

General Objectives of IICA

to assist the American States to elaborate and promote rural development as a means of attaining the national development and well-being of the rural sector and to support their efforts to:

1. Increase agricultural production and productivity in line with increases in population and purchasing power, especially of those products that may be competitive on world markets and of those that will improve the diet consumed by the population.

2. Increase employment opportunities in the rural sector in proportion to the growth rate of the active rural population.

3. Increase the participation of the rural population in development activities, reducing its non-participation to levels that allow for continuous significant transformation towards equal opportunities for all active members of the rural community.

4. To achieve these objectives, the basic strategy consists in the strengthening of institutions which coordinate their efforts in the American States to agricultural develop-

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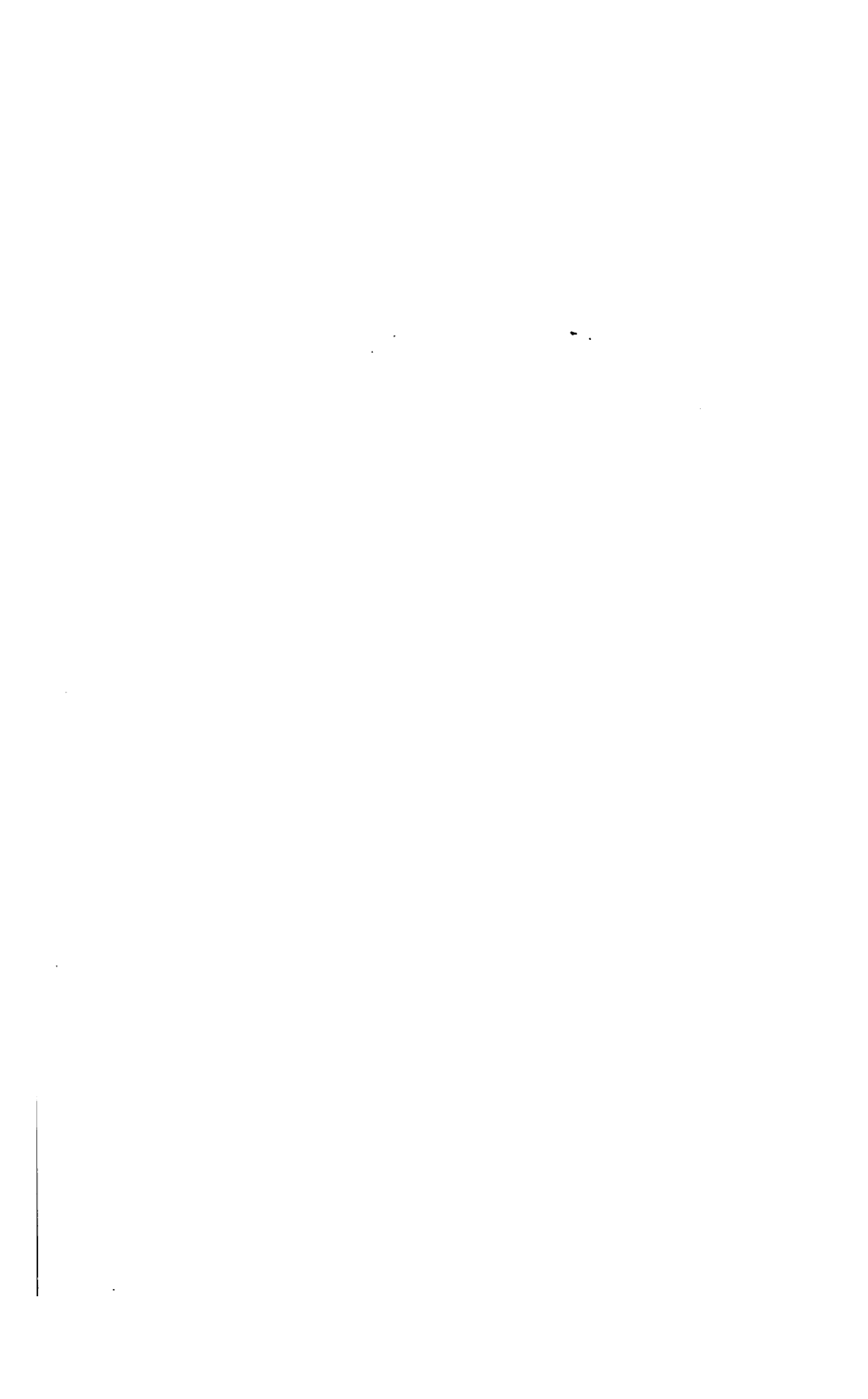
JOSE EMILIO G. ARAUJO, editor

IICA-CIDIA
THE
COMMUNITY
ENTERPRISE

**A MODEL FOR THE REFORM PROCESS
IN LATIN AMERICA**

**IICA-HEADQUARTERS
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THE COMMUNITY ENTERPRISE

**A MODEL FOR THE REFORM PROCESS
IN LATIN AMERICA**

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INTRODUCTION

Agriculture, which developed as an associative form of production, is based on a common heritage and traditions and is the expression of a solid culture as ancient as humanity and agrarian activity. However, as a result of the democratic process of agrarian reform, this production form is a typically Latin American creation. After the Mexican Revolution, agrarian reforms were limited to fractionalizing land holdings with the objective of effecting allocations in so-called family agricultural units. Several reasons could account for the adoption of these agrarian policies. Usually the first to be cited is that of "campesino" pressure. Since the "campesino" is bound to a society in which private property is synonymous with prosperity and well-being, the first objective of agrarian reform must automatically be the satisfaction of the prevalent "hunger for land". The so-called "hunger for income" was left for later, to become the object of future State actions. It has also been said, and with reason, that agrarian reforms carried out after the Punta del Este declaration were the immediate reflection and inspiration, or even the exact copy, of European legislations—especially the Italian—as implemented after the Second World War, in which the family agricultural unit was the very basis of reformist policies.

Some feel that this orientation of agrarian reform was modelled on the "family farm" prevalent in North American colonies. Others, taking a broader approach, maintain that, in spite of agrarian reform being the clear expression of an attempt to re-vitalise the productive forces — including a quantitative break from the idea of private property, its final objectives remained out of reach as a consequence of the prevalent family agricultural unit. This model tends to channel

and re-vitalise an economic system based on individuality, thereby assuring the mythological continuity with respect to private property, through the multiple allocation of new private land holdings.

Whatever the explanation of this phenomenon, it is true and very evident that, by 1968, the only agrarian reforms able to achieve even some quantifiable advances were those which had discarded land distribution based on the family agricultural unit.

Using this phenomenon as an orientational concept, IICA has initiated a process of analytical comparison between private and communal property models. A theoretical description of the nature of the community enterprise as a form of land distribution is attempted in order to proceed to promote it explicitly as the "Latin American model" of land distribution within the process of agrarian reform. The first IICA conference held in 1968 in Pôrto Alegre, Rio Grande do Sul, Brazil, provided the opportunity for a first analysis and formulation of the concept of communitarian projects in a series of studies carried out by IICA specialists, and which have been continued over the years.

Based on this promotional endeavour, IICA sponsored several activities oriented toward the analysis, interpretation and articulation of this new model for "campesino" production some of which are listed below:

- Regional Andean Course on Communal Land Tenure Models, Colombia, 1970.
- International Course on Associative Forms of Production, Guatemala, 1971.
- Seven Preliminary Studies on Community Enterprises in Chile, Colombia, Venezuela and Panama, 1971/1972.
- Inter-American Meeting of Agrarian Reform Executives— which dealt essentially with agrarian reform community enterprises, Panama, 1972.

- Inter-American Meeting of "Campesino" Community Enterprise Specialists, Chile, 1973.
- First Inter-American Course on Community Enterprises, Panama, 1973.
- Advisory services provided to the agricultural institutions of several governments, to carry out case studies of communitarian enterprises, in association with FAO, 1973.
- Inter-American Meeting of Agrarian Reform Executives — analysis of communal land allocations in settlement projects, Paraguay, 1974.
- Experimental laboratory and seminar on: Methodology of "Campesino" Organisation to analyse the mechanisms of participation in all organisational stages of the "campesino" enterprise, Honduras, 1975.
- Workshop on: Organisation of "Campesino" Communal Enterprises, Peru, 1975.

A specific program for training and research in community enterprises was approved at the IICA Board of Directors Meeting held in Caracas, May 1974, with the result that some important activities in this field got rapidly underway in Venezuela.

Aside from these specific activities, IICA has also produced a series of articles dealing specifically with community enterprises, which were originally published in the journal "Desarrollo Rural en las Americas". The reprints were in such demand, however, that they were soon out of stock.

This book reproduces these articles, along with others written expressly for this publication. IICA hopes, in this manner, to satisfy the considerable demand for technical literature on the community enterprise.

In effect, at present the community enterprises represent the typical land distribution model for agrarian reform pro-

cesses over the entire length and breadth of our continent. Some legislation, such as in Mexico and Peru, allow for communal allocations along with distribution of individual parcels, but this, actually, is the exception which confirms the rule.

Although not explicitly legislated, communitarian enterprises were initiated in Honduras through cooperative allocations to former banana labourers who are now considered the pioneers of an extremely efficient form of "campesino" organization and production. Resolution No. 8, taken in December 1972 established a mechanism for converting unused lands into community enterprises; it is believed that this type of enterprise will come to be the main new distribution model for the new stages of the Honduran agrarian reform, as a consequence of a new agrarian reform law.

In Costa Rica, the ease with which the "campesino" enterprises were implanted has led the Lands and Colonization Institute (ITCO) to adopt the system. One of the recent Presidents of the Republic stated that the communal allocation of land is in fact, an integral part of the program of the agency responsible for agrarian reform in that country.

Since 1969, by administrative decree, and since 1972 by legal confirmation, agrarian reform lands in Panama have been granted to "campesino" settlements, rather than to individuals.

In Colombia and Venezuela, there has been considerable experimentation in the field of communitarian enterprises. In the former country, recent legislation has designed an *ad hoc* juridical system which efficiently guarantees a set of regulations to govern this type of enterprise. In Venezuela, agrarian activity threatens to reach unimagined profit levels due to prevalent economic circumstances, and there is an awareness among agrarian reform specialists that the adoption of communitarian enterprises may be a key instrument for achieving equitable income distribution in the rapidly growing rural prosperity.

Similarly, the recent Agrarian Reform Law of Ecuador has established communal land distribution as part of the national agrarian reform program and, as such, merits serious thought by government officials.

In some Southern Cone countries of the continent, that is, Argentina, Brazil and Paraguay, agrarian reform actions have resulted in an expansion of agricultural frontiers. Moreover, there is an increasing awareness of the need to utilise the communitarian enterprise as a mechanism for facilitating necessary actions and assuring the formation of a more highly productive and egalitarian structure.

Although adhering to the concept of private property wherein communal property belongs to the members of an association —although it is not divided into plots of land owned individually by the associated members and where marketing and service distribution are also collective responsibilities— the communal enterprise begins to acquire importance in our continent.

Communal enterprises, as has been shown in the case studies carried out by the countries with IICA and FAO collaboration, obtain considerable benefits through a more egalitarian and dynamic orientation of productivity. One of the IICA technicians who participated in these studies states:

“The research carried out to date has revealed that many community enterprises were established on lands of poorer quality, many lacked supportive training programs for its members, and in many cases they have suffered from a lack of credit, technical assistance and inputs. Nonetheless, in general, they demonstrate marked improvements in productivity, technology and production, as well as in levels of skill of the workers and in their living standards, tendencies toward capitalisation are emerging, especially through savings and productive re-investment. Communal enterprises also can be credited with the appearance of collective forms of financing services, especially education, health, housing and nutrition, leading to progressive improvements in the living conditions of their workers.

The largest enterprises of this type also produce economic surpluses, which is evidence of a rational use of their services in raising the level of production technologies and standards of living for its members, as well as generating new and satisfactory employment opportunities for their families.”

I am confident that this book will contribute in an effective way to the fulfillment of agrarian reform objectives, as well as to the institutionalisation of the liberation and development process demanded by our times.

Jose Emilio G. Araujo
San José, Costa Rica, June 1975

PROMOTION OF COMMUNITY ENTERPRISES

PART I

**THE COMMUNITY ENTERPRISE:
A Model for the Reform Process
in Latin America**

José Emilio G. Araujo

THE COMMUNITY ENTERPRISE: A Model for the Reform Process in Latin America*

José Emilio G. Araujo**

An analysis of the participation during recent decades of the agricultural sector in the development process in Latin America, reveals that this sector is not responding with the necessary intensity commensurate with the urgently needed transformation these countries must experience if they are to improve their present conditions. A study of production and the use of available natural resources in traditional agriculture, characterised by a low percentage of land utilisation, low productivity and poor capital-man and capital-area indexes, would reveal the need for radical changes in the process of introducing agrarian policies and in establishing the order of priorities of means required to implement these policies.

This paper will focus briefly on the problem of under-utilisation of resources and labour in the traditional agricultural sector. Thereafter, a solution with social, economic and political effects using agrarian reforms is proposed. The solution will be successful if carried out with sufficient political power and technical orientation to produce real modifications in the pace of development in the countries of the region.

These modifications would have to be geared towards a wide range of beneficiaries for a short period of time, for the process to have any impact on the rate of development. This

* Article published in the journal *Desarrollo Rural en las Américas*, Vol. III (3), 1971.

** Director General, Inter-American Institute of Agricultural Sciences, San José, Costa Rica.

- 1) **Settlement** — occupation and incorporation of new lands for agricultural use, be they private or State-owned, which have not previously been cultivated or used for agricultural production and which are not readily accessible with existing infrastructure at a given moment in a country's development.
 - 2) **Land reclamation** — incorporation into agriculture, through irrigation or drainage, of areas which can only be adapted for agricultural use by pertinent essential investments.
- b. **Capital** — more and better planning of credit use for agricultural purposes.
 - c. **Work** — stimulate population growth to increase manpower in countries of low population density; this is desirable for promoting economic development through subsequent increases in the labour force. Immigration was and is an instrument used in this case.
 - d. **Administration** — an increase in business capacity supporting agriculture, both quantitative and qualitative, and an awareness of the greater responsibilities which are fundamental factors in development.
2. **Recombination of resources and product obtained, through:**
 - a. **Education** of the farmer to foster an awareness of his situation in the rural milieu.
 - b. **Agricultural research** presents possibilities for an increasing and continuous technification of the agrarian enterprise.
 - c. **Agricultural extension** as a form of technical assistance, provides training for farmers and gives access to the results of agro-economic research studies.

An understanding of the structure and its manifestations in the rural sector are fundamental for appreciating the range and depth of the changes proposed through agrarian reform.

Characteristics of present agrarian structures

There is ample empirical evidence to demonstrate the disproportionate relationship between the distribution of agrarian property and the number of rural inhabitants without land ownership rights. Based on this knowledge it is easy to comprehend the magnitude of the necessary growth rate these countries must experience to overcome the conditions of inferiority in which they exist, to provide improved levels of well-being for all their citizens. This conclusion is supported by the results of scientific studies which demonstrate that inequality in the land tenure system is heightened by the following factors:

1. Continuous concentration and accumulation of large properties.
2. The absentee landownership system.
3. Limited use of agricultural lands.
4. Low percentage contributed by large-holdings to the total gross output of the sector.
5. The small number of actual agrarian enterprises.

From a social viewpoint, our agrarian structures are characterised by vertical social relationships in which domination-submission relations and authoritarian patterns predominate. A paternalistic domination-submission ideology lingers in the rural sector because it was the basis of the process for the formation of society. Ad-hoc juridical-legal norms serve to perpetuate this system of domination.

It is increasingly evident that the agricultural sector's contribution to overall national economic growth is small and progress slow. The relatively unambitious goals established at Punta del Este in 1961 have not yet been met.

As regards wage policies, certain labour legislations which were incorporated without previous study as to their effects, resulted in raised manpower costs. In consequence, human labour was substituted with other resources such as the use of extensive farming techniques and machinery.

Agrarian reform proves to be the only instrument which makes it possible — on a short-term basis— to benefit a considerable number of individuals by the integral use of production resources, to achieve a socio-economic impact. The use of uncultivated lands and the utilisation of the under-employed and unemployed in rural areas through application of agrarian reform, will be reflected immediately in redistribution and economic growth aspects.

The nature of agrarian reform

For agrarian reform to fulfill its function of effective transformation, the process must satisfy certain basic requirements, as follows:

1. It must be **massive**; that is, it should seek a broad restructuring of unjust land tenure systems. It must reach significant numbers of beneficiaries, meet the general socio-economic objectives already stated and, particularly, create new sources of employment to deal effectively with the problems of under-utilisation of labour and the need for job opportunities for youth that must be absorbed into the labour market.
2. It must be **rapid**, since the number of under and unemployed individuals in agriculture is already high and the capacity of the secondary, tertiary and commercial agricultural sectors to absorb any surplus labour in the near future is limited. The problem is further aggravated by the annually growing number of young people reaching 18 years of age who, over the next two decades, will form a significant population group, according to all projections.
3. It must be a process of **energetic and rigorous application**, as it is to be applied to a traditional system where, based on the supposedly inalienable right of ownership,

tal (democratic) orientation discussed, in order to define and resolve them. This is the very essence of the so-called "entrepreneur" mentality to be developed in the "campesino". It is thus necessary to create democratically oriented opinion-forming groups among the beneficiaries for a reform action. This can be done through a "consciousness-raising" process, where the individual, through discussions, confronts reality, defines the real problems and seeks creative solutions and actions which are based on a realistic analysis. Literacy training, a basic element of education, should be one element of the awareness-building or consciousness-raising process.

3. "Campesino" organisation is fundamental. The "campesino" may be organised in an authoritarian and imposed manner, if the purpose is to maintain domination structures. This is what normally occurs, and corresponds to an adaptive educational philosophy which dehumanises man by removing a fundamental quality: his role as a creator of culture. A new organisation must be drawn up based on free dialogue, which will foster the formation of active autonomous groups capable of making decisions and to whom technical assistance in entrepreneurial skills can be offered. In this way, the emphasis of the educational philosophy will be creative, transformational, and thus, humanising.
4. When the family group is considered as a unit of production, with the aim of making it the managing element of an enterprise, it must be allotted a parcel of land large enough to produce reasonable and acceptable economic income. The first idea that comes to mind is that the minimum initial income to be established for each family should be equivalent and comparable with what could be earned by an individual's labour in the city. The comparison should be made from the perspective that the entire family work force is utilised in the enterprise and thus, the parcel of land must be calculated to be big enough that it is possible, within a given time (that period in which agrarian reform directly supports the individual beneficiary) for a family to obtain an income equivalent to two or three manpower units, the number usually available in this type of production unit.

present will undertake entrepreneurial functions in other sectors, in future stages of development.

4. **A new society** — will result from the economic, social and political transformation caused by the introduction of agrarian reform. A different make-up and behaviour of the members of the depressed and abandoned society of today's Latin American "campesino" will come into existence. Through organisation and work, the process of change will form a new society in which all citizens have access to the use, ownership and enjoyment of the benefits of progress and public well-being. This will be the consequence of considering man both subject and object of all process of "change", providing everyone with the opportunity to participate in a country's development, and that of the entire world.

IMPLEMENTING AGRARIAN REFORM

Having described how agrarian reform can serve as an instrument for purposes of development, we must now analyse the methods for its implementation. The process includes two basic stages: land distribution and consolidation of the "campesino" as the beneficiary.

Distribution is the basic activity which includes acquisition of lands by the State agency responsible for implementing the process, and the allocation of these lands to the beneficiaries.

Consolidation includes a set of activities directed at placing the beneficiary in the area assigned, whether on an individual or communal basis. This is effected by applying the necessary complementary measures for integrating the "campesino" into the development process and creating, in him, an essential entrepreneurial awareness. The basis for this step is: "campesino" organisation, technical and credit assistance and the establishment of special associative modals for production and marketing of products. This step in consolidation should be of fixed duration (an approximate average of three years is recommended), and should not involve an excessive use of perfectionist or interventionist techniques by the State since —it must be remembered— the main objective is for the individual benefi-

This is why the State, representing the interests of the community, has the right to intervene in the ownership of nature's elements when they are not being utilised or employed adequately, either from an economic or social point of view.

When conditions of under-utilisation of lands exist, agrarian reform is imperative and becomes a necessary condition for development. This condition is verified when one or more of the following types of land ownership are prevalent:

1. **Minifundia:** a piece of land so small that it gives no margin for establishing an economical farming unit or model.
2. **Latifundia:** by extension — an area of land so large that economical utilisation of the resource is not possible, even with large investments and amounts of inputs devoted to production, and where the increase in output values is not reflected in a corresponding increase in profits.
3. **Latifundia:** by cultivation — any property larger than the economic model, which is inadequately exploited.
4. **Social Latifundia:** this is the case of a property under economically profitable production but which does not fulfill the social function of adequately satisfying the work factor of its employees.

To the unjust forms of land ownership described above must be added all types of tenancy (leasing, squatting, share-cropping and others) which are anti-economic (inadequate utilisation of resources) and anti-social (involving exploitation of man by man) as they are all primary causes of underdevelopment; justice demands that they be eliminated.

Land distribution

This refers to the stage in the process dealing with the elimination of unjust forms of land tenancy, and the redistribution of lands to potential beneficiaries capable of operating such lands within just patterns. It is normally an activity carried out by the State, acting in defense of collective interests and in the name of the common good.

rights (possession and dominion), in that order. This stage is completed with the granting of land titles to the beneficiaries. Allocation can be individual or communal in nature, according to the type of enterprise desired.

Two other considerations should also be taken into account as regards the land to be distributed to individuals through agrarian reform, namely:

1. **Determination of the land unit.** This should be carried out without any highly developed sense of technical perfectionism, so as not delay application. This step should take into account the income goals established both for the time of installation and when consolidation has been attained. For the former, calculations must be based on three agro-economic elements:
 - a. Present levels of knowledge among the farmers, and crops familiar to them.
 - b. Average production levels currently obtained in the selected area.
 - c. Potential land use in the area being settled.

2. **Cost of the land.** The majority of present legislation make the beneficiary himself responsible for covering the cost of the land, with payments to be made over a reasonably long period of time (compatible with the potential output of the area). It would not seem appropriate, perhaps, to include certain investments into the initial costs if the beneficiaries did not participate in making the pertinent decisions. For example, the interested parties should participate in decisions as to the type of housing and living quarters to be built. Another approach to land prices is that the land may be allocated without any initial payment, since the beneficiary will eventually become a regular taxpayer in the territory and, in this manner, the State would recuperate some of its short-term investments made to acquire the land.

2. Limited possibilities exist for large-scale farming and the adoption of new technologies. This is due to two main factors: introduction of technology appears unfavourable in terms of the investment cost/output value relationship, and technical assistance activities can only reach a small percentage of the beneficiaries.
3. Job specialisation is limited, since the farmer-owner must be able to perform all the different types of farm work. The family work force may be inadequate at times of heaviest agricultural activity, forcing the farmer to hire additional wage labourers during those periods. Without this additional help, the enterprise's productivity may be negatively affected.
4. Individualism and isolation of family groups make it difficult to distribute social benefits such as sanitation, medical, educational and other services.
5. The lack of communications in general, and of coordination of complementary production activities, results in a paucity of readily available information concerning marketing behaviour. As this type of entity tends to function independently, there can be crises of over or under-production of certain goods, if current, reliable marketing information is not made available.
6. The possibility of having to divide up property between the descendents of a family can result in a resurgence of the minifundia problem unless laws provide rigid regulation to prevent this type of sub-division from happening.

Community property

Traditionally, the concept of community property has been considered a concept foreign to the "campesino" way of life. This must be thought of as a **disadvantage** or **restriction**. However, this notion has as its basis the stereotype figure of the large landowner who uses his land as a source of economic and political power, and who has done so since colonial times. For the past 400 years, this has been the only example readily available to the rural worker and this has developed in him a mental attitude contaminated by paternalism and the domina-

8. Readier access to the means of land appraisal in order to assess farmland units, makes it easier for the beneficiary to decide on the type of tenancy preferred, and whether to modify the existing situation in partial or overall terms. Mixed forms of landownership – part individual and part communal ownership – can result from efforts to consolidate.
9. Efficient planning of natural resources to permit conservation and the reclamation of natural resources (soil, water and forests especially).
10. Agroindustrial organisation is facilitated by introducing the direct benefits of industrial installations in agricultural areas.

Social advantages

The social advantages of a communitarian enterprise are especially evident in the following:

1. From a political viewpoint it allows “massivity” and rapid implantation of the process, thereby diminishing the frustrations and consequent exasperation of potential beneficiaries. This is a common phenomenon due to the economic and social situation and their raised expectations of becoming true beneficiaries.
2. It brings about the formation of an active human group that is capable of defining and analysing problems in terms of basic causes, assessing with confidence the real situation, and searching for means of transforming decisions into actions.
3. Closer contact exists between those who formulate development plans and those who carry them out.
4. Social equality is favoured, eliminating social distances and individualism.
5. Shared responsibility is fostered, fusing executive and decision-making efforts into an indivisible act.

6. The guarantee of reinvestment and benefits for descendants creates a feeling of security.
7. It establishes a model for participating in decision-making (assemblies and work commissions) and for remuneration of labour according to the contribution of each participant to the production process (calculated on the basis of days or hours worked).
8. A better organisation of social life is fostered through the development of solidarity and mutual aid situations, including changes in values and beliefs, making fundamental modifications possible in the social stratification model.
9. Social organisation of economic actions is facilitated, leading to the organisation of integrated cooperatives. With this, the urban-rural relationship can be modified, permitting a sectoral equilibrium and making the elimination of "internal colonialism" possible.

THE COMMUNITY ENTERPRISE

After due analysis of the pros and cons previously discussed, it may be deduced that agrarian reform can create new socio-economic structures in the rural milieu. However, the new base units must not be isolated from one another or be competitive in nature, but must be integrated at both regional and national levels. To attain this fundamental objective, it is essential that these base units be planned within a regional development criterion. For this, planning should determine the means to ensure regional integration within a definitive humanistic and integrated national development scheme.

Based on these fundamental principles, the implantation and development of a form of multifamiliar communal property is suggested, with the aim of bringing about the social and economic advantages previously described.

Nature and objectives of the community enterprise

Definition

The self-managed "campesino" enterprise is an associative production model in which capital and labour contributions of

all members are equal; members are co-proprietors of reserve and capitalisation funds and assume equal responsibility for management, administration and work.

Objectives

The formation of "community enterprises" has several objectives, including the following:

1. Achieving immediate, efficient utilisation of the land by the "campesinos" although continuity to the problem-solving situation may not yet be assured, during the lapse of time between possession of the land, elaboration and acceptance of a definitive farming plan by the interested party, and the final allocation of property.
2. Training the "campesino" to fully assume all the responsibilities of an entrepreneurial agricultural proprietor, within a pre-determined period of time.
3. To organise the community for production so as to achieve an immediate maximisation of resources, thereby affecting productivity aspects.
4. To develop the community through promotion, creation and strengthening of base organisations, and formation of cooperatives.
5. To elevate the work element from object to subject of development.

Specific characteristics of the community enterprise

1. **Physical unit:** this should be perfectly established and contain the amount of land needed to provide beneficiaries with sufficient surface area for diverse types of exploitation, with the number of farmland units (agricultural units which provide an economic income equivalent to that essential for one family) directly proportional to the number of members in the enterprise.
2. **Communitarian society:** the enterprise concept is, by nature, an economic concept which acquires legal signifi-

cance with the person having a land title. In this case, and in line with legislative provisions in each country, it would be necessary first to form a society of persons committed to participate in the enterprise in the form of work, and to become solidary members and co-proprietors of same.

3. **Form of land allocation:** joint forms of land distribution are possible, simultaneously, to different persons. The equal participation of individuals must be equated to assure a legalised form of usufruct of the contribution of individual rights to the enterprise's patrimony, in spite of the collective form of land ownership. A solidary obligation before the State would be achieved in this manner, should the social contract be rescinded and would guarantee continuity for the rightful inheritors in accordance with the system established in the formative stages.
4. **Reversible nature of an enterprise:** since the community enterprise is usually formed without a previously defined agro-economic plan of the area to be distributed due to the scarcity of State technical resources and the urgency derived from the need for large-scale implementation (given the number of potential beneficiaries), its constitution (or document of incorporation) must contain a clause providing a time limit for the members to decide, by assembly, on the definitive type of enterprise and form of landownership. This decision may be to divide the property into individual parcels (with group participation in the cultivation of certain crops, marketing, consumption and mechanisation aspects, etc.), mixed ownership systems may be organised (part individual parcels and part community-owned areas); or a communal system could be selected as the basis for organising everything. These decisions should be made once a definitive agro-economic plan exists and should, in principle, indicate the end of the agrarian reform process, the end of the period designated for purposes of consolidation. Experience and research suggest that this period usually lasts from three to a maximum of five years.
5. **State orientation:** government assistance can, through the communal enterprise, obtain greater efficiency at less cost

by dealing with various sizes of groups and land areas. The modern concepts of enterprise and development accept that the State can and should intervene in seeking to guarantee public well-being. Government activities can involve two kinds of intervention: arbitrary or functional. Functional intervention is useful when it is of a managing, stimulating or controlling nature, as the situation may require. In the case of communal enterprises, such State intervention or direction should be in the form of credit and technical assistance, as indicated in the plan for the region in general, and undertaken in two steps: the first, as an emergency measure to help with the immediate settlement of the new inhabitants; and the second, carried out within a previously determined period of time (two to three years) the end of which should coincide with the conclusion of the consolidation phase.

The Process of Setting up an Enterprise

The self-managed "campesino" enterprise developed through agrarian reform, represents the initial stage in the development of a new social and economic way of life and offers the possibility of starting the transition to a new society.

