the Nyeleni Forum for Food Sovereignty in Mali to bring together and align peasant struggles with other societal groups, including workers, the urban informal sector, environmental and women’s indigenous rights movements, etc (Martinez-Torres, Elena, and Rosset, 2010:167-168). This conference was held to promote a sense of urgency in altering the current model of economic, social, and cultural development in rural areas. The dominant models of

agricultural ‘development’ versus the food sovereignty model oppose each other on virtually every issue related to food, agriculture, and rural life, as we can see from Table 6 (Martinez-Torres, Elena, and Rosset, 2010:169-170). The food sovereignty model of today is essentially bringing the Chayanovian model of the family-farm and adapting it to the modern day era.

Table 6: Dominant Model versus Food Sovereignty Model⁹

Issue	Dominant Model	Food Sovereignty Model
Trade	Free trade in everything	Food and agriculture exempt from trade agreement
Production priority	Agroexports	Food for local markets
Crop prices	According to free market	Fair prices that cover costs of production and allow farmers and farmworkers a life with dignity
Market access	Access to foreign markets	Access to local markets; an end to the displacement of farmers from their own markets by agribusiness
Subsidies	While prohibited in the Third World, many subsidies are allowed in the US and Europe – but are paid only to the largest farmers	Subsidies that do not damage other countries (via dumping) are okay; i.e., grant subsidies only to family farmers, for direct marketing, price/income support, soil conservation to sustainable farming, research, etc.
Food	Chiefly a commodity; in practice, this means processed, contaminated food that is full of fat, sugar, high fructose corn syrup, and toxic residues	A human right: specifically, should be healthy, nutritious, affordable, culturally appropriate, and locally produced.
Being able to	An option for the	A right for rural peoples

⁹ Source: Martinez-Torres, Maria Elena and Peter M. Rosset. (2010) “La Via Campesina: the birth and evolution of a transnational social movement”. *The Journal of Peasant Studies*. Vol 37. No. 1. January 2010: Pp. 169-170

produce	economically efficient	
Hunger	Due to low productivity	A problem of access and distribution; due to poverty and inequality
Food Security	Achieved by importing food from where it is cheapest	Greatest when food production is in the hand of the hungry, or when food is produced locally
Control over productive resources (land, water, forests)	Privatized	Local; community controlled
Access to land	Via the market	Via genuine agrarian reform; without access to land, the rest is meaningless
Seeds	A patentable commodity	A common heritage of humanity, held in trust by rural communities and cultures; 'no patents on life'
Rural credit and investment	From private banks and corporations	From the public sector; designed to support family agriculture
Dumping	Not an issue	Must be prohibited
Monopoly	Not an issue	The root of most problems; monopolies must be broken up
Overproduction	No such thing, by definition	Drives prices down and farmers into poverty; we need supply management policies for US and EU
Genetically modified organisms (GMOs)	The wave of the future	Bad for health and the environment; an unnecessary technology
Farming technology	Industrial, monoculture, chemical intensive; uses GMOs	Agroecological, sustainable farming methods, no GMOs
Farmers	Anachronisms; the inefficient will disappear	Guardians of culture and crop germplasm; stewards of productive resources; repositories of knowledge; internal market and building block of broad-based. Inclusive economic development
Urban consumers	Workers to be paid as little as possible	Need living wages
Another world (alternatives)	Not possible/no of interest	Possible and amply demonstrated

(Data from Martinez-Torres, Elena and Rosset, 2010)

As we can see from Table 6, the food sovereignty model of rural development has some key characteristics that oppose the key tenets embedded in the dominant IFIs and FTAs. Firstly, the food sovereignty model exempts food and agriculture from trade agreements. It also prioritizes food production for local markets and not agro-exports. Instead of letting the market dictate crop prices, which can be altered by government subsidies and speculative attacks, food sovereignty advocates fair prices for farmers with access to credit from the public sector, not private banks and corporation seeking profit. Productive resources such as land, water, forests, should be controlled by the local community, not privatised. Food is seen as a basic human right, not a commodity; while farmers are viewed as knowledgeable stewards of the environment and important, productive parts of the economy, not an anachronism from a bygone era. Instead of agro-industry and chemical-intensive monoculture crops, food sovereignty promotes agroecology, sustainable farming methods, and traditional, native seeds to grow crops. For these reasons, food sovereignty policies are very difficult to implement as they not only contest the dominant model, but also retreat from policy conditionalities imposed upon IMF/World Bank indebted countries and from FTAs, specifically the multilateral WTO and its Agreement on Agriculture (AoA).

The three key components of SAPs imposed upon developing countries by the IMF and World Bank are privatization, financial deregulation, and trade liberalization. These policies privatize productive resources, redistribute land based on a market-led system, encourage agro-industry using chemical intensive inputs to produce monocultures and promote economic efficiency above all else, including societal needs and human welfare. Secondly, financial deregulation allows foreign capital to flow freely in and out

of the country, exposing countries to speculative attacks. This, combined with waves of privatization paves the way for monopolies and oligopolies to form which control productive resources and channels of distribution, creating unfair competition, market asymmetries and allow the supply of goods to be dictated in the hands of a few. Lastly, trade liberalization exposes LDC farmers to foreign competition that is highly subsidized by wealthier governments. Under SAPs, subsidies are prohibited, exacerbating the existing market asymmetries. Any country indebted to the IMF/World Bank is supposed to abide by these stipulations in order to create 'economic growth' and balance their budgets. As argued above, these policies have largely resulted in failure, discrediting the institutions amongst the developing world. Moreover, the other force which countries must deal with when implementing food sovereignty policies is the largest multilateral trading organization in the world – the WTO.

The Agreement on Agriculture is an agreement under the WTO framework that has greatly plagued developing countries. Initially, the AoA was attractive to the primary-producing export-oriented countries as they saw the benefits from agricultural liberalization and subsidy reduction in all countries. Knowing that they (LDCs) could produce agricultural goods cheaper than the industrialized 'North', LDCs viewed the AoA as an opportunity to gain from their comparative advantage on the international marketplace. However, the AoA had underlying attachments and loopholes that went unrecognized. Loopholes like the 'Green Box' allowed 'non-trade distorting subsidies' to be implemented (Jawara and Kwa, 2004:27). In effect, the rich developed countries of the North established an agreement that allowed them to maintain their highly subsidized agricultural industry and sell these extremely cheap goods on international markets. The

US and the European Commission subsidize their agricultural industries to the point where they are “exporting corn at prices 20 per cent below production cost and wheat at 46 per cent below cost” (Jawara and Kwa, 2004:27).

The result of this dumping has drastic effects on developing countries. With subsidized imports flooding developing countries' markets, the local producers are unable to compete. The increased subsidies by developed countries' governments created over-production which depresses world prices, floods markets, and destroys the livelihoods of farmers who cannot compete. Many countries that have traditionally been net food exporters become net-food importers as their agricultural sector suffers and lives are destroyed. The over-supply from the North lowers the price of their agricultural goods. In turn, farmers who were already on the brink of poverty are now unable to buy their basic needs. A vicious cycle of loans, debt, increased loans, etc., ensues. Eventually, this process leads to farmers selling their land and being reduced to measures of extreme poverty. The AoA has ruined the livelihoods of many farmers in developing countries, yet the agreement lives on. Even with the mass protests and desperate attempts to reform the agreement, as demonstrated by Lee Kyung Hae, the WTO officials and those within the sphere of influence continue to ignore the consequences of the AoA.

The above makes up the numerous hardships and conditions imposed on developing countries in trying to implement food sovereignty policies. The political will to dislocate ties with the IMF/World Bank as well as the WTO stipulations that pressured countries into signing all sub-agreements under one WTO document is extremely difficult and has only started to transpire within the last decade. In September 2003, Argentina, under the leftist-Kirchner government, neglected to pay back up to \$21 billion of loans

'owed' to the IMF and other multilateral lenders (Bello, 2005:125). These actions followed the IMF's so-called 'poster-child's' debt crisis of 2001-02 in which the IMF lost much of its legitimacy and credibility, admitting that its imposed policies crippled the country's economy (Conway, 2004). This was followed by a wave of left-leaning leaders dislocating their countries from the influences and imperialist tendencies of IMF-neoliberal policies. In 2005 Brazil paid off all debts to the IMF to take back its sovereignty; 2006 saw Evo Morales of Bolivia become the first country to benefit from the Multilateral Debt Relief Initiative (MDRI); in 2007 Hugo Chavez announced Venezuela's withdrawal from the IMF, while promoting the Bank of the South as an alternative (Ambrose, 2008). This 'pink tide' sweeping over parts of Latin America is challenging the neoliberal model of development with a new model of 21st century socialism. No one other than Hugo Chavez is advocating such a transformation, and his policies reflect his ambitious rhetoric. In 2008, for example, Chavez passed The Law of Food Security and Food Sovereignty as a means to establish strategic food reserves to stabilize the price of essential food items and ensure a secure supply of food in the event of natural disasters or human interferences. The law requires the storage of enough food to feed the entire population for three months (Gobierno Bolivariano de Venezuela, 2001). Other policies the government has implemented to promote food sovereignty include: prioritizing domestic production for local markets; establishing a state purchasing agency to guarantee a fair price for farmers; access to cheap credit for farmers; access to and control over land and its productive resources for peasants; the promotion of, and investments in, agroecology; and although they do not exempt food and agriculture from trade agreements, they do have a discriminatory import policy on

essential and non-essential food items. These policies are discussed in more detail throughout.

A Brief History of the Venezuelan Political Economy

When Venezuela's first patch of oil was discovered at Mene Grande near Lake Maracaibo in 1913, the oil-driven country that we now know today began to surface. Under the dictatorship of Juan Vicente Gomez (1880-1935), large scale oil production began and by 1929 Venezuela was the world's second-largest oil producer, though much of the oil wealth fled the country with foreign companies, most notably Standard Oil of New Jersey and Royal Dutch Shell (Bruce, 2008:XV). As oil became heavily demanded by the international community – with two world wars, petroleum-based industrialization, personal motor vehicles, etc. – oil came to dominate the Venezuelan economy. In the 1940s, Venezuela emerged as the world's largest exporter of oil (Bruce, 2008:XV). At this time, 4.8% of landowners controlled 88.8% of the total arable land with landholdings of 1,000 hectares or more. Small farmers, with 10 hectares or less, constituted 57.7% of the total number of landowners, but held just 0.7% of arable land (Wilpert, 2005). This prompted President Romulo Betancourt to initiate a state-led land reform program in 1960 which, over the course of twenty years distributed state land to over 200,000 families (Wilpert, 2005). By the 1970's, the government neglected to provide proper support in extension services – access to credit, technical assistance, price support and marketing assistance – resulting in little overall change to the Venezuelan agricultural sector.

Petras (1970) highlights three key weaknesses that led to the failure of Venezuela's agrarian reform in 1960. First, the large landholding elite (*latifundistas*) received more benefits in terms of technical assistance, credit programs, and other extension services, than the landless peasant beneficiaries. This failed to weaken the economic power of the *latifundistas* and, as a result, the means of production and unequal social structure were maintained. Secondly, it failed to provide land to roughly two-thirds of landless peasants in dire need. Thirdly, it failed to provide sufficient credit, technical assistance, training, and other extension services to formerly landless beneficiaries (Petras, 1970:96). This agrarian reform programme did not attempt to transform the structural inequalities in countryside, nor did it support the viability of new farms. Furthermore, the agrarian reform was not even resisted by the *latifundistas* as many of the wealthy, landowning elite actually benefitted from the reform. As Petras notes, "The government paid very high prices for their land, allowing the landowners, who raised their prices to take advantage of 'democratic' land reform, to earn very substantial profits, which in some cases were used to purchase new lands in outlying areas" (1970:97). In 1969, the Director of the National Agrarian Institute issued a statement on outcomes of the agrarian reform programme: "little significant progress has been made in the reduction of the concentration of land ownership in few hands, in the increase of peasants' production or income, or in the formation and strengthening of economic enterprises and organizations of small farmer" (Petras, 1970:97).

As a result of the lack of discriminatory policies against the *latifundistas*, as well as a lack of support to peasant beneficiaries – the programme failed to make any substantial structural change in the countryside. One of the key problems in this era was

the strong relationship between the state and the *latifundio* class – both of whom had interests in maintaining the control of commercial farms in Venezuela. The inability to secure a viable livelihood in the countryside led to a continuous trend of rural-urban migration, as the rural population (as a percentage of the total) declined from 38.4% in 1960 to 10.9% in 1999 (World Bank, 2010). Likewise, agriculture's share of GDP declined from 50% in 1960 to just 6% in 1999 (Wilpert, 2003).

During this period, the government solely focused on a process of development through industrialization and neglected its agricultural base. With a government heavily concentrated on oil production, the Venezuelan economy suffered from what is widely known as 'Dutch Disease' – referring to a heavy inflow of revenues from natural resources (oil) which strengthens the country's currency, making other exports (manufacturing, agriculture) less competitive (Cordon, Max, and Neary, 1982). Essentially, all sectors of the economy not affiliated with oil suffered as a consequence of neglect and their inability to compete in the marketplace. The Middle East oil embargo of 1973 started a world-wide oil boom which quadrupled the Venezuelan government's revenues between 1972 and 1974 (Wilpert, 2007:89). With increased oil revenues President Carlos Andres Perez promised to make Venezuela a developed country within a few years and nationalized the oil industry, creating the Petroleos de Venezuela (PDVSA) in 1976 (Wilpert, 2007:89). However, as Bernard Mommer points out, "Nationalization changed *ownership* of the oil industry but not, for the most part, *management*." This allowed many executives from Exxon, Shell, and Mobil to remain in control and created conflicting interests amongst the government and the oil industry. PDVSA concentrated

on its own agenda (Mommer in Ellner and Hellinger, 2003)¹⁰ and thus “undermined nationalization and paved the way for the return on private investors.” (Mommer in Ellner and Hellinger, 2003) During this process, PDVSA bought refineries in the US and Europe (Citgo) and used ‘transfer pricing’ to sell Venezuelan oil to its own subsidiaries at discount prices under long-term contracts. This indirectly transferred many of PDVSA’s profits abroad (Wilpert, 2007:90). The results of this mismanagement were disastrous and with the oil price collapse of 1986 (Forbes, 2008) and the currency crisis of 1983, the Venezuelan economy was in terrible condition.

In 1989, Carlos Andres Perez came back to power as Venezuela’s President, this time entering a country in near collapse as foreign reserves were minimal and food shortages were mounting. The neglect of the agricultural sector brought the sector’s share of economic activity, as a percentage of Venezuela’s GDP, from 50% in 1960 to only 6% in 1999, the lowest in Latin America (Wilpert, 2007:110). These statistics reflect the fact that Venezuela is Latin America’s sole net importer of agricultural products. As the economy approached crisis, Perez gave in to the IMF’s SAPs and Venezuela began its era of neoliberal policy prescriptions.

In February 1989, Perez adopted the neoliberal discourse, privatizing services, cutting social spending, abolishing subsidies, deregulated trade, and oriented the economy for export (Isaacs et al., 2009). The effects of SAPs on the fragile Venezuelan economy further devastated the economy and society as government expenditure was reduced and trade barriers collapsed to stimulate the growth of oil exports. With highly subsidized

¹⁰ Mommer notes the PDVSA’s agenda as being: “the development of the oil sector in real terms, maximizing volume, turnover and sales (not profits) in all the segments of the industry, both at a national and an international level, at the same time that fiscal revenues were disregarded.” In Mommer, Bernard. 2003. “Subversive Oil” in: *Venezuelan Politics in the Chavez Era*, edited by Ellner, Steve and Daniel Hellinger, London: Lynne Renier. <<http://www.isioma.net/sds00703.html>> Accessed September 10th, 2010.

agricultural goods flooding the Venezuelan market, and the decades of agriculture neglect by the government, Venezuela's agricultural sector was destroyed. The government was unable to subsidize even its own oil under SAPs, and "prices of everything, especially food and transportation, doubled overnight" (Isaacs et. al., 2009). Outraged by the price increases, corruption, deceit, and the government's loss of sovereignty over its own economic and social policies, the people mobilized and chaos ensued – a rebellion known as the *Caracazo*.