As a system or organisation, the enterprise project involves a set of prior actions within the agrarian reform process (during the land distribution stage), with the ultimate aim of completing consolidation.

Distribution stage

The distribution stage is the responsibility of the agrarian reform agency and includes:

1. **Acquisition of lands.** The land acquisition process must be as simple as possible; the most appropriate and expeditious form of expropriation should be used.
2. **Determining unit size and type.** This step should be carried out after an identification of the factors necessary to determine the type of unit taking the following aspects into account: what the "campesino" knows; and what

crops are grown in the region and what the average production obtained in the area is as well as what the existing technology normally used by the potential beneficiary farmer is. The immediate and projected later income earned by the beneficiary family farmland unit should also be considered.

3. **Pre-settlement period.** As soon as the enterprise area has been identified, a pre-settlement period lasting a maximum of 15 to 20 days should begin. During this period, two fundamental operations should be carried out:
 - a. Identification or selection of the beneficiaries, to be based fundamentally on the criterion of previous inhabitation by squatters or wage labourers on one or all of the properties under consideration.
 - b. Simultaneously, an information and training campaign must be commenced so that the "campesino" will become aware of what an associative form of production involves, understand the process in which he is to participate and have some knowledge of his rights and duties in his new situation in order to initiate the process of organisation.
4. **Formation of the enterprise.** A first step is to establish the communal enterprise through a general assembly in which all future members participate, having acquired this status by fulfilling the requirements established for beneficiaries. The fundamental objective of this assembly is to sign the decree or contract forming the society. Afterwards, the enterprise's first administrative board is chosen. This is normally made up of five members with the one receiving the most votes in the general election to serve as president. The contract decree (document of incorporation) should be read, understood and analysed by the beneficiaries and the agrarian reform agency so as to assure that the contract contains all the pertinent legal characteristics and is consistent with the enterprise's stated objectives.

Election of the board is carried out in a democratic manner, using a system which allows illiterate members to make use of their right to vote as well as to be elected.

Consolidation stage

This stage involves the following basic operations:

1. **Technical and credit assistance:** Once the board has been elected, an agreement on technical and credit assistance must be negotiated immediately with the agrarian reform agency. This should be provided for in the initial allocation contract, to guarantee the State's relationship with the enterprise. An emergency agro-economic exploitation plan should be prepared within 15 to 30 days, by the agency. The plan should be based on the factors used to calculate the farmland unit. Credit aspects should also immediately be established within this emergency plan.
2. **Physical planning.** Without hindering the application of the emergency plan by the associates, technical assistance should be offered to prepare the definitive agro-economic plan, including alternatives for:
 - a. internal infrastructure (roads, water reserves, forest areas, etc.).
 - b. population centers (community living facilities and amenities, schools, social clubs, church, cooperative locales and others).
 - c. measures for the conservation of natural resources and areas of permanent cultivation or livestock activities.
 - d. annual crops, rotation and land use.
3. **Work committees.** The administrative board, in order to carry out its functions, should immediately appoint work committees for specific tasks. These will be the task forces within the enterprise, to resolve problems regarding specific crops or activities to be undertaken.
4. **Social organisation.** All actions of a communal nature should involve continuous and well-organised training programs. To accomplish this is the greatest responsibility of the agrarian reform agency, so as to assure the success

of the process. Continuous guidance and technical assistance must be provided. This activity begins in the pre-settlement period and can be divided into four stages which are, in themselves, continuous and practically concomitant. These are:

- a. **Awareness-building.** During the initial stage, awareness-building or consciousness-raising based on discussions of subjects of interest to the "campesino", attempts to help him to develop new orientations with which to free himself from accustomed attitudes caused by the verticalised structures he is used to, and to induce attitudes and actions suited to a horizontally organised form of society.
 - b. **Basic education.** This activity ranges from literacy training to orientation for establishing base organisations. Extensionists and particularly home economists can contribute significantly during this stage, working with the women and the entire "campesino" family.
 - c. **Technical training.** This involves the work of extensionists in teaching techniques and introducing useful innovations.
 - d. **Business training.** This type of training must be provided to the beneficiary so that the individual, in general, and his representative committees in particular, may be trained in rural administration principles, productivity planning, enterprise organisation, and marketing management and other practices.
5. **The cooperative.** This would be the culmination of all the organisational endeavours, and the permanent form of action of a new enterprise. With application of these ideas, after a given period of time, the self-managed "campesino" communal enterprise should be able to free itself from dependence on actions of the agrarian reform agency, when its members have approved a definitive exploitation plan, and thus, will be able to compete on its own in normal developmental processes.

With such a system established for the rural milieu, all men will shortly have the opportunity to participate on an equal basis in the integral development processes of each country.

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**THE COMMUNITY ENTERPRISE
AND AGRARIAN REFORM**

Francisco Oliart

THE COMMUNITY ENTERPRISE AND AGRARIAN REFORM*

Francisco Oliart**

This paper seeks to define communitarian enterprises as instrumental factors of a new society which should, ideally, result from a radical agrarian reform process.⁴³

It is a broad topic. Economically speaking, the meaning of "enterprise" has been clearly defined⁴⁰ through use rather than through conceptual definition. Moreover, the definition has been established through the entrepreneur rather than through the enterprise itself.²²

From a legal point of view, the term "enterprise" is used in many contexts "without a complete notion of its content and without previous concern for establishing a legal definition."⁷ From a sociological point of view, definitions in dictionaries and social science bibliographies are inadequate, since they approach it economically while overlooking concepts of the enterprise as a social organisation.³⁷

The term "communitarian" has hardly been explored by political scientists. The concept of communitarianism—a result of Christian as well as atheistic humanism—has been analysed in theological documents of extraordinary validity,²⁴ but has not been subjected to analyses that relate it to the enterprise as an

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instrument of production. Many worthwhile papers have been written on community property¹¹, but it is well known that the concepts of property and enterprise are essentially different.

This paper proposes to analyse the following:

1. Agrarian reform as an instrument for modifying social structures, even when only used as a frame of reference.
2. The community enterprise as a tool in the process of "constructing" the new society based on agrarian reform, and as the operative means for eliminating the marginal conditions of the "campesino".
3. The operational definition of the terms "enterprise" and "community" within a theoretical legal context.
4. The establishment of these definitions within an independent concept of agrarian law.

Before pursuing our work any further, it should be clear that this involves taking an ideological stand. We arrive at the Social-Christian position by a process of exclusion. Based on the accepted assumption that feudal, precapitalist and capitalist structures cause the marginality which will be discussed in depth below, long-term endeavours will be aimed at removing capitalist enterprises from the environment of communitarian enterprises. The former not only represents a continuation of the status quo, but also the potential destruction of the latter, which emerges from the process of agrarian reform. What happened in Mexico and Bolivia serves to support this conclusion.³⁰ At the other extreme, collective solutions leave no room for the development of individual freedom, hindering the survival of other non-private enterprises that socialise the means of production.¹¹

It must also be clearly established that, as will be noted further on, the concept of the enterprise is itself based on theoretical neo-capitalist criteria, which explains why Social-Christian positions may not understand the entire spectrum of CIRA opinion, or for that matter, Schumpeter's neo-liberal enterprise theory.⁴⁰

AGRARIAN REFORM AS AN INSTRUMENT FOR MODIFYING THE SOCIAL STRUCTURE

Land tenure, agrarian reform and social structure

The fact that Latin American agriculture has been progressively declining in comparison to other economic sectors in the region should not allow us to forget that over 70 percent of the economically active population of Latin America works in agriculture.⁴⁸ Neither can the fact be ignored that Latin America is falling behind other regions in the world in per capita agricultural production. Thus, "when an average of 100 is assigned to the period between 1952 and 1957, and the pre-war average is compared with that of 1963-1964, a decrease in the per capita production index of 11.7 is noted."¹⁵

The mention of just these two of many indicators is sufficient to indicate that the policies of Latin American countries on agricultural matters will continue to be crucial for determining the rate of their economic development for many years to come. Consequently, Latin American countries should make use of all the policy instruments available to them in order to ensure greater agricultural productivity and maximum production increases in the field.

In her classic paper "Land reform and economic development"⁴⁹, Warriner considers that agrarian reform is the most important world-wide change taking place in relation to economic development.

As Myrdal has stated³², agrarian reform should not only be considered a pre-requisite for attaining economic development, but also a way to break away from existing traditional social structures. In order to quantify the intensity of change, it should be kept in mind that only when agrarian reform involves redistributing land ownership rights will real modifications in the social structure take place; this will not occur if reform is limited merely to implementing a set of measures for institutional improvement within the sector.

Agrarian reform, economic development, social structure and ideology

As indicated in the introduction, this paper will not discuss agrarian reform and economic development in great depth, except to mention that what actually characterises an economic system are its institutions and not the technology it uses^{3,8}; the presence of highly technical taxation mechanisms in Peru does not mean that the country's tax structure corresponds to that of a developed country.

Therefore it is important to relate the degree of institutionalisation in countries with dualistic economies⁵, stressing —from the point of view of social structures— the co-existence of an expanding capitalist sector that uses cheap farm labour alongside the repressed agricultural sector.^{2,9}

This relationship is indicative of the existence of a social structure whose very characteristics, however difficult it may be for some economists to accept⁵, greatly influence economic development.

Unfortunately, no specific literature exists which directly relates social structure to land tenure systems. Many case studies have been made², but they are more descriptive than analytical in nature. Nonetheless, a cause-effect relationship can be established between the criteria of social stratification, social class and the socialisation system⁴, which leads us to emphatically conclude that the relationships between kinds of ownership and social structures are based on ideology.

Social structure and ideologies

Bosco Pinto^{3,6} describes a social structure in which the ruling class maintains its political power based on the economic power it derives from land ownership —supported by a central socialisation process, monopolies and the concentrations of socio-political and economic resources— and which justifies its actions with paternalistic ideology manifested through measures that maintain the existence of:

1. A vertical network of domination-submission relationships.

2. A culture with predominantly quantitative norms and values.
3. A typical personality that conforms to authority, that lacks technical and social creativity, is apathetic and resigned, is comforted by mystical religious values, and is devoid of individual initiative that internalises and finally projects the irrational authoritarian role of the forces in power onto all important social relationships.

Following Garcia's line of reasoning on traditional forms of internal colonialism¹⁹, Bosco Pinto³⁶ places paternalistic ideology within a macro-structure that is characterised by a social stratification whose dominating elite controls and concentrates social, political and economic resources, and maintains the existence of a marginal majority. Expanding upon the ideas expressed by Veckemans⁸, Bosco Pinto³⁶ defines ideology as a more or less organised group of ideas which determine the view of man and the universe, through which the historical and cultural reality of a society is defined, which orients group actions about the future of that society.

The components of an ideology are:

- a. A world-view, defined as a set of ideas about man-world and man-man relationships.
- b. The definition of historical-cultural reality which serves as the framework for interpreting social reality.
- c. Actions are projected as "momentum" in which other actions, based on the interpretation of reality, are oriented for developing the future society.

According to Bosco Pinto³⁶, the paternalistic world-view sees man as an adaptable and conforming being. Reality is defined as the socialisation of the ruling system with ideology projected in a traditionalism based on the maintenance and perpetuation of the structures created by an *ad hoc* juridical legal system.

Agrarian reform and political power

The breakdown of social structures based on land ownership is a clearly stated objective of agrarian reform. When one takes into account the fact that the monopoly of land in primarily agricultural countries is usually linked closely to the landowners' access to other agricultural production factors, it follows that a decrease in economic power will lead to a decrease in political power; and that the social structure of paternalistic ideology will be replaced by the creation of other social structures based on an ideology with a world-view of man as a creative and responsible being who develops through his work.²⁴

Magnet⁹ states that the cultural ethos that existed at the time of the conquest is still present in the Latin American social structure. As a consequence, the domination-submission problem permeates all the social stratification sub-systems²⁸, and complicates analysis by situating it not only in the economic, but also in the intra-occupational, political and racial spheres.

THE COMMUNITARIAN ENTERPRISE AS A MEANS TO ELIMINATE THE MARGINAL CONDITIONS OF THE "CAMPEÑO"

Marginality and Integration

The term "marginal" applies to the "social groups that, despite their being members of a country's society, are unable to penetrate to the core of the society's structure." If this problem is transposed to the total human being, and not just to one or another aspect in the life of these groups, then the marginal person is one who "is radically unprepared to bring an end to his own misery."⁴⁴

Veckemans⁴⁵ states that the antonym of marginality is integration, and that integration has five conceptual components:

1. Purpose
2. Fulfillment of the norms demanded by the purpose.

3. Adherence to the ideas and values of the purpose and corresponding norms.
4. The use of necessary and appropriate measures.
5. The existence of tasks, functions, actions or roles for performing these measures, and for their equitable distribution among the members of a social community.

Enterprise, innovation and integration

The enterprise, considered as the introduction of an innovation into the economic system³³, can be an adequate means for integrating the marginal population, if the main cause of marginality (concentration of land ownership) has disappeared as a consequence of agrarian reform. Innovation, as defined by Schumpeter⁴⁰, is a new combination of productive factors. From an economic point of view, Schumpeter finds that innovation occurs when the productive process undergoes a truly qualitative change. The concept of innovation includes the following alternatives:

1. The introduction of a new good —that is, a product unfamiliar to the consumers— or of a new quality of a known product.
2. The introduction of a new production measure, not previously tested in the productive sector involved. It need not be a consequence of scientific discovery, but can be a new commercial approach to the product.
3. The opening of a new market; that is, a market in which the sector in question has never participated.
4. The acquisition of a large supply of raw and/or semi-processed materials, regardless of whether they existed before, or were created ex-novo.
5. Implementation of new types of organisation in a given industry, such as the creation or breakdown of a monopoly.

Enterprise, integration and economic development

All the above clearly establishes the relationship between enterprise and integration. To implement a new type of organisation is an innovation. If this innovation includes entrepreneurial activity, it characterises a developing economy. Entrepreneurial activity is the fundamental difference between developing and stationary economies. Agrarian reform should be a priority in stationary economies, which by definition are inflexible in their economic activities and introduce no qualitative changes which could alter their equilibrium.

Naturally, the combination of productive factors also function in a stationary economy, but only through systematic and routine job repetition where daily maintenance is strictly the responsibility of the enterprise's management. According to Schumpeter⁴², the prevailing presence of entrepreneurial activity in developing economies—in a period of concurrent capitalism—is identified largely with entrepreneurs or leads of enterprises who often are the actual owners. The fusion of responsibility, activity and ownership proves to be clearly beneficial for the development of the economy. The presence of the entrepreneur²¹, whether he is a capitalist or not, and whether or not he can contribute funds from his property, creates economic development and growth in an economy as long as he is not just a routine manager.

The concept of the communitarian enterprise guarantees the necessary cohesive element of efficient management, while allowing all of its members to fulfill the social and economic functions to which they aspire without being subservient to the will of others and without being restrained from exercising their individual initiative.³⁵

Community enterprises: integration, new society and strategy

Any doubts about the concepts of integration and incorporation that still exist should be cleared up at this time. At first glance, they seem synonymous. Veckemans⁴⁵ states, however, that the integration of marginal populations into the mainstream of society is a pre-requisite to their incorporation into the economy. On the other hand, Torres Llosa⁴³ feels that incorporation and integration are not necessarily synonymous

nor necessarily consequences of each other. The concept of a new society excludes, by definition, the ideas of integration and incorporation. Individuals become integrated or incorporated into an already existing situation; this presupposes the existence of superimposed cultural, economic and political values. A new society means the disappearance of all precedents. Regardless of whether one agrees with Torres Llosa's final conclusion or not, it is evident —from a practical point of view— that any decision calling for a new social organisation must be preceded by vigorous political action and implemented with active support. The cursory treatment of small, isolated groups of marginal populations although they may be in the majority, began with the intra-national and national colonialism mentioned by Veckemans and Silva Fuenzalida⁴⁴, and are evidence of a lack of internal integration and the lack of organisations for channeling the support required for creating the new society. It would thus seem more logical, and for that matter, more strategic, to functionally integrate marginal populations by creating organised groups that pursue free and conscious solidarity within the "campesino" population. At the same time, long-range revolutionary agrarian policy anticipates a new society that will have to catch up to other sectors of the economy, given the relative scarcity of land resources, in which ownership of production resources is replaced, their distribution channelled through radically different socio-political organisation.

Community enterprise: definition and objective

It has been clearly established that, besides dispersing the land which is now concentrated in the hands of few, marginal sectors must be united by a common interest or endeavour. The communitarian enterprise, as will be defined later, not only satisfies the organisation's needs for solidarity, but also establishes solid links between the different marginal groups within the operative mechanisms of the superimposed culture.

The communitarian enterprise, not being redistributive in origin, cannot be used as a manipulative instrument within the paternalistic domination-submission structure.

In addition, new concepts are being formulated and applied to economic and social thought which consider the

enterprise in its accepted definition and the community enterprise as an associative form of production in which capital and work quotas are equal for all members, who are co-owners of the reserve and capital profits and who assume equal responsibility for management, administration and labour.²⁷ The co-ownership of reserve and capital profits and the equalised capital and work quotas are quantifiable production factors. Active social participation is achieved through co-responsibility for administrative and labour management. Schumpeter⁴¹ states that it is a valuable element for capitalistic development for the entrepreneur and owner to be the same person. In our case, the entrepreneur, owner and worker as one, is also a valuable element because it will rapidly lead the marginal population to a secondary stage (as opposed to the familiar, or primary stage) of the network of social decisions.⁴⁴ In the long run, it may also provide this segment with access to the level of total decision within the global society, thus overcoming the basic problems of global or extreme marginal conditions that so concern Veckemans and Quijano.⁴⁵

Finally, the communitarian enterprise, as defined, can overcome the limits set by social interest sectors which make up the ethno-cultural, ecological, economic and political domination-submission structures. When ethno-cultural and ecological aspects of the social interest sectors are overcome, based on the fundamental egalitarianism of the communitarian enterprise, racially stratified sub-systems will disappear, but only in the medium-range because of the existence of a strongly rooted central socialisation system. Ecologically, establishing modern and innovative activities in the field can mobilise the existing urban-rural "hinterland", which is where, according to Garcarena²⁰, most marginal populations are located, insofar as political power is concerned.

Community enterprise and integration

As mentioned, integration implies five concepts:

Purpose

The purpose of integration is to eliminate marginal conditions by the "participation, contribution and cooperation of each member of the society base in each of the elements that were established for the term integration."⁴⁴

Ideas and Values

According to the established definition, then, the community enterprise has a purpose; the ideas and values related to that purpose are also included in the definition. Egalitarian input and co-ownership of the reserve and capital profits eliminates the original qualitative economic difference. Co-responsibility of management and administration involves every member in decision-making and the actual work of the enterprise: matters that are crucial to the enterprise. The type of classless society humanists strive for can begin from this point.³⁶

Norms

The standards or norms that govern a communal enterprise would be contained within the instrument that regulates the relationships of its members and establishes its legal format. The communitarian corporation may or may not be defacto or legal. The juridical forms that a communitarian enterprise takes on, however, should be able to be inserted into the legal system of the current society (more on this later) in order to eliminate the juridical marginality which Galanter¹⁸ refers to, even though it is actually the consequence of political and economic marginality.

Adherence

It is not very realistic to expect that untrained, largely unknowledgeable marginal individuals will adhere to the ideas and values of a purported objective or to its corresponding norms. Therefore, the so-called pre-settlement period provided for by Chilean law¹⁰ and topical research¹⁷ are essential, either prior to or during the creation of a communitarian enterprise, for building up the necessary awareness or knowledge.

Use of necessary means

The adequate and necessary use of means for achieving the purported objective is evidently a matter of governmental policy. If it is true that the marginal individual is unable to end his marginality by himself, awareness-building should precede organisation, and this organisation should be established with

specific ends in mind. The adequate and necessary use of means depends on the degree to which legislators adequately comprehend the problem. This is one of the key points in the debate. If it is accepted that land tenure structures have been changed (a tangible example of an emerging political ideology with the previously described world-view)³⁶, it will have been achieved by making use of adequate and necessary means for implementing community enterprises.

Thus, existing confidence in the possibility of developing the human being —apart from qualitative criteria on “technical education”— will determine the degree of State participation in the implementation of “campesino” enterprises. Empirical data* indicate that the degree of lack of confidence in the technical ability of the “campesinos” depends on:

1. The degree of conservatism in lawmakers.
2. The degree of paternalistic State participation in the administration of communitarian enterprises, proportional benefit farms or agricultural associations of social interest.

The key to an adequate and necessary use of the means for turning the communitarian enterprise into a tool for eliminating marginal conditions, is in **the degree to which the State does not participate** in its administration, except as described further on.

Tasks, functions and actions

The tasks, functions and actions for implementing the means, and their equitable distribution among the members of the base community should be established in the document of incorporation of each communitarian enterprise.

Conceptual integrity of the process of de-marginalisation

For integration to be achieved, it is indispensable that all five conceptual parts of the whole effort be carried out. The

* See Organic Law of the Rural Settlement Institute, ICA, El Salvador; Colombian Agrarian Reform Law, INCORA; Agrarian Reform Law of the Rural and Promotion Institute of Peru.

guidelines for attaining the purported objective and for assuring that the corresponding ideas and values are adhered to are useless if norms do not exist for achieving the final, purported objective. Similarly, tasks, functions and roles for implementing the means are useless if they are not related to fulfilling this final objective. Hence, it is essential that an awareness be generated of the need for taking an ideological stand on the communitarian enterprise, **even if the enterprise is only used for practical purposes:** i.e., to facilitate the delivery of land grants, for conserving labour, etc.

Economic advantages of the community enterprise

It is worthwhile to point out some of the economic advantages of community enterprise. Marques Vaz⁴⁷ states that the agricultural communitarian enterprise offers lower costs and higher benefits, as much from the point of view of technical efficiency (referring to the entrepreneur's ability to maximise his revenue through an appropriate combination of factors and products), as from the point of view of economic efficiency (referring to the entrepreneur's ability to indefinitely increase profit levels). Marques Vaz⁴⁷ also states that the communitarian enterprise can keep average fixed costs down, as compared to individual family property because of the phenomenon of irregular returns to scale and diminishing returns. The enterprise can consequently increase profits and at the same time charge lower prices for its products. Another advantage of the community enterprise, according to Marques Vaz, involves the ability of the supply to decrease fractionalisation tendencies, and thus put an end to the concentration of intermediaries in the marketing process.

Other advantages of the communitarian enterprise

From the budgetary-administrative point of view, allocation and consolidation costs are lower when dealing with organised groups than with individuals. Araujo¹ relates this lower administrative cost for agrarian reform directly to its massive scope and consequently with the resulting disappearance of the immediate cause of marginality. Marques Vaz points out that "the accepted point of view is that the community enterprise be considered a provisional type of productive unit in the process of agrarian reform, since insufficient resources, espe-

cially of a technical nature, make the simultaneous execution of agro-economic planning and land distribution impossible."²⁷ In the event that land is divided into individual family parcels, the possibility would still exist that they later be reconsolidated, once a definitive agro-economic plan has been decided upon.

An important point that should not be overlooked is that if land is allocated on the basis of communitarian ownership, it is possible that later it be re-distributed individually, should it be necessary, whereas it is not as easy to reverse established ownership of individual property. In reference to this, it is worthwhile to recall Leuret when he said: "There is a technique and a science for strategy and action; not to use them is to tempt God."²⁵

OPERATIONALISATION OF THE TERMS "COMMUNITY" AND "ENTERPRISE" WITHIN A THEORETICAL—JURIDICAL CONTEXT

Enterprise and society

Economic enterprises cannot be discussed without mentioning society. Juridically, society and enterprise are concepts which are related but separate. According to Franceschelli¹⁶, the "society-enterprise coalition is a normal, though not necessary combination, since a society can exist without the presence of an enterprise." The concept of enterprise, as previously mentioned, is an economic concept which takes on juridical meaning through its owner, or entrepreneur. Hence, some general comments on the concepts of "association" and "society" are necessary, since associative rather than individual ownership is being discussed.

Society and association

The concept of society is intimately linked to that of association. Society is to the association, what species is to genus. The concept of association is vast, however, and "includes any voluntary union of persons who, in an enduring and organised manner, combine their efforts to obtain a determined objective."¹² This definition seems to make the concepts of association and society equivalent, but juridical procedures have distinguished society as being marked by a greater enough intensity in economic objectives to differentiate it from an association.

Juridical nature of the community enterprise

It would seem clear that a communitarian enterprise should be considered a society and not just an association. However, a serious difficulty arises in contradiction to the above, when one recalls that the goals of the communitarian enterprise are to maximise revenue, and to eliminate the marginal conditions of the "campesino"; the latter, however, is not exclusively an economic objective.

The difficulty increases when one considers —along with Esposito—¹⁴ that the true criterion for distinguishing between associations and societies is that the latter consist of a series of contractual relationships, whereas associations are true social units based on conventional agreements.

The contractual nature of society implies the contribution of material and moral elements directed at developing an activity for lucrative purposes, while the collaboration of the members of an association is largely idealistic and programmatic in nature. The communitarian enterprise not only requires the collaboration of wills, but also the inter-connected and solidary performance of intellect and labour. The essence of the relationship should be based on contributions by members of the enterprise of not only material goods, but of physical and intellectual activities as well, making the society's administration "simultaneously a right and an obligation for each member."³¹ Administration, conceptually identified through contractual rights and obligations, has a specific economic objective. Collaboration of associates, based on one or several commercial agreements, is directed at obtaining common benefits. Recreation, for instance, must be administered in order to be attained. Administration in societies is part of the contract and can become an end in itself, if viewed as the ordering of factors. Thus, enterprise and society attract each other; enterprise and society reject each other. How can the communitarian enterprise, with the purported objective of attaining economic benefits as well as other non-lucrative benefits, be juridically reconciled with society? This is definitely the core of the question. The following are possible alternatives:

1. One is based on French legislation, where an association is the agreement whereby two or more persons make

permanent common property of their knowledge and activity, for ends other than the distribution of benefits, although this may eventually occur. This definition is noteworthy for the lack of reasons for obtaining economic benefits, even when they do occur. This definition can include cooperatives which distribute the economic advantages of social participation among its members.

2. Another is to consider the communitarian enterprise as a society based on German and Italian doctrine. Italian law* describes the object of society as the "common undertaking" of economic activities. Under existing German law¹³, the objective need not be of patrimonial interest, and may therefore be of a scientific, artistic or political nature.

The communitarian enterprise should be considered within the context of association, and should serve as an aggressive instrument of social change. Its levels of aggressiveness will be measured by its economic achievements when compared to the economic results of other types of enterprises co-existing in a utopian market situation. The cooperative and the association's lack of profit-making objectives is not included here. In other words, the eventual distribution of benefits is not considered an essential element of economic growth for the enterprise; thus, the communitarian enterprise should be considered a society. The question of whether the society should or should not be oriented solely towards profit-making or the economic enjoyment of its products, or alternately, towards acquiring other non-economic goods, is settled in the measure in which other goods are obtained through the instrumentalised use of the society.

Communitarian enterprise and total social assets

Regarding the ownership of total social assets, the communitarian enterprise should be based on a Germanic-type enterprise (collective) which affects all of its members equally, as opposed to the Roman-type where members are co-owners with different quotas, or the corporation which has legal title to its assets.

* Italian Civil Code. Article 2247.

Communitarian enterprises and social responsibility

All members of the communitarian enterprise will equally share decision making power through an administrative organ set up specifically for that purpose. Thus, the responsibility for the society will be held in common. It will be necessary to find a way to extend this solidary and unlimited responsibility to all members to assure cohesion of their actions*. If this type of enterprise has not been previously typified, it should be considered a *de facto* association with activities and goals governed by a specific contract.

This point is of primary importance to Latin American countries where civil legislation is of Napoleonic origin, and restricts the concept of society to the previous formation of a distinct juridical entity** where members are evaluated individually with a resulting limitation of responsibilities. This could be important to marginal persons whose initiative and individual awareness have been paralysed; fostering each member's personal and unlimited co-responsibility in the economic management of a communitarian enterprise may be a way to restore them.

Form and content of the community enterprise

The concept of communitarian enterprise includes both form and content. The enterprise form has not been determined as an economic unit because of its content (the amount of land used for production purposes). The following distinction has been made in order to avoid confusion when laws pertaining to

* The case of collective society discussed in the Colombian Civil Code is an excellent example.

** Article 2079, Colombian Civil Code; Article 2053, Chilean Civil Code.

communitarian enterprises are being written, with the aid of technical cooperation.*

Enterprise types produce their own classifications. The communitarian enterprise is collective as opposed to individual because of the number of members that manage and direct it. However, communitarian collectivism should not be confused with State-directed socialistic collectivism nor with the collectivism of capitalistic autonomous and trade enterprises.

Communitarianism

Communitarian property

Finally, the problem of communitarianism within the enterprise must be analysed. As pointed out by Silva and Chonchol, communitarian property was held by the Christians until the Catholic religion was officially recognised by the Roman Empire in the year 383. This doctrine was maintained well into the Middle Ages, although the practice of communitarian property had been abandoned. St. Thomas Aquinas in

* OLIART, FRANCISCO. IICA-CIRA. Third draft of the agrarian reform law proposal for the Republic of El Salvador, El Salvador, 1969.

Article 55. A social interest agricultural society is defined as an associative form of production in which capital and labour contributions are made equally by all persons who are co-owners of the reserve and capital funds and who assume equal responsibility for management, administration and work.

Article 56. The social interest agricultural society assumes the existence of: a) a physical and geographic unit; and b) a transitional stage in the process of agrarian reform.

Article 57. The geographic unit on which the social interest agricultural society is based is a clearly defined area acquire for the purpose of agrarian reforms with size being determined by the Institute, and distribution based on minimum units of expropriation per number of families in the enterprise.

Article 58. The transitional stage of the agrarian reform process referred to earlier, is the period from which lands are appropriated by selected families or "campesinos", to the moment when they make the decision referred to in the next article.

the *Suma teológica*, legitimised individual property as an institution and, according to the authors cited above, clearly established the right to individual property; but at the same time he maintained that communal ownership of property was a natural right. In any case, Christian humanism has never dealt with individual property. When considering the family as the nucleus of society, private property has existed collectively (belonging to all the members of a family) rather than individually (belonging only to the head of the family). Pious XII dealt extensively with family property* defining it as a natural right, as the fruit of one's labour and as a means to create an environment of true freedom, not only economically but also politically, culturally and in matters of religion.

Economics and Communitarianism

When we look into the future, or even remain within the present modern economic context, we see that property in itself no longer guarantees security and freedom, as Lebret² points out. Instead, they are guaranteed through communitarian organisation, given the progressive development of economic production as a collective endeavour, and the fact that so-called production benefits are collective in nature and not individual as in past craft and small-producer economies. Silva and Chonchol point out that modern economies will not be able to return to the small or medium-sized enterprise. Increased yields and new techniques lead to larger enterprises and large-scale production. Moreover, and in line with the "Mater et Magistra" of Pope Pious XII, it is evident that the socialisation of the economy as a whole requires a coherent response of social groups to the socialisation process.

Definition of Communitarianism

Communitarianism defined as co-ownership of capital benefits, excluding goods for personal use or consumption or personal production means, returning to the original sources of the concept of ownership, is also a realistic and practical conceptualisation, which is acceptable to humanists. Summing it up, the communitarian ownership of productive goods, which

* Pious XII. Message, September 1, 1944.

by their very nature cannot be applied except through the collective endeavours of an association of numerous workers will mark the existence of a society in which everyone works, and where capital is channelled into the hands of organised labour. Theoretically, communitarianism is a form of socialism, but communitarian socialism is fundamentally different from State-socialism because of the element of worker self-management in terms of the enterprise and the economy.

This concept of the community enterprise is the seed of the new society.

THE COMMUNITY ENTERPRISE AND AGRARIAN LAW

The individualistic concept

With intelligent pragmatism, Ballarin³ identifies the agricultural enterprise as the object of agrarian law and the entrepreneur as its subject. This position is significant in that it constitutes the first presentation of autonomous agrarian law on agricultural activities from an economic standpoint. It encourages us to establish institutions of agrarian law within their true context and to avoid the posture of other authors^{4,6} who view agrarian law merely as the "playground" of the erudite, as a byzantine theory alienated from reality.

Ballarin³ is aware that his concept involves a developing juridical entity or, more precisely, the enterprise as a sociological rather than juridical reality. He arrives at these conclusions by defining the agrarian enterprise as "an economic production unit, composed of the entrepreneur and his colleagues, the land and other organised elements where agricultural, livestock, forestry or mixed activities are carried out in its name." His fundamental reasons for not considering the enterprise a juridical entity are based on various principles. Among these, he stresses the fact that the socio-economic reality of an enterprise implies limited responsibility and assets of the enterprise, independent of the entrepreneur's other goods. This idea led him to separate within the definition of enterprise, the individual entrepreneur from his colleagues, and illustrates the individualistic Spanish view of agrarian enterprise. Ballarin be-

believes that individualism will make room for communitarianism as soon as current legislative problems are overcome.

The communitarian concept

The communitarian enterprise, as defined, distributes risks of the enterprise among all the collective owners of the production factors. The enterprise unit which Ballarin refers to is based on the production unit, and takes shape in the union of its personal elements, while in our case, they do not rest on one individual (the head of the enterprise) but on all members of the enterprise.

Agrarian legislation and the community enterprise

The need to create independent legislation for agricultural enterprise in general has been recognised. It follows that this independent and specialised legislation should include specific elements that deal with the communitarian enterprise.

According to Hedges^{2,3}, the agricultural enterprise, like any other enterprise, has three vital tasks:

1. Making decisions.
2. Carrying out the decisions.
3. Accepting full responsibility for the decisions.

The decision-making process is made up of five clearly defined steps:

- a. Identification of the problem to be solved.
- b. Identification and collection of all pertinent facts.
- c. Classification, summary and analysis of the facts, in order to identify the problems and find provisional solutions for their definitive resolution.
- d. Testing the provisional solutions.

- e. **Decision, that is, selection from among the variables of the one solution considered most appropriate for dealing with the problem(s).**

The second stage in executing an enterprise consists in implementing the decision. This is perhaps the moment of greatest responsibility. In the specific case of the agricultural enterprise, the management must select the production level, the techniques and means for producing and marketing the products, and for locating and gathering the necessary resources.

Lastly, the enterprise has a final and even greater responsibility which precedes decision-making and lasts even after decisions are implemented: the economic duty of compiling, using and conserving the enterprise's resources.

Legislation and enterprise

Legislation pertaining to the communitarian enterprise must include ad-hoc legal institutions so that the collective management of this type of enterprise can deal effectively with the three stages of the enterprise so that the economic results of the endeavour not be negatively affected by the marginal conditions of its members. Based on Hedges'^{2 3} statement that four economic objectives govern the benefits of an agrarian enterprise, legislation should first be directed at these economic objectives and later towards the other previously described functions. Consequently, the State must adopt an administrative organisation related to:

1. The problems of converting the different enterprise resources into the final agricultural product, that is, the factor-product relationship.
2. The selection of the most effective method for producing specific amounts of a special product, that is, the factor-factor relationship.
3. The decision leading to product selection in relation to the appropriate use of natural resources, that is, the product-product relationship.

4. **The time necessary for renewing the initial disbursements from the moment an investment is made, until greater results and economic income are produced.**

An enterprise must have access to information on the following in order to analyse the relationships detailed above:

- a. **Cost of materials**
- b. **Initial cost of fixed assets**
- c. **Interest rate on working capital**
- d. **Sale prices**

Community enterprises and government services

Special legislation will be required for:

1. **Providing community enterprises with technical-scientific information and practical production models. The action of Latin American agricultural research institutes should be complemented with that of universities, with the communitarian enterprise as their principal client. A research philosophy based on the distribution of its products without charge rather than on their sale to interested farmers or input-producing enterprises, must focus on controlling research and experimental activities so that the resulting information will be of help to the communitarian enterprise in transforming its resources into agricultural products.**
2. **Providing the enterprise with a price information service capable of predicting future sales prices of products. One should not overlook the possibility that the State establish a "refuge" or base price for the products of communitarian enterprises in order to stimulate their development and facilitate the determination of income, costs and expenditures as well as net production benefits.**
3. **A credit system in which the evaluation of credit administrators is not based on the percent of granted credits recovered, but rather on the effectiveness of the credit**

agency's overall action, based on the number of beneficiaries served and on the purposes for which the money was used. The credit agency should also consider providing the communitarian enterprise with cash-flow rather than fixed capital assets in order to avoid the enterprise's depreciation over the medium-run.

4. The State should provide adequate guidance for communitarian enterprises, in terms of production technology and related marketing-technique structures

Dynamic nature of communitarian law and enterprise

It should never be forgotten that the community enterprise is thought of as a dynamic element within the social structure. Thus, both general and specific legislation that regulate the internal organs of administration should also be conceived of dynamically. This would require constant on-going analysis of the effectiveness of juridical pre-regulations, and their modification, should they prove to be inefficient. Thus, the community enterprise will become an instrument for combatting legalism as a political ideology.¹²

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**THE "CAMPELINO" COMMUNITY
ENTERPRISE**

José Emilio G. Araujo

THE "CAMPESSINO" COMMUNITY ENTERPRISE*

José Emilio G. Araujo**

Collective agricultural activity has been a permanent factor in the history of human society. Nothing new will be discovered in the attempt to encourage new forms of solidarity for rural workers in their on-going communications and contact with other members of their social class and condition.

The Latin American interpretation of the Community Enterprise has important, unique characteristics that should be stressed whenever possible. For that reason, instead of closing this intensive course with a brief farewell and the expression of my gratitude for your participation in it, I will take this opportunity to re-emphasise some of the distinctive properties of the communitarian enterprise and to explain why IICA focuses on planning and promoting this "campesino" production model as one of its main lines of action.

Let me first refer to the nature of our activities in this field. At IICA, we no longer refer to unilateral **technical assistance**. We now refer to **technical cooperation** for development, which emphasises reciprocal multi-lateral cooperation in which IICA functions as a driving force and catalyst for national institutions.

* Speech delivered at the closing ceremony of the Inter-American Course on "Campesino" Community Enterprises. Panama, June 1973.

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HISTORICAL SOURCES OF COMMUNITARIANISM IN LATIN AMERICA

I have referred to this on several other occasions. The origins of Latin American communitarianism can be traced without a doubt to our most distant native roots. It reflects the Minga of the Andes, the Calpulli of Mexico, which is reflected in the Chilean settlements, the Peruvian SAIS, the Panamanian settlements, the Colombian communitarian enterprise, and others.

At this time, IICA is attempting to bring to light the practical experiences countries have acquired in this field, and to adapt and perfect them through cooperative analysis by technicians who are still unsatisfied with the present image of agrarian reform with its pretensions at justice limited to distributing agricultural units to families. IICA has organized a number of activities like the one we are concluding today along this line which promote "learning by doing and doing by learning."

SOME CHARACTERISTICS OF THE COMMUNITY ENTERPRISE

I would like to compare some characteristics of the communitarian type of enterprise with the traditional cooperative.

It is well known that classical cooperativism was transplanted to Latin American countries without previous analysis or adjustment. In some areas, it was adopted as an institution strictly for purposes of mutual interest. In others, it was created as a front for avoiding tax payments. Production cooperatives have never had the stimulus or support required to fulfill their potential within the definition of their services. Their functions have additionally been strait-jacketed by the profit-making motives of typically traditional enterprises.

For these reasons we must assure that all rights over the land and its products in a new agrarian structure should belong to those that work it. The cooperative has fallen short of its goals, not only because of the limited, incomplete interpretation of it, but also because contact with international systems of economic domination has deteriorated it to the point where

it is inseparable from any given traditional enterprise, even as far as its administrative technology is concerned.

We feel that it is appropriate and advisable to use language as the powerful means for conveying awareness of what we mean when we promote the concept of the communitarian enterprise.

THE COOPERATIVE AND THE COMMUNITY ENTERPRISE

In terms of their instrumental objectives as associative forms of ownership and self-management for "campesinos", the community enterprise can be compared logistically and ultimately with the production cooperatives. It is necessary, however, to point out the general differences that arise from this comparison.

Common use of total assets and the associative work organization are favourable incentives for human solidarity which contribute to breaking down the traditional isolation of the "campesino."

The Cooperative can evolve in any circumstance and in any environment.

The Community Enterprise, on the other hand, is identified with altered conditions that arise from modifications in land tenure structures.

The Cooperative evolves in a stratified society, while the Enterprise can only exist under egalitarian conditions.

A farmer who joins a Cooperative must renounce his independence as a farm owner or a tenant farmer, and must be willing to radically alter his manner of work. The farmer who joins a Community Enterprise as a result of agrarian reform must also be willing to radically change his lifestyle.

The Cooperative tends to change the group of individuals as a result of their objective conditions, their common experience in poverty, their concerns that developed under an ideology of domination-submission, the common emerging aspirations of the farmer who, at the core, is a person thirsting for justice.

It is sufficient to be trained in the technology and administration of running an enterprise and its division of labour, to become a member of a traditional cooperative.

On the other hand, in order to be successful in its goals the Community Enterprise requires constant, on-going training which takes it beyond the limits of the enterprise and merges with a national educational process that contributes substantially to stimulating the development of the human personality.

Unlike the Cooperative, the Community Enterprise makes decisions and distributes benefits to its members, regardless of their rank or the amount of their capital contributions.

Therefore, a communitarian enterprise avoids the traditional concept of the concentrated power of salary linked to workers' benefits, and which corresponds to the humanistic concept of work which makes it inseparable from the person who performs it.

Unlike the Cooperative, the Community Enterprise returns direct management and full ownership to the entire "campesino" community where decisions are made and carried out with the participation of all.

The enterprise does not have management specialists who would concentrate the risks of its activities in one or a few persons, nor is there any internal hierarchy. On the contrary, the fact that each member embodies the qualities of owner, worker and entrepreneur, assures that the enterprise will function democratically.

One important final distinction: the limited effects of the self-benefitting mutuality of the Cooperative are improved by the Community Enterprise's activities which are oriented towards improving the welfare of society as a whole.

I will conclude these theoretical observations by stating that, in my opinion, Latin American agrarian reform has come up with the shortest route to modifying traditional land tenure structures. Nevertheless, the stage of our efforts as required to

build a new society based on respect for the dignity of the individual, while confirming his solidary spirit, reminds me of a verse by Machado: "Caminante no hay camino, se hace camino al caminar." (Traveller, there is no trail; you make your way as you tread.)

**TRADITIONAL FORMS
OF COLLECTIVE ACTION**

J. M. Texier

TRADITIONAL FORMS OF COLLECTIVE ACTION*

J. M. Texier**

This is a study of successive stages through which collective action has passed in the evolution of traditional societies. On the one hand there are the traditional community institutions; on the other, the existence of community practices, mutually cooperative in nature, at a basic level.

The following belong to the first category:

Domestic communities in which the family is strongly dominant: large families, African lineage groups, the Andean "ayllu", the oriental family community (Indonesia, Japan).

Village communities and their representative agencies: assemblies or councils, where problems of general interest are discussed and important decisions are made: the Berber "djema'a's", the Malagasy "fokonolona", the Hindu "panchayats", and certain African "conseil d'anciens" (council of elders).

Specialized activity groups; currently, age groups and some of their modern off-shoots; traditional, more or less secret societies.

* Article published in the journal *Desarrollo Rural en las Américas* Vol. III, No. 3, 1970.

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Corporational or professional activity groups; certain groups of craftsmen, guilds or corporations, some Indonesian "sekas".

With respect to community self-help practices, the confusion that frequently prevails in the interpretation and identification of the term, makes it necessary to determine how systems for organising work, services and mutual aid carry out collective action, apart from the institutional forms previously mentioned. This refers to:

1. Obligatory work systems.
2. Imposed mutual cooperation systems or those which have lost sight of their objectives.
3. Traditional self-help systems based on mutual consent.
4. Associations and contracts between individuals.

COMMUNITY INSTITUTIONS

Analysis of the structure and functioning of traditional communitarian institutions, within the socio-political context of the societies in which they have evolved. during various historical epochs, has made possible the identification of certain common characteristics:

1. They are generally very dependent on a central power or an established authority, and their autonomy is quite limited.
2. Due to the inter-play of collective responsibility, they constitute excellent auxiliaries to governmental fiscal offices, which is usually the main cause for the amount of attention given them.
3. They are almost always obligated to be the intermediaries between the masses and the authorities; they favour social control and are frequently tools of oppression and bondage.

4. "Consensus" is the usual form of expression in these institutions. It would be illusory to consider this to be a form of egalitarianism, or that it contains the western concept of democracy.
5. Although individuals from the same community, caste or class generally enjoy the same rights, traditional social structures favour, above all, institutionalised inequality; thus, the example of acephalous societies is not valid.

Far from being instruments for social progress, then, it seems that community institutions have been — and often continue to be — used to maintain the status quo to the benefit of the privileged strata, and they have helped to remove the masses from the mechanisms of power.

TRADITIONAL SELF-HELP

Traditional self-help mechanisms are based on the existence of factors of cohesion peculiar to each community: extended families, age groups, village communities.

It is neither a spontaneous nor a voluntary phenomenon in primitive societies, but an accepted form of collective action, as the only alternative for group survival.

To mobilise this accepted form of mutual cooperation is to appeal to the sense of solidarity imposed by family, beliefs or properties in the community. This solidarity tends to disappear when these links are eliminated.

It is rarely found outside of the community — large families, villages or towns. Attempts to achieve this solidarity at other levels only lends it a "compulsive" character.

Extension of the traditional bases for cooperation by mutual consent has been continuously sought after by authorities, who have gone to great lengths to mobilise it and to make efficient use of it outside the community framework.

Throughout history and until modern times, authorities by act and by right, have constantly attempted to alter the course of mutual cooperation and transform it into an obliga-

tion. It is in the interest of governments to institutionalise or legalise obligatory forms of cooperation based on tradition, thus disguising its "compulsive" nature.

THE EVOLUTION OF TRADITIONAL FORMS OF COLLECTIVE ACTION

If traditional societies today show signs of disintegration, albeit a relatively slow process, archaic concepts and behaviour persist in even the more advanced sectors.

Even in their residual forms, traditional community institutions show surprising vitality. In many regions of the world, they offer massive resistance to the convolutions produced by mutation of the economic system and put obstacles in the path of social change.

Nonetheless, they remain very efficient and, in many cases, assume responsibility for all the needs of a subsistence economy, fostering, to this end, the consensual participation of the collective labor force.

By examining their evolution, their capacity to resist modernisation may be verified, and the difficulties involved in promoting the **transition of the community structure into a modern economic organisation**, in a traditional environment, may be measured.

There are, moreover indications that its disappearance or evolution to its final stage, usually leads to major social upheavals: war, or war-revolution and revolution.

Professor Emile Sicard has stated the alternatives: violent mutation or adaptation. Efforts have been made, as another author has summarised, ". . . to combine unstable modern institutions with long-established traditional structures. . ."

In doctrines which for the most part tend toward a socialism rooted in traditional communities, the constant preoccupation of governments with the need to expand the bases of traditional solidarity is evident.

In many countries, this preoccupation is the motivating force behind developmental programs which mobilise, through

modern structures, collective responsibility and effective mass participation for the benefit of the polity which conceives them.

However, this participation can be neither effective nor efficient if it is not consensual in nature. Thus, as a requisite for communal development, traditional solidarity is invoked as a basis for implantation of modern cooperatives.

Cooperation and traditional community institutions

If we hold to the criteria defined in Vienna in 1966, traditional communitarian institutions can in no way be confused with cooperatives; neither are they "pre-" or "para-" cooperatives, or even "unconventional forms of cooperation."

A de-mystification of collective action is absolutely necessary, in the very interest of cooperation. No matter how tempting the idea of seeking the origins of modern cooperation in Greek "hetairae" or the authoritarian collectivism of the Incas, it will not survive an objective comparison of the respective characters of these two systems, one of which implies the pre-existence of a group to work on tasks to which it is traditionally dedicated; the other, a voluntary association for the attainment of an objective within a relatively short time-period.

Our understanding of community institutions leads us to believe that any correspondence they may have with cooperatives of the classical type is only illusory. "Cooperatives" cannot be based on age groups nor on "cooperative forms of obligatory labour."

The analogy is only superficial: the Djema'a, Fokonolona and Panchayats have not evolved toward cooperation, but rather toward forms of communal representation and administration.

With the exception of the "fruitières" – and this with reservations – many traditional forms of collective action in Europe have also evolved without becoming cooperatives.

The transition of the historic Zadruga to the Kolkhoziana organisation is a phenomenon which may be explained through structural peculiarities (they have not occurred with equal ease in all areas) and the intervention of a war or a revolution.

Although the "ejido" has suffered an almost complete change, the "ayllu" on the other hand, in its decadence, has been, and remains, a hindrance to cooperative development.

In addition to this evolutionary relationship, the existence of these institutions does not seem to confer to the societies in which they have developed, a "vocation" or "predisposition" toward cooperative action, and it is doubtful whether they can serve as "receptive structures" for modern-type cooperatives.

Ongoing experiments are interested in juxtaposing modern cooperatives on pre-existing traditional institutions. The idea is not new, and numerous attempts — rarely successful — illustrate the already labourious and illusory penetration of the classical cooperative into the traditional rural environment.

In 1950, with no need to go even further into the past, Maurice Colombain reported an experiment based upon the old Berber "Timesgida". Its basic structural element, which should have made up the cooperative aspect of the project, was none other than Djema'a's fractional-type administration, which once again demanded grafting a traditional local administrative system onto a cooperative activity of an economic nature, that is, communitarian actions in conflict with cooperative principles.

Referring to the recent creation of modern-type voluntary associations of traditional community origin, G. Ballandier has indicated that the permanence of traditional social relationships in these new associations limited the voluntary nature of the enterprise.

Many other examples could be given, but the results are basically very similar. Successful examples, such as the development of marketing cooperation in some East Africa countries, are too infrequent to be taken into account. Moreover, they are false examples: apart from some concrete advantages in remuneration for products (usually "cash crops"), this example of

cooperation has not inherited traditional structures nor contributed positive results on the level of social change, where true development occurs. Neither has it surpassed the rather limited original boundaries, and does not seem, for instance, to intervene effectively in the agrarian reform process.

The search for efficiency leads promoters to recommend implementation of modern cooperative systems adapted to traditional means, in order to obtain maximum effective participation. However, what is gained in terms of effectiveness – and this not always the case – is lost in cooperation, since what is sought, at all costs, is that these “adaptations” and “grafts” be authentically cooperative in nature.

Communal mutual cooperation and traditional cooperation

None of the essential aspects of Rochdalean cooperation are found in what has been sometimes called “traditional cooperativism”, where common endeavours are deprived of all cooperative content and no voluntary commitments are implied. Rather, it proceeds from traditional obligations and, insofar as possible, transfers the “community reaction” inherited from centuries of belonging to communities by act, where collective action provides the only option for survival.

The nature of community solidarity is not the same as that of cooperative solidarity, and cannot be considered a precursor of the modern cooperative spirit. Based on family ties, common beliefs and neighbourhood bonds, its efficiency depends essentially on these factors which ensure community group cohesion, and tends to be deflected or eliminated when these weaken or fail.

The mobilisation of community mutual cooperation follows specific rules; it is almost always temporary in nature and is seldom found outside the customary traditional framework.

It seems that the traditional society traps the individual in a net of obligations and duties which impede “cooperative commitment”. This calls for the development of levels of social consciousness, which people under considerable social pressure

are incapable of attaining under conditions where collective activity is the result of communal reaction rather than conscious, voluntary solidarity.

The error evidently lies in calling "cooperativism" what is, in fact, "communitarianism"; the latter is certainly more efficient at a given level of evolution in societies than classical cooperation, but in no way can it be considered equivalent.

Vulnerability of Classical Cooperation in a Traditional Environment

This desire to adapt classical cooperation to the traditional environment is in line, especially in Africa, with government interest in fostering the implantation of typical national structures, keeping in mind the heritage of the past.

Classical cooperation, as an imported system, is often rejected by local development authorities for whom the most desirable form of cooperation is that which most closely resembles the traditional community system. The president of a prosperous cooperative, writes one of them, should be comparable to those of a clan chief, in a modern context, since the inflexible democratic rigidity of European cooperation is simply impracticable.

All formulas of adaptation assume, then, considerable modification in cooperative practices, which drains them of their essential principles of cooperation: voluntary adhesion, democratic controls, conscious, active participation, and the unforced absence of all discriminatory elements.

This adaptation also allows certain concepts and manifestations to persist which are incompatible with cooperative behaviour and which hinder the enterprise's functioning as an instrument of social change.

It cannot even be said that such adaptation leads to progress at the level of effective participation, as it almost always favours the privileged, already benefitting categories in the community power structure (heads of extended families). Moreover, the efficiency achieved is a function of community cohesion. In the measure in which this is damaged, then,

internal tensions will bring about the rapid disintegration of the enterprise without providing conditions immediately favourable to the creation of authentic cooperatives, especially as the financial credit availability of the cooperative is greatly constrained by successive failures.

Resistance of traditional environment to classical cooperation

Traditional environment strongly resists the development of classical cooperation, and the formulas of adaptation often contribute to strengthening existing community structures.

The more structured a traditional environment, the less important are the results of cooperative penetration. When this penetration does take place, it can actually be detrimental to the cooperative aspects of the established organisation.

In Africa as well as Asia, this phenomenon utilises modern structures in which representatives of the dominant castes and classes maintain their influence, through the persistence of certain community practices which rob the cooperatives of much of their effectiveness.

Traditional community-type organisations continue to satisfy the needs of Asiatic peoples, in measures incomparably greater than do the cooperatives, even though the latter are more advanced and active in Asia than in Africa and Latin America.

The development of cooperatives in the agrarian sector of the Andean countries, with the exception of the Argentine Republic, is very weak: the index of penetration of agricultural cooperation was around 0.15 per hundred in 1963.

Mention has been made of the general opposition to cooperation on the part of established traditional communities. On the other hand, it seems to be more easily accepted by heterogeneous groups lacking strong roots. ". . . the two forms of association are not equivalent, thus this difficulty or impossibility of substituting one for another. . ." writes J. Vellard. Many other experts have found this to be true. Moreover, certain countries (i.e: Venezuela) have been obliged, within the

framework of rural development programs and agrarian reform, to promote definitely non-cooperative types of structures.

Classical-type cooperation, in many Latin American countries, tends to benefit mostly the middle classes, the semi-bourgeoisie, and sometimes even wage labour with reduced, but regular income.

ACCELERATION OF THE DISINTEGRATION PROCESS WITHIN THE TRADITIONAL ENVIRONMENT OR INTERVENTION OF NEW FACTORS OF COHESION

The implantation of classical-type cooperatives depends, more than anything else, on the amount of disintegration of traditional structures; it has not yet been established whether societies in the process of disintegration can directly receive this implantation.

In order to introduce (whether to a stable, traditional society or to one in full evolution) the modern structures or systems which are expected to foster new transformations or to accelerate ongoing ones, a two-fold phenomenon must be accounted for, whose variations are of considerable importance. It has been argued that the combinations which imply the simultaneous use of the two forms of work organisation: collective and individual — communitarian or cooperative — always constitute the most correct approach to the problem in the hope that, through a kind of structural "sabotage", education, substitution of wages for the traditional exchange of services, the disintegration of community ties and an increasing differentiation among social strata, would inevitably bring about the emancipation of the oppressed elements in long-standing communities (women, youth in general, young married couples), thereby creating conditions which favor the implantation of modern structures founded on completely different social relationships.

Although the margin of error is evidently small, this approach does, in fact, involve a risk: the expected evolutionary process may proceed less rapidly than the strengthening of existing social structures, and the up-coming generations, in turn, may not wish to make use of those advantages maintained

by their predecessors, thus perpetuating, until a violent change is produced, the very situation which should be eliminated.

In disintegrating traditional societies, new factors appear which can be superimposed on, or even substituted for old ones; some can promote cohesion among economically active human groups, an essential requisite for economic efficiency.

These factors include those directly linked with community factors, but are based on a broader concept of communitarianism; for example, the interactive relationships among neighbourhoods which transcend the family or tribal framework, and are found in more highly structured collective situations.

Also worthy of mention are the extra-community economic interests held in common by members of different communities, who find it necessary to interact in order to satisfy new needs.

Along this line is the existence of the voluntary associations observed in Africa in recent years, which according to G. Ballandier, indicate a growing awareness of the need for social change.

This could also be the case of the "Penjasila unions" in Indonesia, professional organisations which for the most part are dominated by political parties, and which are sometimes regarded as "pre-cooperatives".

PRELIMINARY CONCLUSIONS

Should the evolution of traditional sectors be expected to include an obligatory individualistic phase of unforeseen duration, and to run the risk of being interrupted in some countries by explosions of violence before playing out the role expected of them?

Instead, is it not conceivable that they should pass directly to European-type cooperation, if not in cohesive traditional environments, then at least in those areas where community structures are already disintegrating?

Although these questions are difficult to answer satisfactorily before completing a thorough study of the various forms of cooperation, it is possible to formulate the following preliminary conclusions, on the bases of the observations made:

1. In either case, the direct implantation of self-management formulas is illusory. Either the self-management aspects are only superficial and are a "bluff" without educational value, or they are unquestionably highly inefficient. However, under certain conditions of education and competency of associate members direct implantation is possible in those sectors already integrated into the market economy.
2. The acknowledged aptitude of traditional institutions for mobilising human resources makes them useful for obtaining consensual and effective participation of the communities in local administration and developmental tasks which arise as a result of planned regional decentralisation policies (village government).
3. In many cases, mobilisation of traditional collective action outside the community context will take on the nature of a legal obligation and will be inefficient as such, except when the government has the means to guarantee fulfilment of this obligation.
4. In all cases actions of community development in the traditional sector can, by means of the procedure utilised (community development techniques, motivation, definition, co-action, etc.), foster the creation of conditions favourable to social change.
5. The appearance of these changes in the traditional sector should permit implementation of group action oriented toward progressive solutions of self-management.
6. Depending on the case, this action may be para-cooperative in nature (not specifically oriented toward cooperation) or pre-cooperative, the latter being formally designed to evolve within a stated period toward a cooperative-type formula, while guaranteeing the immediate profitability of group-initiated operations, and supplying adequate training for future members.

7. The term "pre-cooperative" may be applied as much to primary organisations as to systems. Inherent in the latter are the activities of local and regional group associations, whose development depends largely on promotional assistance and control actions — including definition and protection — by mechanisms of intervention such as the State, semi-public or private institutions. It generally implies the intervention of multidisciplinary technical teams.
8. A certain number of "pre-cooperative" systems are presently in existence, especially in Africa and Latin America. These experiences should be analysed carefully, as part of a study on unconventional forms of cooperation.
9. Mention should also be made of production cooperatives in the area of agrarian reform. It seems that collective "tenure" is a priori or sufficient condition for the direct introduction of collective farming through a classical cooperative structure.

The Latin American example simultaneously suggests caution and the necessity not to systematically discard an authentically cooperative solution, since, in a traditional context, a pre-cooperative stage still seems to be essential.