The Caracazo began on the morning of February 27th, 1989, as gangs of civilians took to the street, infuriated with the state of their government. Looting, riots, and destruction ensued, lasting only a couple days before the military reacted with brutal repression, killing over two thousand civilians (Gott, 2000:46). This massacre concretized the peoples' displeasure with their government and a new movement began to emerge within the military itself with support of the masses fed up with living in a state rattled with corruption, violence, and poverty. 1989 marks an important date worldwide as it was this year that the Berlin Wall fell, the pro-Soviet governments collapsed in Eastern Europe, and "the beginning of the end of Venezuela's *ancient regime*" (Gott, 2000:45). It was not until another decade that Hugo Chavez would come to power, after gaining public support from the most marginalized in society and within the military that he was apart of throughout his career. Public discontent and the opportunity for change was very evident after Venezuela had suffered a steady decline in real per capita income from 1979 to 1999, declining by 27%. Even with neoliberal policy prescriptions invading many other Latin American countries, no other country experienced such devastation. Moreover, Venezuela's poverty rate increased from 17% in 1980 to 65% in 1996 (Wilpert, 2007:13).

As the middle-class became heavily affected by these downfalls, the country was ever more divided up between the 'haves' and the 'have-nots', with the latter making up much of the population and eager for change.

On December 9th, 2002, opposition parties to the Chavez government sabotaged the economy by going on a prolonged strike. Management and white collar workers of the state-owned oil company, PDVSA, paralyzed the oil industry for nearly two months by refusing to move ships, withholding computer passwords and refusing to do anything productive (Wagner, 2005). In one month, production dropped from 3.1 million to 25,000 barrels per day, leading to shortages of food due to the lack of transportation and distribution (fuel), and leaving many households without the ability to cook (Wagner, 2005). Venezuela's chamber of commerce – Fedecamaras – also supported the lockout, along with international food corporations operating within the country, leading to closed supermarkets, growing malnutrition, and massive food shortages nation-wide. In the meantime, the government hired retired oil workers from Brazil and purchased their fuel. Since many medium and small-scale businesses were not connected to the wealthy, elitist, anti-Chavez class, these businesses remained open and provided the public with food staples. Nonetheless, when the strike ended in February, 2003, it had cost Venezuela \$10 billion dollars, temporarily closed the country's mining and steel industries, increased unemployment to 22%, and increased the level of poverty from 44% to 54%, bankrupting thousands of businesses (Wagner, 2005).

Conclusion

As the neoliberal discourse gained hegemony from the 1980s onward, the solutions to unequal land tenure systems, as supported by mainstream perspectives such as the World Bank (2003), Deininger (1995, 2002), and Deininger and Binswanger (1999), were a series of market-led reforms. Market-led land reforms, as directed by the World Bank, were carried out by Brazil, Colombia, Guatemala, Philippines, South Africa, Zimbabwe, Namibia, among others. The results have been very bleak, as the average of redistributed land as a percentage of total agricultural land of the preceding countries was only 4.13% (including Zimbabwe which distributed 16%). The MLAR table by Borras and McKinley (2006) exemplify these programme failures.

Table 7: *Land Redistribution Outcomes of Major Market-Led Agrarian Reform Programmes in Several Countries*

Country	Period	Redistributed Land as % of total arable land	Number of beneficiaries as % of total agricultural household
Brazil	1997-2005	0.4	1.32
Colombia	1994-2001	0.22	0.33
Guatemala	1997-2005	4.0	1.30
Philippines	2000-2005	0.01	0.03
South Africa	1994-2005	1.65	4.1
Zimbabwe	1980-1996	16.6	5.83
Namibia	1990-2005	6.0	0.16

(Data from Borras and McKinley, 2006)

It is obvious that Chavez was confronted with many challenges upon being elected. He was advocating change through redistributive pro-poor policies that went against the dominant discourse. Venezuela was also extremely urbanized, being one of the only net importers of food in the region, and had a very strong landlord class which occupied the countryside. The unsuccessful agrarian reform programme in 1960, failed to change the unequal structure of the countryside and Chavez sought to change that. Chavez adopted the view of food sovereignty from La Via Campesina and is in the process of pursuing a model of agrarian reform that is in line with the more critical academics in the field such as Akram-Lodhi, Borras, and Kay (2007), Borras (2007), Rosset, Patel, Courville (2006). The next chapter will examine Venezuela's agrarian reform programme under Chavez and discuss the main actors, complementary programmes, and outcomes.

Chapter 4

Agrarian Reform Initiatives: The Venezuelan Case

As one of the most urbanized countries in the region, Chavez came to power in a country with only 12% of the population living in rural areas, compared with 35% in 1960 (Wilpert, 2007:110). Furthermore, “75% of the country’s private agricultural land is owned by only 5% of the landowners, while 75% of the smaller landowners own only 6% of the land” (Wilpert, 2007:110). Elected on a ‘pro-poor’ platform with promises to redistribute the wealth, Chavez sought to restructure the agrarian sector with a state-led agrarian reform programme to eliminate the latifundistas and transform the countryside into more productive, small-medium sized landholdings.

This chapter examines Venezuela’s state-led agrarian reform programme and the key actors involved in the process. The programme is examined and analyzed and provides data based on the outcomes to date, as well as an overview of economic and social indicators to gain a perspective of the agrarian reform programme within the overall national development strategy.

Venezuela’s Land and Agricultural Policies Under Chavez

In 2001 Mision Zamora¹¹ was established as the main agrarian reform programme to redistribute land and re-integrate and restructure the Venezuelan countryside. Created in

¹¹ Mission Zamora is a government initiative inspired by Ezequiel Zamora who was a crusader for land reform and peasants’ rights in the 1850’s. The mission is in charge of helping to organize small and medium producers and assisting them to receive land titles.

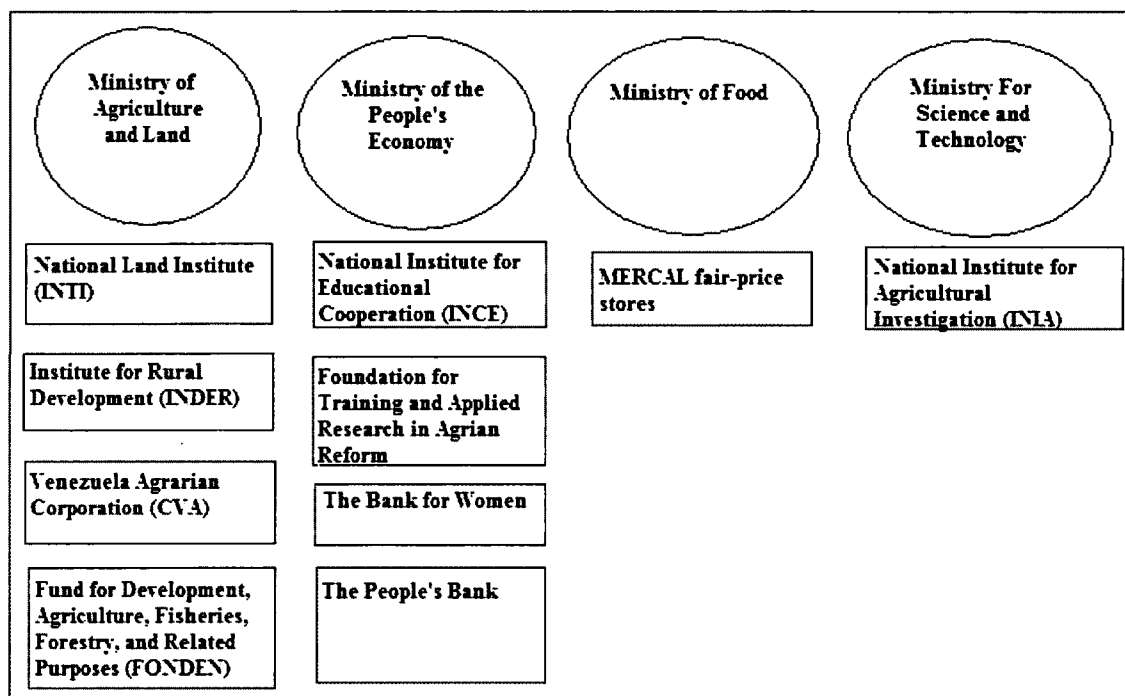
law by the *Ley de Tierras*, the goals of this policy are to: set limits on the size of landholdings; tax unused property as an incentive to spur agricultural growth; redistribute unused, primarily government-owned land to peasant families and cooperatives; and lastly, as of 2005, to expropriate uncultivated and fallow land from large, *latifundistas* for the purpose of redistribution (DeLong, 2005). The original Land Law passed in 2001 stated that “only high-quality idle agricultural land of over 100 hectares or lower quality idle agricultural land of over 5000 hectares (*latifundios*) can be expropriated” (Wilpert, 2007:111). Mission Zamora’s goal is “to reorganize the ownership and use of idle lands with agriculture to eradicate the *latifundio*” (Isaacs, et al., 2009). In June 2010, the Land Law was reformed, redefining *latifundios* as being “a piece of land that is larger than the average in its region or is not producing at 80% of its productive capacity” (Suggett, 2010). Moreover, the reformed law also eliminates the contracting or renting of land cultivation to third parties. Although this law is quite contentious, the government will compensate expropriated land with legal titles at market value, unlike other state-led land reforms.

Under the Ministry of Agriculture and Land, four new institutions were also created to facilitate the land reform process – the National Land Institute (INTI), responsible for land tenancy and redistribution; the National Rural Development Institute, responsible for technical assistance and infrastructure (including construction projects like irrigation, drainage, bridges, and roads); the Venezuelan Agricultural Corporation (CVA), which provides assistance with distributing and commercializing the agricultural products of farmers who have benefited from the land reform; and the Socialist Agrarian

Isaacs, Anna et al. (2009). “The Food Sovereignty Movement in Venezuela, Part 1” *Venezuelan Analysis*. <<http://venezuelanalysis.com/analysis/4952>> Accessed September 10th 2010.

Fund (FONDAS) assists farmers through micro-lending at little to no interest (Suggett, 2010). Other institutions that offer key extension services for farmers, such as cooperative education training; agriculture research; subsidized credit programs; and subsidized food outlets were also established to assist the agrarian reform process (Ramachandran, 2006).

Figure 3: *Venezuela's Institutions Associated with the Land Reform Process*



(Data from Ramachandran, V.K. 2006)

The first step in the process of land redistribution for INTI is to examine large (*latifundio*) farms and evaluate the legitimacy of property rights, tenure, and productivity. Next, they look at the physical infrastructure to identify whether there are roads, electricity and energy, irrigation works, etc., to estimate the degree of work and

investment that must be supplied in order to accommodate the development of viable farms. Once these evaluations are completed, the beneficiaries must undergo programmes of 'socio-economic and technical capacity-building' to learn how to run a cooperative farm. During this time, participants were paid to attend the training school (Mision Vuelvan Caras) at a salary equivalent to \$150 USD per month (Ramachandran, 2006). This monthly allotment, however, was terminated as of 2007, when the Mision was re-designed and named Mision Che Guevara. According to government officials and workers of the Misiones, individuals were mainly attracted to the monthly allocation and not to the creation of economically sustainable cooperatives, resulting in a massive waste of resources and the need to restructure the Mision (Daguerre, 2011:10).

The Venezuelan Agricultural Corporation (CVA) is of particular importance due to its task of ensuring newly established farmers have a guaranteed buyer at a guaranteed, fair price. The CVA is a government marketing board for agricultural products which offers producers a guaranteed floor price for their products. The goal of the program is to eliminate intermediaries which manipulate prices between producers and consumers. An ongoing problem in rural Venezuela is corporate intermediaries which tend to pay producers unfair (low) prices and sell to consumers at unfair (high) prices. The CVA has been established to eliminate this process by providing producers with price stability and simultaneously make the final price for consumers much more affordable.

In January 2008, the Venezuelan Food Products and Distribution (PDVAL) was set up to work as a state-run food distributor to strengthen distribution networks (Suggett, 2008). A government report from 2008 shows that through these institutions the government has purchased 659,419 tons of foodstuff of which 237,085 tons are from

domestic producers and 422,334 from international producers. These are distributed to Mercal's across the country to be sold at subsidized rates (Gobierno Bolivariano de Venezuela, 2011g). While Mercal and PDVAL continue to expand, they serve over 30% of the Venezuelan population – over 10 million people (Wagner, 2005; Gobierno Bolivariano de Venezuela, 2011h). A closer look at the Mercal as a social 'Mision' is discussed below.

To encourage more urban-rural migration, any Venezuelan citizen who is either the head of a family household or is between 18-25 years old can apply for a parcel of land through the National Land Institute (INTI). This land must be productively cultivated for three years, after which the applicant can acquire full ownership and title to the land. However, the owner cannot sell the land on the market, it can only be passed down through the family. This form of redistributive land reform is state-led, where the market cannot influence farmers to sell their land for currency, which often leads to the wealthy elite or corporations exercising their monetary power over the peasantry and thus concentrating land in the hands of the few. Critics argue that by prohibiting people to sell their land can lead to a black market in land titles, which end up being traded far below market value because titles are not completely legal (Delahaye, 2002:351-354). These arguments contribute to a long debate that exists between academics advocating market-led agrarian reform (MLAR) versus state-led agrarian reform (SLAR). Among the top academics in the field today, it is generally recognized that the SLAR approach has been much more effective in delivering true agrarian reform that changes power relations and does not allow the market to dictate the distribution of land. Agrarian reform, it is argued, must be state-led to facilitate a social transformation in the countryside. However, many

SLAR models have failed, due to the lack of credit and extension services available to farmers, or the failure of the peasantry to empower themselves through self-organization and mobilization.¹²

In March 2005, the National Land Institute expropriated five *latifundios*, not on the basis of being too unproductive and idle, but on the basis that the land actually belonged to the government. The owners of these lands contested the expropriation, trying to prove their ownership with documentation that apparently dated back to the mid 19th Century. The government however, claimed that these documents were false and redistributed the large landholdings to landless peasants. Due to the extreme vagueness of land title documentation and ownership, it is extremely difficult to gauge the legitimacy of land titles. Many land owners, over the years, have expanded their territory, perhaps knowingly or unknowingly. This could be due to a transfer of ownership, or perhaps due to the ancient land titles that are very vague about demarcating territory (Wilpert, 2007:113). In other circumstances, a person could have bought the land ‘legitimately’, not knowing that the previous owner did not have the legitimate land title. The Chavez government, however, is on a mission to redistribute large landholdings to small farmers to increase productivity. After all, as stated in the Constitution under Article 307, “The predominance of large land estates is contrary to the interests of society”¹³, so one would assume that any vague or controversial land titles would result in the government and its military presence having the final say. Under the Law, proof of private land ownership is accepted so long as the ‘owner’ has a “perfect sequence and linkage among documents

¹² For a thorough analysis of MLAR and SLAR see Borras, Saturnino. (2008). *Competing views and strategies on agrarian reform: International Perspective*. Ateneo de Manila University Press: Quezon City. Also, see Rosset, Peter, Raj Patel, Michael Courville. (2006). “Promised Land: Competing visions of agrarian reform” *Land Research Action Network*. Food First Books: Oakland, California.

¹³ See Appendix I

that must have been granted by state entities including the former National Agrarian Institute, government ministries, the military, or the Spanish Crown” (Suggett, 2010).

Furthermore, another recent reform to the 2001 Land Law passed in June 2010 eliminates the contracting or renting of land cultivation to third parties. This means that anyone or any group of people that has occupied or worked as tenants on privately owned land for over three years will potentially be given the title of ownership to that land under the direction of the National Lands Institute (INTI) (Suggett, 2010). The Law also prohibits the eviction of farmers from the land they are occupying or working on at the time the law’s implementation. This is in accordance with Article 13 which states that land tenure must be in line with, “the socialist principle according to which the land is for those who work on it.”

This new reformed law parallels that of the Brazilian Constitution and how Brazil’s Landless Workers Movement (MST) is practicing land reform ‘from below’. Similar to Venezuela’s new Land Law, the Brazilian Constitution states that land that is unproductive should be used for a ‘larger social function’ – a stipulation that the MST has acted upon with substantial success. Since 1985, the MST has “occupied unused land where they have established cooperative farms, constructed houses, schools for children and adults and clinics, promoted indigenous cultures and a healthy and sustainable environment and gender equality” (MST, 2010). They have won land titles for over 350,000 families in 2000 settlements and have gained prominence and legitimacy in state affairs (Suggett, 2010).