**COMMUNITY ENTERPRISES:
INSTRUMENTS TO FACILITATE
THEIR IMPLEMENTATION**

PART II

**A SCIENTIFIC ANALYSIS
OF "CAMPEÑO"
COMMUNITY ENTERPRISES**

João Bosco Pinto

A SCIENTIFIC ANALYSIS OF "CAMPESIÑO" COMMUNITY ENTERPRISES*

João Bosco Pinto**

This paper presents the results of a technique applied in the analysis of a community enterprise, with the three aims described below, rather than attempting to explain how a "campesino" community enterprise should be analysed. The three aims are:

1. To locate the communal enterprise within a broader framework, such as land tenure and production structures existing in the areas where this type of enterprise has evolved; also, within the historical framework of an agrarian reform process with its specific characteristics which is, in turn, influenced by the characteristics of other areas and other political processes.
2. To develop a working hypothesis from preliminary observations, for orienting future evaluations and research and for correcting the distortions produced by the need to solve immediate problems, so as to ensure that these distortions will not hinder the progress of desired changes.
3. To foster a broad analysis for improving theories and methodologies toward a practical orientation, seeking a better and stronger implantation process for "campesino" community enterprises.

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THE APPEARANCE OF "CAMPESIÑO" COMMUNITY ENTERPRISES

"Campesino" community enterprises in Latin America have not evolved by accident; they emerge out of an objective necessity, originated by the very process of agrarian reform.

The Latin American agrarian structure as a social complex or network defined by the latifundia-minifundia polarity, has, in all countries, been an obstacle to economic growth, national integration, improved standards of living and social well-being, and to mass participation in the political processes. Internally, it is the main factor contributing to economic stagnation and social underdevelopment, due to the concentration of productive factors in the hands of the minority. This, historically, has led to a deficient use of resources; a concentration of political representation; a series of hegemonic controls exerted by the minority over production incentives, such as credit and technical assistance; the presence of a network of intermediaries; and to a systematic reduction of the internal market, with all the consequences this implies for other sectors of the economy. Economic stagnation in these countries is evidently due to more than internal factors; external factors also play a part. Nonetheless, underdevelopment in the agricultural sector is undoubtedly one of the main contributing factors to this stagnation and, to such a degree, that many countries find themselves unable to produce enough food for domestic consumption, a fundamental function of the primary sector, or for other sectors (industry and services), such as raw material for industrial purposes.

This situation of underdevelopment and stagnation was felt more acutely in the thirties, when a large number of Latin American countries embarked upon industrialisation endeavours, a phase characterised basically by the substitution of imported consumer goods which requires large foreign exchange reserves for the purchase of capital goods.

After a period of relative growth, stimulated by an unsatisfied internal demand and by capital reserves accumulated during the Second World War, the economy once again entered a recession and stagnation phase due to the renewed presence of the contributing structural factors, when this demand—limited to a minority stratum—was satisfied.

The objective need for growth and development systems exerts pressure on agrarian structures, forcing and demanding changes. In the early sixties, several Latin American countries began to restructure agrarian reform laws. In varying degrees they sought to transform land tenure and production systems, modernising them to meet the demands of the newly unleashed industrial dynamism. This was in order to fulfill the double function expected of them: that of generating foreign exchange and of producing food and raw material.

The greater or lesser degree of success obtained in the various agrarian reforms was due to a series of internal and external factors of a historic and specific nature for each country. These, in turn, determined the degree of political decision needed for effecting this transformation in the agrarian structure.

In their first stage many of the transformation processes used strategies which emphasised the so-called "family agricultural units"; that is, private, individually owned lands. In this manner, they sought to reproduce the "family farm" models of the United States, although already decreasing in number in that country.

The need to speed up the land distribution process, to facilitate technical assistance, to utilise credit; to make the most of economies of scale not applicable on very small production units; and lastly, to strengthen the burgeoning "campesino" economy through cooperation — have led, in some countries, to associative forms of production with the generic name of "campesino" community enterprises. These emphasised:

1. Communal ownership of land.
2. Labour rather than capital contribution, since the beneficiaries characteristically lack the latter.
3. A "campesino" organisation which allows control over the production process by those who are primarily involved, that is, the workers themselves.

It is interesting to note that in many cases the "campesinos" themselves were the ones who formed the first

community enterprises, sometimes in opposition to existing legislation and state agrarian reform agencies.

At this stage of the strategy's development, it would seem premature to evaluate its validity at the macro and Latin American level, with the aim of creating ideal enterprise models applicable to Latin America as a whole. It would be neither possible nor desirable to do so since structural and historical conditions vary greatly among the countries which are ultimately the ones to decide on the viability of these models and their relative success or failure.

However, it is necessary to examine, both extensively and qualitatively, the different evolving associative production models in order to obtain clear and concrete knowledge of their objective processes and to relate them to broader conditioning ones. This facilitates their evaluation and identifies possible deficiencies and distortions in need of correction or improvement. This will prevent their being transformed into factors which undermine the objectives selected by a country upon establishing an agrarian transformation process based on such a strategy.

A "CAMPESINO" COMMUNITY ENTERPRISE CONCEPT

No claim is made to provide either an exhaustive or complete definition of what a "campesino community enterprise does or should consist of. This would be highly unscientific, given the incipient degree of development of these productive forms and their specific and historic variations.

These concepts simply seek to limit the scope of study, focusing on certain essential aspects of the new productive forms, differentiating them from traditional forms of cooperation. This does not prevent them from having much in common nor from being included together in broader categories.

BASIC ELEMENTS OF THE "CAMPESINO" COMMUNITY ENTERPRISE CONCEPT

There seem to be three basic elements in the definition of the "Campesino" Community Enterprise concept:

1. **The economic aspect**, based on the term "enterprise". The enterprise concept implies rational utilisation of productive land, capital and labour resources. For the economists it implies the concept of "optimisation" in resource utilisation.

This "rationale" in economic terms has different meanings according to the orientation of the political system in which the enterprise functions. However, it always requires technical efficiency of the productive unit and economic efficiency as regards the total system, whatever the political orientation.

2. **The social aspect**, represented by the term "community". Community does not refer merely to a group of individuals. The term implies a human group (sociologically speaking) which shares specific objectives and goals with inherent cohesion and a sense of unity in its actions. This is the same as saying that not all gatherings of individuals, even within an enterprise, constitute a group, much less a community. Community thus connotes:

- a. Shared perceptions.
- b. Shared values.
- c. Accepted norms.
- d. Coordinated and integrated actions for achieving previously established goals and objectives.

3. **The political aspect** of belonging to a broader social grouping, as implied by the term "campesino". In this paper the word "campesino" does not refer to just any rural farmer; the category is applied only to members of the economically active population of low economic and political status who neither own nor control productive factors. Thus, "campesinos" are understood as the marginal population of a rural area, whatever their sociological classification: minifundists, squatters, tenants or sharecroppers, field workers, settlers, rural day labourers, or agrarian reform beneficiaries. It is important to stress the sense of objective belonging to marginal

rural groups due to the implications which this sense of membership has in an IICA-CIRA study carried out in Colombia and in the resulting working hypotheses.

Conditions Limiting the Scope of the Study

“Campesino” community enterprises refer to:

1. Those enterprises which emerge from agrarian structural transformation processes. The analysis does not include other prior forms of economic organisation and cooperation. However, this exclusion does not deny their value.
2. Associative forms of production –in agricultural activity. This excludes other forms of cooperation evolved in different areas of agricultural development such as marketing, savings and loans, consumer and service cooperatives. Nor does this exclusion deny the value, need and appropriateness of these joint endeavours.
3. Communal ownership of the production factors and community control exerted by the members over the production process. This equality of rights and obligations requires a true participation in the tasks of enterprise management, administration and implementation.
4. Personal work contribution to the enterprise. This includes the contribution of family labour.
5. No salaried workers except on rare occasions.
6. Distribution of profits in proportion to the work contributed by each member and his family.
7. Some link with Government through an agrarian reform institution which can participate directly or indirectly in enterprise management.

These characteristics exclude the “family agricultural units” from the scope of this study since they are non-associative forms of production, though many times the result of agrarian reform. However, this does not imply any judgement on the value or timeliness of an agrarian reform strategy based on family farm units.

A METHOD FOR ANALYSIS OF "CAMPELINO" COMMUNITY ENTERPRISES

We do not claim that the IICA-CIRA method is the only or best one for analysing "campesino" community enterprises.

The limitations of the case study are evident since empirical generalisations, either on the country or Latin America levels, are not possible. The extension of this type of study is limited to what can be observed about an enterprise in a given country or even a specific region.

Moreover, it is a technique and not a methodology which has certain advantages:

1. It studies certain processes in depth, providing a more qualitative, concrete and existential understanding. What is lost in breadth and generalisation is gained in depth.
2. In addition, it provides greater clarity for elaborating working hypotheses which can orient more ambitious statistical studies in a coherent and articulate manner.
3. In this case the study also served to test methodologies; that is, it had the advantage of being a pilot study which facilitated the refinement of measuring instruments. It should be further refined and repeated in order to elaborate more conceptually coherent and articulate research hypotheses.
4. It can have an eminently practical sense if carried out together with members of a community as a means of providing them with a more realistic perception of their enterprise, community and social group.

The "Case Study" Technique

Although the "case study" technique or method was used, it was not a "pure" case study according to the traditional model in which the case in itself is submitted to an in-depth analysis with an inward orientation. Rather, a variation or modification of the method has been used in order to account for its historic-structural effect.

stability, established loyalties with priority assigned to the community group, etc.), there are other aspects which further the understanding of the "group" phenomenon. For example, the processes of forming their leadership structure, the network of family or para-family relationships, and existing conflicts all play very important roles. **Participation** is also implicit in the concept of community and constitutes the unique and fundamental element of the change proposed for Latin America: the very real participation of workers in land ownership (obtained in part through communal land ownership) and in the control of the productive process (self-management). This is not merely an attempt to measure the formal participation levels, as proposed in legislation and which evidently vary from country to country. It is also a matter of identifying the indicators which will allow evaluation of the degree of true participation in the enterprise and its management and, above all, to find the factors (of any kind) which accentuate or limit participation. Hence, the importance of not restricting the study to the community enterprise as an "autonomous" entity at the internal level can be inferred. The study must also include the inner workings of enterprise relationships with the outside in order to know whether these relationships block full worker participation (self-management). These aspects are included in the study of the enterprise's socio-cultural dimension.

Finally, this is a **community enterprise of "campesinos" and for "campesinos"**. The social background of the members, their experience as the marginal segment of the rural sector, and their previous way of life within the latifundia structure, all have bearing on their present role in the enterprise. In addition, the study must also examine family structures, partly the result of the productive process itself, their effect on the other dimensions and on the real participation of its members, as well as their influence on the present authority and power structure within the enterprise.

At this point it must be stressed that just because a "campesino" becomes a beneficiary of agrarian reform, he does not cease to be a "campesino"; he is still a member of the social group which is objectively considered marginal. If, given this opportunity, the "campesino" psychologically ceases to be a "campesino" and becomes a member of the privileged class whose mentality excludes the many others who have not had a

similar opportunity to participate. If this happens, then a concrete change in the dominant structure has not really been achieved, and the previous individualistic attitudes have only been transferred to the new privileged group. This then, constitutes a structural strengthening rather than the required change.

Thus it is necessary to recognise the dimension of self-definition and self-perception by the community enterprise member in order to detect the loss of solidarity in time. In the long run this can act as a negative factor against the structural transformation process by creating a stratum integrated to existing structures, psychologically and practically unlinked to its own group level.

It should also be remembered that these dimensions, presented independently, must be considered as inter-related factors since the essence of the new process is determined by this inter-relationship and not by any of its isolated dimensions.

2. **The enterprise formation process.** No enterprise is born by chance; all have evolved through historical processes. Hence their development over time must be studied in order to acquire a projected and more dynamic overview.

The following are among the most important factors:

- a. "Campesino" participation in the agrarian transformation process, in the struggle for land.
 - b. Experience as a group and community.
 - c. Practical living and understanding of aspects of national life and of other economic sectors. These and other factors are meaningful in defining the actual process for creating the formal and informal leadership structures and the internal dynamics of the "campesino" community enterprise.
3. **The "campesino" community enterprise and its relationships.** The "campesino" community enterprise is a product of the transformation of agrarian structures. It should be understood as an institutional action and at the same time, a broader process which goes beyond the institutional action itself.

Hence the need to examine enterprise relationships:

- a. **With the agrarian reform agency:** often the action of agrarian reform agencies, conditioned by the urgency of immediate problems, is transformed into an obstacle to group development, causing dependent relationships which originated in the previous structure to be transferred directly to the agrarian reform institution. This does not necessarily depend only on the good will of the technical personnel of the reform movement, but also on the objective factors of institutional action itself, e.g: the action-planning requirements and the pressure brought to bear by other sectoral institutions. The need to prove their success and to fulfill previously established goals sometimes leads technical personnel to assume negative roles which, when accompanied by submissive mental attitudes hinders development of the group's capability to rule its own destiny. This is a delicate and difficult problem to resolve. In any case, it is essential that the agrarian reform institution not become the **universal mediator** and problem-solver for the "campesinos". Agrarian reform institutions must take advantage of this new form of organisation to transform it into an educational process. This education is understood to be qualitatively different from the traditional (teaching-learning) process, in that it is a continuous and permanent formation process in which man becomes the master of his own destiny, along with his fellow men.

Once again the importance of participation as a strategic element should be noted: "campesino" participation is essential in all aspects of the formation, consolidation and development of the "campesino" community enterprise; regulations, job organisation, economic decisions, distribution of profits, agro-economic and social planning, training, evaluation, etc.

The inter-relationships of enterprises in a region and in a country must also be observed. If no systematic, integrated relationship exists, there is a risk of

forming agrarian reform "islands" of limited transformation impact, with highly questionable possibilities for survival in an extremely competitive system. This isolation between enterprises can reinforce the previously mentioned trend toward total dependency of the enterprises on the agrarian reform institution.

- b. **With other sectoral institutions.** In the first place, efforts must be made to detect the formation of direct relationships with other government institutions (such as credit, technical assistance and marketing entities) in order to identify and correct, in good time, the tendency toward universal mediation by the agrarian reform institution previously mentioned.

Naturally this tendency does not depend exclusively on the institution. If agrarian reform is not politically defined as the **fundamental action of transformation** but is merely one action among many, the behaviour of other sectoral institutions will be such that they transfer all actions pertaining to the reform beneficiaries to the agrarian reform institution. This creates institutional pressures which reinforce the tendency. The corrective action is difficult and is conditioned by the degree and intensity of the political decision to transform the agrarian structure. It implies a need for coordination and ideological transformation actions within all the other institutions.

- c. **With the "campesino" movement or organisation.** This type of relationship is very important for establishing whether the community enterprise is defined as "campesino", that is, as an organisational and entrepreneurial form for the marginal group. If this relationship is non-existent or superficial, participation must be stimulated and developed so that the enterprise will not be transformed into a divisive element among the marginal population. A "campesino" member of a community enterprise once said that "the community enterprise is only a bait of the

agrarian reform agency, offered in order to divide us." The institution probably did not act with this in mind, but it may have resulted from the manner in which the process was carried out plus other factors contributing to its development, independent of the will of those who proposed the formula. It is important to avoid this risk by maintaining a clear-cut awareness of what is being sought.

4. **The "Campesino" Community Enterprise and the Predominant Agrarian Structure.** The "campesino" community enterprise cannot be defined in its formation, consolidation and development stages by its relationship with the agrarian reform institution or with other sectoral institutions. A series of more extensive conditions are encountered in the agrarian structure itself, conceived of as a totality of economic, juridical, political, social, ideological and cultural relationships. These factors also influence the agrarian reform institution's actions and, consequently, those of the enterprise.

Since this is a case study within a specific area it becomes even more necessary to understand the general characteristics of the dominant structure in order to obtain **parameters for comparison** which will allow, to a certain degree, the evaluation of enterprise accomplishments and identification of the degree of transformation which it can produce.

Within a structural and historical overview of the most relevant, a selection must be made from among the complex dimensions which comprise the agrarian structure of an area. These include the land tenancy structure which is analysed in order to see how community enterprises can or cannot have some impact on the concentration of land, on the hegemonic controls exerted over the production incentives and their distribution. It is also important to determine whether these enterprises have served as examples for stimulating the organisation of the "campesino" population in support of the agrarian reform movement.

Another important aspect to analyse is the structure and organisation, of production including a study of the predominant crops, the degree of technological development and the

orientation of production and marketing characteristics. This will reveal whether the enterprise is marginal with respect to the zone, whether it has incorporated technologies which increase its productivity, and what type of relationship it has with the dominant official and private marketing systems. All these factors, which are broader in nature, are highly important in defining an enterprise's possibilities: internally, by influencing its economic success or externally, as structural change factors.

It is essential to examine the agricultural work relationships based on the above-mentioned factors: occupational migration which results from the types of crops, the predominant wage levels, forms of labour utilisation and the degree of fringe benefit payments. All of these constitute parameters for comparison of the enterprise. This comparison serves to define the changes introduced in these relationships by the enterprise, how they have influenced remuneration levels which the enterprise can legitimately attribute to its own work and that of other day labourers without (through too much or too little) endangering its survival as an entrepreneurial and organised human group.

A study of the social forces in the past or even at present in a given area is essential in order to define the degree of awareness and solidarity among the enterprise members with respect to other "campesinos" as well as their level of participation in the struggle for land and for a better standard of living. In this context, both the general and specific social conflicts which indicate the presence of active social forces and their possible impact on the formation, consolidation and ultimate development of "campesino" community enterprises must be studied.

It should also be added that these structural processes can vary significantly within a country. Hence the need for case studies in various production areas in order to measure their possible differential impact on the development of different types of enterprises. This enables us to obtain a more objective, concrete and practical understanding.

SOME RESULTS FROM APPLYING THE METHOD

Some of the conclusions derived from the case study of the Colombian Community Enterprise "La Trinidad" are given

below in order to illustrate the manner in which application of this method can lead to useful working hypotheses for future practical research and orientations.

A reconsideration of the three fundamental aspects described previously, that is, economic (entrepreneurial), social and political, can be examined within the study's different dimensions. These are:

1. The enterprise itself.
2. The enterprise during its historical formation.
3. The enterprise and its relationships with sectoral institutions, and in relation to the area. Inversely to this work which began with the enterprise itself to arrive at broader relationships with the dominant structures in the area, the Colombian study starts from the enterprise within the agrarian structure, to arrive at the microcosm of its internal relationships. The following table can help to locate and understand the hypotheses and their multiple inter-relationships, including the juridical aspects related to the operative part of the enterprise.

THE COMMUNITY ENTERPRISE AND ITS RELATIONSHIPS

Relations	Enterprise A	Community B	Class C
1. The CCE and the agrarian structure	1.A	1.B	1.C
2. The CCE and its relationships with sectoral institutions			
a. Agrarian reform	2.1.A	2.1.B	2.1.C
b. "campesino" organization	2.2.A	2.2.B	2.2.C
c. Others	2.3.A	2.3.B	2.3.C
3. The CCE and its formation	3.A	3.B	3.C
4. The CCE itself, and internally	4.A	4.B	4.C
5. The CCE's juridical status	5.A	5.B	5.C

There are 21 possible hypotheses and evidently each one can serve as a basis for others.

The paper does not mention all the hypotheses reached in the study under Conclusions and Recommendations. For illustrative purposes, however, a selection of the most important ones for each area is presented. The study may also produce more general hypotheses (which do not include the enterprise itself) with regard to the relationships between, for example, agrarian structure and sectoral institutions such as those of agrarian reform, "campesino" organisation and others. The study also includes these comparisons because this relationship frequently affects others between the "campesino" community enterprise and other institutions.

Hypotheses:

- 1A. The lack of previous experience of the "campesino" community enterprise members with collective work can generate frustration and conflicts on having to submit to a system of labour implanted by the group itself. Community labour is a formative process which goes against internalised, individualistic values.
- 1.B. The family structure, partly the result of the dominant productive structure, can weaken group solidarity by placing family loyalties before communal group loyalties.
- 1.C. Previous work relationships (for example, land rental in coffee cultivation) can reinforce the desire for individual land ownership, weakening class solidarity.
- 2.1.A. The lack of trained technical personnel in fields such as farm management and agricultural planning can cause exaggerated emphasis to be placed on agro-technical aspects to the detriment of economic and financial aspects.
- 2.1.B. The lack of agrarian reform agency staff members specialised in social sciences hinders a full utilisation of existing communitarian experience, in terms of the training process which should induce a sense of complete autonomy in the "campesino" members in control of their own production process.

- 2.1.C. The dedication which community work demands of "campesino" community enterprise members can diminish their perception of the "campesino" problem situation, becoming an objective, divisive factor among the "campesino" population.
- 2.2.A. In areas where a strong, systematic "campesino" organisation does not exist, the "campesino" community enterprises will tend toward isolationism, which weakens them economically. This isolation can even lead to destructive competition among themselves.
- 2.2.B. A strong organisation of "campesinos" in the struggle for land can be a positive factor for group cohesion capable of decreasing internal conflicts.
- 2.2.C. The lack of organisation among the "campesino" class can lead to antagonisms between the beneficiaries of agrarian reform and other, non-beneficiary "campesino" groups.
- 2.3.A. The lack of perception of the officials from other sectoral institutions with respect to the fundamental role of agrarian reform and change, limits reform to the scope of agrarian reform agency actions, and can weaken the community enterprises by not permitting a more extensive use of Government resources which should be channeled to these economically weaker sectors.
- 2.3.B. The impossibility of solving their problems through direct relationships with other sectoral institutions can increase the "campesino" sense of dependency toward the agrarian reform institution, and weaken their possibilities for autonomous growth as a cohesive human group.
- 2.3.C. The action of traditional political parties, by competing for the "campesino" individual loyalties, can break down their class solidarity and cause the communal workers to exploit their less fortunate peers who must work as day labourers.

- 3.A. Restricting the experience to a single area or economic sector of a "campesino" group can affect the enterprise's development due to the lack of options permitted by this perception.
- 3.B. The previous experience of enterprise members with a productive structure with strictly defined labour relations can cause them at first to assign leadership to those who held sway in the previous structure (farm overseers, owners, favorites, etc.).
- 3.C. Former political leaders, in power before formation of the "campesino" community enterprise, will tend to follow the entrepreneurial pattern of change. This leadership structure may later be substituted with another one, more in line with enterprise needs.
- 4.A. A community enterprise with a high degree of technological development is not necessarily in a position of financial and economic equilibrium. Adequate accounting and financing based on long and medium-term agro-economic plans, are positive factors for achieving this balance.
- 4.B. Uncertainty with respect to the enterprise's financial situation, especially when the group is not involved in a politicised struggle for the land, can be a de-stabilising factor and intensify the lack of group cohesion.
- 4.C. Class solidarity can be a positive factor in overcoming individualism and in the acceptance of a communitarian ideology which will foster group development and strengthen its entrepreneurial orientation.
- 5.A. The lack of appropriate legal structure places the new group's economic situation in peril and exposes it to the actions of unscrupulous entrepreneurs and intermediaries.
- 5.B. The frequently unclear nature of the allocation of titles can often produce a feeling of impermanence about the enterprise among its "campesino" members, heightening their instability and increasing their desertion rate.

5.C. The lack of adequate legislation for orientation of community enterprises, a result of the low priority of political decision to carry out agrarian reform can, by causing the agrarian reform strategy to fail, inspire the "campesinos" to undertake a more extensive and intensive political struggle, going beyond their immediate land-acquisition objectives to a concerted campaign for control of political power.

It is possible to derive many other hypotheses from the case study of "La Trinidad" in Colombia, by seeking the inter-relationships between these and others which can be added. Another aspect which can produce interpretative hypotheses is the existing correlation between the global structure of society, considered as a whole, and the processes of agrarian reform and "campesino" organisation.

STUDY ACHIEVEMENTS AND LIMITATIONS

As stated above, this case study has inherent limitations resulting from the method used, particularly with reference to the scant possibilities for generalising or for extending the conclusions immediately to an entire agrarian reform process without carrying out other studies with similar techniques in different physical, ecological and agro-economic areas. Nonetheless, it has provided an opportunity for testing the method selected and, above all, for verifying the validity of the structural theoretical framework utilised.

This methodology has possibilities for use as a method for training "campesinos" so that they become aware of the general problem situation of the communitarian enterprise strategy and can serve to correct the distortions and errors through their own initiative.

Another advantage of this endeavour is the possibility of elaborating —through in-depth studies— **working hypotheses** which can orient more extensive and statistically rigorous studies, as analysed in the previous chapter.

Finally, the usefulness of a method for analysing community enterprises is determined by the combination of the following factors:

1. Extensiveness and validity of the theoretical model for interpreting the actual situation. This is the same as saying the it is not enough, mathematically, to compile and combine empirical facts to achieve the necessary level of understanding for effective transformation actions. Theory is important for these facts to acquire their true significance.
2. Availability of an interdisciplinary research team. Interdisciplinary here does not refer to a juxtaposition of disciplines, but to an integration of concepts which originate in different disciplines and their orientation toward a real transformation process.
3. Selection of cases studied in areas which are both significant for achieving this understanding and strategically important for future actions.
4. The possibility of applying the knowledge acquired toward correcting the errors and distortions introduced in daily practice with the object of preventing their institutionalisation, and the consequent negation of what is being sought: the development of the "campesino" as a subject of history and as the master of his own destiny.

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**FORMS OF LAND DISTRIBUTION
IN THE AGRARIAN REFORM PROCESSES
OF FIVE LATIN AMERICAN COUNTRIES**

**Jorge Orchard Pinto
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FORMS OF LAND DISTRIBUTION IN THE AGRARIAN REFORM PROCESSES OF FIVE LATIN AMERICAN COUNTRIES*

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This work analyses the main organisational features of the new land distribution forms which emerged as a consequence of the agrarian reform processes in Colombia, Chile, Panama, Peru and Venezuela. Studies, regulations, statutes, decrees and laws which produced these "campesino" associative production models were consulted for its preparation. Other relevant points not included in these sources have also been taken into account.

This study attempts to give an overall view of the organisation of "campesino" enterprises, presenting their similarities and differences. It is impossible, however, to make valid recommendations and conclusions for other countries' models due to the particular types of agrarian reform being carried out and the context in which they operate.

The study was carried out at the request of the higher authorities at the Inter-American Institute of Agricultural Sciences, IICA, for presentation as a basic document for discussion at the Inter-American Meeting of Community Enterprise Specialists, held in Santiago, Chile in April, 1973.

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*** IICA-CIRA Microeconomist, Bogota, Colombia, May 71-Dec. 75

COLOMBIA

Of the five countries studied, Colombia is in a transitional stage which requires that it produce a set of definitions for operating its settlements. To date, around 600 community enterprises exist in that country, which, due to an absence of adequate and specific legislation, are submitted to the regulations that govern civil collectives. At the same time, in spite of the number of enterprises in existence, INCORA, the Colombian Agrarian Reform Institute, has not yet clearly defined its policies on the matter.

However, recent developments have contributed to clarifying this situation. The government passed a law defining the community enterprise and making provisions for its regulation and INCORA published a "Campesino" Settlement Manual which established the main policies on the matter.

Since the Colombian government has not yet established pertinent regulations, the specific form they will take is unknown except as outlined in the law.

The Manual only reflects the situation prior to the law's passage, though it does include certain ideas which, if accepted by the Government, could provide the basis for the pertinent regulations.

Consequently, we have decided to base our analysis of the Colombian system on the Settlement Manual, as INCORA's most up-to-date official document, although we have also included the definition of the community enterprise provided by the new law.

Definition

"Settlement" refers to the process by which the "campesino" acquires land in a communal manner and exceptionally, in an individual manner, according to the law, and by his own labour produces goods that improve his socio-economic conditions.¹⁴

An Agrarian Reform Community Enterprise is defined as a society of low-income "campesinos" whose object is to parti-

cipate communally in farming lands, distributed by INCORA, with their own personal labour. The products of this social endeavour are distributed exclusively in proportion to the work contributed by the members and their families.¹⁴

Article 121 of Law number No. 4 of March 29, 1973¹⁰, defines the community enterprise in the following manner:

"It is the associative form of agricultural production by which low-income 'campesinos' declare their intention to contribute their work, industry, services and other goods in a communal manner, for the primary purposes of farming one or more rural land areas and for industrialising and marketing their products, and to distribute among themselves the resulting profits or losses in proportion to their contributions. The agricultural work of the community enterprises will be performed by its members. The community enterprise may contract necessary services when cultivation needs demand it."

Objectives

According to the above-mentioned Manual, the community enterprise is a stable, self-managed enterprise whose primary interest is its social impact on the individual. Its objectives are:

1. Communal land cultivation;
2. To integrate the "campesino" worker and his family into the national economy through production;
3. To increase the levels of production and productivity through a more rational use of resources, integrating them into regional production plans drawn up by the Ministry of Agriculture;
4. To provide the "campesino" family with an integral education;
5. To stabilise the agrarian reform beneficiary groups, organising them into integrated groups which contribute to strengthening all "campesino" organisations and the progress of agrarian reform;

6. To become associated with other enterprises, deliver services and cooperate in regional and national plans, as well as to achieve the vertical integration of the enterprise;

Once the enterprise is formed, it will be of a permanent and irreversible nature, except by special authorization of INCORA.¹⁴

Duration

Once an enterprise has been established, it will be assigned its land(s) on a provisional basis for a period of two years during which time the enterprise should have attained sufficient stability so as to permit sustained development. At that time, INCORA will allocate the lands to the enterprise on a definitive basis on the condition that new members be allowed to join, in the degree that the land and optimum utilisation of resources permit.¹⁴

Legal Framework

INCORA was required to make a great effort to incorporate the concept of community enterprises into current legislation. Actually, INCORA did not have the authority to assign land to a Community Enterprise, so it was obliged to transfer shares and rights to the "campesinos" on the land, who then proceeded to set up the community enterprise in the form of a collective civil society.