Venezuela’s state-led agrarian reform programme has thus far redistributed roughly 3 million hectares of state-owned land to over 200,000 families (Pearson, 2011;

Wilpert, 2007:112). This public land is mainly distributed to cooperatives known as Zamoran Farms. The state assumes ownership of the land, but is considered the cooperatives so long as it stays 'productive'. In 2005, the Chavez government began to expropriate and redistribute privately-held land – which, for obvious reasons became a very contentious issue. This was also the year that Chavez, in a speech to the fifth World Social Forum on January 30th, declared that Venezuela would pursue a model of socialism of the twenty-first century.¹⁴ According to the then-President of the National Land Institute (INTI) in 2006, Richard Vivas, the total amount of arable land in Venezuela is roughly 30 million hectares (Ramachandran, 2006:8). Of the 30 million hectares, "19 million were under the control of INTI (and in the process of being redistributed to small/medium/cooperative farmers) or owned by the state. The remaining 11 million hectares are in the form of private land holdings and latifundistas (Ramachandran, 2006:8).

According to the 2007-2008 National Agricultural Census (VII Censo Agricola Nacional) conducted by the Ministry of Agriculture and Land, the total amount of arable land is 27,073,879 hectares. According to this census, 25,903 farms over 200 hectares in size, occupy 19,462,060.87 hectares – which accounts for 71.89% of arable land. There are a total of 424,256 farms in Venezuela, meaning that these large landholdings make up 6.1% of farm holdings and occupy 71.89% of the land (Gobierno Bolivariano de Venezuela, 2011i). It is unclear, however, whether these large landholdings are private *latifundios* or if they have been reclaimed by INTI.

¹⁴ 21st Century socialism was never specifically defined by Chavez, rather it is seen as a constant work in progress, a system that is more pluralistic and less state-centred than the Soviet Union, Eastern Europe, and Cuba today. (See Wilpert, Gregory. (2007) *Changing Venezuela by Taking Power: The history and policies of the Chavez government*. Verso: London. Pp.237-266)

Although these figures are not in stark contrast to the unequal concentration of land that Chavez inherited in 1999 (75% of arable land, owned by 5% of landowners), the land reform programme only began redistributing private lands in mid-2005 (Wilpert, 2007:110). The programme was also delayed due to the crises that ensued due to the oil crisis and coup attempt in 2002-2003. Since most of the land redistribution happened after 2005, this census is based on the data available less than two years after the more radical reform had taken place. It is also unclear as to whether or not some of these *latifundios* had been expropriated or reclaimed by INTI at the time of the consensus, as the then-President of INTI Richard Vivas said in 2006 that 63.3% of arable land was under INTI control (Ramachandran, 2006:8). In many cases, INTI will claim the rights to large landholdings, but the process to redistribute that land to small-medium size landholdings, or cooperatives can take over a year. It is thus unclear as to the exact outcomes of the land reform. However, the ranges displayed in Table 7 show the best available data from a variety of sources to date.

Also, at the time of the consensus, only 1 million hectares of private land had been redistributed (Isaacs, et al., 2009). To date, Chavez has said that a total of 4 million hectares of land has been nationalised by the government over the last twelve years, leaving a total of 8 million hectares in hands of private landowners and latifundistas (Pearson, 2011). According to the figures from INTI President Richard Vivas, only 26.67% of arable land in Venezuela is controlled by private-latifundio farms. However, due to a lack of concrete data it is estimated that only 3-7 million hectares have been redistributed to beneficiaries in the form of small landholdings and cooperatives – meaning that the total redistributed land as a percentage of arable land is between 10% -

23.33%. According to one of the leading academics Venezuela today – Gregory Wilpert – over one million Venezuelan’s have benefitted from the land reform (Wilpert, 2011). With a rural population of roughly 1,929,306, this means that 51% of the rural population has benefitted from the reform (World Bank, 2010).

Although there is no official data on the amount of land that has actually been redistributed to date on governmental websites or official documents, the data available has been retrieved through secondary sources which consist of interviews with top INTI officials. In March 2011, I made a personal visit to INTI offices in Barquisimeto and Caracas in search of official land reform statistics. I was told that this information is not made public, but I could send a letter of request to INTI state director Pedro Moreno. After sending a letter by mail and by e-mail, I have yet to receive a response.

Table 8: *Outcomes of Venezuela’s Agrarian Reforms*

Period	Redistributed Land as a % of Total Arable Land	Number of Beneficiaries as % of total rural population
2001-2010	10-23.3%	51.8%
1960-1979	19.3%	24.4%

(Data from Wilpert, 2007; World Bank, 2010)

Complementary Social Policy: The ‘Misiones’

Hugo Chavez was elected on a ‘pro-poor’ political platform that would break-away from the free market, neoliberal discourse and place human development, welfare, and social inclusion at the crux of the ‘Bolivarian Revolution’. The goal was to create social policies that would encourage ‘grassroots’ movements through worker-control and community-managed social policies. As long as communities were able to organize and work together through Communal Councils, a system of self-management would emerge and the government would provide the necessary resources. With a new Constitution in 1999, the Chavez administration sought to create a universal welfare state, guaranteeing a right to “life, work, culture, education, social justice and equality”, as stated in Title III of the Constitution (Gobierno Bolivariano de Venezuela, 2011a). It was not until 2003 however, that the government’s social policy was much more radicalized in the context of a ‘pro-poor’ agenda. After a failed coup and oil strike that left the economy and polity in crisis, Chavez lost support amongst his main supporting base – the lower classes – as support from lower income groups dropped from 94% at the start of his presidency to a mere 34% after the crises (Corrales, 2005:113). As we can see from Table 8 titled, ‘Venezuela: Poverty and Unemployment Rates, 1997-2009’, the percentage of extremely poor people jumped from 16.9% in 2001 to 30.2% in 2003. This prompted the government to create a diverse set of social programmes called ‘Misiones’ to meet the needs of the countries poorest.

Table 8: Venezuela's Poverty and Unemployment Rates, 1997-2009

Year	Time Period	Households (% of total declared)		Population (% of total declared)	
		<i>Poor</i>	<i>Extremely Poor</i>	<i>Poor</i>	<i>Extremely Poor</i>
1997	1 st Half	55.6	25.5	60.9	29.5
	2 nd Half	48.1	19.3	54.5	23.4
1998	1 st Half	49.0	21.0	55.4	24.7
	2 nd Half	43.9	17.1	50.4	20.3
1999	1 st Half	42.8	16.6	50.0	19.9
	2 nd Half	42.0	16.9	48.7	20.1
2000	1 st Half	41.6	16.7	48.3	19.5
	2 nd Half	40.4	14.9	46.3	18.0
2001	1 st Half	39.1	14.2	45.5	17.4
	2 nd Half	39.0	14.0	45.4	16.9
2002	1 st Half	41.5	16.6	48.1	20.1
	2 nd Half	48.6	21.0	55.4	25.0
2003	1 st Half	54.0	25.1	61.0	30.2
	2 nd Half	55.1	25.0	62.1	29.8
2004	1 st Half	53.1	23.5	60.2	28.1
	2 nd Half	47.0	18.6	53.9	22.5
2005	1 st Half	42.4	17.0	48.8	20.3
	2 nd Half	37.9	15.3	43.7	17.8
2006	1 st Half	33.9	10.6	39.7	12.9
	2 nd Half	30.6	9.1	36.3	11.1
2007	1 st Half	27.5	7.6	33.1	9.4
	2 nd Half	28.5	7.9	33.6	9.6
2008	1 st Half	27.7	7.5	33.1	9.2
	2 nd Half	27.5	7.6	32.6	9.2
2009	1 st Half	26.4	7.0	31.7	8.9
	2 nd Half	23.8	5.9	29.0	7.4

(Gobierno Bolivariano de Venezuela, 2011d)

The ‘Misiones’ are social assistance programmes aimed at meeting basic human welfare needs in terms of nutrition, health, and education. The ‘Misiones’ are funded by the central government budget and by oil revenues derived from the state-oil company PDVSA. The operations are carried out by public employees, volunteers from the NGO sector, social movements, and the local people in the community. From 2004, the government created a new ‘Mision’ every time a new social need was identified. Presently, there are over 28 Misiones focusing on a myriad of areas such as education, the electoral, the environment, food and nutrition, healthcare, housing, identification, indigenous rights, land reform, rural development, science, socioeconomic transformation, civilian militia, and culture (Gobierno Bolivariano de Venezuela, 2011g). For the purpose of this research paper, I will solely focus on the two complementary ‘Misiones’ that have a stronger correlation with the agrarian reform process: Mision Alimentacion (Mercal), and Mision Che Guevara (Vuelvan Caras).

Mision Mercal

Under the Ministry of Food, Mission Mercal (*Mercados de Alimentos*) was established as a state-run food company, initially to combat the food shortages that plagued the country during the corporate lock-out in December 2002. Mission Mercal is a chain of government-subsidized grocery stores that sell “meats, fish, eggs, milk, cheese, bread, cereal, pasta, rice, flours, tomato sauce, fruit, coffee, margarine, oil, sugar, and salt, all priced roughly 39% below traditional supermarkets” (Isaacs et al., 2009). The Mercal’s, along with PDVAL, are distribution links of the state-run intermediary chain which

provide low-income Venezuelan's with food staples at affordable rates. Large storage spaces, distribution centres, and transportation networks have also been set-up to combat food speculation, hoarding, and sabotage (Isaacs et. al., 2009). In 2010, there were 16,600 Mercals nationwide, employing roughly 85,000 workers (Smith, 2010). In addition to Mercals, the Mision has set up 6,075 Casas de Alimentacion (CASA), or food banks, which currently provide free meals to roughly 900,000 people in need (Schiavoni and Camacaro, 2009). Since its inception in 2003, Chavez announced that Mision Mercal has seen its sales increase from 45 000 tons of food products to 9.4 million tons in 2010 (Ellis, 2010). These impressive figures have ensured all Venezuelan's that their country is becoming much more food secure with an increasing amount of affordable food distribution networks. In total, Mercals account for roughly 20-30% of food sales in Venezuela with roughly two-thirds of the population visiting the stores regularly (Government of Canada, 2011).

Mision Che Guevara

People who apply to occupy idle land must complete the government-sponsored mission 'Che Guevara', which educates people about how to form cooperatives. Without attending these free workshops, people are not eligible to receive micro-credits and benefits from the government. From 2004-2007 this programme was known as 'Mision Vuelvan Caras' but became plagued by many bureaucratic and regulatory inefficiencies. Thus, before examining Mision Che Guevara as a successful social policy, it is necessary to examine the failures of Mision Vuelvan Caras to analyze its inefficiencies and guide

the new social programme. As the agrarian reform programme is designed to redistribute “land for those who work on it”, as well as encouraging an urban-rural migration to repopulate the countryside, it is imperative that the redistributive land reform is complemented with the appropriate extension services so as to prepare, train, and organize the populace to restructure the countryside with viable, sustainable cooperative farms. It is through this cooperative training, now Mision Che Guevara, that this ‘movement from below’ should flourish as government expenditures on social programmes and support is extremely high.

Developed mainly from the ideas of former guerrilla Carlos Lang, ‘Mision Vuelvan Caras’ was based on a partnership between the people and the government to transform the country’s socio-economic structure through education and systems of social production (Daguerre, 2011:10). Participants were to apply to the government in groups of at least five, with a cooperative economic project. Participants were also given a monthly stipend, as an incentive to attract people who might not otherwise choose to work in a rural setting or a cooperative, more generally. Upon the year of inception, Vuelvan Caras recruited 355,000 people, of which 298,000 received socio-economic training, and 264,720 actually were authorized to create their cooperatives. In total, 6,814 cooperatives were created from 2004-2005 (Daguerre, 2008; Observatorio Socialista de Venezuela, 2008).

The programme, however, was largely seen as a governmental failure as it did not lead to the development of economically viable and sustainable cooperatives, nor did it encourage people to organize or work together as a ‘class for itself’ as a means towards social transformation. Five key problems led to the failure of Vuelvan Caras and, in some

ways, continue to plague other 'Misiones' today, as well as the government's ability to achieve 'Socialism of the 21st Century'. These five key flaws – none of which are mutually exclusive or unrelated – are drawn from the author's own empirical field research, as well as other extensive studies in Venezuela (see Daguerre, 2011; D'Elia, Lacruz, and Maingon, 2006; D'Elia and Cabezas, 2008; Hintze, 2009; Pineiro, 2009; Wilpert, 2007).

First of all, due to the government's incentives to attract participants into the Mision – easy access to credit, monthly stipends, and lack of an effective regulatory framework – beneficiaries were taking advantage of government handouts. In an interview with the Vice-Ministry for Training and Communal Development, Emma Hermoso, it was acknowledged that many people who had enrolled in the programme were not committed and motivated to actually start a cooperative and be productive. Rather, "most individuals enrolled in the programme only to receive the monthly allocation...motivated by greed, instead of being inspired by altruism and solidarity" (Daguerre, 2011:10). For such a worker-led social programme to come into fruition, a culture of cooperation and solidarity must exist, or be created, in order to successfully restructure society's inequalities.

Secondly, the inadequate management by both the government and beneficiaries – strongly influenced by a lack of regulatory mechanisms – also led to the demise of Vuelvan Caras. To ensure the viability of a cooperative, the proper execution of organizational and production systems must take place. We must not forget that these cooperatives are supported by the government during their infancy and must become viable, sustainable, and independent productive systems in the long term. As Daguerre

(2011) points out, for example, most cooperatives did not even use book accounts to properly manage labour time, cost of input-output ratio, productivity, etc. Furthermore, the government showed a lack of supportive commitment to the cooperatives, “especially in terms of administration, accountancy and human resources management” (D’Elia et al, 2007:77 qtd in Daguerre, 2011:10). This is exemplary of one of the main failures of the Venezuelan agrarian reform in 1960. The lack of technical assistance and training failed to assist beneficiaries in the infant stages of farm production – which ultimately led to a large-scale failure, as described in Chapter three.

The third problem that plagued Vuelvan Caras was the inconsistent monetary support from the government. According to Daguerre, the civil-servants in the state of Zulia, or *facilitadores*, protested in response to a pay decrease in July 2004 (Daguerre, 2011:11). The monthly stipend allotted to beneficiaries was also reduced, leading approximately 15,000 students to quit the Mission in 2005 (Daguerre, 2011:11). Government inconsistencies in regards to its own legislation demoralizes the people involved who are – or, as a result are not – working to organize, mobilize, and change the structural inequalities in societal relations.

Fourthly, the bureaucratic inefficiencies – largely caused by an unorganized interdepartmental coordination undoubtedly led to confusion amongst public servants. Vuelvan Caras was placed under the authority of four different governmental departments -- Department of Work, Department of Trade, Ministry of Defence and the National Institute for Educational Cooperation, INCE. Without having a single department fully in charge, it is apparent that inefficiencies by a lack of coordination will plague the programme.

This problem was exacerbated by the fifth program failure which was the high degree of turnover at the executive level. This disrupts continuity in governmental policy and requires renewed networks of organization and information sharing. Whether the high rate of turnover is due to corruption, inadequacies, position transfers, or an otherwise inexplicable executive decision from above, the persistent presence of personalistic politics is apparent in Venezuela. This is due in part by Chavez's top-down management style and uncontested decision-making authority that leaves little room for constructive criticism within the political realm.

It was the combination of these problems that led to the restructuring of Vuelvan Caras into Mision Che Guervara. The new programme was created with a framework that address the former's flaws, first by creating an all-encompassing educational programme meant to not only train participants in their respective productive trades, but also to create a social consciousness based on ideas that reflect the 'Bolivarian Revolution' – namely liberty, equality, social justice, and sustainability. Another programme reform was the placement of Mision Che Guevara under a single department – the Ministry of Communal Economy (MINEC) – which is in charge of endogenous development projects (Daguerre, 2011:11). Finally, there is no longer a monthly stipend for participants, eliminating the ability of participants to simply join to take advantage of government handouts; while also removing the immediate monetary incentive for committing one's time and effort into the cooperative movement of social production. A closer look at the Mision offers a better understanding of its all-encompassing, inclusive policy framework.

Renamed and refined as 'Mision Che Guevara' – the programme was established as a labour market program designed to pursue “the ideological and comprehensive

training in productive skills, to promote the transformation of the capitalist economic model towards the socialist model and ensure social welfare and job placement in projects under ‘*el Plan de Desarrollo Economico y Social de la Nacion*’” (Gobierno Bolivariano de Venezuela, 2011f). Essentially, this ‘Mision’ is a policy designed to boost the social economy by offering citizens the ability to alter the social relations of production with a cooperative movement that relies on an egalitarian worker-management framework. The programme is available to all Venezuelan citizens, over the age of fifteen, who wish to start or join a “socio-productive project” to “transform the capitalist economic model” (of worker exploitation) into a model of “socialist production” (Gobierno Bolivariano de Venezuela, 2011f).

The training, education, and support services are classified into six categories for development training: 1) Industry; 2) Textiles; 3) Construction; 4) Tourism; 5) Agriculture; 6) Commerce and Services (Gobierno Bolivariano de Venezuela, 2011f). As long as the project proposal will benefit the community and contribute to development and employment – in the context of the pursuit of a social economy and a model of social production – the government is to provide the necessary resources (education, training, credit, subsidies) to establish the cooperative.

The training consists of three components – General education; Technical training; and ideological education. Firstly, the general education component teaches participants about the government’s ‘Strategic Plan for Economic and Social Development 2007-2013 (*Plan Estrategico de Desarrollo Economico y Social 2007-2013*)’, as well as familiarizing oneself with the Bolivarian Constitution. Education on management and administrative tasks for each individual project is also provided, to

“acquire knowledge about the design, establishment and management of production and distribution units” (Gobierno Bolivariano de Venezuela, 2011f) Finally, education regarding the cooperatives social relations of production in terms of social production and distribution is provided, as all members of the cooperatives will have control over, and access to, land (in the case of farmer cooperatives) and its productive resources.

The technical training component consists of in-class training sessions on the technical aspects of each project. Depending on the project, training in that particular trade is provided in the classroom and in a ‘hands-on’, practical setting. The proposed project must be socio-designed to meet the development needs of the community at hand.

Lastly, the final training component is one of ethical, political and ideological education. These so-called ‘Socialist Training Centres’ (CFS) promote social inclusion, participation, and class-consciousness to encourage participants to act in the interests of society instead of as self-centred individuals.

As described, the reformed Mision does address many of the problems of the previous Mision Vuelvan Caras. The stipend elimination will likely filter out those participants who are not serious and committed to starting a viable cooperative; the multi-tiered education and training programmes provides the necessary means to overcome the previous managerial inadequacies, as well as the increased government commitment through social spending. The departmental restructuring of the programme appointed Mision Che Guevara under the authority of a single department – MINEC – which should address the bureaucratic inefficiencies and previous coordination failures.

One problem that remains is the high degree of turnover in governmental positions. Field research conducted by Daguerre in September 2008, reveals that a high

degree of turnover remains within the Mision, but that this “culture of permanent change (is) associated with the last phase of the ‘Bolivarian Revolution’” (Daguerre, 2011:11,12). This draws from Chavez’s following of Trotsky’s ‘permanent revolution’ and peoples’ willingness to change for the necessities of the revolution, as it changes itself with degrees of progress. This culture of change, however, has become detrimental to the institutionalization of government programmes (Daguerre, 2011:12). The lack of institutionalization will ultimately lead to the failure of all government policies. The government’s policies are designed with a mission and a vision through organizational codes of conduct and regulatory mechanisms to turn a strategic plan into action. The daily activities of those involved in implementation need to reflect the fundamental values and objectives inherent in the policies to create the desired culture and structure pursued by the government. Once these fundamental values and objectives are accepted and practiced by society, successful institutionalization has been achieved. It is through this process of institutionalization that the government’s policies actually turn into practice and make for great social change.

In April 2010, Francy Rodriguez – the President of Mision Che Guevara – stated that the Mision was still experiencing problem due to “the lack of ideological and political formation” (Daguerre, 2011:12). Rodriguez went on to add that the objective to create people whose actions are in agreement with their discourse and values has been a major problem. The new focus is to increase the quality of socialist management and production, but the lack of institutionalization plagues progress. Part of the problem, acknowledged by Rodriguez, is the lack of continuity in executive posts, a problem that even the Castro regime in Cuba has been critical of (Daguerre, 2011:12). This issue goes

back to the high degree of turnover of political appointees that I argue is due to Chavez's top-down management style of personalistic politics and a lack of constructive criticism tolerance.

Although the Mision is still plagued with some inadequacies and inconsistencies, the success and commitment to changing the structure of the rural economy through the democratization of relations of ownership, labour, and production cannot be ignored. The policies and institutions have been created; it is the lack of functionality and consistency that creates a barrier to institutionalization. Building a new social economy through state-led redistributive policies, increased social spending, and worker-led cooperatives is a model of endogenous development that undoubtedly requires an ideological shift. This period of transformation requires the acceptability by the public and belief in its institutions. Indeed, this process takes time, but as the government hiccups and attempts a trial and error strategy, the people will become more critical and allegations of Chavez's vote-buying with petro-dollars may become a reality if inconsistencies and a lack of regulation continue to plague social programmes.

What is needed is more constructive criticism and democratic discussion within the government itself. Ministers and civil servants should be appointed based on expertise and experience, not on their unquestionable loyalty to Hugo Chavez. There is no question that Chavez's blunt, charismatic, and leadership personality has ignited hope within the country amongst the lower classes, united Venezuela's left, and created the 'Bolivarian' movement. And it is his leadership that the people believe in – his image, character, and personality. However, as Chavez's personalism becomes more intertwined with the revolutionary process, his unquestioned authority deepens in the political realm. This

personal reliance presents vulnerabilities for the long term sustainability of the Bolivarian project. If Chavez were to be assassinated or become ill, the entire movement could crumble. Additionally, the polarization created by Chavez himself exacerbates the degree of class conflicts and class polarization that already exists in Venezuela. Divisive statements such as, “Those who are with me are with me, those who are not with me are against me...I will not accept gray areas: that one would have one foot here and another there, it is time that we leave that behind” (Gobierno Bolivariano de Venezuela, 2004) create a bipolarized country ridden with internal conflict. Instead, Chavez should be more inclusive in the context of Venezuelan politics. Taking into account the perspectives of the opposition to create a more legitimate political environment will evolve into a higher degree of consent amongst the opposition. Engaging in dialogue and being more ‘bipartisan’ – specifically by clearly defining laws and not leaving room for interpretation – makes for a much more legitimate, accepted, and healthy political environment. This is not to say that Chavez should make concessions that alter the ‘Bolivarian project’, but to solely take into account and critically engage with the perspectives of the opposition. What is needed is a more pragmatic approach with democratic decision-making, constructive criticisms, accountability, and consistency with policy procedures, oversight, and implementation. As expressed throughout this work, it is not the policies, institutions, or vision – but rather the institutionalization of such through consistent implementation and oversight procedures. The lack of continuity impedes this process of institutionalization and is a cause for concern for the success of the ‘Bolivarian project’.

Although these ‘Misiones’ have benefitted many of Venezuela’s lower classes, the capacity to implement the vast amount of programmes has been questioned as many

inconsistencies continue to persist. The opposition, for example, argues that since the executive posts in the 'Misiones' – referred to as '*cargos de confianza y libre remocion*' – are nominated on the basis of their political affiliation and can be revoked at any time, creates a culture of unconditional loyalty to Chavez and is not conducive to criticism (Daguerre, 2011). Moreover, the creation of so many 'Misiones' as the answer to any social problem that arises leads the opposition to criticize the government as having a lack of long-term planning; a pattern of institutional improvisation; and a clientelist redistribution of oil revenues to Chavez's key constituency – poor people (Daguerre, 2011:8). Questions remain as to whether or not these 'Misiones' are resulting in the development of a sustainable, viable, productive system or whether they are simply resulting in a dependence on state oil revenues and unsustainable government hand-outs (McCoy, 2005:109-123; Oppenheimer, 2006).

'Mision Che Guevara', for example, has produced some very mixed results with its ability to properly manage the cooperatives. To date, many cooperatives are still very dependent on the state finances and direction. The government's generous amounts of credit with lenient terms and exemption from all taxes have resulted in many beneficiaries abusing the system. As Steve Ellner points out, "The failure of mass numbers of state-financed cooperatives – due to improvisation or, worse yet, misuse of government funds – has translated itself in the loss of tens or hundreds of millions of dollars" (Ellner, 2008:130). While some of these cases are surely due to a lack of organization and commitment, other instances are the result of beneficiaries simply pocketing the loans with no intentions of repayment (Canache, 2002:150; Ratcliff, 1999:104.105).

As a response to the misuse of government funds, the Ministry of Popular Power for the Community Economy (MPPEC) has tightened its regulatory requirements on cooperatives. Every three months, cooperatives are required to obtain a Certificate of Fulfillment of Responsibilities, issued by the MPPEC office in Caracas. The paperwork required must be approved by a certified accountant and needs to demonstrate “solvency with regard to financial obligations to such government agencies as the social security system, the housing authority, and the job training institute known as the National Institute of Educational Cooperation (INCE)”) (Canache, 2002:150). Although this procedure is quite thorough, it may be necessary to ensure proper accountability and proper use of state funding.

The lack accountability and ability of the government to penalize those who misuse funds is also a problem. For example, the Minister of the MPPEC, Pedro Morejon, announced in 2006 that he had taken 300 cases of cooperatives to court for not complying with the regulatory requirements or misusing their public funds (Canache, 2002:150). At the time of writing, there is still no evidence that any have been held responsible, or sentenced in any way for their illegal activities. This puts into question Chavez’s ability to penalize the poor – his own constituents and political base – for their wrongdoings and illegal activities. If Chavez himself will not uphold the rule of law against his constituents, then such a culture of clientelism will continue to increase political and class polarization within Venezuelan society, and could result in increased class wars, bureaucratic inefficiencies, and a lack of social progress.

The Movement “From Below”: *Class Struggle* in Venezuela

“The socialist revolution is the first in which is in the interests of the great majority and can be brought to victory only by the great majority of the working people themselves...”Socialism will not and cannot be created by decrees; nor can it be created by any government, however socialistic. Socialism must be created by the masses, by every proletarian. Where the chains of capitalism are forged, there they must be broken. Only that is socialism, and only thus can socialism be created.” (McNally, 2006:348)

Class conflict and polarization, especially in the countryside, is extremely severe in Venezuela. The government’s agrarian reform programme has undoubtedly facilitated a restructuring of the relations of production, and in turn, has transformed class relations to a certain extent. The Chavez Administration is implementing policies which create a favourable environment for economic and political class struggles “from below”. With a highly centralized, top-down government advocating for peasant/worker-led movements, the government has waged an ‘offensive’ class struggle in the name of the exploited, landless rural class and against the wealthy – *latifundista* – elite. Meanwhile, the *latifundistas* have reacted with a ‘defensive’ class struggle, through violence in the countryside, a coup attempt, and economic sabotage (Petras, 2011). Caught in the middle of this struggle are the landless peasants – who, in reality, are the subjects of the struggle. Here, the landless peasants are confronted with defending their lives and livelihoods from a violent and reactionary landholding elite class; while also trying to take advantage of the government’s agrarian reform programme and its complementary social programmes.

In the Venezuelan countryside, it is precisely these peoples, who have been exploited for so long, that need to create this socialist transformation “from below”. Without their ability to organize as a “class for itself”, exercise and defend their rights, and mobilize for common objectives, a socialist transformation cannot be realized. In order for this to happen, however, the government needs to make sure people can exercise their constitutional rights without worrying about reactionary violent ‘defensive’ class struggle by the *latifundista* regime. The government also needs to make sure the agrarian reform policies that are meant to restructure relations of production are consistent and effectively delivered as promised. This section will examine issues of class in Venezuela and the ways in which the government is contributing to the class struggle. It will also present views and experiences from Venezuelan’s living in rural areas, based on research from the field conducted in March 2011.

The Venezuelan countryside is made up of many different social classes – from landless peasants, small-medium sized landholders, *latifundista* elite, to small-scale entrepreneurs, public servants, and non-farmer rural wage labourers. The livelihood diversity means that different individuals have different interests based on their wants and needs. While the agrarian reform programme will mostly serve to benefit landless peasants, its effects will be much more widespread in terms of the rural social structure. When seventy-five percent of the country’s private agricultural land is owned by only five percent of the rural population, great discrepancies in relations of production and income inequalities undoubtedly affect societal relations (Wilpert, 2007:110). While the structure of landholders becomes more egalitarian, new opportunities arise for non-farmer rural wage labourers and small-scale entrepreneurs. A greater percentage of the rural

populace will have greater incomes and gain access to and control of productive resources, enabling them to contribute more to the local rural economy and society. Demand for consumer goods and agricultural inputs will thus increase as wage labourers and landless peasants become small-medium sized landholders or part of a cooperative or collective.

As the formerly exploited classes gain rights and powers over productive resources, class relations are altered. The owners of labour power become the owners of the means of production, creating not just a physical restructuring of landholdings, but also a restructuring of peoples' relationships with the means of production and in turn the relationships between each other. In Venezuela, the agrarian reform programme redistributes land to landless peasants seeking to work on small-medium sized landholdings or cooperatives. In these cases, the beneficiaries must maintain 'productive efficiency' of at least 80% of the farms capacity for three years, after which they will be eligible to receive the permanent land title (Gobierno Bolivariano de Venezuela, 2011e). Title to the land is only transferable by inheritance and cannot be sold on the market. This law impedes the ability of people to sell their land on the market, ensuring that the land reform will not be eroded by wealthy landowners or corporations who seek to purchase land from the more vulnerable smallholder farmers and cooperatives. Allowing market relations to dictate the landholding structure results in those who are: a) more wealthy and powerful to begin with; or b) those most effective at reducing the per unit cost of production – to dominate the landholdings. Those peasants who cannot as easily adapt from a sustainable, family-oriented, or *Chayanovian* style, system of production to a market-oriented system and competitive framework – due to a lack of resources or

expertise – will inevitably be pushed off their land. This type of land reform would not result in a more egalitarian rural environment, nor would it create social justice for landless peasants or rural wage labourers seeking to become viable farmers.¹⁵ This law ensures that class relations are not controlled by market relations, as is the case in a free-market capitalist society.

As a greater percentage of the rural population gains access to, and control over, land and its productive resources, class relations change in rural society. Formerly landless peasants and wage labourers become landowners, which distributes income much more equally, driving up the incomes of the 75% of the rural population who previously controlled only 6% of rural land (Wilpert, 2007:110). This will have a positive impact on the beneficiaries' families, small rural entrepreneurs, shopkeepers, etc., altering class relations on a grandeur scale. The overall transformation of these class relations make up the class structure of society which is exactly what the Venezuelan government seeks to restructure. To restructure the relations of production – or, rather the rights and powers people have over productive resources – results in a restructuring of peoples' standards of living. Changing a class structure is not so easy, however. It requires a 'class offensive' from above (government policies), reinforced by a 'class offensive' from below. A class struggle 'from below', brought about by landless peasants and rural wage labourers to act as a class with common objectives – or a 'class for itself' – is a necessary precondition to change the class structure and therefore the relations of production.

¹⁵ For a much more thorough analysis of Market-Led Agrarian Reform see Borras, Saturnino M. (2008) "Competing Views and Strategies on Agrarian Reform: Volume 1 International Perspective: Manila University Press

When agrarian reform is not accompanied by a movement 'from below' it may result in rent-seeking behaviour on the part of the beneficiaries. The government's vast array of social programs and public spending has been criticized for not having the capacity to regulate such programs effectively. The results have been, according to many Venezuelans and critics from the right, the misuse of credit, loans, or land by beneficiaries. Many see this as 'government handouts' that are issued quite liberally without much oversight or accountability. In these cases, class relations are not changed since people will only increase what they have and not what they own/produce. A social transformation must be driven by society with support policies from the state. This highlights the importance of the state-society synergy in pursuing a structural transformation in the countryside through agrarian reform.

Rural Social Movements

The largest and most active peasant movement that exists in Venezuela today is the Ezequiel Zamora National Campesino Front (FNCEZ), or *El Frente*. El Frente was founded on May 27th, 2004 with the union of the Simon Bolivar Revolutionary Campesino Front (FCRSB), founded in 2000, and the Ezequiel Zamora Revolutionary Campesino Front (FCREZ), founded in 2001. The movement now consists of approximately 15,000 campesino families across the country (Martinez, Fox, and Farrell, 2010:47). El Frente is a social and political organization of peasant movements that brings together all peoples who wish to engage in the struggle for an agrarian revolution.

Its main purpose is to “advance the struggle for agrarian revolution, popular power and socialism to achieve freedom, social justice, and food sovereignty” (FNCEZ, 2011).