The National Government passed Law number 4 on March 29, 1973, clearing up this problem. It defined the community enterprise, and gives the President of the Republic the authority to regulate the necessary legal ordinances. Although the law's definition, which appears in point one, has certain drawbacks, particularly in its specifications that benefits will be distributed among the members in proportion to their contributions and not specifically according to their contribution of labour, it is expected to resolve these problems in the corresponding regulations which have not been established yet, and still require some time for their completion. For this reason, reference is made to the "Campesino" Settlement Manual in this paper, which, although published prior to the appearance of the law, contains the same ideas, while at the

same time it upholds the previous law in some formal aspects. In other words, it represents a transitional stage in Colombian agrarian legislation.

Size of the Enterprise

Given the limitations of INCORA legislation regarding land acquisition, community enterprises are formed parcel by parcel, although the possibility is being considered of forming them by units of more than one parcel. This is one of the more serious limitations to the vertical and horizontal integration of the enterprises.

Beneficiaries

Those who are eligible to join the Community Enterprises are land tenants, share-croppers, or wage labourers selected by INCORA as recipients of the lands available for distribution.

The primary rights, duties and restrictions on the members are as follows:

1. Rights

- a. To participate equally in opportunities and to benefit socially, culturally and economically in an associative manner.
- b. To participate in enterprise profits proportional to the work contributed by each member and his family.
- c. To receive, by loan contract, a housing lot for the time during which he remains with the enterprise.
- d. To receive the accepted or anticipated advance for a day's work. These amounts should be established in the cultivation plan and must not exceed the region's wages during the initial stages of operation. When economic strength is attained, they can be increased with the authorization of the General Assembly and the Institute.

2. **The Administrative Board is responsible for the enterprise's smooth functioning. It is made up of three titular and three alternate members, who fulfill the functions of President, Treasurer and Member-at-large. There is also a Secretary, who fulfills the same functions in the Assembly and who has the right to be heard but not to vote.**

Its functions are: to present the investment budget to the General Assembly; to process loans; to present a proposal for the distribution of profits, reserve funds, and losses among the members of the Assembly; to designate work groups; to approve expenditures and contracts within the limits set by the Assembly; to convene the Assembly, to supervise administrative work, and others.

The President has the responsibility of: signing documents, implementing agreements made by the Assembly and the Board, carrying out business transactions within authorised limits, submit reports, and present the Assembly's plans and balance statements.

The Member-at-large relaces the President in his absence. The Treasurer is in charge of accounting, signs bank documents with the Fiscal Advisor, collects all funds, receives and files work plans, prepares the budget, carries out the inventory, is responsible for the warehouse, and others.

The Secretary records the minutes of the meetings, keeps the Records and Member Registration books, files the documents, sets meeting dates, and keeps all enterprise correspondence up to date.

3. **The Fiscal Advisor must have permanent control over enterprise goods and monetary funds, approve their movement, take action against administrative irregularities, control and approve work programs and balance sheets, and be aware of the members' complaints in order to take these before the Assembly or the Board.**

In addition to the statutes, the enterprise must have its own Internal Work Regulations, where matters involving the work groups, schedules, leaves, suspensions, fines,

- f. To be unaware of the General Assembly's decisions.¹⁴

Determination of Benefits

In compliance with INCORA's Board of Directors Agreement 02 of 1971, land tenants and share-croppers have priority over wage or day labourers; those who are directly involved with the land in question have priority over those on neighbouring farms. A point system measures certain selection criteria which refer to the size of the family, their labour potential, their seniority on the farm in question, and their level of economic resources. "Campesinos" must submit applications in order to be considered for selection, and INCORA consequently chooses those with the highest point score.

Internal Organization

The community enterprise is governed by the General Assembly, the Administrative Board, and the Fiscal Advisor.

1. The General Assembly is the highest authority of the enterprise and is formed by all its members. The member's spouse, or permanent companion, as well as his children who are of age and who work continuously or interruptedly for the enterprise for at least six months of the year also have the right to opinion and vote.

It is presided over by a member debates chairman elected by the Assembly.

The Regular General Assembly must meet at least once a month. The quorum for a first summons is one half plus one member, and whatever the number of members present at a second summons. Special General Assemblies will only be called for resolving urgent cases. The functions of the Assembly are to approve the Statutes, modify them with the approval of INCORA; decide on the admission and departure of its members; approve the annual production plan, which includes the annual investment plan and housing plans; designate areas for staple crops; create and designate funds to the Statutory Funds; name the Administrative Board and the Fiscal Advisor.

- b. **Assessment analysis.** The economic results of the enterprise are compared with those in other sectors, in order to identify its efficiency and weaknesses.
- c. **Diagnostic.** Short and long-term production goals are fixed after comparing the actual productive process with the resource potential and the analysis of other enterprises.
- d. **Elaboration of alternatives.**
- e. **Selection of the most appropriate alternative for the enterprise's specific conditions, before preparing the pertinent Production Plan.**
- f. **Control instruments for measuring the efficiency of the planning process and for observing the events carried out during the exercise.**

This instrument is called "Agro-economic Settlement Planning" and its objective is to systematically order the events or activities to be carried out in the settlements, or to indicate the ones that already occurred in a given period. It provides information on actual and potential resource availability and on economic and financial results. The format provides the information necessary for making periodic evaluations of the settlement's progress. At the same time, it constitutes a rational mechanism for assigning credit to the community enterprise¹⁴.

Concretely, each community enterprise is obliged to prepare a Production Plan for each agricultural year, with projections for five years. The plan should be projected jointly by the "campesinos" and INCORA, and must have the latter's approval, as well as that of the Assembly. The Production Plan should also define the area allocated to members to be cultivated for family consumption (called the "pancoger" or family bread basket). Their size and location are determined jointly by the members and INCORA, and can in no case exceed one hectare.

Implementation

No background information exists on this point.

Control

When planning was mentioned, the instrument called the "Agro-economic Settlement Planning" which is essentially a control mechanism was described.

Likewise, for purposes of control, the enterprise should keep records of Assembly and Board activities; work control records, proof and receipts for the warehouse's internal and external control; expenditures and income for each type of product; principal and auxiliary accounting books. The enterprise should balance its books every semester, and at the conclusion of the fiscal period.

The enterprise's internal control is exercised by the Fiscal Advisor, without detracting from the authority of the Administrative Board or the General Assembly. INCORA has external control through its required approval of the respective production plans.

Distribution of Profits

Once the percentages designated for the various funds have been deducted from the net income, the surplus is distributed among the members in proportion to the work contributed by each. Losses are assumed by the enterprise, with the member's personal responsibility being dependent on their contributions.

Admission and withdrawal of members

Once the Enterprise is formed and INCORA finds that it is possible to admit new members or needs to replace others based on socio-economic studies, INCORA will select two beneficiaries for each vacancy and the Enterprise will select its new members according to the established guidelines.¹⁴

Membership status is lost by death, voluntary withdrawal, exclusion, and major physical disabilities.

The above does not dissolve the society, which continues with the remaining members.

In the case of death or major physical disability, the new beneficiary will preferably be the party's heir, surviving spouse or permanent companion.

Exclusion would be effected in the case of serious or repeated infractions of the Statutes and Regulations.

When membership is lost, the value of the rights and the manner in which they will be paid will be agreed to by the Administrative Board and the departing member. The society will pay said amount to the member's heirs in case of death.

The sums invested in legal and capital reserve funds are not subject to distribution, except in the case of an enterprise's liquidation.

In the case of a member's departure, the portion of the profits which correspond to him will be based on the balance immediately prior or following his retirement date, depending on which is closer.

Death of an Associate

It should be added that if the member dies, his corresponding portion of profits will be subsequently paid to his heirs under the terms set in Article 81 of Law 135, 1961.

The deceased member may be replaced by a son or his spouse or permanent companion, when the members and INCORA so decide.¹⁴

Additional Points

1. The enterprise is basically constituted by the work contributed by its members, unless they own the land parcel, in which case they must contribute the use of their land.
2. Liquidation. In case of dissolution, INCORA will take charge of the enterprise, and will liquidate and distribute the resulting capital and funds equally among the members.

3. Exception to the formation of community enterprises. Individual settlements will only be assigned when INCORA judges that the parcel's physical conditions or the corresponding type of cultivation and production make this necessary. Individual settlements should always be oriented towards associative forms of production, marketing and services.
4. Resolution of conflicts. Differences that arise between any member and the enterprise regarding contracts or because of the enterprise's total or partial liquidation, can be settled through INCORA, through the designation of impartial arbitrators who will study the case in all conscience, as objectively as possible.¹⁴

CHILE

Chilean Law —and the manner in which it is being interpreted— has established a first stage of provisional allocation of land and another of definitive allocation.

The settlement represents the provisional allocation stage. At this point, the Agrarian Reform Corporation, CORA, and the "campesinos", together, form an Agrarian Reform Agricultural Society, SARA, which cultivates the land parcel or parcels in question. The Agrarian Reform Center, CERA, though defined as an initial transitory stage, also represents a form of provisional land allocation during which the "campesinos" collectively farm the land.

The settlement is defined in Article 66 of Law Number 16640⁷ on Agrarian Reform; and Agrarian Reform Agricultural Societies, SARA, are described in the Decreto con Fuerza de Ley (DFL) number 16 of October 3, 1968, which confers the authority established in the previously cited law on the President of the Republic.

The Agrarian Reform Center, CERA, is based on Article 5 of the DFL.RRA. number 11, 1963³, which contains the Organic Statute of the Agrarian Reform Corporation, CORA, modified by Article 224, number 3 of Law Number 16640⁷, which authorises the Corporation to create, direct and admi-

nister agricultural colonies or agrarian reform centers. We do not know of any decree which regulates this provisional form of allocation: the only existing instructions are CORA's internal regulations which establish the objectives, structures and norms on the administration and performance of the CERAs.

The definitive allocation forms are established in Article 67 of Law number 16640⁷ on Agrarian Reform, which establishes that they will be made up of family agricultural units and will be assigned to "campesinos" on an individual basis. It adds that when the Council of CORA decides that this type of allocation is not possible for technical reasons, due to the types of cultivation (enumerated in the legal ordinance), the lands can be allocated for the exclusive dominion of "campesino" or agrarian reform cooperatives, or in co-ownership to "campesinos", or to "campesino" or agrarian reform cooperatives. This allocation model could also be applied when dealing with indirectly productive lands, or when the selected "campesinos" request it by common agreement.

The collective forms of land allocation will be analysed in this work, be they provisional or definitive. From among the provisional models, a study is made of the settlement and the SARA, constituted during its existence, as well as the CERA. Of the definitive forms, the cooperatives created by the agrarian reform will be studied since they are the most commonly established form described in DFL number 12.⁴

According to former CORA Executive Vice-president David Baytelman¹, two types of transitory structural organisations and two types of definitive ones exist in Chile's reformed sector. The transitory organisations are the settlements and agrarian reform centers. The definitive ones are the production centers or state farms, and the allocated cooperatives.

No reference is made here to the production centers or State farms, or to "Campesino" committees which are mentioned in some CORA documents as we have not had access to any documents which describe them. The allocated agrarian reform cooperatives will be referred to later.

TRANSITORY ALLOCATION MODELS

Agrarian Reform Agricultural Societies

Definition

This is the initial transitory stage of the social and economic organisation of "campesinos" for cultivating expropriated land, from the time of material expropriation to their definitive allocation. Article 66, Law number 16640.⁷

During the settlement period, CORA may form societies of "campesinos" which will be called Agrarian Reform Agricultural Societies, SARA, which will be governed by the guidelines established in the Decreto con Fuerza de Ley. (Article 1, DFL number 16)⁵.

Objectives

1. To efficiently cultivate settlement lands.
2. To prepare and train the settlers to assume the responsibilities of ownership and of agricultural enterprise.
3. To orient and stimulate community development.
4. To promote the capitalisation of the settlers.
5. To build the infrastructure necessary for developing the settlers' families and community life.
6. To select future beneficiaries (Article 66, Law number 16640).

The SARA's main objective is to exploit agricultural, livestock and forestry possibilities of the land parcel or parcels on which the settlement is founded, as well as to organise and promote the social, economic and cultural life of the "campesinos" and their families, according to the basic objectives established for the settlement period, at the same time allowing for participation in other activities necessary for fulfilling enterprise goals. (Article 4 DFL number 16)⁵.

Duration

The definitive allocation of the lands should occur within three years of the date of the material expropriation by CORA. In certain cases, the President of the Republic may extend this period for two more years. (Article 67 law number 16640)⁷.

The SARA's duration should be stated in the respective social contract and should not exceed the above, although it may be shorter. (Article 9 DFL number 16)⁵.

Legal Framework

The SARA is governed by DFL number 16, 1968⁵, created by the authority granted in Article 66, final paragraph of Law number 16640⁷, and is essentially an association between CORA and the "campesinos" who have settler status. (Articles 1 and 11, DFL number 16)⁵.

The SARAs are formed and approved by private contract and are modified in the same manner. The modifications which deal with the admission or withdrawal of members are recorded in the Membership Register. (Article 6, DFL number 16)⁵.

The social contract should express at least: individualization of members' rights, social objective, social reason, social residence, members' contributions, social capital, guidelines for the society's performance and administration, attributes of its various organs, distribution of profit and losses between CORA and the "campesinos", and among the "campesinos" themselves, form and manner of drawing on profits, and the society's duration. (Article 9, DFL number 16)⁵.

Size of the Enterprise

Settlements may be established on one or more expropriated land parcels or on part of one of them, as determined by CORA (Article 2 DFL number 16)⁵. They are usually established parcel by parcel.

Beneficiaries

CORA and "campesinos" with settler status are the SARA members. (Article 3 DFL number 16)⁵. This status is

accorded by CORA to those male or female "campesinos" who are over 16 years of age and who have worked on the particular land parcel. Their number is determined by the land's potential load capacity. (Articles 11 to 13, DFL number 16)⁵. They must live on the cultivated land or somewhere nearby, compatible with its cultivation.

Selection of beneficiaries

Settler status is granted by CORA to those "campesinos" over 16 years of age who are selected according to a point system which gives preference to the parcel's previous permanent workers.

Internal Organisation

1. The General Assembly is the highest-ranking agency in the Society and involves the participation of all its workers. It is responsible for: establishing general policies, approving annual production plans, electing and controlling the Administrative Council and the Executive Committees. Furthermore, in special sessions it can modify the social contract, impeach the "campesino" members of the Administrative Council and call for the deprivation of membership status of other "campesino" members. (Articles 18-20, DFL number 16)⁵.
2. The Administrative Council is in charge of administering and representing the society. It has three members if there are less than 15 members altogether, and five in the case of a society with more than 15 members. The contract can stipulate and regulate the participation of CORA representatives. The Council oversees the administrative, economic, technical, social and cultural progress of the society. (Articles 22-24, DFL No. 16)⁵.
3. The Executive Committees are executor agencies for the society's activities and are made up of the persons chosen by the Administrative Council. The Council will also establish its existence and attributes. (Article 26, DFL number 16)⁵.

Planning Guidelines

The Production Plan is used for programming each production unit's entire productive process. This instrument has been perfected and improved in order to convert it into a manageable instrument for increasing the "campesinos" knowledgeable participation in production management. The Production Plan is an annual programming instrument which contains elements which are introduced on a medium-term basis but which are not included in a medium-term plan. Background information on planning for training programs was not available.

Implementation

1. Relationships with the State. Association between CORA and the "campesinos". CORA must finance:
 - a. Infrastructure investments.
 - b. Production and financing credit with the participation of the State Bank.
 - c. Technical assistance (besides that delivered by SAG, the Agriculture and Livestock Service).
2. There is usually one SARA per expropriated land parcel.
3. Production is a community effort, and each "campesino" has his own house and family garden. In some cases, the society may assign a given land surface to a particular settler or group of settlers.
4. The work is performed by the settlers and members of their families. Outside labour can only be hired on a temporary basis.
5. Land possessions may not exceed 1/2 hectare; however, this amount has been gradually increasing. Members pay a fee to graze animals.

6. Settlers will receive as payment an advance on the profits earned during the period, the amount of which will be determined in the respective production plan and the balance at the end of each period. The advance is equal for each working member based on the number of days worked.
7. The social contract can establish the amount which each member must contribute annually to the society for purposes of capitalisation. (Article 34, DFL number 16)⁵.
8. Sanctions. The Administrative Council or the Assembly will apply sanctions, depending on the nature of each case. These range from fines to exclusion from the settlement, depending on the gravity of the offense.

Control

Regarding internal control, the General Assembly acts as comptroller for the Administrative Council and the Executive Committee. (Article 20, d, DFL number 16)⁵.

For external controls, CORA may establish the financial and administrative standards for the acceptable performance of these societies. (Article 36, DFL number 16)⁵.

Distribution of profits and surplus

The profits are distributed between CORA and the SARA. This distribution usually allocates between 70 and 90 percent to the SARA, and the rest to CORA. In some cases, up to 90 percent has been allocated to the SARA. The settlers themselves then divide the profits according to the amount of work contributed by each.

Admission and withdrawal of members

The loss of member status or the insolvency, death or disability of a member will not dissolve a society; it will continue to function with the remaining members. (Article 20, DFL number 16)⁵.

In the case of a "campesino's" death or loss of membership status, his rights are appraised by the Administra-

tive Council and their value is paid to his heirs or to the former member.

In order to replace a deceased or departed settler, the SARA must seek a new member who fulfills the requirements for settler status, and who must be approved by CORA. Preference should be given to members of the settler's family.

AGRARIAN REFORM CENTER

Definition

This is the transitory, initial stage in the "campesinos" social and economic organisation for applying, evaluating, and improving methods and systems for organising, managing and controlling agricultural production.

Objectives

1. To structure "campesino" participation in directing, managing, and controlling the land and their training in social organisation and production aspects.
2. To include new areas in an efficient and operational agricultural plan at the community, provincial, zonal and national levels.
3. To gradually achieve the maximum use of "campesino" manpower.
4. To achieve a higher standard of living for the "campesinos", through a just system of remuneration and incentives related to production.
5. To collect profit surpluses into communal compensation and capitalisation funds which will equalise the different outputs and allow each agrarian community to build necessary infrastructure and to fund social welfare projects.
6. To establish and maintain ties with the "Campesino" Communal Councils and with the State apparatus. (National Agrarian Committee).

Duration

Article 67 of Law number 16640⁷ can also apply to the Agrarian Reform Centers, CERAs, although the pertinent documents do not refer to their duration.

Legal Framework

It was mentioned that Article 5 of CORA's Organic Statute is its legal base. This is modified by Article 224 number 3 of Law number 16640⁷ which states that the "Corporation is the only official agency which can create, direct, and administer agricultural colonies or agrarian reform centers."

Size of the Enterprise

Initially, attempts were made to group several land parcels into regional cultivation programs, but in practice, most enterprises are formed parcel by parcel.

Beneficiaries

1. All "campesinos" of either sex over 16 years of age who work directly on the parcel at the time of its expropriation, regardless of whether they live on it or not;
2. The legitimate or common-law spouse, the children, and member workers over 16 years of age whether they live in the Center area or not;
3. All "campesinos" who are later incorporated into the Center.

Selection of Beneficiaries

All persons who worked permanently on the land at the time it was taken over by CORA belong by right to the CERA and cannot be excluded. Those who had worked previously on this land may also be incorporated, with the Assembly's approval. Those included in point two automatically have membership rights. Those indicated in point 3 may be admitted as the demand for manpower increases, and as agreed to previously by CORA and the CERA.

Internal Organisation

1. The General Assembly is CERA's highest-ranking governing body, and is made up of all the Center's members. Seasonal workers may also participate with a right to opinion and vote, but they may not be elected to any office.

The main responsibilities of the General Assembly comprised of the Center's workers are: to name the President and from two to four advisors for the Production Committee; to admit new members to the Center; to approve work standards, remuneration systems, production plans and balance sheets; to determine the Center's production teams and to decide general guidelines for collective labour.

2. The Production Committee is composed of the President of the Assembly, two or four advisors named by the Assembly and those responsible for the production teams. No officials participate on this Committee. Its functions and duties are: to manage, direct and control the Center's productive activities; to assure the timely requests for credit and inputs and their prudent use; to seek training for the committee itself and for all Center members; to propose work standards and remuneration system to the Assembly, without undermining CORA's respective authority, as well as the internal investment or capitalisation and production plans; to oversee the efficiency of the production teams and the performance of the productive organisation, and to report on the financial status to the Assembly.
3. Production teams. These are organised to ensure work efficiency, according to the nature of the various activities to be performed. The General Assembly will determine its existence and functions.

The person in charge of a team is permanent, while the members are not; they may participate on one or more teams depending on the type of work they do.

4. The Social Welfare Committee. This is a mechanism for encouraging the participation of women and children. Through this committee, the community may take on the responsibility of managing community property and social welfare. It usually deals with obtaining basic supplies, taking emergency social actions, health, housing, culture and recreation.
5. The Control Committee. This is made up of three persons, named by the members of the General Assembly, one of whom serves as chairman. Its functions are to make sure that the work schedule is followed, and to supervise and finance the efforts of the Production and Social Welfare Committees.

Planning Guidelines

These are the same as those described for the Agrarian Reform Agricultural Societies, SARA.

Implementation

1. Relationships with the State. This is not a State association since the "campesinos" administer it directly. However, CORA maintains its obligation of building the necessary infrastructure; the financing of operative expenses and supplying of inputs is centralised in the State Bank, and the Agricultural and Livestock Service, SAG, provides technical assistance.
2. It was originally decided to group land parcels into regional cultivation programs, but in actuality they are planned parcel by parcel.
3. The entire land surface is cultivated communally; each "campesino" has his own house and family garden.
4. The work is performed by all Center members. Additional labour may be hired temporarily.
5. Attempts have been made to limit land ownership to 1/2 hectare and grazing rights to one animal per head of household. If the number of grazing animals exceeds this, the difference will be paid to the Center in the manner and amount established by the Assembly.

6. Members receive the minimum "campesino" wage. A variable remuneration system is established according to the type of work performed and to a system of incentives. The Assembly may fix another kind of salary advance, according to the nature of the work and to other standards, in the amounts specified in the Center's Production Plan.
7. Sanctions. Have not been established as yet; this has caused discipline problems at some Centers.

Control

Internal control is exercised by the Control Committee, named by the Assembly, without undermining the Assembly's authority in this respect.

No references are made to external controls, but it is assumed that these are exercised by CORA and the State Bank, through their approval and execution of the Production Plan and the control of credit.

Distribution of profits and surplus

According to the original plan, surplus should be distributed as follows: 10 percent for social purposes, 40 percent to the Center's member workers according to the amount of work of each; and 50 percent for capitalisation of the land parcel and the community. The system has not been activated yet, and therefore guidelines have not been established for the Community Compensation and Capitalisation Fund.

Admission and withdrawal of members

In the case of a member's death: Given that all members of the family are members of CERA, if the head of the household dies the rest of the family may continue to be a part of CERA. However, nothing has been established on the hereditary rights of the surviving spouse or heirs in CERA after a worker's death.

There are no guidelines on procedures to be followed in the case of the rights of a member who withdraws from the CERA.

DEFINITIVE FORMS OF LAND ALLOCATION

Land Grant Cooperatives

Definition

The land grant cooperative is one where a cooperative is assigned lands on a communal ownership basis, without individualising the land rights of the cooperating members, and could even be a family agricultural production enterprise. (Article 46, DFL number 12).⁴

Objectives

Its objectives are agricultural and livestock production in whatever form this may take and the social, economic and cultural promotion and organisation of its members. In order to fulfill these objectives, it should establish production plans; build necessary infrastructure and carry out projects which will constructively increase their efficiency and conserve natural resources; specialise and train the members; establish affiliated industries for processing and marketing its products; provide its members with cultural and educational services, and supply them with consumer goods. (Article 47).⁴

Duration

Indefinite. (Article 48)⁴.

Legal Framework

They are constituted by agreement of the CORA Council, which approves the Statutes proposed and declares them legally constituted and installed. The Statutes may take the form of private instruments. (Article 2, Modified Law number 17280)⁸.

Size of the Enterprise

The same standards are followed as for the settlements and centers.

Beneficiaries

"Campesinos" selected by CORA to receive lands or to become members of allocated cooperatives, on termination of the provisional allocation period. (Article 3, DFL number 12)⁴.

"Campesinos" not selected by CORA can also become integrated by contributing their personal labour. They must be over 18 years of age, not belong to any similar cooperative; contribute the capital amount determined by the cooperative; respect the statutes and fulfill the required obligations.

Their incorporation must be approved by CORA, when submitted by the General Assembly.

Furthermore, small-scale farmers and owners may be admitted as members (land tenants and share-croppers).

In special cases, CORA itself can be integrated into the Cooperative, upon the agreement of the General Assembly. (Article 4, substituted by Law No. 17280)⁵.

Selection of Beneficiaries

A new selection process is not usually carried out at the end of the provisional allocation period since it was performed at the beginning of and during the settlement period, unless vacancies need to be filled. Selection is made according to the norms of Decree 435 of 1978⁶.

Internal Organisation

The direction, administration, operation and monitoring of these cooperatives is carried out by:

- 1. The General Assembly, the highest-ranking authority in the Cooperative, is made up of all its members. (Article 10, DFL number 12)⁴. The meetings may be special or regular in nature. (Article 11, DFL number 12)⁴. The Regular Assembly must establish general policies; make decisions concerning the annual plans proposed by the Council; on the distribution of excess and surplus funds; and on the admission, exclusion and withdrawal of members. It elects the Administrative Council; acts as the comptroller agency and must keep abreast of sanctioning procedures. The Special Assembly is responsible for declarations on modifications of the Statutes and structures; federation with other cooperatives; dissolution of the Administrative Council, and others. (Articles 12 and 13, DFL number 12)⁴.**

2. The Administrative Council is the decision-making agency in the cooperative and is in charge of its administrative, financial and technical performance. (Article 14). It presents to the Assembly an annual review, balance sheets, inventories, production plans, budget, the proposed establishment of special reserve funds and surplus distribution. It creates and names the members of the Executive Committees; names and removes the Administrator and applies sanctions. (Article 15, DFL number 12)⁴.
3. The Executive Committee has three members if the total membership is less than 15, and five members if the total number of members is over 15. (Article 16, DFL number 12)⁴. They are elected by the Assembly for one year terms. (Article 17, DFL number 12)⁴. The Executive President is elected from among its members. (Article 19, DFL number 12)⁴.
4. The Administrator is named by the Administrative Council. During the first ten years of the program, his nomination must be approved by CORA (Article 21). The Administrator is in charge of implementing all the decisions made by the Administrative Council and the Assembly, as well as those of the Executive Committees when requested by the Council. (Article 23, DFL number 12)⁴. The Administrator does not necessarily have to be a member of the Cooperative. (Article 25, DFL number 12)⁴.
5. The Executive Committees are the executor agencies for the Cooperative's different activities. They are made up of members selected by the Administrative Council, plus a Council member, who presides over the meetings. (Article 26, DFL no. 12)⁴. Their existence as committees is determined by the Council, and their purpose is to settle matters delegated to them by the Council which grants them autonomy in their decisions. (Article 27, DFL number 12)⁴. In special cases, these may include persons who are not members of the cooperative. (Article 28, DFL number 12)⁴. They serve one year terms. (Article 29, DFL number 12)⁴.

Planning Guidelines

The Administrative Council prepares the cooperative's different plans, especially the production plan, and submits them for consideration to the Assembly, making sure they are in line with the general regional plans established by the Ministry of Agriculture. (Articles 12 and 47, DFL number 12)⁴.

Implementation

No relevant information is available.

Controls

Internal control corresponds to the General Assembly, which can name special permanent or temporary commissions for effectively exercising this duty. The Administrative Council also exerts control by supervising the fulfillment of members' obligations and the actions of the Administrator. The latter should ensure that the financial commitments of the members towards the cooperative are fulfilled, and vice versa.

CORA exerts external controls by establishing financial and administrative guidelines to ensure the adequate performance of these cooperatives. (Article 33) CORA will be in charge of monitoring aspects as long as there are any pending monetary obligations. It can provide management services for these purposes when necessary; intervene in the Enterprise's performance; orient, control and approve their investment plans; approve their balance sheets; name the comptroller and establish the guidelines and regulations necessary for their performance (Article 75, DFL number 12)⁴.

Distribution of surplus

The positive balance arrived at from annual accounts is the fiscal year's surplus. At least 5 percent should go to a legal reserve fund; not less than 5 percent to the capitalisation fund; the percentage established by the Assembly and proposed by the Council should go to the Social and Educational Promotion Fund or other special funds. (Article 35). The remainder should be distributed among the members in proportion to the number of days worked and the nature of the work performed by each member and his family.

Admission and withdrawal of members

Those who qualify as members have already been indicated under "Beneficiaries". Others who can be integrated and incorporated as such must be willing to accept the statutes and fulfill the corresponding obligations. Incorporated members should contribute no less than the amount paid by founding members, but can be made in the manner agreed on with the Council (Article 4, substituted by Law no. 17280)⁸.

Membership status can be lost by exclusion or voluntary withdrawal. A member can be excluded for endangering the stability or development of the cooperative, or for not fulfilling his social or other duties. This decision is made by the General Assembly but can be appealed to the Provincial Agricultural Tribunal. (Articles 6, 7, 8, DFL No. 12)⁴.

In the case of financial difficulties or the absence of fulltime work, the number of members that have been integrated on the basis of their contribution of personal labour can be reduced. The agreement should be made with the Assembly and ratified by CORA. The member may withdraw his contributions and must, in addition, be compensated for the amount of work he contributed to the cooperative. (Article 8a, added in Law No. 17280)⁸.

Whenever a member ceases to belong to a cooperative, he has the right to withdraw his special contributions in the manner, terms and conditions agreed to with the Administrative Council. (Article 8b, added in Law No. 17280)⁸.

Members may withdraw as long as they have cancelled any pending debts with the cooperative. The organisation will refund a sum proportional to the capital which corresponds to him, except for the portion which is explicitly non-distributive. (Article 52, DFL no, 12)⁴.