When Chavez passed the Land Law in 2001, the FCRSB and the FCREZ organized over 3000 peasants and claimed 60 rural settlements deemed ‘idle’ or ‘unproductive’ (FNCEZ, 2011). Prior to the Reformed Land Law of 2005, the government authorized expropriations of fallow land under certain conditions. High-quality private land over 100 hectares (roughly 250 acres) or low-quality land over 5,000 hectares (12,355 acres) could be expropriated. Any public land that was idle could also be redistributed amongst landless peasants. However, due to the lack of clarity in the law and Chavez’s blunt and sometimes misleading speeches, landless peasants started occupying lands in the name of ‘public benefit’ or ‘social interest’ as stated in Article 115 in the 1999 Constitution. Article 307 goes on to say that “The predominance of large land estates is contrary to the interests of society” (Gobierno Bolivariano de Venezuela, 2011a). The interpretation was similar to the basis for occupations by the Brazilian Landless Worker’s Movement (MST) as they state that, “Land occupations are rooted in the Brazilian Constitution, which says that land that remains unproductive should be used for a ‘larger social function’”(MST, 2010). In 2005, however, the government did in fact legalize pre-emptive occupations by giving peasants who takeover fallow land ‘cartas agrarias’ which allow landless peasants to occupy the land until legal disputes over ownership are settled (Albertus, 2010). This has given the FNCEZ the rights to increase their participation in igniting a land reform process from below. These ‘cartas agrarias’ have been the cause for increased violence in the countryside, however, with assassinations of an estimated 225 landless peasant leaders since 2001 (Suggett, 2010).

For obvious reasons, the land reform process started off relatively slow, but by 2003 over 1.5 million hectares of land was redistributed to roughly 130,000 families (Suggett, 2010:47). By 2004, *El Frente* was established and the amalgamation of peasant movements created a united solidarity front that initiated a much more powerful movement 'from below'. By the end of 2004, 2.2 million hectares of land had been redistributed and Chavez reformed the Land Law to speed up the process by focusing more on 'underutilized' or 'unproductive' private land (Gindin, 2005).¹⁶ In the midst of all this, Chavez created the Coordinadora Agraria Nacional Ezequiel Zamora (CANEZ) to unite all of the peasant organizations. Although the attempt at consolidation was with good intentions, FNCEZ opted to maintain its autonomy and not be directly affiliated with the Venezuelan government. This decision to remain autonomous is an important factor for the success of the movement 'from below' in the land reform process. As Borras concludes in a study on the Comprehensive Agrarian Reform Programme (CARP) in the Philippines in 2001:

"The symbiotic interaction between autonomous societal groups from below and strategically placed state reformists from above provides the most promising strategy to offset strong landlord resistance to land reform, facilitating state expropriation and redistribution of highly contentious private estates to previously landless and near land-less peasant" (Borras, 2001:571)

¹⁶ The terms 'underutilized' and 'unproductive' are in accordance with any land that is not producing at 80% of its capacity, according to government standards.

These state-society relations are extremely important for successful agrarian reform processes to make sustainable, lasting changes to the unequal structural relations in the countryside. When social movements become co-opted by the government, they lose their autonomy to push for more change and criticize the government for its maldoings. Autonomy is important, even if both powers from above and below hope to achieve similar goals. It makes for a system of checks and balances and allows peasants themselves to lead the way and make demands to their government.

As the agrarian reform process became more radicalized, peasant movement also became more active. At the World Social Forum in Caracas in 2006, the FNCEZ (*El Frente*) collaborated with Brazil's MST and formed the Instituto Agroecológico Latinoamericano 'Paulo Freire' (IALA) which is an institute that educate Latin Americans on sustainable agriculture techniques. Furthermore, in 2007, the FNCEZ formed El Frente Nacional Comunal Simon Bolivar (FNCSB) which is an urban social movement to create awareness, solidarity, and communal participation in urban centres. The FNCEZ and CANEZ are also members of the largest international peasant movement in the world – La Via Campesina. This international peasant movement provides a framework to address peasant rights issues, creates a foundation of solidarity and support, shares research on a variety of agrarian issues, and enables peasant movements from around the world to share ideas, information, and network.

There is no doubt that the FNCEZ has made huge advancements in its organization – establishing connections with other autonomous peasant movements, creating educational programmes for peasants in the region, occupying fallow lands, and maintaining pressure on the government to expedite the agrarian reform process. The

FNCEZ has peasant organizations in 16 of 23 states, including Apure, Táchira, Mérida, Barinas, Portuguesa, Lara, Cojedes, Zulia, Guarico, Miranda, Vargas, Sucre, Anzoátegui, Falcón, Trujillo, and Bolívar (FNCEZ, 2011). However, it needs to continue to evolve and grow with the agrarian reform process. In the last regional elections in 2008, the opposition won in the states of Carabobo, Miranda, Nueva Esparta, Tachira, and Zulia. Aside from Nueva Esparta, which is an island state, the opposition states are mainly in the north-west of the country. Likewise, the FNCEZ headquarters is located in north-west state of Barinas – meaning that the strongest autonomous peasant movement is in the same geographic location as those in opposition to the land reform. In terms of location, this is ideal for a reinforced movement ‘from below’. In terms of the peasant movement’s capacity, as empowerment increases through supportive social policy (increased education and health access) and participation increases in local development initiatives through Communal Councils, peasant movements will strengthen. The peasant movement ‘from below’ has a positive interactive relationship with the state’s policies ‘from above’ which creates an optimal environment for an agrarian transformation.

In terms of numbers, the MST in Brazil has roughly 1.5 million members, whereas the FNCEZ consists of roughly 15,000 families – or roughly 60,000-70,000 people. As a percentage of each country’s population, the MST makes up roughly 0.79% of Brazil’s population; while the FNCEZ makes up roughly 0.31% of Venezuela’s total population (CIA World Factbook, 2011). It is important to keep in mind that the MST was established in 1985 and has continuously grown throughout the years. However, it is important that the FNCEZ continue to expand its membership and educate people to exercise their rights and gain sovereignty over their agricultural lands. In contrast to the

MST, the FNCEZ has favourable governmental policies and support from above that can make for huge leaps forward and accelerate the process of transforming the countryside into a more equitable, food secure system of social production where the people who work the land, maintain the fruits of their labour.

The lack of more vibrant peasant organizations may, however, be due to historical circumstances. The oil boom in the early 1900s under the Gomez dictatorship led to a mass rural-urban migration that deflated the rural economy. The concentration of the oil industry created massive flows of urbanization and, despite the attempted Agrarian Reform Law of 1960 under Betancourt, agricultural production was plagued by a lack of proper support and the Dutch Disease. Despite Chavez's efforts thus far, 93% of the population still lives in urban areas (CIA World Factbook, 2011). These circumstances have undoubtedly eroded peasant movements over the generations and perhaps a loss of identity with the countryside is also contributing factor. Moreover, with Chavez in power peasants have regained a sense of hope. They now have the support services and a government willing to expropriate and redistribute land on a much more equitable basis. With Chavez supporting armed civilian-militias in the countryside, state-supported and autonomous peasant organizations, as well as Communal Councils that allow communities to directly voice their needs and participate in local politics – the potential for Venezuela to transform the countryside through strong state-society interactions is enormous. Both entities must continue and properly organize themselves to push for a socialist transformation.

The Venezuelan Economy and Social Indicators

Venezuela's economy has undergone impressive growth since Chavez came to power. Since the government took control over the national oil company – PDVSA – in 2003, Venezuela's GDP increased 94.7% in five years, which is an impressive 13.5% average annual growth rate (Weisbrot, Ray, and Sandoval, 2009; Banco Central de Venezuela, 2011). In 2009 and 2010, the economy shrank by 3.2% and 1.5% respectively, but has since bounced back with a 4.5% GDP growth in the first quarter of 2011 (Banco Central de Venezuela, 2011). And, although the government is heavily involved in the economy, most of the economic growth over the decade has been in the non-oil sector of the economy; while the private sector has grown faster than the public sector (Weisbrot, Ray, and Sandoval, 2009). As a report by the Center for Economic and Policy Research notes:

“The fastest growing sectors of the economy have been finance and insurance, which has grown 258.4 percent during the current expansion, an average of 26.1 percent annually; construction, which has grown 159.4 percent, or 18.9 percent annually; trade and repair services (152.8 percent, or 18.4 percent annually); transport and storage (104.9 percent, or 13.9 percent annually); and communications (151.4 percent, or 18.3 percent annually). Manufacturing grew 98.1 percent during the expansion, or 13.2 percent per year” (Weisbrot, Ray, and Sandoval, 2009:7)

This shows the government's efforts at diversifying the economy to lessen their dependence on the oil industry and overcome the 'Dutch Disease'. These non-oil activities mentioned above, if continued development and growth persist, will benefit the rural sector (and agriculture) with increased capacity and expertise in such things as construction, trade and repair services, transport and storage, communications, manufacturing, etc. These sectors can facilitate the development of the countryside through increased infrastructure development.

In terms of poverty reduction, the percentage of population categorized as 'poor' decreased over 50%, from 60.9% in 1997 to 29% in 2009. The percentage of population categorized as 'extremely poor', meanwhile, went from 29.5% in 1997 to 7.4% in 2009 (Gobierno Bolivariano de Venezuela, 2011d). Considering that the UN Millennium Development Goals calls for countries to reduce extreme poverty by half from 1990-2015, these statistics are impressive. During the same period, the country's Gini Coefficient went from 0.4874 in 1997, to 0.4068 in 2009 (Gobierno Bolivariano de Venezuela, 2011d). According to a recent study done by the Economic Commission of Latin America, Venezuela has the lowest Gini Coefficient in the region, making it the most equal – in terms of income distribution – country in Latin America (ECLAC, 2010:16).

As a country that emphasizes the need for food security and food sovereignty – as documented in its Constitution – the government has supported several policies and programmes to ensure everyone has access to sufficient amounts of food, despite being a net-importer of food. From 1998 to 2007, average caloric intake has risen from 91.1% of recommended levels in 1998, to 101.6% in 2007 (Gobierno Bolivariano de Venezuela,

2011b). Moreover, from 1997 to 2006, deaths related to malnutrition have fallen from 4.7 to 2.3 deaths per 100,000 people. These positive impacts in terms of food security have been made possible largely due to the Mercal's and PDVAL as state food distributors. These state-run food distribution networks have also been complemented by the Programa Alimenticio Escolar (PAE) which provides three free meals per day to over four million students throughout the country (Weisbrot, Ray, and Sandoval, 2009:11). The PEA not only ensures that young children have access to food, but also takes the burden off low-income families to provide three meals a day to their children and encourages parents to send their children to school.

In terms of the agricultural sector, although the government has taken appropriate measures to render the country more food secure, by no means has it achieved self-sufficiency in agricultural production. According to the FAO, from 2005-2007 Venezuela had a net food trade deficit of \$2.24 billion US dollars (FAO, 2010). Furthermore, as a percentage of GDP, net food trade from 1995-1997 was -1.2; from 2000-2002 it was -1.0; and from 2005-2007 it was -1.2. However, due to the increased GDP growth, from 2001-2006 Venezuela experienced a positive 3.3% change in their net food trade relative to GDP growth (FAO, 2010). Agriculture accounts for just 4% of total GDP.

Other indicators suggest that the country is still experiencing a rural-urban migration. In 1998, Venezuela's rural population as a percentage of the total, was 11.5%. In 2009, it was only 6.3%. Likewise, employment in agriculture as a percentage of total employment was 10% in 1998. In 2007, it was 8.7% (World Bank, 2011). Although these numbers have decreased, Venezuela has actually increased its food production. According to the World Bank, Venezuela's Food Production Index (FPI, 2000=100) was 89 in 1998

and increased to 122 in 2009 (World Bank, 2011). This is equivalent to a 37% increase in agricultural production over the decade. The increased levels of production are largely from public investments, as the government increased its agricultural financing by 5,783% from 1998-2007 (Schiavoni and Camacaro, 2009). In addition, agricultural credit to support the agrarian reform programme, has increased from approximately \$164 million in 1999 to \$7.6 billion in 2008 (Schiavoni and Camacaro, 2009). With this large increase in public investment and productivity, Venezuela has managed to become self sufficient in a number of important staple foods. From 1998 to 2008, Venezuela has reached levels of self sufficiency in corn, pork, and rice with production increased of 132%, 77%, and 71%, respectively (Gobierno Bolivariano de Venezuela, 2009b). Domestic production for other important staples such as beef, chicken, and eggs meets 70%, 85%, and 80% respectively. Domestic milk production has increased 900% since 1998, but still only fulfills 55% of domestic demand (Gobierno Bolivariano de Venezuela, 2009b). These figures show that the government has taken great strides in increasing production, but overall they are still far from being food self sufficient.

In terms of health indicators, Venezuela's access to medical care has been greatly expanded as well. "From 1999 to 2007, the number of primary care physicians in the public sector increased more than twelve times, from 1,628 to 19,571, providing health care to millions of poor Venezuelans who previously did not have access to health care" (Weisbrot, Mark, Rebecca Ray, and Luis Sandoval, 2009:12). This has contributed to the decrease in infant mortality (under age one) from 19.0 per 1,000 births in 1999 to 14.0 per 1,000 births in 2008 (Gobierno Bolivariano de Venezuela, 2011b).

Meanwhile, education rates have also increased. Basic education net enrolment rates increased from 85% in 1997, to 93.6% in 2007. While secondary education enrolment has increased from 21.2% to 35.9% during the same time period. This is likely due to the substantial increase (10X) in public education investment by the government from 4,313,487 Bf in 2001 to 41,203,600 Bf in 2010 (Gobierno Bolivariano de Venezuela, 2011b). Since 1998, adult literacy has also increased from 92% to 95% in 2007 (Gapminder World, 2011).

It is evident that Venezuela has experienced very positive outcomes, in terms of economic growth and human development. The UNDP's Human Development Index shows an increase from 0.637 in 2000, to 0.696 in 2010. Compared to the region, however, Venezuela is still slightly below average as the HDI for Latin America and the Caribbean has gone from 0.662 in 2000, to 0.706 in 2010 (UNDP, 2011). HDI provides a composite measure of three basic dimensions of human development: health, education, and income.¹⁷

Conclusion

All of these indicators are helpful in determining the state of Venezuela's economic and social development. It is evident that Venezuela is going through an era of progressive change. In terms of the agrarian reform – we can not equate all of these successes to such a process. However, as reiterated throughout this work, agrarian reform is not just about redistributing the land, providing subsidies, credit, access to markets, and technical

¹⁷ See Figure 5: HDI: Health, Education, Income

assistance. These reforms must happen within a growth-oriented development strategy based on the economic and societal context. The myriad of social 'Misiones', the attempt to diversify the economy, as well as the Communal Councils have empowered the formerly excluded people in the country. With improvements in health, education, and social security, the country is able to support the previously marginalized populace. With a diversified economy, employment opportunities are expanded. Through participatory democracy in the Communal Councils, communities are able to make demands and voice their needs to manage their local communities. Communal Councils also empower entire communities through the accumulation of social capital. The structure of Communal Councils increases their social capital or, "the capacity of the poor to network and organize collectively", strengthening the movement 'from below' (Petras and Veltmeyer, 2006:84; Dasgupta and Serageldin, 2000). These social and economic developments empower the poor through social inclusionary policies and are conducive to a more politically active populace.

What these economic and social indicators also tell us is that the Venezuelan populace is undergoing a transition of increased social mobility. As people receive benefits from their government, expectations increase, as do opportunities. In turn, people have a greater relationship with the government – specifically in the Venezuelan case, due to the social 'Misiones' and Communal Councils. As people become accustomed to receiving such benefits they become more actively involved in seeking other opportunities for social and economic advancement. These actions often come in the form of political engagement, or increased political participation. In Venezuela, Chavez has managed to create more political awareness and participation through these two

aforementioned initiatives. As a result, the marginalized have become active voters – not only benefitting Chavez, but also increasing social capital and creating an environment conducive to strong social movements. This process of increased capacity of the poor to network and organize collective is a very important contributing factor to the success of any redistributive state-led agrarian reform programme.

Chapter 5

Agrarian Reform in Venezuela: Limitations and Weaknesses

In March 2011, I conducted twenty semi-structured, open ended interviews in ten different towns/villages in the state of Lara. During the formal interviews, an ‘interview guide’ was used with a list of 39 questions – all of which were not necessarily addressed, but topics and themes were consistent, although subject to vary depending on the participant. The interviews were often preceded by observation and informal conversations so as to develop a better understanding of the context and build somewhat of a relationship with the participants. The use of semi-structured interviews was useful as it allowed participants the freedom to express their views in their own terms and address particular issues of personal and societal importance. Of the random sample of participants, 18/20 were involved in agriculture as a major source of income; 13/20 supported Chavez and had overall positive views/experiences with the land reform programme. Participants ranged from 24 years to 59 years; while only 2/20 were female. The table titled, “Interviewee Data” offers the key findings of my interviews.

During my investigation in rural Venezuela, common themes arose concerning the ways in which the reform programme is being executed and effectively changing the unequal structure in rural areas. Although many of the participants interviewed did share positive experiences with the agrarian reform programme with increases in incomes, quality of life, and acquiring ownership over the means of production; it is the key weaknesses that must be addressed to render the programme more effective, efficient, and

consistent. These three key weaknesses in the land reform programme hinder its ability to effectively change the structural inequalities in rural Venezuela and make for real social change. The three key weaknesses identified by the majority of interviewees are as follows and will be further examined below: 1) Corruption and political sabotage; 2) Intermediaries; 3) Lack of regulation.

Corruption and Political Sabotage

Although Chavez had promised to put an end to corruption, it is still very much apparent. This was a common criticism amongst both those who support Chavez (Chavista's) and the opposition. The difference between these two camps is that Chavista's believe that the corruption is due to civil servants and bureaucrats who do not support Chavez. They believe that Chavez is doing all he can to end corruption, but due to the culture of corruption that was inherited, corruption has almost been institutionalized. They maintain, however, that with more time the 'revolution' will prevail. The opposition, on the other hand, believes that Chavez turns a blind eye to much of this corruption and takes part in the process. They believe that the PSUV¹⁸ is at the forefront of this corruption and is extremely favourable to those who support Chavez. The lack of 'constructive criticism' in the governmental process is also a cause of concern as people within government are scared to criticize or question Chavez as they may lose their job.

Of the twenty participants interviewed in March 2011, seven believed that corruption was still a big problem with the current government and hinders the agrarian

¹⁸ President Hugo Chavez's political party – The United Socialist Party of Venezuela

reform process. Of these seven participants, two were supporters of the PSUV, while the remainder were opposition. Although the majority of these claims were mere opinions, one was from a former Venezuelan military General who served from 1974-2004. General Colmenares is not a supporter of Chavez, but also asserted that the Venezuelan government has been plagued with corruption – Chavez even more so, from his experiences – and much more transparency is needed to ensure the people that their government is not embezzling public funds.

Much more controversial are governmental acts of expropriation without compensation. The government's Law of Expropriations (2002), the Reformed Land Law (2005), and the Urban Land Law (2009), and Decree 1040 of the Mayor of Libertador (2009) are the legal frameworks in which expropriations with compensation take place. Reasons for expropriation include monopolistic behaviour, strategic importance, food security, abusive charges for services or products, excessive profit margins, economic sovereignty, and public benefit (US Department of State, 2011). Although these are broad reasons, they more or less allow the government to expropriate any business or land if it is not in accordance with their strategic interests. What is important is the compensation factor, so as to provide some insurance to foreign direct investment or domestic entrepreneurs and property owners. According to the US State Department, "There are now 17 cases involving U.S. and other investors before the World Bank International Centre for the Settlement of Investment Disputes (ICSID)" (US Department of State, 2011). Of the twenty people interviewed, three mentioned the government's neglect to compensate for expropriations. All participants agreed with the Land Law and the

expropriation with compensation, as long as the government follows through on its commitment and abides by its own constitution and laws.

Even Alvaro Rodriguez, a Venezuelan farmer who had his land expropriated in 2003, agrees with the Land Law and the entire agrarian reform process. Sr. Rodriguez, however, claims that he was the first farmer to have his land expropriated by the government in 2003. Rodriguez had 247 acres of dairy farmland and claims that he was producing at full capacity. He said that forty soldiers appeared on his property one day, demanding he leave while they tore down his fences and pointed their guns. Then, he said, 150 people squatted on his property and, after resisting for 3 months, he finally left his ranch and moved to Barquisimeto. Rodriguez, who comes from a wealthy family and studied at Austin State University, had just purchased another piece of farmland in the state of Zulia, close to the Colombian border, a few days prior to my interview in March 2011. He said he has a passion for farming and will not give up his dream even though he does not trust his government. Nonetheless, when asked about the agrarian reform policies, he was in favour of the laws and institutions in place. The problem, for him, is the inconsistent acts of implementation and the government breaking its own laws. This is a valid concern and one in which the government must address – as it, above all else, should abide by its own rules and regulations. It is instances like these that will lead to the demise of the agrarian reforms success and, ultimately, the ‘Bolivarian Revolution’ itself.

The point of controversy, however, exists within the legal land titles. Land titles in Venezuela have an inherently weak legal framework. As previously mentioned, land titles are vague, outdated, and conflicting. In many cases, large landowners claim to own land that the Venezuelan government also claims to own. Due to the inconsistent legal

framework of land titles, expropriating land is highly contested and thus creates retaliatory behaviour by private landowners. Due to this contestation, it is reported that 225 landless peasant leaders have been assassinated during the process of occupying and gaining land titles to *latifundios* (Suggett, 2010).

Sr. Rodriguez voiced another concern about the government's use of revenues. He claims that the government uses false predictions concerning oil revenues when making the government budget. He said that, "they (the government) would predict that a barrel of oil would sell for \$40. Meanwhile, in reality they would sell for \$100. This \$60 difference would go unaccounted for" (Interview with Alvaro Rodriguez, 2011). Upon further investigation Sr. Rodriguez had a point. The 2007 budget assumed oil prices at \$29 per barrel, while average selling price that year was \$60.20 (Embassy of the Bolivarian Republic of Venezuela to the United States, 2008). The 2009 budget set oil prices at \$40 per barrel, with the average market price at \$55.96; while the 2011 budget maintained the \$40 standard and the market average is \$73.33 per barrel (Inflation Data, 2011; BBC News, 2009). Although large discrepancies in projected and real prices are apparent, oil prices are extremely volatile, which is exactly why the government underestimates to such an extent.

Moreover, the excess oil revenue is to be invested in the Fund for National Development (FONDEN), which supports social projects, natural disasters, and "any other project that needs funding according to the board and upon approval of the President" (Gobierno Bolivariano de Venezuela, 2011c). Although this fund is directed at addressing social needs, the special fund is managed by the presidency and not subject to budgetary oversight, which makes it a controversial resource pool. The FONDEN

resources go to support the CVA and other extension and support services associated with the agrarian reform and the social 'Misiones'. As the government defends its position on underestimating the price to lessen the economy's dependence on international oil prices, the opposition sees it as a strategic means to embezzle oil revenues for Chavez and his cronies. Other factors including Venezuela's preferential oil prices to ALBA members, as well as trade in kind undoubtedly alter oil revenues as compared with international market prices. Nonetheless, the lack of transparency in FONDEN contributes to the oppositions arguments of corruption and influences public opinion, as Sr. Rodriguez expressed in the interview.

According to Transparency International's 2010 corruption perceptions index (CPI), Venezuela ranks 164/178 with a score of 2/10 (0=highly corrupt; 10=very clean). To put this in context, Venezuela's first CPI in 1995 was 2.66/10; with its highest level reaching 2.8 in the pre-coup and pre-oil strike year of 2001. Even though these are very poor ratings this is not a reflection solely on the Chavez government. Take, for example, the shortest lasting coup in history of 2002, or the two month shutdown of Venezuela's oil industry in 2002-2003 – both of which were unconstitutional and highly illegal, yet supported by the opposition political parties and the United States government, as so explicitly shown in Eva Golinger's well researched book, "The Chavez Code". Moreover, other empirical studies indicate that in many instances local politicians of the opposition party "block the delivery of benefits to core supporters of the governing party" (Albertus, 2010).

The practice of corruption and illegal activities is present in Venezuela, but it takes place within both political camps. On the one hand, the governing party is accused

of not being accountable and transparent in the management of FONDEN which already disburses billions of dollars to social and economic development projects around the country. More seriously is the government's acts of expropriation without compensation, which will only increase class polarization, violence, and contribute to a lack of confidence in the government. On the other hand, the opposition has killed many innocent people in a coup attempt, created a massive economic crisis by shutting down the country's main economic driver (oil), and has sabotaged the governing parties attempt to deliver resources to those in need.

Intermediaries

It is quite clear that one of the main deficiencies of the agrarian reform programme – in terms of enabling new land beneficiaries to become viable farmers – is the problem of intermediaries. The majority of the farmers interviewed, from ten different locations, said that they must sell their produce to intermediaries at unfair prices. For small-medium scale farmers, price uncertainty caused by an over-supply of similar goods, has a serious impact on their incomes and livelihoods. Some claim that they cannot even cover production costs in certain cases. Intermediaries are the only option for many small-scale farmers, as Sr. Camacado, a manager of the Agua Salada Cooperative explained to me, “The people (consumers) in the market won't buy from producers. They have a deal with intermediaries who have an organized mafia and control over the system” (Interview with Antonio Camacado, 2011). Sr. Camacado recognized that the Agricultural Company of Venezuela (CVA) and Mision Mercal are government programs designed to solve this

problem, but are not yet organized and the government does not yet have the capacity to buy agricultural goods from all producers. In the meantime, many farmers settle for the intermediary price even if “Intermediaries don’t give a fair price, but at least they will buy all or most of your crops, it’s much more convenient” (Interview with Hector Jose Sanchez).

During a focus group interview with six members of the Indio Camacaro Collective in Bucarito, Lara, I was informed that the state-run agency CVA buys all goods generated by the collective. Members of Indio Camacaro were pleased with the price they received and thought the government’s programmes were working effectively. This, however, was the only instance in which people – based on my research in the field – were actually selling their goods to a government intermediary which guaranteed them a fair price. Other farmers acknowledged that the government, through the CVA, is working to replace private intermediaries, but the program has yet to come into fruition.

It is imperative that the state establishes itself as a reliable, consistent intermediary that can guarantee fair prices to cooperatives and small – medium scale farmers. Instead of allowing the workings of the free market to dictate prices through virtues of supply and demand, the state needs to establish itself as an agency that will de-link prices to producers and consumers. The problem at present is not with the government’s lack of vision, policy, or ideas, but its execution and implementation. The CVA has been established to guarantee a minimum price for farmers. Much like the Canadian Wheat Board of Canada, the CVA works as a decentralized state marketing board for agricultural products, eliminating competition between producers as well as intermediaries that could potentially distort prices unfairly for both producers and consumers. By eliminating

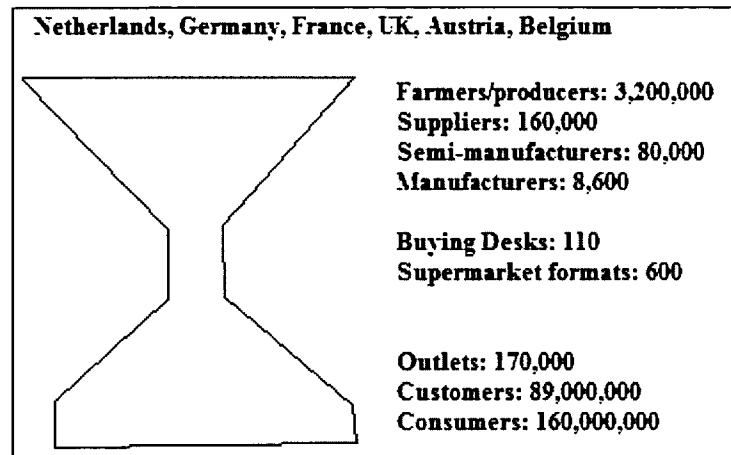
competition between farmers, while also guaranteeing higher prices, it will enable these producers to live a comfortable and viable livelihood in the countryside.

The goals of the agrarian reform and its complementary policies are to increase food production, develop new productive relations and ensure low food prices for consumers – which will inevitably lead to decreased inequalities and poverty alleviation. In order for the government to achieve these desired state policies they must act as the intermediary between producers and consumers to ensure that a private intermediary is not undermining the entire redistributive approach by buying food at low prices from producers and selling high to consumers. This concentration of power amongst the intermediaries is still apparent in Venezuela despite government efforts. Carmen Tula, a farmer from Rio Tocuyo and active Communal Council member, said that consumers pay roughly ten times the amount that she receives from private intermediaries. Another farmer of twenty years, Leonardo Nelo, from Ollican, Lara, explained how the intermediaries set prices in an oligopolistic fashion so as to ensure they do not undercut each other. At the very least, these farmers can count on intermediaries to buy all of their produce, ensuring they receive some income for their months of labour. The majority of the participants interviewed knew about the Mercal and CVA projects to replace the intermediary, but the programmes have yet to fully develop. Even the farmers who supported the opposition and were not in favour of any of Chavez's policies agreed that the intermediaries must be replaced with a state purchasing and marketing agency.

This producer—private intermediary--consumer distribution chain is no irregularity. On the international level it is an even bigger problem, as Raj Patel illustrates in his book, “Stuffed and Starved”. Patel's hourglass figure is a great point of reference to

picture what is happening in the global food system, as well as Venezuela's domestic economy.

Figure 4: *The Hourglass Figure of the Global Food System*



(Data and photo derived from Patel, Raj, 2007)

The hourglass represents the concentration of power – with the intermediaries in the food system in the middle, and an enormous amount of farmers and even more consumers at the opposing ends (Patel, 2007:13). Fortunately, the Venezuelan government has much more power over its own economy and has the means and necessary tools to change these relations. The government must work to reinforce and establish the institutions in which they have already created: The Venezuelan Agricultural Corporation (CVA) and the Corporacion de Abastecimiento y Servicio Agrícolas are mainly state purchasing entities; while Mercado de Alimentos, C.A (MERCAL) and Productora y Distribuidora Venezolana de Alimentos are the food marketing branches of

the network. The former two state-run institutions purchase goods from domestic producers at fair prices, while the latter two institutions sell to consumers at subsidized rates which are roughly 50% of the market price (Suggett, 2010). As reiterated throughout this work, it is not a question of ideas or vision that hinders this agrarian reform process, but a lack of institutionalization and capacity to properly use the available tools that will enable the necessary structural changes to unfold.

Bureaucratic Inefficiencies and Lack of Regulation

Another common weakness pointed out by the majority of interviewees is the heavily bureaucratic process one must surpass in order to access the benefits of many social programs, including land reform and its extension services. Despite the government's efforts to decentralize and push for more public participation through Communal Councils, the process can still be lengthy. According to Article 64 of the Land Law, "Within thirty days of receipt of the request, the Institute shall decide whether or not to grant the award (land)" (Gobierno Bolivariano de Venezuela, 2011e). During my investigation in the field, the average time period from application to notification was one year. This lengthy process deflates peoples' interest and faith in the government's programs. The Law however, can be misleading. The thirty day period is after the INTI has *received* the request, which may take some time. The following is the process that Luis Carmona went through to gain the title to the five hectares of land he had been renting for four years, as well as being granted another 5 hectares of formerly public land:

- 1.) Apply to your Communal Council for a document stating that you live in the community, belong to the CC, occupy land or are seeking to occupy land and give the coordinates of such land. You must state how many hectares, and if you have occupied it (as he had rented for 3 years), state how long you have occupied it.
- 2.) With the approved Communal Council document, one then applies to the INTI stating how much land is requested and what they wish to grow.
- 3.) If accepted, INTI sends a document of acceptance, granting applicant the 'title' to the land.
- 4.) The Agricultural Bank of Venezuela inspects land and decides the terms of credit for production.

This process can obviously be subject to unexpected time delays or inefficiencies depending on the location of the land requested and the quantity.

Another weakness concerning the bureaucracy is its lack of oversight and regulation. The ability to receive low/no-interest credit, subsidies, or even land has become increasingly easy as the government distributes billions of dollars into these rural development programs. One farmer who owns fifty hectares of farmland with his four brothers, Sr. Garcia, said that many people apply for credits and other benefits and do not farm or produce anything, they just take advantage of the government's lack of regulation and oversight. The government has, however, tightened its regulation since vast amounts of resources were used improperly. Sr. Garcia, however, expressed his intentions of not paying his loan back because many others have not. The fact that others have done it and gotten away with it has influenced Sr. Garcia to take advantage as well. This, again,

contributes to a lack of confidence by those Chavistas that believe in and have sacrificed for the 'Bolivarian Revolution', as others reap the benefits and are content with government 'handouts'. These inefficiencies and the lack of regulation hinder the ability of the government to render the rural sector more productive and increase the country's food security. As a country that is still very dependent on food imports and is plagued with over-populated urban areas, the need to properly implement their development policies in the countryside is imperative.