In the case of the death of a member, his heir(s) will inherit the same rights. Before the succession is processed, the prospective beneficiaries should name a representative to transact the obligations and rights of the deceased. (Articles 54, 55; DFL No. 12)⁴.

When a member withdraws, another "campesino" may take his place, after paying an amount equal to that invested and paid by the member he is replacing. CORA can extend him the credit necessary to make this payment. (Article 52, DFL No. 12)⁴. The rights of members are indivisible and non-transferrable. (Article 51, DFL No. 12)⁴.

Land Grantee Cooperatives

Definition

Land grantee cooperatives are agrarian reform cooperatives composed of beneficiaries who were assigned lands individually or in co-ownership. (Article 39, DFL No. 12)⁴.

Objectives

This type of agrarian reform cooperative has the purpose of organising the efficient production of land assigned to individual members, as well as their social, economic and cultural development. In order to achieve the above, the cooperative can establish pertinent production plans, which must be consistent with the general regional plans established by the Ministry of Agriculture; provide technical assistance; distribute and administer irrigation rights; administer the use of infrastructure, agricultural machinery, and other goods. To obtain resources for its needs and for distribution among its members, to grant corresponding guarantees; to supply inputs and to market the members' products; to establish associated industries for processing, packing, transporting and marketing the members' products, supplying inputs, and in general, all other services necessary for increasing the productivity and ensuring the conservation of allocated lands and improving the social, economic and cultural life of the members. (Article 40, DFL No. 12)⁴.

Duration

This is not defined.

Legal Framework

The same as for the land grant cooperative.

Size of the Enterprise

This is variable, since it is essentially a cooperative formed by beneficiaries of agrarian reform who have received land privately, individually or in co-ownership, though the Assembly can determine the type of production to be carried out on the land according to the pertinent Production Plan.

Beneficiaries

As stated in the definition, members of this cooperative are those who have been assigned lands for exclusive or co-ownership, and who have been selected by CORA at the end of a settlement period.

Apart from the obligations established in the Statutes, the members will:

1. Submit to a production plan. This requires that all members designate a part of their property or co-property to the production plan decided upon by the Assembly.
2. Turn over products governed by the production plan to the cooperative for marketing particularly when large, powerful buying entities exist. The sale of these products to selected purchasers is decided annually by the Assembly.
3. Obtain inputs and other necessary production needs from the cooperative, unless otherwise authorized by the Council.
4. Obtain all their credits through the cooperative.
5. Contribute their personal labour in the amount of time and the tasks agreed to by the cooperative. (Article 41, DFL no. 12)⁴.

Selection of Beneficiaries

Identical as in the land grant cooperatives.

Internal Organisation

The authorities for purposes of internal control are identical to those of the land grant cooperatives. The Council has some additional special attributes regarding: drawing up and proposing the production plans for members' lands, as well as for capitalisation, credit, investment, expenditures and marketing plans to the General Assembly; establishing the guidelines for the members' use of cooperative services; determining the percentage on purchases, sales and services which will go to the cooperative; and fixing the terms under which advances can be paid to members for products being marketed through the cooperative. (Article 44, DFL no. 12)⁴.

Planning Guidelines

What was mentioned previously on production plans is applicable here.

Implementation

No relevant information available.

Control

Same as for land grant cooperatives.

Distribution of surplus

What was stated for land grant cooperatives also applies here, except that the surplus distributed among the members is pro-rated according to the cooperative's activity, which basically means the use of inputs and services, and the cooperative marketing process.

Admission and withdrawal of members

Membership status can be lost by exclusion or by voluntary withdrawal. The cooperative can exclude a member for threatening the stability or development of the cooperative or for not fulfilling his social or other obligations. This decision is made by the General Assembly but can be appealed to the Provincial Agricultural Tribunal. (Articles 6, 7, 8; DFL no. 12)⁴.

Death of a member

In the case of a member's death, the heir(s) and future land-owner will have the same rights within the cooperative as the deceased. (Article 43, DFL no. 12)⁴.

Mixed Cooperatives

Definition

This refers to the agrarian reform cooperative which is assigned its own land and whose members in addition, are assigned land individually or on a co-ownership basis as in the case of multi-family agricultural cooperatives. (Article 61, DFL no. 12)⁴.

Objectives

These are directed as much towards agricultural and livestock production as to the efficient use of members' land, as well as to their social, economic and cultural organisation and promotion. In order to meet these objectives, they can establish the pertinent production plans (consistent with the general plans of the Ministry of Agriculture); perform jobs, tasks and erect constructions which improve productive efficiency; specialise and train members; provide technical assistance, regulate water use by the members and the cooperative; administer the use of infrastructure, machinery and other goods; obtain resources; supply inputs, marketing services, consumer goods; and, in general, provide the services which will allow the work community to enjoy the material, cultural, educational, health and other benefits available through the national community.

Duration

This is not established.

Legal Framework

This is the same as for land grant cooperatives.

Size of the Enterprise

This varies. Basically, the cooperative has its own land and members own additional land on an individual or co-ownership basis. However, the General Assembly can determine, in the production plan, what proportion of the members' land should be set aside for the type of production decided on by the Assembly. (Article 64-a, DFL no. 12)⁴.

Beneficiaries

The members of these cooperatives are those assigned land on an individual or co-ownership basis, as determined by CORA at the end of a provisional allocation period.

Aside from those established in the Statutes, the members will have the following obligations:

1. To contribute their labour, in the amount of hours and type of task assigned by the cooperative.
2. To submit to the production plan.
3. To turn over their highly marketable products (decided upon and approved annually by the Assembly) to the cooperative for marketing.
4. To acquire inputs and other goods within the cooperative, except when otherwise specified by the Council.
5. To obtain all production credits through the cooperative, except in cases specially authorised by the Council.
6. To comply with cooperative decisions, its financial obligations and to serve in the positions to which they have been assigned.

Failure to meet the obligations indicated in points 1, 2, 3 and 4 are penalised with a fine and, in the event of repeated offense, with exclusion from the cooperative. (Article 65, DFL no. 12)⁴. Given that the lands assigned individually or in co-ownership are inseparable from the cooperative's land, exclusion from the latter means losing right to the former. (Article 73, DFL no. 12)⁴.

Selection of beneficiaries

The same as for land grant cooperatives.

Internal organisation

This is also identical to the land grant cooperative, except that the Administrative Council is specially responsible for:

1. Drawing up and proposing to the General Assembly the production plans which will be applied to the cooperative's and the members' land, as well as the investment, expenditures, marketing, credit, and capitalisation programs.
2. To direct the cultivation of cooperative lands in technical, economic, administrative and financial aspects.
3. To govern water use.
4. To establish guidelines for using cooperative services.
5. To determine what percentage on the value of purchases, sales, and services will be charged to members, and to establish the time-table for making advance payments to members for the products marketed by the cooperative. (Article 70, DFL no. 12)⁴.

The members of the Council, the Executive Committees, and the Investigative Commissions must contribute their labour in field work, except during the time required for fulfilling the duties involved with their positions. They will not be paid for exercising these positions, but they have the right to share in the profits according to guidelines established by the Assembly. (Article 71, DFL no. 12)⁴.

Planning guidelines

The Council is responsible for preparing the corresponding production plans, as well as others, and for submitting these for consideration to the Assembly.

Implementation

No background information is available.

Control

The same as for land grant cooperatives.

Distribution of surplus

The standards for land grant cooperatives are also applicable here.

In addition, the Assembly must annually approve the distribution of surplus. (Article 69, DFL no. 12)⁴.

The surplus is distributed among the members in proportion to the number of days worked by each member and his family, the nature of the work performed and the cooperative's activity. (Article 73, DFL no. 12)⁴.

Admission and withdrawal of members

The guidelines for land grant cooperatives apply here regarding the reasons for exclusion and the right to appeal. Special guidelines are not established regarding the rights of withdrawing or excluded members, except to indicate that their rights are indivisible and non-transferrable. (Article 66, DFL no. 12)⁴.

Death of a member

The successor of a deceased member will have the same rights in the cooperative as the deceased. (Article 67, DFL no. 12)⁴. As the succession is being processed, a representative should be designated to meet the obligations and process the rights of the deceased member. (Article 68, DFL no. 12)⁴.

PANAMA

Since the beginning of Panamanian agrarian reform, the settlement has been defined as a transitory form of communally

exploited agrarian reform lands while individual allocations were being made. They were to last three years, with the possibility of being extended to five years under special circumstances.

One of the most serious problems which emerged with regard to the settlements was the absence of juridical status, which obliged the former Agrarian Reform Commission, now the National Agrarian Reform Administration, to transact all the contracts required by the settlements' economic activity.

In 1972, however, the government passed two decrees for resolving this problem. On February 24, 1972, Decree No. 50¹⁷ defined the settlement and established that, when formed according to regulations, it would have juridical personality, the corresponding rights and the ability to contract obligations. Decree No. 64¹⁸ dated April 4, 1972, lists the requirements which must be met by "Campesino" settlements in order to attain juridical personality, whether it be by law or by Cabinet Decree. In actual practice, the settlements follow an internal regulation to govern their functioning, prepared by the National Agrarian Reform Administration and accepted by the "campesino" members in each case.

Decree No. 50 also modified the previously existing limitation that allocated land only as individual private property, by indicating that at the end of the settlement period the parcel could be assigned to an agricultural cooperative.

These two resolutions undoubtedly were a step forward, but it was felt that efforts should be continued to specify new guidelines for the settlements to more clearly identify their internal performance and their relationships with the Agrarian Reform Administration. At the same time, the Administration should continue to specify relevant policies on the matter.

Definition

The February 24, 1972¹⁷ Cabinet Decree no. 50 of the Provisional Government, acknowledged that the Agrarian Reform Commission (today the National Agrarian Reform Administration) had been organising the "campesino" masses

into groups called Settlements which facilitate their endeavours and which have produced positive benefits for the "campesinos"; however no regulations existed for their creation or performance.

Article 1, Decree no. 50 states that: "'Campesino' Settlement will refer to the entrepreneurial organisation initially sponsored by the Agrarian Reform Commission to foster the rational use of land and the cultural advancement of its members."

The same Decree adds that "Campesino" Settlements will be considered entities of public benefit and social interest (Article 2) and when formed according to the regulations approved by the Executive Branch, will be considered juridical entities able to exercise rights and contract obligations. (Article 3).

Objectives

It may be concluded from Decree no. 50 that the Settlement's objectives are to promote the rational use of the land and the cultural advancement of its members.

Duration

The Settlement first experiences a transitory stage which lasts from three to five years, beginning with the receipt of the land and ending with its allocation as property to the "campesino" families. Article 3 of the same Decree establishes that the "Campesino" Settlement lands "can be allocated definitively after three years of activity, as long as its performance is considered satisfactory by the Agrarian Reform Commission; it should then adopt the form of an agricultural cooperative."

Legal Framework

It was originally suggested that the "campesinos" and the Agrarian Reform Commission set up an Agrarian Reform Agricultural Society simultaneously with the creation of the settlements. These societies should last from three to five years and have the objective of cultivating the Settlement's lands. For

several reasons, however, the settlements were created, but not the agricultural societies.

Decree No. 50¹⁷ and Executive Decree No. 64 of April 4, 1972¹⁸ which regulate the performance of "Campesino" Settlements, have formally altered this situation. According to Article 1 of the latter Decree, "Campesino" Settlements are required to present their Act of Constitution in writing to the General Secretary of Agrarian Reform after being duly authenticated by the Secretary of Settlements and the Regional Director of Agrarian Reform or his representative, that it may be registered in the "Campesino" Settlement Register.

Article 3 of the same Decree states that the juridical personality of a Settlement must be granted by Law or by Cabinet Decree.

"Campesino" Settlements enjoy the same privileges as those granted to cooperatives by the Agrarian Code.¹⁶ (Article 5, Decree no. 50)¹⁷.

Regarding relations with third parties, the Secretary General of the Agrarian Reform Commission must first certify the juridical status of each Settlement. (Article 4, Decree no. 64)¹⁸.

In addition, it should be pointed out that each enterprise has a system of internal regulation prepared by the General Directorate of Agrarian Reform, accepted in each case by the members and which to some degree complements the cited decrees.

Size of the Enterprise

An enterprise is formed on each one of the land parcels acquired through closure, expropriation, purchase from individuals, exchange, donation or return.

Beneficiaries

The members of the Enterprise will be drawn from the "campesinos" who live and work the farms and who sign the Settlement's Act of Constitution. If a "campesino" feels he has been unjustly excluded, he may appeal his case to the Agrarian

Reform Administration and secondly and ultimately, to the Settlement's Board or Committee of Directors.

To be considered for settlement membership, a person must have the following characteristics:

1. Panamanian citizenship.
2. Agriculture must be his primary activity.
3. Work directly on the land.
4. Be the head of a family, or have dependents.
5. Not own any land, or own an area smaller than the economic production unit.
6. Work within public or private lands where the settlement is to be established.
7. Have resided on and/or worked on the farm for no less than six months prior to the date on which the settlement is to be incorporated.

The settlers have the following rights: priority in selection as future land owners, and priority participation of their families in settlement activities.

His obligations are the following:

- a. To live near the area he is to cultivate.
- b. To participate actively in settlement organisations.
- c. To respect and fulfill internal regulations.

Selection of beneficiaries

As previously stated, "campesinos" who live and work on the farms may become members, as long as they fulfill the prerequisites listed in the previous section.

Internal organisation

The internal organisation of the "Campesino" Settlement is not explicitly defined; however, the model established for the agrarian reform agricultural societies, although never created, is being applied.

Thus, the performance and administration of the settlement is the responsibility of the General Assembly, the Board of Directors, and the Executive Committees.

The General Assembly is the highest-ranking authority and is made up of all the "campesino" settlers. It is responsible for approving the annual production plan and electing, controlling and removing the members of the Administrative Council.

The Board of Directors is responsible for administering the Settlement. Its President is the legal representative for the Settlement.

The Executive Committees are responsible for operations and are in charge of fulfilling specific tasks.

Planning Guidelines

Each settlement should formulate and implement a Production Plan. The land's traditional crops should not be changed during the first year.

Implementation

No information available.

Control

No information available.

Distribution of profits or surplus

Article 4 of the previously mentioned Decree No. 50¹⁷ establishes: "For legal purposes, "Campesino" Settlements will be considered non-profit entities. The balance in favour of the

settlement will be considered as savings produced for application towards other economic endeavours."

Admission and withdrawal of members

New members who fit the following descriptions may be admitted to a settlement after its incorporation:

1. A relative that replaces a deceased or disabled family member.
2. Those who acquire "head of household" status during the settlement process and who only lacked this condition when the enterprise was formed, but who continued to work cooperatively with the settlement.
3. Those who were not selected for other settlements due to the scarcity of land, or who were transferred from other zones by the Agrarian Reform Administration.

Settler status can be lost in the case of:

1. The termination of the settlement.
2. A written resignation presented to and accepted by the Agrarian Reform Administration Officer.
3. The death of a settler.
4. Any accident which completely disables the member.
5. Expulsion from the settlement, in accordance with the guidelines established in the regulations.

Death of a member

If a settler dies, he is replaced by a family member. If two or more blood relatives claim this right, it will be up to the regional officer of the Agrarian Reform Administration and the settlement's Assembly to settle the dispute.

PERU

Agrarian Reform is carried out by zones, which are defined on the basis of the following factors: the excessive concentration of land ownership in few hands; antisocial forms of land tenure; excessive demographic pressure and deficient land use. The agrarian zones are then divided into two or six sectors, established on the basis of ecological, agrolological, administrative, social and cultural criteria. In order to implement the change, priorities are established by sectors, each sector being covered by an Integral Development Plan (PID) through which the actions of the agricultural economic activity sector are combined with those of concurrent sectors such as health, education, finances, transportation, communications, housing and others. The PID is the sector's closest link to the National Sectoral Planning process.

The agrarian sector began to use the PID in response to pressures exerted by the process of change, the need to generate internal savings and to substantially eliminate unemployment. Functional regional planning is focused in the PID, which embrace one or more Integral Rural Settlement Projects, PIAR.

A PIAR encompasses a set of coherent actions which lead to the organised establishment of agrarian reform beneficiaries in areas defined by criteria of socio-economic unity, which crystallises intra-regional planning.

The following steps are to be taken when establishing a PIAR:

1. Determination of the PIAR's scope, dependent on ecological, technical, rural, urban and social criteria and the potential volume of land allocations, all of which are verified through a diagnostic survey.
2. Expropriation programs which consist of an orderly set of activities for individually expropriating the plots located within the PIAR.
3. Determination of the forms of land distribution, for either associative or individual cases. The models used can range from agrarian cooperatives, "campesino" commu-

nities, social interest agricultural societies, and "campesino" groups to individuals.

4. Evaluation of the beneficiaries, taking into account the legal rights of the previous form of ownership of the workers, tenant farmers and other landless "campesinos" or those who own less land than a family agricultural unit.
5. Land distribution procedure.
6. Determination of the size of the associative enterprises.

Each PIAR can include one or more associative enterprises.

Following is a description of the different entrepreneurial models.

TRANSITORY FORMS

Special Administrative Committees

Definition

As land is acquired farm by farm and step by step, but allocations are made globally (disregarding previous borders), the process requires the creation of Special Committees made up of representatives from the General Agrarian Reform and Rural Settlement Administration, other public institutions, and the "campesino" representatives in charge of administering these lands until definitive allocations are made.

Objectives

The Special Committees are to administer negotiations and expropriate holdings (land, livestock, and other goods) until such time as they can be duly distributed. (Article 68, Texto Unico Concordado, TUC)²⁸.

To motivate, train and organise "campesino" groups to create self-managed enterprises in the future.

Duration

The Special Committees are transitory, immediate and of short duration, their terms being specified in the corresponding Supreme Resolution. (Article 72, TUC)²⁸.

Legal Framework

They are created by Supreme Resolution of the Ministry of Agriculture, and will have the legal status necessary for carrying out all civil and commercial operations demanded by their endeavours. (Article 72, TUC).

Each agrarian zone must propose the creation of a Special Administrative Committee to the General Agrarian Reform and Rural Settlement Administration indicating the dimensions of the holdings to be administered and presenting a list of its members. The Land Grant Administration is responsible for implementing the Supreme Resolution which must be done as rapidly as possible.¹⁹

Size of the Enterprise

This varies, depending on the parcels involved.

Beneficiaries

The Special Committees will also serve to support the respective agrarian zones in motivating, training, and organising "campesino" groups towards the creation of future self-managed enterprises.

The Committee may hire the labourers and service personnel necessary for maintaining efficient levels of production; these will be subject to legislation covering private employees and workers.

Internal organisation

1. Branches

- a. The Special Committee. This is comprised of: two representatives from the Ministry of Agriculture,

one from the Agricultural Development Bank, one from the Industrial Bank, two or more representatives from among the farm workers and a representative from any agency or agencies considered appropriate by the Ministry of Agriculture. (Article 68, TUC).

- b. The General Administrator or Manager is designated by the General Agrarian Reform Administration from among three proposed by the Special Committee.
- c. Organising Committee of the future enterprise. This is made up of the workers from the parcel or parcels in question.

2. Functions of each branch

- a. Special Committee. To administer the parcels, as well as the special funds assigned by the State; to hire labour and service personnel; to directly sell products; to calculate the balance; to participate in any legal or administrative actions which involve enterprise administration; to draw up internal regulations; to propose three candidates for the manager's position; to intervene in preparing beneficiary settlement and land use projects and to make the necessary applications to the bank for credit.
- b. General Administrator or Manager. To submit the enterprise's technical and financial projections, cash-flow reports and the suggested budget for the first two years, along with the corresponding production and investment plans to the Special Committee. (Article 69 TUC)^{28,19}.
- c. The future enterprise's Organising Committee. This committee is chaired by a member of the Special Administrative Committee who represents workers from the parcel or parcels.

Its function is to motivate, train and organise "campesino" groups towards the future establishment of self-managed enterprises.

Planning Guidelines

No specific guidelines exist. However, it is the responsibility of the General Administrator or Manager to present production and investment plans, prepared with the cooperation of the Special Administrative Committee. Projects for settling beneficiaries must also be elaborated, according to numerous guidelines and procedures already established.

Provisional Administrative Commissions

Definition

Provisional allocations are made when "campesinos" are opposed to the installation of Special Committees. A rural land holding will be allocated provisionally, once the appropriation has been completed or the property transference document signed.

The allocation is made to the group of workers on the expropriated lands, who then form the respective commission.¹⁹

Objectives

The Provisional Administrative Commissions have the function of temporarily administering and managing the respective expropriated land holdings, with the obligation of upholding the technical-administrative directives received from the administration of the pertinent agrarian zone in which they are located. (Article 68, TUC)²⁸.

Duration

The provisional status is for a maximum of two years. Once this period is over, the definitive allocation will be made to the cooperative or the Social Interest Agricultural Society, SAIS. (Article 68, TUC)²⁸.

Legal Framework

Provisional allocations are effected on the basis of resolutions taken by the corresponding agrarian zone, and must

involve a contract with and establishes the responsibilities of the respective Provisional Administrative Committees.

For purposes of provisional allocation, each land holding will designate from six to ten candidates for membership on the commission. The agrarian zone authorities will select from three to five of these, by resolution.

Size of the enterprise

This is limited by the size of each land holding.

Beneficiaries

The workers on the expropriated lands are the provisional beneficiaries.

Internal organisation

1. Branches:

- a. The Provisional Administrative Commission. These have the same characteristics as the Special Administrative Committee. (TUC Article 68)²⁸.
- b. The Manager or Administrator is designated by the General Agrarian Reform Administration from three persons proposed by the Commission.

2. Functions of each agency:

- a. The Provisional Administrative Commission. These have the same characteristics as the Special Administrative Committee. (Article 68, TUC)²⁸.
- b. The Manager or Administrator. Must submit to the Commission the technical and financial projects for the enterprise, the cash-flow reports and budgets, including production and investment plans, as well as an organisational chart.

Planning Guidelines

The Manager or Provisional Administrator will prepare the technical and financial projects for the enterprise, elaborate the budget and investment and production plans, and monitor the cash-flow.

DEFINITIVE DISTRIBUTION MODELS

Agrarian Production Cooperatives

Definition

These are indivisible communal production units, where the land, livestock, buildings, crops, equipment and processing plans are property of the same, without the individualisation of members' rights. The cooperative will provide all the services required by the members and their families. (Supreme Decree 240-69-AP, Article 95)²⁶.

Those formed on the agro-industrial complexes acquired by Agrarian Reform Law will be considered Agrarian Production Cooperatives. (Supreme Decree 240-69-AP, Article 100)²⁶.

Objectives

1. To create a socio-economic organisational model to promote the social welfare and full realisation of each person, and which will serve as a catalytic agent for attaining a solidary society.
2. To be a permanent source of employment for its members.
3. To implement production systems which will increase production and productivity.
4. To process the products by operating industrial processing plants.

5. To raise the social, economic and cultural levels of its members, and thus contribute to local, regional and national development. (Supreme Decree 240-89-AP, Article 96)²⁶.

Duration

These enterprises are of indefinite duration.

Legal Framework

These enterprises are governed by Legal Decrees Nos. 17713²⁴ and 17716²²; their main characteristics are:

1. The social and indivisible ownership of the land and other production goods allocated to the cooperative, and of those acquired before and after the allocation.
2. Participation of all members in decision-making and in enterprise management.
3. Distribution of surplus proportional to the amount of time worked by each member.
4. To be a source of employment for all its members.
5. A commitment to efficiently use the resources allocated to the cooperative (Allocation guidelines and Procedures, p. 46-47).

Size of the Enterprise

The previous borders of the parcels need not be taken into account for determining the size of the enterprise. In the case of agricultural areas, a minimum limit has been set at 15 Family Agricultural Units, and a maximum at 250.

Members

Besides the essential prerequisites for membership like Peruvian citizenship, 18 years of age or more, head of a family, "campesino" rather than landowner, residence preferably on the holding itself or in a neighbouring area, additional conditions are:

1. To be a farmer or livestock owner who works the land directly, a worker in an agro-industrial plan, or a technical-agricultural specialist.
2. Not to have conflicting interests with the cooperative, nor to belong to any other similar cooperative.
3. To qualify as a member of the cooperative, after having presented a request to join.

(Former workers of the allocated holdings can contribute their certificates received as severance pay, accumulated during their time as former workers in the private farm system).

4. The payment of a registration fee, or signing over of the certificates as their contribution.

The Agrarian Production Cooperatives may have as members both individual persons and juridical entities, upon due evaluation by the General Agrarian Reform and Rural Settlement Administration.

The following priorities are established for individuals:

- a. "Campesinos" with preferential rights.
- b. Agricultural workers.
- c. Other landless "campesinos" or those who own areas smaller than the family agricultural unit. (minifundists).

Juridical entities include State development banks, public institutions, "campesino" communities, cooperatives and associations of individuals.¹⁹

Internal organisation

1. Branches
 - a. The General Assembly. This is the highest-ranking authority in the Agrarian Production Cooperative.

All members meet at a Regular General Assembly whenever stipulated by the Cooperative Statutes, and in a Special General Assembly whenever necessary. An Assembly can be convened, in this order, by:

- 1) The President of the Administrative Council.
- 2) The Administrative Council, by agreement of the majority of its members and only in the cases specified in Article 42 of Supreme Decree no. 240-69-AP.²⁶
- 3) The Monitoring Council.
- 4) The regional SINAMOS office.

When there are over 500 members, the statutes may establish the existence of a General Assembly of Delegates, comprised of no less than 100 and no more than 200 members who are:

- 1) Delegates elected by the members.
 - 2) Officers of the Administrative Council.
 - 3) Officers of the Monitoring Council.
 - 4) Officers of the Special Committees, when these are active. (Article 55, Supreme Decree No. 240-69-AP)²⁶
- b. Administrative Council. This agency is responsible for administering the cooperative. It is made up of no less than five titular members and two alternates, as well as the representatives designated by the Special Committees, who have the right to opinion but not to vote. The President, Vice-President, Members-at-large, Secretary and Treasurer are elected from among the official members. The cooperative statutes establish the functions of each of the Council members. The President convenes the Council at least once a month. (Articles 60-68, TUC)²⁸. Its members are entirely responsible for fulfilling their functions.

- c. **Monitoring Council.** This council is in charge of the supervision of all the cooperative's activities and exercises fiscal control over the acts of the Administrative Council. It is comprised of no less than three titular members and two alternates. The Council elects a President, Secretary and Members-at-large from among its members. It meets at least once a month and in special session when necessary. (Articles 69-77, TUC)²⁸. Its members are entirely responsible for fulfilling their functions.
- d. **Special Committees.** The cooperative statutes may establish these committees, some for production and service units, and others for socio-economic units located away from the cooperative's central operations unit. The Special Committees are formed by three titular members and one alternate, elected by the members of each operational unit.

2. Functions of each branch:

- a. **Regular General Assembly:** To elect the members of the Administrative and Monitoring Councils; to examine the administrative, financial and economic management of the cooperative; to determine the distribution of interest and surplus; to approve the Annual Development Plan and the Income and Expenditures Budget for the new fiscal period and to stipulate the maximum amount that may be acquired, transferred or mortgaged by the Administrative Council in terms of the cooperative's goods and rights without the authorization of the General Assembly. (A Special Regulation backed by a Legal Decree exists for agro-industrial complexes).
- b. **Special General Assembly:** To evaluate the Plan's execution; to reform the Statutes; to approve the Special Committees' regulations; to impeach, with cause, Council members; to authorize the issuance of bonds, changes in the production system; to authorize the Administrative Council to transfer or mortgage bonds up to a fixed amount; to agree upon the incorporation of the cooperative with another of similar purpose and different functions.

- c. **Administrative Council:** To designate one or more administrative managers from among the members or persons outside the cooperative; to administer the economic resources according to the law; to convene the General Assembly according to the Statutes; to issue bonds according to General Assembly resolution; to sanction judicial actions; to present balance sheets, statements and related documents, reports, budgets and development plans to the General Assembly; to determine the admission and withdrawal of members; to observe and supervise the observance of prevailing legal ordinances and to establish sanctions.

- d. **Monitoring Council:** To ensure that the functions and duties of the members of the Administrative Council and the Committees are being fulfilled; to determine the accuracy of financial, economic and other statements presented by the Administrative Council; to make sure the accounting system functions punctually and according to the law; to receive complaints from members regarding actions by the Administrative Council or the Special Committees; to propose sanctions for infractions by the Administrative Council to the Assembly and to present its activities report to the Assembly.

- e. **Special Committees:** To plan and propose the policies to be followed by each operational production and/or services unit and each geographical area to the Administrative Council. The characteristics and functions of each Special Committee are established by specific regulation approved by the General Assembly. (Articles 78-84, TUC)^{2 8}.

Planning Guidelines

Technical and economic guidelines exist for establishing a "campesino" enterprise which include:

1. General information.

2. Inventory of resources.
3. Enterprise organisation.
4. Production plan.
5. Livestock production plan.
6. Investment plan.
7. Financial and reimbursement sources.
8. Estimates of economic results.
9. Determination of carrying capacity (Number of workers that the enterprise can absorb).

These guidelines are highly detailed and are a powerful aid for the planning process.

In addition, Article 79 of Supreme Decree No. 240-69-AP²⁸ establishes that the Special Committees are to plan and propose the policies to be followed in each operational production unit to the Administrative Council. In the absence of these committees, planning corresponds to the Administrative Council.

Implementation Guidelines

1. Rational use of natural resources.
2. That technological procedures which maximise the use of human resources be maintained or introduced.
3. The crops and breeds traditionally raised should be kept for the first few years, except in the case of justified exceptions.
4. Optimal use of production economies of scale in the marketing, processing, credit and input purchase processes will be used through the banding together in first-level units, such as federations, etc.

5. The participation of "campesinos" in the decision-making process must be guaranteed.¹⁹

Cooperatives comprised of agrarian reform beneficiaries are given preference for State technical and credit assistance.

Control guidelines

Supreme Decree 91-71-AG²⁵ created the Advisory and Fiscal Control system for Agrarian Production Cooperatives (as well as for the SAIS) established on agrarian reform expropriated lands. The Decree states that the implementation of the advisory and control activities correspond to the General Agrarian Reform and Rural Settlement Administration, to the National Support System for Social Mobilization (SINAMOS), and other public entities, the entire system depending on the Ministry of Agriculture as its central agency with headquarters in Lima and zone and local branch offices.

Through Supreme Decree number 003-72-PM²⁷, the Advisory and Fiscal Control system came under the jurisdiction of the Chief of SINAMOS and its functions became limited to sugar-producing cooperatives in the departments of Lambayeque, Ancash, La Libertad, Lima and Arequipa and the Talambo Cooperative, Ltd. The objectives and organisation of the Advisory and Fiscal Control system were subsequently modified.

Internal controls are the responsibility of the General Assembly, the monitoring Council, the Administrative Council and, lastly, the members themselves, in that order.

Distribution of profits or surplus

According to Cooperative Regulations, surplus is distributed in the following manner:

1. No less than 10 percent to create or add to the Reserve Fund.
2. No less than 5 percent for the Educational Fund.
3. No less than 10 percent for the Social Contingencies Fund.

4. No less than 15 percent for the Investment Fund.
5. No less than 5 percent for the Cooperative Development Fund.
6. The general sum agreed to by the General Assembly for paying interest on Contribution Certificates which have been paid off in full.
7. The remainder will be distributed among the members according to the amount of time they have worked or their use of cooperative services during the fiscal period.

Admission and withdrawal of members

An allocated land contract can be revoked by request of the grantee (individual or juridical entity) who has the right to be reimbursed for the funds and improvements he has invested in after deducting any debts for credit granted by the credit institutions. The balance, if any, is paid in cash, and in the event of an outstanding debt, it is collected by the Agrarian Zone through the appropriate channels.

Membership can also be revoked for failure to meet contractual obligations, although the grantee is still eligible for reimbursement.

In either case, it is recommended that a replacement for the departing member be selected immediately and that this vacancy be used to benefit underprivileged "campesinos" who live on neighbouring or nearby parcels.

Death of a member

When a member dies, the following steps may be taken:

1. In the case of a surviving widow or permanent companion with children under 18 years of age, the General Agrarian Reform and Rural Settlement Administration will annul the contract established with the deceased and will grant the land parcel, free of charge, to the widow or permanent companion and to children under 18, with the condition that the joint ownership be liquidated when the youngest child reaches the age of 18.

2. In the case of a surviving widow or permanent companion with children over 18 years of age, the General Agrarian Reform and Rural Settlement Administration will annul the contract with the deceased and will grant the land rights free of charge to the widow or permanent companion or to one of the children over 18 years of age, upon her consent. In the latter case, the title would be paid for.
3. When the member leaves behind only children under the age of 18, the General Agrarian Reform and Rural Settlement Administration will annul the contract made with the deceased and will grant the land title free of charge to the minors, represented by the nearest relative until one of the children comes of age, and is able to assume responsibility.
4. When only a widow or permanent companion survive the member, procedures in point 1 will be followed.
5. When the member leaves only children over 18 years of age, the grant will be transferred to the son who has worked the parcel directly. If more than one have been involved in this work, the grant will be made to the one chosen among themselves. If they cannot arrive at a consensus, the Agrarian Reform Administration will make the decision.
6. If a member dies before signing a contract, the allocation will follow the indications stated above where applicable, but will have to be paid for.¹⁹

Integrated Agrarian Cooperatives

Definition

These cooperatives are created to form agricultural units of sufficient size to permit cooperative production services which will increase production and productivity and will elevate the social, economic and cultural conditions of its members.

Objectives

1. To carry out cooperative production.
2. To make a physical plan for the integrated parcels in order to determine the adequate combination of their factors.
3. To modernise agricultural and livestock production through an understanding and application of advanced techniques.
4. To process their products through the operation of industrial plants.

Duration

These cooperatives are of a permanent nature.

Legal Framework

They are governed by articles 105 to 116 of Supreme Decree No. 240-69-AP²⁶ and the General Cooperative Law.

In order to organise Integrated Agrarian Cooperatives, beneficiaries must transfer to the Cooperative:

1. Property rights of his parcel as a capital contribution, for which he will receive its value in certificates of contribution.
2. Usufructory rights over the parcel.
3. Ownership rights over part of his parcel as a capital contribution.
4. Usufructory rights over the parcel. He may keep an area no larger than one hectare.

The parcels transferred as capital contributions become the property of the Cooperative and will not be returned to the member under any circumstances.

Size of the enterprise

Unlimited.

Members

Recipients of Family Agricultural Units (UAF) and agrarian reform beneficiaries whose parcels are subjected to a concentration and re-organisation by changes in the rural structure may organise Integrated Agrarian Cooperatives.

To become a member of an Integrated Agrarian Cooperative, the "campesino" must no own lands larger than three UAF, and must transfer all or part of his ownership and usufructory rights to the cooperative. The right to reserve property or usufruct may not exceed one hectare.

For transferring a parcel as capital contribution, a member must request authorisation from the General Agrarian Reform and Rural Settlement Administration.

Internal Organisation

1. Branches:

As in Production Cooperatives, the branches are:

- a. General Assembly.
- b. Administrative Council.
- c. Monitoring Council.
- d. Special Committees (when necessary).

Each of these branches is created and functions identically as those in the Agrarian Production Cooperatives.

2. Functions and attributes of each branch:

The functions and attributes of each branch of the Integrated Agrarian Cooperatives are the same as those

established for the respective branches of Agrarian Production Cooperatives.

Planning Guidelines

The Special Committees will plan and present the plans and policies to be followed by each operational unit to the Administrative Council for consideration. In the absence of Special Committees, the Administrative Council will be responsible for these activities.

Implementation Guidelines

In order to fulfill their objectives, the Integrated Agrarian Cooperatives should:

1. Cultivate, produce, process and market the agrarian products which are cooperatively produced.
2. Organise work systems for the cooperative's activities.
3. Provide the goods and services required for operating the enterprise and for satisfying the needs of the members and their families.
4. Create a permanent and adequate training system.

Control

Internal controls are exercised in the following order by: the General Assembly, the Administrative Council, the Monitoring Council, the Special Committees, and finally, on the initiative of any individual member.

Distribution of profits or surplus

The surplus generated by cooperative work is distributed among the members in proportion to the amount of time worked by each, independent of advance sums received in exchange for services. The surplus generated by the services which the cooperative extends to its members is distributed in proportion to the volume of operations performed. Each case is governed by Supreme Decree No. 240-69-AP²⁶, which was

described in detail in the section on Agrarian Production Cooperatives.

Admission and withdrawal of members

Membership Status is lost by:

1. A written resignation submitted to the President of the Administrative Council.
2. Death.
3. Transferring the social contribution.
4. Exclusion can be ordered by the Administrative Council in the case of:
 - a. Failing to fulfill duties.
 - b. Acting against the cooperative's interests.
 - c. Negotiating privately with third parties.
 - d. Having lost civil rights.

The acceptance of a resignation will be deferred when the member is a debtor or co-debtor of the cooperative in amounts larger than the total of his contributions, or when the economic or financial situation of the cooperative cannot permit it.

Death of a member

The same rules apply in the event of a member's death as in the Agrarian Production Cooperatives.

Agrarian Service Cooperatives

Definition

Agrarian Service Cooperatives are those created to deliver services related to meeting the agricultural production and rural development needs of their members. These services are the property of the cooperative.

Objectives

1. To increase production and productivity.
2. To stimulate the re-investment of income through the communal use of services.
3. To market and process its members' products.
4. To raise the social, technical, economic and cultural levels of its members.

Duration

Indefinite.

Legal Framework

These cooperatives are governed by Decree-Law Nos. 17713²¹ and TUC²⁸.

Size of the enterprise

Unlimited.

Members

Farmers and livestock owners who directly work the land may become members, as long as they meet the following requirements:

1. Interests must not conflict with the cooperative's.
2. They may not belong to any other cooperative.
3. They must fill out an application form for admission.
4. They must pay the registration fee and agree to the established commitments.
5. They must be accepted as a member.

In addition, and more specifically, a potential member must:

- a. Own land no larger than three times the Family Agricultural Unit.
- b. Not have more than six permanent wage labourers.

Internal Organisation

The Branches and corresponding functions are the same as in the other types of agrarian cooperatives already described.

Planning Guidelines

Identical to those previously described for agrarian cooperatives.

Implementation guidelines

In order to fulfill their objectives, the Agrarian Service Cooperatives should:

1. Provide members with inputs, machinery, equipment, facilities and other elements needed for production, as well as the articles needed by the members and their families for their use and consumption.
2. Organise the marketing of members' products.
3. Improve existing infrastructure, in such a way as to increase production and productivity.
4. Install and operate processing plants for members' products.
5. Coordinate the rational use of land and water resources as well as crop programming, cultural practices and other actions which, by their nature, require this type of coordination.
6. Integrate its economic operations into the cooperative movement.

7. Provide its members with the means for obtaining a more thorough theoretical and practical understanding of agricultural production and their social and cultural development.
8. To develop other means for meeting the cooperative's objectives.

Control

Internal and external controls described for other agrarian cooperatives also apply in this case.

Distribution of profits and surplus

The surplus generated by the services provided by the cooperative will be distributed in proportion to the volume of operations carried out by each member with the cooperative during the fiscal period. (Article 121, Supreme Decree 240-69-AP)²⁶.

Admission and Withdrawal of Members

The same as for the Integrated Agrarian Cooperatives.

Death of a member

Procedures described for Agrarian Production Cooperatives also apply to this type of cooperative.

Communal Cooperatives

Definition

First degree Communal Cooperatives are formed on lands belonging to "campesino" communities as well as on new areas granted to them through application of the Agrarian Reform Law. These cooperatives are organised as units for communal exploitation of lands, forests, quarries and livestock, and use of buildings, products, equipment, processing plants and other goods. Likewise, they provide the entire "campesino" community with all the services necessary for production and for satisfying the needs of the members and their families. These services will be the property of the cooperative.

First degree Communal Cooperatives are classified into:

1. Communal Production Cooperatives, and,
2. Communal Services Cooperatives. (Article 122, Supreme Decree No. 240-69-AP)²⁶.

Objectives

1. To establish mechanisms for equal participation in decision-making and in the social revenue produced through communal efforts.
2. To make traditional models more dynamic and modern so that the resulting socio-economic units will make a more rational use of human and capital resources by avoiding the sub-division and fragmentation of communal lands.
3. To encourage the development of different forms of mutual aid and traditional cooperation in order that they may become prevalent in cooperative organisations.
4. To be a permanent source of employment for its members, attempting to eradicate under-employment by intensifying economic production and marketing activities.
5. To develop adequate planning for the community's economic activities.
6. To encourage significant savings, to be invested in production materials.
7. To elevate the social, economic and cultural levels of its members. (Article 125, Supreme Decree No. 240-69-AP)²⁶.

Duration

Indefinite.

Legal Framework

The rural property system for "Campesino" Communities is subject to Decree-Law no. 17716²², with the guarantees and limitations set by the Constitution of the Republic.

The State should encourage the increased technification of the "Campesino" communities and their organisation into cooperatives. SINAMOS, through the General Rural Organisation Administration, should organise the communal cooperatives.

Thus, in order for "Campesino" communities to benefit from agrarian reform, they must be restructured and organised into a system for cooperative production on allocated lands. (Article 129, Supreme Decree No. 240-69-AP)²⁶.

Size of the enterprise

A Communal Cooperative must have at least 50 members in order to be constituted. Each member may be assigned no more than 1/4 hectare for their personal family use. (Article 132, TUC regulations)²⁸.

Members

The same general characteristics apply as for the beneficiaries of other agrarian cooperatives.

To qualify as a beneficiary, the person must be a member of the community and live there. (Article 128, Supreme Decree No. 240-69-AP)²⁶.

Internal Organisation

Both the branches and their corresponding functions are identical with those of the agrarian cooperatives already described.

Planning Guidelines

Those described for Agrarian Cooperatives also apply here.

Implementation Guidelines

To fulfill their objectives, the Communal Cooperatives should:

1. Form an economic unit which includes the entire "Campesino" Community, through cooperative production and/or generalised services.
2. To increase the participation of all members in production, processing, marketing, consumption and other activities established by the cooperative.
3. To organise work systems that ensure full employment for all members.
4. To facilitate the use of existing resources and available services through rational analysis of the community's economic activity, integrating its activities with those of other cooperatives in the area.
5. To integrate the cooperative's flow by providing the goods and services required for production and for fulfilling the needs of members and their families.
6. To organise technical and theoretical training centers at local and regional levels. (Article 126, Supreme Decree No. 240-69-AP)²⁶.

Control

The same control systems exist as in other types of agrarian cooperatives.

Distribution of profits or surplus

The surplus generated through common efforts is distributed among the members in proportion to the time worked by each member in the cooperative during the fiscal period. The surplus generated from services delivered to members by the cooperative is distributed in proportion to the volume of operations effected during the fiscal period. (Article 164, Supreme Decree No. 240-69-AP)²⁶.

Admission and withdrawal of members

Individuals who reside permanently in the area to be re-allocated will be integrated into the beneficiary community by assimilation, as established in the "Campesino" Community Statutes.¹⁹ No other specific guidelines exist on the matter, by which we assume that the guidelines for Agrarian Cooperatives apply here as well.

Death of a member

Community lands that are individually held and worked by a member are community owned; ownership rights cannot be altered or transferred by contract or by hereditary succession, so when a member dies, ownership rights revert to the community. (Article 119, TUC)²⁸.

Lands granted to individuals

Definition

When land is granted to individuals (recognised juridical status) settlement of grantees is on the basis of family agricultural units (UAF). (Article 78 of the TUC)²⁸.

The fact that the use of other distribution models is not always feasible is considered a favourable condition for adopting this particular land allocation model.

The family agricultural unit is defined as the amount of land which, when worked directly by the farmer and his family under efficient technical conditions, can absorb the family's entire work potential and provide the farmer with sufficient net income for sustaining his family, covering any other commitments contracted during the course of his activities, and accumulating a margin for savings. (Article 79, TUC)²⁸.

Objectives

1. To absorb the entire family work potential without requiring additional hired labour, except during certain periods of the agricultural cycle, and in amounts no greater than one-fourth of the family's annual labour capacity.

2. To provide the farmer with sufficient net income to sustain his family, fulfill the obligations which correspond to the land purchase and to accumulate a margin for savings.

Duration

Indefinite.

Legal Framework

Governed by Article 77 and subsequent ones of TUC²⁸, which establish that the allocations can be made to individuals or groups of "campesinos", in UAF or family livestock production units.

Land allocations are based on private documents of sale. The price is fixed according to the UAF's economic capacity and cannot be higher than the expropriation value. This sum is paid in 20 annual payments, with a maximum of five years of grace.

Size of the enterprise

Land will be allocated to individuals in the following manners:

1. Family agricultural or livestock production units, whose size will be determined for each zone by the General Agrarian Reform and Rural Settlement Administration.

The size of the UAF is calculated for each zone by taking into account the potential work force of the average family and the economic capacity of each type of land.

In the case of the family livestock production unit, the area is calculated on the understanding that it must yield a net income sufficient for maintaining the family and for paying off the parcel.

2. Units up to 15 hectares in size in Coastal areas, and up to 30 in the Sierra (Highlands) and the Ceja de Selva (Foothills).

3. Units greater than 15 hectares on the Coast and greater than 30 in the Highlands and Foothills up to the maximum limit allowed. Parcels allocated as family agricultural units are indivisible. (Articles 79, TUC)^{28,19}.

Beneficiaries

Candidates for allocation of a UAF must:

1. Be a Peruvian citizen.
2. Be 18 years of age or have obtained civil status.
3. Be the head of a family.
4. Be a "campesino".
5. Not own lands or own an area smaller than a UAF. In the latter case, ownership rights must be transferred to the General Agrarian Reform and Rural Settlement Administration.
6. Preferably reside on the allocated land or in neighbouring areas. (Article 84, TUC)²⁸.

Selection of Beneficiaries

Individuals receiving allocated land are classified as:

1. "Campesinos" with preferential rights:
 - a. Feudal type farmers, that is, share-croppers, tenant farmers, settlers, squatters, etc. and other "campesinos" who directly work parcels no larger than 15 hectares on the Coast or 30 in the Highlands or Foothills, and who work for a landowner from whom he may or may not receive wages, even if the amount received exceeds the legal minimum wage. This does not apply to permanent workers on agricultural lands who have been granted free use of a parcel no greater than one hectare by the owner, who receives at least the legal minimum wage and is covered by existing labour laws. Nor does this apply

to stable shepherds or range hands who are granted, free of charge, pasture rights for up to 40 head of sheep, as long as they receive at least the corresponding minimum wage and are covered by the labour laws.

b. Small-scale tenant farmers, sub-tenants and other non-landowning small farmers who work the land directly on parcels no larger than 15 hectares on the Coast or 30 in the Highlands and Foothills. Also considered within this category are those permanent workers on land no smaller than one hectare and no larger than 15 on the Coast and 30 in the Highlands and Foothills. This also applies to permanent workers who are assigned free grazing rights on land that can sustain no less than 40 and no more than 5000 head of sheep.

2. Other landless "campesinos" or those who own parcels smaller than the family agricultural unit.

Family agricultural units, or the amount of land necessary to complete a UAF may be granted to permanent or seasonal agricultural workers, minifundists, or beneficiaries of agrarian reform who do not have a full agricultural unit.

3. Tenants, occupants, usufructors, farmers legally bound to cede their harvests to a land owner until a debt is paid off, co-owners and other farmers with rural parcels larger than 15 hectares on the Coast and 30 in the Highlands or Foothills. They may be granted the land which they can handle directly and efficiently, up to the maximum limit, as long as this does not affect the rights of the feudal-type small-scale tenants and other small farmers who work parcels smaller than the family agricultural unit.
4. Occupants of public lands. Owners of land which has reverted to public domain and who have contracted for transferring all or part of the land with concessionaries (grantees) whose rights have lapsed will have the right to receive the land they work efficiently up to the maximum limit allowed. The amount paid to the entrepreneur or

concessionary on the transfer before his rights expired will be deducted from the value of the land. "Campesinos" occupying public lands are eligible to receive the land they work, up to the 15 hectare limit on the Coast, and the 30 hectare limit in other regions.¹⁹

Social Interest Agricultural Societies

Definition

These are private juridical entities with limited responsibility, made up of beneficiaries of Agrarian Reform, and created when considered necessary by the General Agrarian Reform and Rural Settlement Administration. They are governed by the basic principles of most associations and the cooperative system.

The following favourable factors should exist when adopting this allocation model:

1. The beneficiaries must have juridical personality. Exceptions will be made in some cases involving individuals.
2. According to the characteristics of the enterprise, the need for outside manpower must be low in comparison to the enterprise's profitability, the exploitation system used and the number of beneficiaries who qualify.

Objectives

1. To create a self-managed "campesino" enterprise model that compensates for the socio-economic imbalances in an area by distributing the benefits of the collective enterprise according to the development needs of each member group.
2. To diffuse modern agricultural technology by training "campesinos" to attain high levels of production and productivity.²⁰

Duration

These are definitive allocations, and thus are of indefinite duration. However, if necessary and with prior authorisation from the General Agrarian Reform and Rural Settlement Administration, they can function as transitional models in the process of forming cooperatives, but only if membership is on an individual³⁰ rather than group basis.

Legal Framework

They are juridical entities of private right and limited responsibility. Their status is processed through the General Agrarian Reform and Rural Settlement Administration, by Supreme Resolution, and on prior completion of a report by SINAMOS. Social Interest Agricultural Societies (SAIS) are governed by Cooperative Legislation guidelines, and where applicable by the provisions in title VII of Supreme Decree No. 240-69-AP.²⁶

The statutes of each SAIS are formulated by the Agrarian Reform Administration and SINAMOS.

After recognition is granted through Supreme Resolution, the SAIS must be entered in the Juridical Entity Register of the Public Registry and in the ledger kept by the General Agricultural Promotion Administration of the Ministry of Agriculture. (Articles 143, 144, 145, Supreme Decree No. 240-69-AP)²⁶.

When SINAMOS determines that a group of agrarian reform beneficiaries does not meet certain requirements needed to attain cooperative status and if the particular circumstances call for the creation of a SAIS, it submits the respective recommendation to the General Agrarian Reform and Rural Settlement Administration, which will in turn formulate the corresponding Statutes in cooperation with SINAMOS and establish the pertinent requirements which each SAIS must meet in order to be recognized. (Articles 143, 144, Supreme Decree 240-69-AP)²⁶.

When these special circumstances no longer exist, the SAIS should be transformed into a cooperative, and must be

recognized as such by SINAMOS. (Article 146, Supreme Decree no. 240-69-AP)²⁶.

The most important characteristics of the SAIS are as follows:

1. Indivisible associative ownership of the land and other agrarian materials.
2. Participation by all the members in decision-making and enterprise management through institutional mechanisms established in its Statutes.
3. Commitment to efficiently exploit all the resources allocated to the SAIS for the benefit of all. (Allocation guidelines and Procedures).

Size of the enterprise

No limitations.

Members

Both individuals and juridical entities may become members. In the case of individual membership, the SAIS is considered a transitional stage in the process of creating a cooperative. When its members are juridical entities, the SAIS is considered a definitive allocation model, but at a secondary level.

Internal Organisation

1. Branches:

Same as in Agrarian Cooperatives.

2. Functions:

The SAIS is governed by cooperative legislation guidelines and thus its organisational branches function in the same manner as in other cooperatives. These can vary, however, in response to the individual characteristics of each SAIS.

Planning Guidelines

Planning in most SAIS is based on area, with group treatment to the different types of land tenancy, adapted to the diverse types of production and the different relationships generated by the geographic vicinity. Other SAIS have proceeded to integrate their activities with the productive networks of neighbouring communities.

In other cases, the SAIS serve as a planning, administration and service unit (CENCIRA)².

Implementation Guidelines

In some SAIS, efforts are made to ensure that the network's production units do not lose their sense of cohesiveness or articulation and thus their effectiveness. They also attempt to ensure that the small number of workers in the productive units are not unduly favoured at the expense of the enormous surrounding population of communal workers; this is why the surplus generated by the networks is invested in the member communities.

In other cases, the SAIS market the products and supply the inputs to member cooperatives, maintaining a policy of land parcel integration and giving preference to landless members for work in areas of direct exploitation.

Control

Supervision of the administrative, financial and economic performance of the SAIS and the review of its accounts and balances are the responsibility of SINAMOS, which is authorised to examine all books and documents, whatever their nature. (Article 148, Supreme Decree No. 240-69-AP)²⁶.

The same guidelines as for cooperatives govern internal control.

Distribution of profits or surplus

The SAIS are required to create and contribute to a reinvestment fund, the amount of which is approved annually

based on the society's projects for economic expansion. (Article 152, Supreme Decree no. 240-69-AP)²⁶.

The cooperative guidelines already described apply to other aspects of this point.

Admission and withdrawal of members

Upon cancellation of membership, for any reason, the member's account will be liquidated. Credit will be given for contributions, income, surplus funds and unpaid re-imbursments, and deductions will be made for any outstanding obligations of his position and for the corresponding percentage of losses suffered to the date of his withdrawal. If there is a net balance in favour of the member at the time of liquidation, it will be paid to him or to his heirs under the conditions and time limits established in the Statutes. If the member's balance is negative, the Society will exercise its rights according to the law. (Article 153, Supreme Decree 240-69-AP)²⁶.

Death of a member

When a member dies, the duly designated heir may, after being recognized as such by the General Agrarian Reform Administration, acquire membership status in the SAIS, pending payment of the net balance described in the previous section.

The new member will assume any debt not settled by the deceased. (Article 154, Supreme Decree 240-69-AP)²⁶.

Cooperative Centers

Definition

Agrarian Cooperatives, Communal Cooperatives, and SAIS are integrated into Centers created in order to provide the affiliated cooperatives with necessary agricultural production and rural development services. The services established will be the property of the Center. (Article 135, Supreme Decree 240-69-AP)²⁶.

Objectives

1. To provide affiliated cooperatives with the elements necessary for production.
2. To market and process the products of affiliated cooperatives.
3. To make loans, provide guarantees, and carry out other credit operations which will favour the affiliated cooperatives.
4. To organise services that benefit the affiliated cooperatives. (Article 137, Supreme Decree 240-69-AP)^{2 6}.

Duration

Indefinite.

Legal Framework

The organisation, creation, performance and administrative and legal framework of the Centers are governed by the General Cooperative Law and its regulations, as well as by what is established in Title I (Article 136, Supreme Decree 240-69-AP)^{2 6}. Some special provisions can also be found in Title IV of this same Decree.

Size of the Enterprise

A Center must have at least three agrarian and/or communal cooperatives before it can be formed. SAIS may become Center affiliates. (Article 139, Supreme Decree 240-69-AP)^{2 6}.

Beneficiaries

Only the following juridical entities may become beneficiaries of the Cooperative Centers.

1. Agrarian Cooperatives.
2. Communal Cooperatives.
3. SAIS.

Selection of Beneficiaries

To become members of a Cooperative Center, the agrarian cooperatives, communal cooperatives and SAIS must meet the following requirements:

1. Be officially recognized and have juridical personality.
2. Meet the requirements established in the Center's Statutes. (Article 140, Supreme Decree 240-69-AP)²⁶.

Internal Organisation

The dispositions indicated for the legal framework apply here as well.

Planning Guidelines

The same guidelines apply here as for other cooperatives.

Implementation Guidelines

Cooperative Centers must:

1. Organise the marketing process for affiliated cooperatives.
2. Install and operate processing plants for their products.
3. Supply affiliated cooperatives with inputs, machinery, equipment, facilities, credit and other elements necessary for production; as well as articles for consumption and use to satisfy the needs of the members of the affiliated cooperatives.
4. Obtain credit to cover the needs of the Center and its affiliated cooperatives.
5. Provide the affiliated cooperatives with technical assistance and training in agriculture, finances, accounting and other areas, aiming at centralising the training program.

6. Establish warehouses, silos, agricultural equipment services, maintenance workshops, and other facilities for use by affiliated cooperatives.
7. Centralise research efforts, in order to achieve higher levels of efficiency and productivity.
8. Establish uniform accounting, administration, auditing and control systems for affiliated cooperatives, aiming at their centralisation. (Article 138, Supreme Decree 240-69-AP)²⁶.

Control

They are governed by the General Cooperative Law and the pertinent provisions in Title I of Supreme Decree 240-69-AP²⁶, where applicable.

Distribution of profits or surplus

Article 141 of Supreme Decree 240-69-AP²⁶ states: "Surplus generated by the Center's services will be distributed in proportion to the volume of operations performed by each of the affiliated cooperatives during the fiscal period."

VENEZUELA

The usual form of land allocation has been the family agricultural property, with parallel service organisations which aid in developing individual production units. Only as estimated 2.3% of beneficiary "campesinos" belong to collective land allocation units.

To be eligible for land allocation, the "campesino" must commit himself to working the parcel himself, not own any other land, or own an insufficient amount, be over 18 years of age. Within these limits, the agrarian reform law guarantees the "campesino" or groups of "campesinos" the right to be allocated economically exploitable lands. "Campesino" groups are required to democratically elect a provisional committee to represent them in the administrative processes involved in request for allocation. Each application is processed within 90

days by the local agrarian authority and sent, with its recommendations, to the Central Office of the National Agrarian Institute, IAN, whose directive council is the only agency authorised to grant lands to the groups through the respective Provisional Committee, either as a legal act or as a contract of solidary responsibility.

Within one year, the individual or collective allocations will be made definitive by IAN with property titles. At that point, in its last duty, the Provisional Committee convenes a general assembly to select the future administrative and directive committees and thus create the new productive structure. In the case of collective allocation, three associative models can emerge:

Credit Unions

Their basic objective is to obtain credit. They are actually intermediaries for the directed credit program sponsored by the Agriculture and Livestock Bank, BAP. The individual nature of each of the parcels owned by union members and their corresponding obligations are unchanged. This associative model facilitates the allocation of State Credit, technical and marketing services, but does not guarantee greater production, productivity or efficiency, nor the complete recovery of credit. Neither does it guarantee the active participation of beneficiaries, nor has it contributed to establishing permanent solidary ties between them.

"Campesino" Enterprises

"Campesino" enterprises are economic and mutual aid associations created for cooperative exploitation of the land and the collective organisation of different aspects of agricultural production. They have juridical personality but have not yet been defined specifically as agrarian entities, since their constitutions have adopted standards from the Civil and Commercial codes. They are not well-defined organisationally, and in spite of their cooperative orientation, contributions are based on the economic capacity of the members which results in membership standing being unequal, since profits are distributed in proportion to the work and capital contributed by each member.

The "campesino" enterprise currently functions fundamentally as an economic organisation without significant social and political dimensions.

Agrarian Centers

This model is still in its preliminary stage; it will be required for collective allocation units and optional for individual units. It can be considered a secondary level structure, and the nucleus of a new municipality because of its eminently political and administrative scope. Its functions involve re-organising rural areas, representing "campesino" class interests and their social development, and monitoring the agrarian reform agencies. It has responsibilities in developing community life and organising agrarian enterprise, and functions on a non-profit basis. The juridical entities that belong to the Centers are governed by their own regulations, adapted to Center requirements.

The following provides a more detailed analysis of these three allocation models:

Credit Unions

Definition

These are "campesino" organisations primarily oriented at obtaining credit, and secondly, at the cooperative use of other agricultural production services.