Conclusion

The key weaknesses highlighted above are derived from primary field research conducted with people affected by the agrarian reform programme and key informants. The issues plaguing the reform were derived from statements made by each and every interviewee. After analyzing the data, it became clear that all the weaknesses pointed out by the participants were along similar lines and could be categorized in the three themes above. These weaknesses are the main obstacles hindering the reform programme in making a lasting and sustainable agrarian transformation in Venezuela. Without addressing these issues, Venezuela's agrarian reform programme will continue to create increased reactionary violence from the latifundista regime; be unable to enhance production due to unfair prices paid to peasants; and ultimately continue to result in inconsistent success and volatility.

Chapter 6

Conclusion

Summary of Findings

This study commenced with posing the problem of how to transform the countryside into a productive, efficient, and effective part of a country's economic, social and cultural development. We justified this as being a critical issue in development studies today since there are approximately three billion people in the developing world living in rural areas, and 70% of whom are living in poverty (World Bank, 2007). Since farming is a source of livelihood for approximately 86% of rural people (World Bank, 2007), it is a fundamental pathway out of poverty as highlighted in the 2008 World Bank Development Report on "Agriculture for Development". To meet the Millennium Development Goal that calls for halving the share of people suffering from extreme poverty and hunger by 2015, questions of land and labour are imperative. The literature suggests that there is a consensus on the main causes of persistent levels of poverty and inequality in the countryside which is due to the severe unequal distribution of land in developing countries. (Barraclough 2001: 26, Deininger 2004: 19, El-Ghonemy 1990: 152, Borras and Franco 2008:1). Moreover, we highlighted the World Bank's 2006 World Development Report on 'Equity and Development' which equates "a positive association between more unequal land distribution and lower GDP growth" (World Bank, 2006: pp.162). We also explored the 'inverse farm-size productivity relationship' which implies that small farms are more efficient than large farms (Binswanger-Mikhize et al. 2009:

11). It thus became clear that land (agrarian) reform is a major factor in reducing inequalities and alleviating poverty in rural areas.

After reviewing the theoretical debates and competing models of agrarian reform, we concluded that a mutually reinforcing, interactive relationship between state and society provides the optimal conditions for a successful agrarian reform that will effectively alter the social relationships in rural society. Although the state creates the laws and institutions which regulate society, those laws must be interpreted correctly in order for proper implementation. Laws and institutions that are vague in nature create controversy as there is considerable room for interpretation. Thus, it is important that rules and regulations are specific and clear so as to ensure they are implemented in their desired manner. Strong state-society interaction can facilitate this process, as society can ensure proper implementation. It is therefore necessary for autonomous peasant movements to lead the land reform process from below and use their agency to support and validate the laws and institutions in place. The state and society are thus equally important in an agrarian reform process. The state must also use discriminatory and support policies to increase productivity in those productive relations in which they seek to encourage.

In Venezuela, it is clear that they possess all the necessary components that provide the optimal conditions for a successful agrarian reform to transform social relations in the countryside. However, weaknesses in the ability of both the state and society to utilize their resources and increase their capacity have plagued the agrarian reform process. For the state, the degree of ambiguity in their laws and reports of corruption amongst mid-level government employees discredits the state and generates

reactionary violence and opposition to reform. The inability of the state to effectively increase the capacity of its purchasing and distribution agencies is also a hindrance for production as producers receive lower prices for their products from the private mafia of intermediaries. Moreover, the state needs to improve their managerial capacities and render their institutions more efficient. Long wait times for land applicants can discourage people from engaging in agricultural activities as they are required to seek employment elsewhere and may migrate to the cities.

On the other end of the spectrum, peasants need to increase their agency and take a lead role in the land reform process. They need to act as the overseers and keep the lower-level government officials accountable. Additionally, they should utilize the resources the state has provided – the training, technical assistance, credit, education, and Communal Councils – to increase their capabilities and organize to act as a ‘class for itself’. As a ‘class for itself’, people exercise a political consciousness of common class interests and use their collective agency to make such demands. Rural social movements should therefore direct the land reform process through their demands and hold the government accountable for their promises and actions. Meanwhile, it is apparent that the state is attempting to create laws and institutions for peasants and workers to take a leading role in this social transformation. It is thus imperative that peasants continue to increase their capacity and demands to effectively lead the process of land reform ‘from below’.

Conclusion

It is quite clear that the Chavez government recognizes the structural inequalities in the countryside and is approaching the problem in a relational way. The Land Law and Constitution are designed to dismantle the current landholding structure and introduce new forms of productive relations based on a worker-led system. The laws in place give formerly landless peasants the opportunity to have access to, and control over, land and its productive resources. New institutions have been created to ensure land beneficiaries receive the necessary support services to build productive and sustainable livelihoods: agricultural inputs, research assistance, technical support, irrigation and water facilities, tillage assistance, access to cheap credit, state purchasing, marketing, and distribution services, and training programmes. The Communal Councils have enabled people to become actively involved in community politics with a participatory democratic framework. Meanwhile, peasant movements have remained autonomous from the state and have been given the right to occupy fallow lands on their own terms until legal disputes are settled by the state. This MST-style occupation translates into increased empowerment and should have a positive influence on the movement from below. The state-led agrarian reform programme encompasses all of the broader socio-economic and political components to effectively transform the structural inequalities and dismantle the existing class structure that facilitates high levels poverty, marginalization, and exploitation to persist.

The government is encouraging small-medium size landholdings and, more importantly, cooperative farms. This is in line with the economic theory adopted by most

academics today that the ‘inverse farm size-productivity relationship’ is more efficient and increases employment. Moreover, discriminatory policies towards latifundios are in place, as is implied in Article 307 of the Constitution: “The predominance of large land estates is contrary to the interests of society”. Larger estates, if deemed unproductive or cannot present a legal title, are subject to high tax rates and possible expropriation for redistribution.

As the agrarian reform programme is an ongoing process and will undoubtedly stay that way as long as Chavez is in power, it is necessary to assess the programme based not only on the outcomes to date, but also the conditions in which it operates. Based on an extensive and thorough research study of ten different agrarian reform programmes, Akram-Lodhi, Borras and Kay (2007) offer a comprehensive model of a state-society interactive framework that consists of “four broadly distinct but interlinked factors or conditions (that) can facilitate a land reform that transforms social relationships” (Akram-Lodhi, Borras and Kay, 2007:392). The agrarian reform in Venezuela will be assessed according to these conditions to evaluate the extent to which these conditions are present in Venezuela. These “Four Pillars” (Borras and McKinley, 2006) consist of strong, autonomous peasant movements; a state-supported agrarian reform; productivity-enhancing measures; and within the framework of a national growth-oriented development strategy (Akram-Lodhi et. al, 2007:392-396).

First, peasant movements have remained autonomous from state co-optation. Communal Councils can also work to facilitate increased levels of community organization and mobilization. The Ezequiel Zamora National Campesino Front (FNCEZ) and the coalition of pro-government peasant groups called Coordinadora Agraria

Nacional Ezequiel Zamora (CANEZ) have been active in occupying idle lands and advocating for an equitable land tenure system. Since 2001, 225 peasants have been killed during land occupations (Suggett, 2010). CANEZ, FNCEZ, and human rights group Provea have repeatedly complained that the government is not doing enough to investigate and prosecute those responsible for peasant assassinations. In 2010, perhaps as a response to peasant demands, Chavez announced the creation of a new peasant militia which will join the national Bolivarian Armed Forces (FAB) (Janicke, 2010). These new peasant militias are responsible for protecting peasant who may engage in conflict due to land occupations and any kind of landlord reactionary violence. The struggle in the Venezuelan countryside is not just over land and its productive resources, but is also a struggle for human rights, freedom, autonomous development and social justice. For an agrarian transformation to take place, social relations must be altered. As a result of this struggle, a class war has emerged in Venezuela between the landless peasants and the latifundistas.

Although peasant movements are active and organized in Venezuela, they do not compare, in size or strength, to the MST in Brazil and the success they have had in leading land reform 'from below'. However, as CANEZ and FNCEZ become more active in occupying lands and gaining support in numbers, they can be a force for change. Although it is possible for autonomous peasant movements to make great gains in, and lead the process of, agrarian change (see, e.g. Petras and Veltmeyer, 2001; Veltmeyer, 2007), there still needs to be a supportive state to institutionalize such change. In the current conditions of Venezuela, peasant movements need state-support, as they are not yet fully mobilized or organized to win a class war against the latifundista regime. With

government support – through peasant militias, Communal Councils, and high levels of social spending – peasants can utilize these tools to empower themselves through social capital and participation in local development. The highly decentralized Communal Councils established by the government creates an environment where people can come together to share ideas, network, and organize to improve their livelihoods. This type of environment is conducive to a greater degree of participation in local development issues which could lead to a stronger, more vibrant peasant movement. This is how the state's policies 'from above' are reinforced and pushed even further from autonomous peasant movements exercising their demands and creating progressive change 'from below'.

Secondly, with a supportive state, demands made by peasant movements are more likely to be carried out and institutionalized. The state, after all, has the power to create the legal framework to carry out the land reform programme. In the Venezuelan case, where peasant movements are not as mobilized and active, the state is actually leading the reform and creating conditions for peasant movements to play bigger role in the process. The state's agrarian reform programme consists of expropriating unproductive private landholdings and providing technical support, training, cheap credit, and infrastructure investment. Moreover, the state is operating on an anti-neoliberal policy platform which encourages changes in productive relations, while using discriminatory trade policies to protect their domestic producers. With the state also launching peasant militias to protect peasant occupations, it is evident that the state is acting in the best interests of the landless peasants and is working to change the social relationships in the countryside to eliminate poverty and social exclusion. With the Communal Councils, the state has created an environment for increased participation in local issues and to voice their demands to the

government. Thus, it becomes clear that the state is leading this land reform effort, but at the same time, is creating space for peasants and rural people to use their agency to improve their situation 'from below'. The symbiotic, mutually reinforcing state-society relationship creates the ideal conditions to offset strong landlord resistance and implement peasant-supported policies based on their own demands.

Thirdly, in order for new beneficiaries of the land reform to be productive and, at the very least, be able to meet local demand, it is essential that the state provide substantial productivity-enhancing investment. In Venezuela this support is delivered through the social Misiones, the CVA, and PDVAL which not only offer public investment, loans, technical assistance, and training, but also are designed to eliminate the intermediaries by acting as state purchaser and distributor of agricultural goods. Although agricultural productivity has increased, it is still nowhere close to being able to satisfy domestic demand. As explained in the key weaknesses and recommendations of this study, the state purchasing agencies (CVA and CASA) and the state distribution agencies (PDVAL and Mercal) need to be prioritized as key facilitators in this agrarian transformation. As private intermediaries continue to dominate the purchasing and distribution channels, producers will receive low prices for their produce. It is important that the state increase the capacity of these agencies to guarantee higher prices for producers. This will increase the quality of rural livelihoods and render the countryside more attractive, encouraging an urban-rural migration.

Lastly, the overarching macroeconomic policies in Venezuela attempt to complement the land reform process, but due to inadequate production, high levels of agricultural imports remain prominent. According to Article 301 "The State reserves to

itself the use of trade policy to protect the economic activities of public and private Venezuelan enterprises. Business enterprises, organs or persons of foreign nationality shall not be granted with regimes more advantageous than those established for Venezuelan nationals. Foreign investment is subject to the same conditions as domestic investment.” Despite these efforts, Venezuela is still a net importer of food. The government has signed an Agreement on Food Security and Sovereignty with Ecuador “aimed at improving food exchange and developing programs in accordance with each nation’s food needs” and has also initiated the Fondo para la Seguridad Alimentaria in which Venezuela provides subsidized oil to ALBA members for agricultural products in a trade-in-kind framework (Pineiro, Bianchi, Uzquiza, and Trucco, 2010).

Due to the lack of sufficient domestic agricultural production, Venezuela still imports roughly two-thirds of the food it consumes. Unlike most other countries in the region who are net food exporters, instead of protecting its domestic producers with import tariffs, Venezuela only applies foreign exchange controls on imports that are ‘non-essential’ food items. Many other items – of which adequate production levels cannot be met domestically – are exempt from import tax (Wilpert, 2007). The government also uses a discriminatory taxation policy which exempts essential food items from a 12% Value Added Tax (VAT). These policies allow the government to encourage food products which are needed and in demand, while discouraging those food items in which supply is sufficient for the domestic economy. Although Venezuela is a member of the WTO, the government still has authority over its trade policy as stated in Article 301 of the Constitution. As a result, Venezuela favours domestic products and has banned the importation of foreign goods until domestic production has been removed from the

market. These discriminatory policies protect domestic producers from unfair, highly subsidized foreign competition – a key tenant of the food sovereignty movement.¹⁹

In terms of genetically modified organisms (GMOs), the Ley de Biodiversidad Biologica (Biodiversity Law), published in the Official Gazette No. 5,468 of May 24, 2000, created a national office for biodiversity, while the Ministry of Environment has the authority to oversee all genetically modified organisms. According to the United States government, however, “there are no specific guidelines for registering genetically modified foods or food products” (Government of the United States, 2011), which implies that the government has set up a framework to monitor and potentially prohibit the use of GMOs, but has yet to restrict their usage. For intellectual property rights, the Intellectual Property Registration Institute (SAPI) is responsible for IPR administration. Under Chavez, SAPI “has moved to promote ‘alternatives’ to traditional concepts of intellectual property” (Economist Intelligence Unit, 2010). Moreover, in September 2008, the government restored a 1955 law that prohibits patents on foods and medicines, while previous stipulations ban patenting animals and species, and genetic material (Economist Intelligence Unit, 2010). All of these policies are in line with the food sovereignty framework and show that Venezuela is pursuing

It is thus evident that Venezuela has the necessary elements to implement a successful agrarian reform programme. However, success is not defined by the tools one holds, but how one can use those tools to their full capacities. This is the challenge for Venezuela – its ability to make the necessary changes to put their tools and resources to good use. The following section provides policy-oriented recommendations that will help

¹⁹ See Tables 9-11 titled, “List of Products”

remedy the key weaknesses identified and create the conditions for long term success in transforming the countryside.

Recommendations

Venezuela is presently pursuing a model of agrarian reform that attempts to dismantle the existing power structure in the countryside. The policies are in place, the institutions have been established and real, redistributive, state-led land reform is in motion. Many of Venezuela's rural poor now have access to land and its productive resources. The Land Bank, the state-regulated market prices, the state-run food markets, and distribution institutions have enabled many of the formerly landless peasants to access low/no-interest loans, obtain fair prices for their crops, and access markets. In many ways, this new land reform model, designed with the help of the largest peasant organization in the world – La Via Campesina – has produced many positive outcomes in creating the policies, institutions, and framework to facilitate a structural transformation in the countryside.

However, many problems still persist. The latifundistas have resisted and continue to resist this 'Bolivarian Revolution' in the countryside, as is shown with ongoing disputes, violence, and corruption within institutions. Meanwhile, government inefficiencies and inadequacies continue to plague a successful reform. These factors hinder the ability of strong peasant movements to gain momentum and support amongst the greater population. Without strong, mobilized peasant organizations in the Venezuelan countryside, it will be very difficult for these policies to turn into reality. None of these challenges are mutually exclusive or static – they have a symbiotic

relationship with a constant push and pull affect that need mutual reinforcement. What makes many agrarian reform initiatives fail is the lack of attention to detail with regards to support services and giving peasants more agency. The lack of consistency, regulation, or support services can cause a domino effect of failure that renders the entire programme unsuccessful. The movement from above must be continuously supported by the movement from below and vice versa – the failure of one opposing force will likely result in the failure of the whole. This ‘interactive framework’ regarding the reflexive relations between state and society is imperative as the success of any land reform programme is based on the relationship between the state, autonomous peasant movements, and market forces which can be mutually reinforcing or mutually destructive (Fox, 1993).

Given the current circumstances however, Venezuela has the resources, political will, and a growing process of peasant participation that has the potential to flourish into a true social transformation of the countryside. The following is based on my own research in the field and the numerous secondary sources used in this work. Together, this research has led me to conclude that the following recommendations are necessary requirements in order for Venezuela’s state-led agrarian reform to transform the structural inequalities in the countryside, alleviate poverty, render the country food secure and pave the road towards food sovereignty.²⁰

Firstly, one of the most important hindrances based on a myriad of evidence from secondary sources, personal appeals, and pure economic and social theory is the presence of private intermediaries. State-led agrarian reform in the Venezuelan context is

²⁰ The following recommendations have also been influenced by Michael A. Lebowitz who kindly shared some ideas about agricultural subsidies with me in a note he wrote in 2008 for Venezuela’s then-Minister of Planning. Document available upon request.

attempting to not only encourage and enable people to claim land and become viable farmers, but also to encourage domestic production and consumption at fair prices. The government is undertaking an 'agrarianists' approach to agricultural development by not only transferring the surplus value back into the rural economy, but also funnelling resources from the industrial centres (oil) into the countryside. To redistribute the land and create a vibrant, productive, agricultural sector depends on an urban-rural migration that requires incentives to make for an attractive rural livelihood. At the same time, the country wants to pave the way towards food sovereignty by first rendering the country food secure. These two dynamics require both high wages for producers and low prices for consumers.

The present system in Venezuela is the opposite. Producers receive low prices for their goods, while consumers pay high prices. Meanwhile, the private intermediaries reap the benefits. In an effort to keep prices low for low-income families, the government has set price controls on certain essential food items keep prices low for consumers. Without subsidizing the supply-end of the food chain, however, these price controls have come at the detriment of producers who inevitably suffer from increased production costs and a simultaneous price ceiling for their outputs.²¹ This policy discourages increased production which is contradictory to the government's overall agricultural policy objectives. Thus, it is absolutely imperative that the government prioritize the effectiveness of its state purchasing institutions – the CVA and CASA. These institutions

²¹ Products with price controls include: cooking oil, white rice, sugar, coffee, flour, margarine, pasta, cheeses, and tomato sauce. See Government of Canada (2011) Agriculture and Agri-Food Canada: Agri-Food Trade Service, Venezuela. <<http://www.ats.agr.gc.ca/lat/4215-eng.htm>> Accessed June 2011; and Government of the United States. (2011) "Venezuela Producers are waiting for a price adjustment." *Global Agricultural Information Network*. August 17 2010.

have been established, as described above, but have yet to fully function effectively. These state purchasing agencies will induce production as they will guarantee farmers a high price for their products.

On the other side, MERCAL and PDVAL – the state marketing and distribution agencies can provide consumers with goods at lower, affordable prices. They can also facilitate nation-wide distribution and marketing to ensure excluded regions are food secure. The state thus replaces the intermediary to de-link prices to producers and consumers that encourages more production and domestic consumption. If these state purchasing and distribution institutions are ineffective, which is currently the case in Venezuela, then the government must direct more investment to render them effective. Allotting more resources to these crucial farmer support programmes is critical and can likely be solved by attracting expert personnel through higher salaries. The government has an abundance of resources available through oil revenues, but they need to be invested in the appropriate programmes or institutions if they want their policy goals to become a reality.

It is important that these artificial pricing mechanisms and subsidies meet the goals of the desired governmental policies. If the desired policies are to stimulate agricultural production, develop new productive relations, and ensure low prices for food, then the state must make sure it uses a discriminatory strategy. To encourage the formation of agricultural cooperatives and small-medium sized landholdings, it is necessary that these pricing mechanisms and subsidies be directed at this target group. The policy will not suffice if it is open to all producers. Also, if the government wants to direct these goods to certain areas then the channels of distribution must be organized.

The MERCALs and PDVAL should be strongly connected ensuring that they are distributing subsidized food in areas that are less food secure.

Moreover, to attract an urban-rural migration requires more incentives for young people to trade the 'city life' for a rural lifestyle. Incentives such as trips to Argentina, Brazil, Cuba, or Bolivia to learn different farming techniques could induce more people to become farmers. One farmer that participated in my interviews, Luis Carmona, had the chance to go to Argentina to learn about cattle farming. Purely from the time spent with him and our conversations, I could tell that he really enjoyed the experience and felt quite proud and privileged. Although this was sponsored by the government, it is not something that is promoted, guaranteed, or even common upon moving to the countryside. However, if institutionalized, incentives as such could encourage more urban-rural migration.

Strengthening these institutions will effectively increase the regulatory mechanisms and bureaucratic inefficiencies that plague the process today. The high rate of turnover in ministerial posts impedes the institutionalization process and requires high transaction costs. Making a higher investment in personnel to attract experts that follow through with the institutions goals is a necessity. Salaries should reflect the importance of the given programme or institution. It is understandable that Chavez is reluctant to appoint someone who is not fully committed to the socialist transformation, as political sabotage prevails within the government bureaucracy itself. Nonetheless, the importance of adequate personnel is imperative as it is they who ensure proper implementation and functionality of the desired policies.

Lastly, the Chavez Administration, who wrote the 1999 Constitutions and Land Law must abide by its own rules and regulation and ensure farmers compensation upon

expropriation. Private farms that are being productive and supplying the domestic economy with agricultural supply is needed to increase food security in the country – and the government is supposed to respect their rights. However, confusion sets in with legal land titles – something that is extremely vague in Venezuela. Instead of expropriating highly productive, private landholdings for not having proper legal titles to land, the government should use taxation mechanisms and direct distribution to desired channels. Changing the relations of production will be phased in slowly as campesinos are able to earn a better livelihood through cooperative farming than working as a wage labourer on a private farm. But to dismantle productive private farms for not holding proper land titles when they've been farming that land for over a generation will only reflect poorly on the government's legitimacy and decrease the country's food security.

Also, the degree of interpretation on expropriation creates decreased legitimacy. The reformed Land Law in 2010, redefined a latifundista as being “a piece of land that is larger than the average in its region or is not producing at 80% of its productive capacity” (Suggett, 2010). This is extremely vague and will, without question generate controversy and resistance by the landholding elite. To remedy this problem, the state should specifically define the latifundio and how it measures ‘productive capacity’. These changes will increase security for landholders and lead to increased productivity. It will also increase legitimacy and decrease controversy and therefore conflict.

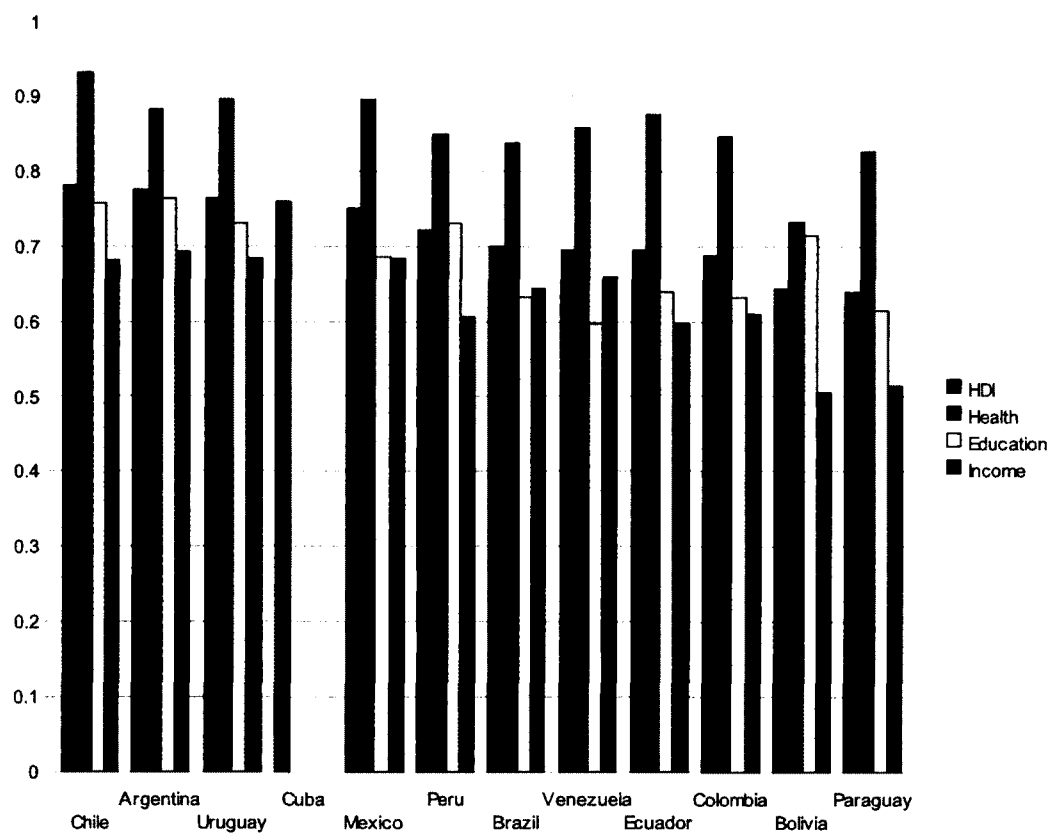
Moreover, the process of social transformation – changing the relations of production to give workers control over, and access to, land and its productive resources – will come into fruition with discriminatory economic policies. In the meantime, the government needs to properly establish itself as a state purchaser and distributor to ensure

campesino beneficiaries of a healthy and viable livelihood. Cases such as that of Sr. Rodriguez described above in my own field research, as well as others demonstrated by Wilpert (2007) – where productive private landowners are forced off their land without compensation, produces a divisive social and political environment that encourages more violence in the countryside and political sabotage by the opposition. Although Chavez's policies towards agrarian reform are very thorough and well designed, his lack of legitimacy by the opposition is due to these circumstances which create social and political backlashes. A more pragmatic approach is needed to unite the country and allow the opportunity for everyone to live a secure, viable, livelihood in the countryside. To do so, the government should respect the property rights of those who have been working the land for at least two generations. The 'ownership' should still be under the conditions that the land remains productive and that outputs are directed towards food security.

Venezuela does not suffer from a lack of resources or the necessary tools to create optimal conditions for a socially transformative agrarian reform. Its long term success, however, will depend on the ability of both the state and society to increase their capacities and become more organized to effectively and reciprocally use available resources to counter landlord opposition and transform the agrarian structure.

Appendices

Figure 5: HDI: Health, Education, Income



Country	HDI	Health	Education	Income
Chile	0.78	0.93	0.76	0.68
Argentina	0.78	0.88	0.76	0.69
Uruguay	0.77	0.9	0.73	0.68
Cuba	0.76			
Mexico	0.75	0.9	0.69	0.69
Peru	0.72	0.85	0.73	0.61
Brazil	0.7	0.84	0.63	0.64
Venezuela	0.7	0.86	0.6	0.66
Ecuador	0.7	0.88	0.64	0.6
Colombia	0.69	0.85	0.63	0.61
Bolivia	0.64	0.73	0.72	0.51
Paraguay	0.64	0.83	0.62	0.51

Data compiled from: United Nations Development Programme (2011) *International Human Development Indicators: Venezuela*. <

<http://hdrstats.undp.org/en/countries/profiles/VEN.html>> Accessed June 2011.

Table 10: *List of products that are subject to import licenses*

Yellow corn	Sorghum
Soya beans	Palm nuts and kernels
Soya bean oil	Other oils
Palm oil	Sunflower seed oil
Coconut oil	Other vegetable fats and oils
Soya bean cake	Animal and vegetable fats
Degras, yellow grease	Milk and cream, no concentrated
Milk in powder, not exceeding 1.5% fat	Whole milk 26%
Cheese	Sugar Cane

Table 11: *List of products exempted from import tax*

Live bovine animals	Meat of bovine animals, fresh, chilled, frozen, including boneless	Powdered milk, infant formula and soy-based infant formula
Durum wheat and other wheat	Potato seeds	Sugar cane seed for sowing
Oilseeds (soybean, sunflower, cottonseed and palm nuts and kernels) for sowing	White and yellow corn seed for sowing	Vegetables, for sowing: onion, broccoli, carrot, lettuce, and tomato
Dry beans, peas and lentils, for sowing	Dry beans, peas and lentils	Protein concentrates and textured protein substances

Table 12: *List of products exempted from Value-Added-Tax (VAT)*

Rice	Coffee, beans or grounded	Milk, soy-bases
All flours, of vegetable origin	Tuna, canned, natural	Cheese, white, hard
Bread and pasta	Sardines, canned	Margarine and butter
Eggs	Milk, crude or pasteurized	Poultry, fresh or frozen
Salt	Milk, powdered	Certified seeds
Sugar	Milk, infant formulas	Vegetables

Source: Government of the United States. (2011) Venezuela Food and Agricultural Import Regulations and Standards – Narrative. Global Agricultural Information Network. June 28 2011.

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Appendix I

Constitution of the Bolivarian Republic of Venezuela, 1999 (Selected Articles)

Article 70: Participation and involvement of people in the exercise of their sovereignty (. . .) in social and economic affairs: citizen service organs, self management, co-management, cooperatives in all forms, including those of a financial nature, savings funds, community enterprises, and other forms of association guided by the values of mutual cooperation and solidarity. (. . .)

Article 115: The right of property is guaranteed. Every person has the right to the use, enjoyment, usufruct and disposal of his or her goods. Property shall be subject to such contributions, restrictions and obligations as may be established by law in the service of the public or general interest. Only for reasons of public benefit or social interest by final judgment, with timely payment of fair compensation, the expropriation of any kind of property may be declared.

Article 118: The right of workers and the community to develop associations of social and participative nature such as cooperatives, savings funds, mutual funds and other forms of association is recognized. These associations may develop any kind of economic activities in accordance with the law. The law shall recognize the specificity of these organizations, especially those relating the cooperative, the associated work and the

generation of collective benefits. The state shall promote and protect these associations destined to improve the popular economic alternative.

Article 305: The State shall promote sustainable agriculture as the strategic basis for overall rural development, and consequently shall guarantee the population a secure food supply, defined as the sufficient and stable availability of food within the national sphere and timely and uninterrupted access to the same for consumers. A secure food supply must be achieved by developing and prioritizing internal agricultural and livestock production, understood as production deriving from the activities of agriculture, livestock, fishing and aquiculture. Food production is in the national interest and is fundamental to the economic and social development of the Nation. To this end, the State shall promulgate such financial, commercial, technological transfer, land tenancy, infrastructure, manpower training and other measures as may be necessary to achieve strategic levels of self-sufficiency. In addition, it shall promote actions in the national and international economic context to compensate for the disadvantages inherent to agricultural activity. The State shall protect the settlement and communities of non industrialized fishermen*, as well as their fishing banks in continental waters and those close to the coastline, as defined by law.

Article 306: The State shall promote conditions for overall rural development, for the purpose of generating employment and ensuring the rural population an adequate level of well-being, as well as their inclusion in national development. It shall likewise promote agricultural activity and optimum land use by providing infrastructure projects, supplies, loans, training services and technical assistance.

Article 307: The predominance of large land estates is contrary to the interests of society. Appropriate tax law provisions shall be enacted to tax fallow lands and establish the necessary measures to transform them into productive economic units, likewise recovering arable land. Farmers and other agricultural producers are entitled to own land, in the cases and forms specified under the pertinent law. The State shall protect and promote associative and private forms of property in such manner as to guarantee agricultural production. The State shall see to the sustainable ordering of arable land to guarantee its food producing potential. In exceptional cases, quasi-tax contributions shall be created to provide funds for financing, research, technical assistance, transfer of technology and other activities that promote the productivity and competitiveness of the agricultural sector. These matters shall be appropriately regulated by law.

Article 308: The State shall protect and promote small and medium-sized manufacturers, cooperatives, savings funds, family owned businesses, small businesses and any other form of community association for purposes of work, savings and consumption, under an arrangement of collective ownership, to strength the country's economic development, based on the initiative of the people. Training, technical assistance and appropriate financing shall be guaranteed.

Appendix II

Misiones

13 de Abril	Cultura	Miranda	Ribas
Alimentacion	Guaicaipuro	Musica	Robinson I
Arbol	Habitat	Negra Hipolita	Sonrisa
Barrio Adentro	Identidad	Ninos y Ninas del Barrio	Sucre
Che Guevara	Jose Gregorio Hernandez	Nino Jesus	Villanueva
Cienca	Madres del Barrio	Piar	Zamora
Cristo	Milagro	Revolucion Energetica	

More info available at: <http://www.gobiernoenlinea.ve/miscelaneas/misiones.html>

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