The agrarian reform law initiated this form of organisation as a means for processing credit for agricultural production. However, in practice, credit unions have branched into other activities, such as mechanisation and marketing services (Suárez)³¹.

Objectives

Credit Unions are a means to direct and control the use of and recover the preferential credit extended by the Agricultural and Livestock Production Bank.

The Statutes of the Credit Unions establish these objectives: "to organise, promote, and provide cooperative services; to apply for and process loans with the Agricultural and Livestock Production Bank and other competent organisations and to supervise the marketing of the agricultural products." (Suarez)³¹.

Duration

These models usually last as long as it takes to repay preferential credit.

Legal Framework

Credit unions acquire their juridical personality after fulfilling the legal requirements established for the purpose. They adhere to the parcelary system. (Suarez)³¹.

Each member has the right to one vote, independent of the size of his parcel or the amount contributed.

Beneficiaries

At least five small or medium-sized farmers or livestock producers are required for establishing a credit union. (Suarez)³¹.

Selection of Beneficiaries

The members of a credit union must own land located within the physical borders of a given settlement (part of a parcel; one, two or more parcels).

Internal organisation

1. Branches:

- a. The General Assembly is the union's highest authority and is composed of all the members. (Suarez)³¹.

- b. The Board of Directors is composed of a president, a secretary, a treasurer and two Members-at-large.

2. Functions:

- a. The General Assembly should meet at least four times a year, to:

- 1) Determine the exclusion of members.
- 2) Modify the statutes.
- 3) Approve the work plans.
- 4) Approve increases or decreases in social capital.
- 5) Name and remove the members of the Board of Directors.
- 6) Annually revise and approve the accounts and balance sheets.
- 7) Approve the profit amounts and their distribution.
- 8) Can dissolve the union, with the consent of at least two-thirds of the membership.

- b. The Board of Directors should meet at least once every 15 days, and should:

- 1) Uphold and ensure the fulfillment of the General Assembly's decisions.
- 2) Accept and register new members.
- 3) Legally represent the union.
- 4) Convene regular and special General Assembly meetings.
- 5) Authorise payments as required to ensure the union's continued performance.

- 6) Suspend a member while the General Assembly deliberates on his case.
- 7) Establish the guidelines for organising the enterprise's accounting system and appoint the person responsible for them.
- 8) Provide the IAN and BAP with copies of the General Assembly proceedings and periodic statements on the union's economic status. (Suarez)³¹

Size of the enterprise

There are no size specifications. However, a minimum of five members has been set for creating a credit union.

Planning Guidelines

Credit unions prepare tentative plans with the collaboration of technical consultants, which estimate the credit needs for the coming agricultural year.

1. The total figures for these plans are submitted to the BAP by IAN, which, after consulting with its regional offices, determines the definitive amount of credit to be granted.
2. On the basis of this amount, the union prepares definite agro-economic plans for each members' parcel with the help of its consultants.
3. These definite plans are again sent to IAN and BAP which assign the funds upon their approval.
4. Each union presents its application to the BAP agency, along with its statutes, definitive plans, the authorisation from IAN to solicit credit from BAP, and the official letter which designates a specialist to serve as consultant to the union. (Suarez)³¹.

Implementation Guidelines

In order to be able to make proper use of the credit funds received, each union member must commit himself to:

1. Invest the credit in the activities agreed to, previously.
2. Provide IAN and BAP with all the requested information.
3. Pay the established interest and the union's credit management commission.
4. Repay, as his income permits, previous debts incurred with the BAP or the union.
5. Authorise the union to market his products and discount the value of any loan.
6. Assign agricultural collateral to BAP.

The Board of Directors uses the amount of the loan to open a checking account with the nearest BAP branch. The checks drawn on this account must be signed by the union's directive council and by the technical consultant.

It is evident that the credit union is fundamentally an intermediary for the credit program which maintains the individuality of each of the members' agricultural units associated to the union. (Suarez)³¹

Control

In practice, the credit union functions primarily as a mechanism for processing, administering, controlling and recovering credit.

Distribution of profits

The producer turns over his harvest in exchange for a receipt which is valid until the definitive individual settlement is made. This settlement deducts inputs received by the member, advance payments, interest, current credit payments and earlier debts from the total amount. A balance in favour of the member is deposited in each union's checking account and is available to the "campesino" upon request.

Admission and withdrawal of members

No information available.

Death of a member

The National Agrarian Institute may annul the allocation of a parcel, following a report from the Administrative Council, upon the death of the owner, whether the parcel has been paid for or not, and if the heirs cannot agree on the administration and use of the parcel, or if they opt to divide the land. The parcel will then be granted, preferably, to a blood relation, as long as he meets the requirements established by law. In this case, IAN will declare the value of the parcel with its improvements and additions, after deducting the amount of the debt incurred by the previous owner with the agrarian reform agencies. (Article 73, Agrarian Reform Law)³².

Campesino Enterprises

Definition

These are agrarian economic organisations of a collective nature with juridical personality, which provide basic development services through the preparation of agro-economic and credit plans.

The collective orientation not only applies to property, but also to the form of exploitation and the attainment of state credit, technical assistance and marketing services. (Suarez)³¹

Objectives

"Campesino" enterprises are of a primarily economic orientation, but also involve the civic and social development of their members. Their specific objectives are:

1. To increase productivity.
2. To increase credit recovery.
3. To demonstrate the advantages and possibilities of the collective work system.

4. To train "campesinos" in the use of new agricultural technology, more efficient use of inputs and product marketing.
5. To train members in the use of administrative accounting systems and controls for the organisation's adequate performance and for self management purposes.
6. To achieve "campesino" participation in the agrarian reform process.
7. To form basic economic pressure groups to defend and favour "campesino" interests. (Suarez)³¹.

Duration

These are long-term organisations. They are usually established for 10, 20 or 50 years and are renewable. Suárez³¹

Legal framework

These are collective agricultural associations which can be formed by the association of titular owners of family-sized parcels who turn these over to the new juridical personality. They can also be formed through collective land allocations.

The responsibility of the members is limited to the value of their contributions or quotas, but is solidary to the enterprise as a whole.

There are two principle sources for establishing the assets:

1. The members' certificates of contribution.
2. Property or usufructory rights to the land, facilities, or machinery necessary for production. (Suarez)³¹

Beneficiaries

A "Campesino" enterprise can include as members those parcel owners who become associates and contribute their assets to the enterprise, or those who receive collective land allocations.

Selection of beneficiaries

Members of a "campesino" enterprise can be titular owners of lands allocated as family assets, by declaration

of the IAN and at the request of the "campesino". Independent land owners of small family plots can form "campesino" enterprises that have juridical personality. These enterprises can take advantage of the benefits that accrue to the institution of family patrimony. Finally, the beneficiaries of collective allocations through agrarian reform may use their lands to form a "campesino" enterprise.

It is not mandatory for settled "campesinos" or independent small-scale owners to join "campesino" enterprises. (Articles 102, 106, 195 and 107, Agrarian Reform Law)³².

Internal organisation

1. Branches:

There are no defined organisational lines, but the following form a common denominator:

- a. General Assembly, made up of all the "campesino" members.
- b. The Administrative Council.
- c. The Monitoring Council.
- d. The Development and Production Committee, which can include either representatives from the work groups or specialists.

2. Functions of each branch:

- a. The General Assembly is the society's highest authority.
- b. The Administrative Council is the enterprise's executive branch.
- c. The Monitoring Council is the enterprise's internal control mechanism.
- d. The Development and Production Committee is the instrument which ensures the members' direct and

permanent participation in programming and executing enterprise activities. (Suarez)³¹

Size of the enterprise

Unlimited.

Planning Guidelines

Planning is the responsibility of the Development and Production Committee.

Implementation Guidelines

No information available.

Control

Internal control is exercised by the Monitoring Council. Institutional control is exerted by IAN and BAP.

Distribution of profits

Ten percent is set aside for reserve funds, ten percent for the Social Welfare Fund, five percent for education, and the remaining 75 percent is distributed in proportion to the amount of work performed by each member. When capital contributions are made, or when individual property or usufruct rights over the land, facilities and machinery are unequal, members receive additional shares of the profits in proportion to the nature of their contribution. The criterion for distributing profits as a function of each member's work contribution is combined in practice with the revenue obtained from capital contributions, duly invested.

Admission and withdrawal of members

No information available.

Death of a member

No information available.

Agrarian Centers

Definition

This model is in the process of being structured and consequently is not well defined with respect to its nature, organisation and performance.

Nevertheless, the following definition has been proposed:

“The Agrarian Center is specifically an agrarian institution which takes on juridical personality for a group of “campesinos” who have been granted land either individually or collectively by the National Agrarian Institute, in the same or neighboring areas, and whose specific purpose is to promote, for non-profit motives, the development of community life and the organisation of the respective agrarian enterprise.” (National Agrarian Institute)^{1 2}.

In practice, the Agrarian Center operates for economic ends, but at the same time it stresses that it is not an agrarian enterprise *per se*, but is “the nucleus of a new kind of municipality.”

Objectives

The Agrarian Center was conceived of by legislators as a way to govern and administer a geographical unit, but in reality, it has been transformed into a “campesino” organisation with administrative, social and economic goals, with the capacity to process individual and collective credit, and with statutory attributes for forming capital reserves.

Also included among its functions is the integral planning of the land, which includes representing “campesino” class interests and monitoring the official agencies in charge of executing agrarian reform.

A permanent objective is to foster the group’s development towards constituting a truly humanitarian community; a transitory objective is to promote the organisation of enterprises which are to carry out productive activities. (Natale^{1 5}; Hernandez Ocanto.^{1 1})

Duration

Has not been established.

Legal Framework

The law suggests and demands the creation of Agrarian Centers, and establishes that they be directed by an Administrative Committee. Nevertheless, the Agrarian Center does not have juridical personality. In order to achieve its specific ends or carry out agricultural enterprise activities, it must involve a civil society, or else another type of juridical entity must be created.

Juridical personality is only necessary for transactions with third parties, for which the members of the agrarian centers have their rights and regulations clearly defined and regulated by the statutes which they approve themselves in Member Assemblies, and which the Administrative Committee must uphold.

In any case, it should be noted that a mandate relationship exists between the "campesino" group and the Administrative Committee, or at least a corporative designation is made by an Assembly of Grantees (Hernandez Ocanto).¹¹

Among the juridical entities created to enable the Agrarian Centers to carry out their economic activities are the credit unions, "campesino" enterprises or cooperatives, which are coordinated by the Center. These are governed by their own statutes, but must adapt to the Center's requirements and be approved by the Administrative Committee.

Because of the Agrarian Center's lack of juridical authority, it is usually described as a socio-economic unit responsible for economic planning aspects. Organisationally, it is seen as an economic unit with socio-political content.

The Agrarian Center set up is mandatory for collective allocations and optional for individual ones. It may include one or more settlements and is created by IAN resolution (Hernandez Ocanto).¹¹

Beneficiaries

There are two types of members:

1. **Active:**
 - a. The members of juridical entities such as credit unions, "campesino" enterprises and cooperatives.
 - b. The beneficiaries of individual land grants who so choose.
 - c. Those who become integrated as a result of agro-industrial development, marketing or land allocation services.

2. **Affiliated:**

Persons who have not been allocated land but who have permanent relations with the community, upon the prior approval of the Administrative Committee (Suarez).³¹

Selection of beneficiaries

The following persons cannot be considered for membership in the Center: wage labourers, day workers, intermediaries of goods and services, or any other person who has temporary profit-oriented relations within the Center's jurisdiction.

Active members acquire this status once the Agrarian Center is formed or when they receive an allocation of land.

Internal organisation

1. **Branches:**
 - a. The Administrative Committee is the Agrarian Center's primary branch. It receives the advisory services of a technical director designated by the Agrarian Institute for as long as is considered necessary. The Committee serves as a liaison with

the Agrarian Institute. A mandate relationship exists between the Agrarian Center and the Administrative Committee which is made up of five members elected by the base groups.

- b. The Monitoring Committee is appointed by the General Assembly.
 - c. The Special Commission, formed by one or more representatives from the base organisations.
 - d. General Assembly, comprised of all the Center's members.
 - e. The base groups are the Center's founding structure, and each have a maximum of 30 members of the same neighbourhood.
2. Functions of the branches:
Administrative Committee:
- a. To prepare a statute proposal and submit it to the Assembly for consideration.
 - b. To prepare and approve the production and credit plans with the Technical Director and Agrarian Center members.
 - c. To monitor the effective sale of products and to supply the Agrarian Center.
 - d. To collaborate with the Agrarian Institute for better implementation of the technical, health and social assistance plans, and to ensure that these plans are carried out by the Institute.
 - e. To promote the social, economic and civic development of the group through every means possible.
3. Functions of the General Assembly:
This is the highest authority of the Center, which ratifies the decisions made by the base groups or the special committees.

4. Functions of the base group:

These are the nuclei from which all the decisions affecting the Center emanate.

5. Functions of the Special Committees:

These are concerned with concrete tasks and have the autonomy to decide within the field of their specialty. Their decisions must be upheld by all Center members.

6. Functions of the Monitoring Committee:

This agency monitors all Center activities.

Size of the enterprise

No size limits exist.

Planning guidelines

The Administrative Committee will elaborate with the Technical Director in the preparation of production and credit plans. This function should also be shared with the members.

The Center also carries out activities involving the integral planning of the physical area in which it functions.

The Center's action programs are consolidated into a single global program which is discussed with State Agency representatives at working seminars or encounters for these official agencies.

Implementation guidelines

No information exists on this point.

Control

Internal control is effected by the Monitoring Committee.

Distribution of profits

The Center does not receive profits, since it is a non-profit organisation. Profits earned by the enterprises are distributed according to their respective statutory regulations.

Admission and withdrawal of members

Members become active at the time an Agrarian Center is first formed, or when they are allocated land. They may also become members through agro-industrial development, marketing development or land allocation services; this last instance requiring the approval of the General Assembly.

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**THE COMMUNITY ENTERPRISE:
BASIS FOR
TERRITORIAL RE-STRUCTURING**

Jaime Ortiz Egas

THE COMMUNITY ENTERPRISE: BASIS FOR TERRITORIAL RE-STRUCTURING*

Jaime Ortiz Egas**

In those countries with rigid internal social structures marked by a concentration of wealth in a small privileged group, a parallel concentration is also found of political and economic power.

Countries with these characteristics evolve without social justice, since the appropriation of productive resources and the products generated reinforce the concentration of power while expanding the inequalities which exist between the small dominant group and the large dominated mass. This situation generates conflictive social relationships, hindering effective national integration and economic consolidation.

The governments of these countries, unable to accept this situation any longer, seek the creation of a more just society, eliminating privileges and discriminations, thereby contributing to an accelerated and self-sustained developmental process founded on the reorientation of political power, and the redistribution of productive factors and income. Thus, development is presented as a process for structural change and the promotion of human well-being.

Since the rural milieu is the central theme of this paper, it seems appropriate to mention that agrarian reform proposes structural changes in the rural sector, but is only successful in

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fulfilling this purpose when the government is firm in its desire for change, and convergent services (credit, technical assistance, supply of inputs, marketing) and high-level inter-sectoral agencies develop integrated actions for consolidating the proposed changes. It is also essential that the "campesinos", upon critically analysing their situation, organise themselves and demand opportunities for active participation in all the decision-making organs of the institutional framework and the political system, that they may be the agents of their own development and thus overcome the interminable, centuries-old injustices.

The dominant minority group, seeing the dangers involved in the agrarian reform process, harps upon the serious effects which can be generated with the breakdown of a traditional productive system-production will be reduced, unemployment will increase, and there will be a consequent rise in the cost of primary goods. These effects, if they have sometimes occurred, are the product of the reaction of this group in their own interests.

The countries which have achieved a true transformation of their traditional structures, ignoring distorted or partial approaches, have adopted agrarian reform as a conditioning factor for global development and have attained success because rural restructuring is based on a newly defined productive structure, integrated at both sectoral and regional levels.

This new productive structure is based on technical efficiency, on the rational utilisation of resources, and on the implementation of associative-type land tenure structures.

The agrarian reform process has generated two main types of land tenure structures: the individual and those of an associative nature, among which the most important are those of cooperation and integration. Of these, the community enterprise has acquired considerable importance in some countries, becoming a basic unit for the new agrarian structure. The purposes of the community enterprise are:

1. To accelerate the land selection and allocation procedures.

2. To provide the beneficiaries with the opportunity to organise themselves into self-management enterprises, maintaining their technical efficiency as productive units and their economic efficiency as regards the total system.
3. To give the enterprises freer, higher priority access to sources of financing and technical assistance, so that credit stimulates investment, the adoption of technologies, and the use of economies of scale.
4. To increase production so as to generate employment opportunities, and consequently, to expand the possibilities of incorporating more "campesinos" into the process.
5. To transform marketing and provide more convergent services in order to ease the input flow to the enterprises, assuring, at the same time, that the consumers benefit from qualitatively and quantitatively superior products at reasonable prices.
6. To create a class solidarity among the enterprise members, so that part of the benefits obtained in the endeavour be invested in social programs for the common good, improving the living standards of the families and the mental and physical development of all.
7. To provide opportunities for the creation of intermediary or secondary-level organizations (worker-guilds, corporations, associations, collective societies and others) which will also be able to implant derivatory industries which process primary products, generate employment, and dynamise and modernise the rural milieu, all with the necessary support from other sectors.

The category of community enterprise is actually a generic term, and each country has a different name for the several different types of new associative models; the differences between these types lie in their transitory nature, their functions, and the ideological framework in which they have been placed.

Nonetheless, in spite of these differences, the community enterprise can be described as an associative form of production which produces for the markets, through a rational utilisation of available resources. The enterprise is made up of "campesinos" who share certain values, principles and motivations, as well as an acceptance of certain norms for adopting a system of common ownership and control of the productive factors, the use of part of the profits for projects for the benefit of the community as a whole, and the distribution of the remainder in proportion to the work contributed by each member and his family.

One characteristic of the community enterprise is its great versatility for adapting, with slight modifications, to any political, social or economic regime in a country. In other words, **the community enterprise, as a model, does not belong either to the capitalist or the socialist system, but can prosper in either.**

To date, some countries have thought of the community enterprise as a viable means of facilitating the agrarian reform process, since it reduces land distribution and technical assistance costs, and provides a transitory phase before the rapid division of the land into individual parcels. As such the latifundia as an undesirable exploitation system is destroyed, but there is the danger of a greater proliferation of the equally undesirable minifundia.

Other countries consider the enterprise irreversible in nature, and essential to the foundation of the new agrarian structure. Furthermore, having been granted the dimension of areas, it extends beyond land boundaries, which resolves the problems of injustice for the community generated by the limited "fixed borders" vision of a beneficiary "campesino" mass opposed to another "campesino" mass which has not received these benefits.

The community enterprise, when isolated and based on individual farmland parcels, helps to reinforce the individualistic attitudes which characterised the previous situation; once their own problems are solved, individuals become distant and unconcerned about the problems faced by their peers. This

attitude could be a product of unnecessary paternalism or a weak sense of social motivation.

Case studies have shown that the community enterprise, isolated in a given territorial space, is limited to using the already established patrimony, introducing some modification or expansion to assure a better utilisation of resources, management and production flow. Relationships with other enterprises are almost nonexistent; their impact on neighbouring areas and communities is insignificant, limited to a few commercial transactions and the occasional use of additional labour. In sum, then, the causal relationship between social and spatial changes is ephemeral, since it is largely determined by the dominant mode of production.

The opposite occurs when a significant number of community enterprises exist in an area and are associated in secondary-level or other types of organisations, as the result of a massive agrarian reform process affecting entire areas where the traditional latitundia-minifundia or structural inequality systems prevailed. Each of these areas* may include one or more community enterprises, depending on their size.

Within this process of structural change the community enterprise is involved in a set of relationships, in the following levels:

RELATIONSHIPS BETWEEN COMMUNITY ENTERPRISES, RURAL COMMUNITIES AND BASIC SERVICES IN AN AREA

Not being an island, the community enterprise should not be considered a competitive unit in relation to similar entities; on the contrary, enterprises can complement one another, or integrate, forming secondary-level structures. They serve as sources of employment and fundamental bases for development in rural

* The term area is understood to mean a continuous territorial space, more or less homogeneous in nature but with its own characteristics and problems, bound by socio-economic unit criteria; it may be involved in a project or set of coherent projects with a common objective, for which the minimum operative autonomy needed to assure the success of the project(s) is received. The area may be part of a sub-system (zone or sector) within a regional system (functional or administrative) of a country.

communities; since they also dynamise and modernise basic services. This local set of relationships forms a system requiring a spatial redistribution which can involve changes in social environment, as well as possible changes in the physical or economic environments. This will determine, in large measure, the increase in the decision-making powers of the rural community, since the movement, is, in abstract terms, from the technical to the ideological.

It must be kept in mind that the new relationships in this local system can emerge on the basis of pre-existing negative mechanisms which can frustrate the process. But, with selective criteria, the functioning of other mechanisms can be stimulated and the relationships reoriented, with vigorous insistence on change actions where necessary.

Thus, for example, land borders can be modified in order to better utilise the productive functions of the soil potential. These functions can, in turn, be reflected in increased employment opportunities, in the installation of community facilities and storage centers, and in the improved use of means and channels of communication.

Another example could be the establishment of agro-industries for processing primary products or developing artisan activities; these require that basic services be modified and this, in turn, can affect community conditioning and the ecology, creating location problems, generating new labour relationships, and diversifying consumption patterns.

These examples illustrate the complex nature of physical planning, a necessary but often inadequate instrument, which requires rigorous projections and an enormous perspective in order to take advantage of the established patrimony which has already been organised and which acts by inertia, sometimes interfering with the new territorial structures.*

* Physical planning through territorial re-structuring allows optimum utilisation of space and is manifested both in the infrastructure and the system of relationships it orients or creates. Thus, it is a deliberate and conscious analytical process of decisions and actions for fostering the fulfillment of planning goals and objectives in general, harmonising social, economic and territorial policies. It reduces the limitations of the physical environment while improving the rural landscape, and fosters the flow of relationships.

This interaction produces discord and imbalances, and it is here that new mechanisms should be stimulated, with the aim of progressing toward more balanced situations, which bring about a new cycle. These dynamics at a local level require an entire process of planned decisions at the maximum level of concretisation; it begins with an analysis of the evolution and evaluation of tendencies, presents alternatives, and selects coherent decisions and actions with the permanent objective of consolidating changes in the new structures through integrated action by all the sectors of the country.

RELATIONSHIPS OF THE SET OF COMMUNITY ENTERPRISES OF AN AREA WITH THE REGION WHERE THEY ARE LOCATED

In a regional system, the relationships between areas differ, and depend on the particular characteristics of each area. It is thus necessary to classify and characterise the areas which comprise a region*.

1. **Matrix area**, made up of an urban or industrial center, the location of the regional decision-making government bodies for legislation, execution, regulation and control. It has basic primary services, means of communication, entertainment and recreation. It is characterised by heavy congestion, high levels of immigration and of productivity. It is internally dynamic and the per capita income is the highest in the region, with resulting high levels of consumption of goods and services, in spite of the apparent inequalities in income distribution.

A development hub is created when there are two matrix areas in one region, and there is a tendency to separate the region into two new regions or sub-regions. Agricultural community enterprises do not exist in these strongly urban-type areas.

* The region is a large, continuous territorial surface, generally heterogeneous in nature, where autonomy is granted by the State, through its national regionalisation policies, to implement development policies and plans with the aim of eliminating intra-regional inequalities. The region thus functions as a sub-system within the national system.

2. **Induced areas**, which may include several within one region, are located on the periphery of a matrix area, and are highly dependent on the decisions made therein. Salaries are relatively high, as is the population density, with seasonal fluctuations due to migration. The land is highly fragmented, agricultural activities such as garden crops and dairy products are intensive, and production is largely exported to the matrix areas. A good network of highways and secondary roads is usually available. Land prices are high due to the speculation of urban investors who build vacation-type country homes in these areas, taking advantage of the availability of basic services. The population centers of these areas may have over 10,000 inhabitants and include third-order public agencies. The community enterprise is almost nonexistent in these areas, but cooperative-type associations offering marketing services, mainly, often prosper.

3. **Transitional areas**, are potentially wealthy areas being transformed through state intervention in specific projects for agricultural ends (irrigation or drainage projects), or tourism, if their wealth lies in the natural beauty of the area. Physical planning is necessary in both cases, since the success of these projects depends on spatial redistribution for more effective utilisation of the environmental changes produced, or for conserving the natural environment. These areas are initially dependent on the decisions made in the matrix area, a dependence which is reduced as their position in the region becomes consolidated. If agriculture is likely to be successful in the area, it should be developed through agrarian reform programs. Associative forms of production are the best alternative for utilising advanced technologies and reaching high productivity levels, to compensate for the costs of building new infrastructure. Based on the productive potential and associative-type productive organisation of the area, secondary-level organisations may emerge which are able to introduce processing, organise the supply of inputs and products, absorb labour, and transform the system of relationships from the incipient stage to a very dynamic development stage. Physical planning plays a decisive role in these areas.

4. **Stagnant, chronically depressed areas** are characterised by marked under-development generated by the scarcity of productive resources or their deficient distribution. The latifundia-minifundia syndrome has prospered in these areas, along with other precarious forms of land tenure, social marginalisation, and the absentee landowner situation. They are less favourably located than induced areas, the means of communication are scarce, and public services are limited or deficient. The main economic activity is traditional agriculture at low technological levels; extensive farming with low levels of production and efficiency. Production is oriented toward exportation to the matrix area, upon which it is totally dependent. Mechanisms for regulating input and product prices are usually not practiced, even when they exist. Transportation for mobilising passengers and products is oriented toward the matrix area; populated centers are usually in the form of small villages or hamlets with little inter-connection. The population suffers from high birth and infant mortality rates, high levels of illiteracy and other socio-cultural patterns unfavourable to constructive action and development.

The active population is largely unskilled, with problems of unemployment and under-employment, low salaries and heavy selective migration which tends to perpetuate traditional leadership patterns. The standard of living is low, housing is inadequate and of poor quality, and nutrition, health and hygiene are precarious. Public and private investment is only incipient, and any profit obtained from area production is invested elsewhere.

To break down this system of relationships, characterised by so much poverty and backwardness, and to convert these areas into areas of transition through isolated efforts such as technological innovations and supervised credit, among others, tends only to reproduce the production relations which maintain the status quo, intensifying the imbalance between land-owning and "campesino" groups. Only basic structural changes to up-date these adverse relationships, incompatible "with any definition of human decency", can overcome the vicious circle of misery. This change must be planned so as to include the economic,

social and political power structures, which implies new models of production, organisation and general action and a consequent re-orientation of the system's relationships as a pre-requisite for transforming these zones into transitional areas. An analysis of the political problems involved in the implementation of this transformation proposal should be undertaken; otherwise, the proposal would be utopic rather than practical in nature. Both the desire for change on the part of the government and the support of the social groups involved, are of fundamental importance.

5. **Marginal areas** are characterised by their inaccessibility, although this has not prevented illegal occupation of lands lying fallow or belonging to the state. The land resources are unexploited, or only barely utilised. Subsistence agriculture is carried out in small areas, using rudimentary techniques; sometimes the extraction of lumber, firewood and charcoal is carried out destroying soils and disrupting the ecological equilibrium. Highly dispersed, low density populations living in very small temporary villages, characterise these areas. Illiteracy is almost total, elemental services are non-existent, and trade is insignificant. There is no labour market, and the mutual aid system predominates. All this sums up to a state of total abandonment.

Development of these areas depends on their potential, which should be studied and analysed in detail before proceeding to the planning stage. If agricultural possibilities are limited, farming can be prohibited in order to protect natural resources against man's own actions, for the purposes of protecting hydrographic or touristic river valleys. If these areas have been stripped of vegetation by the destructive action of man and the elements, they must be reforested to restore the ecological equilibrium. If agricultural possibilities are promising, their utilisation should consider incorporation as a last alternative to be sought for increasing production and creating new sources of employment, because of the high cost involved; that is, the settlement of these areas is only justified when the possibilities for change in other areas have been exhausted.

RELATIONSHIP OF THE ENTERPRISES WITH NATIONAL INSTITUTIONS AND THEIR AGENCIES

This paper deliberately avoids analysing the role of physical planning in the inter-regional relationships of a country, since this would invade the areas of competence of other authorities on the subject. Mention will only be made at this level, of the fact that analytical studies and tools have a different dimension and a lower degree of concretion. The variables, constants and parameters are macro-extensive and consequently compatible; sectoral plans are projected on a very long-term basis. Large margins of influence may appear, mainly because some variables, due to their very nature, change as a result of forces beyond internal control. The tendencies identified and their conditioning factors allow only for approximations with large margins for variation, which demands a larger number of alternatives for the course of decisions. Physical planning is also less definitive at this level, as its precision diminishes with the pressures exerted by the new structures being established at the general planning stage. Spatial re-distribution has valid comparative advantages, but can also be distorted by the decisions of even a healthy policy. Thus for planning purposes, large areas should be treated with greater flexibility, and the channels of communication should be more specifically oriented.

As regards national institutions and their agencies, the community enterprises must have:

1. A legal framework which regulates their functioning, since they cannot be governed by the norms governing other types of societies.
2. Autonomy for carrying out their endeavours within the country's priority development activities and for utilising surpluses for the benefit of the entire community, through social works and investments which substantially increase employment opportunities.
3. Easy access to government agencies; it is therefore necessary to strengthen the population centers, transforming them into service centers and ensuring state control over the financing system.

4. **Support for their organisation, and active participation in the basic decisions which can affect their development.**

To this end, the public sectoral institutions and agencies must be strengthened, in order to stimulate private sectoral participation in all non-state activities.

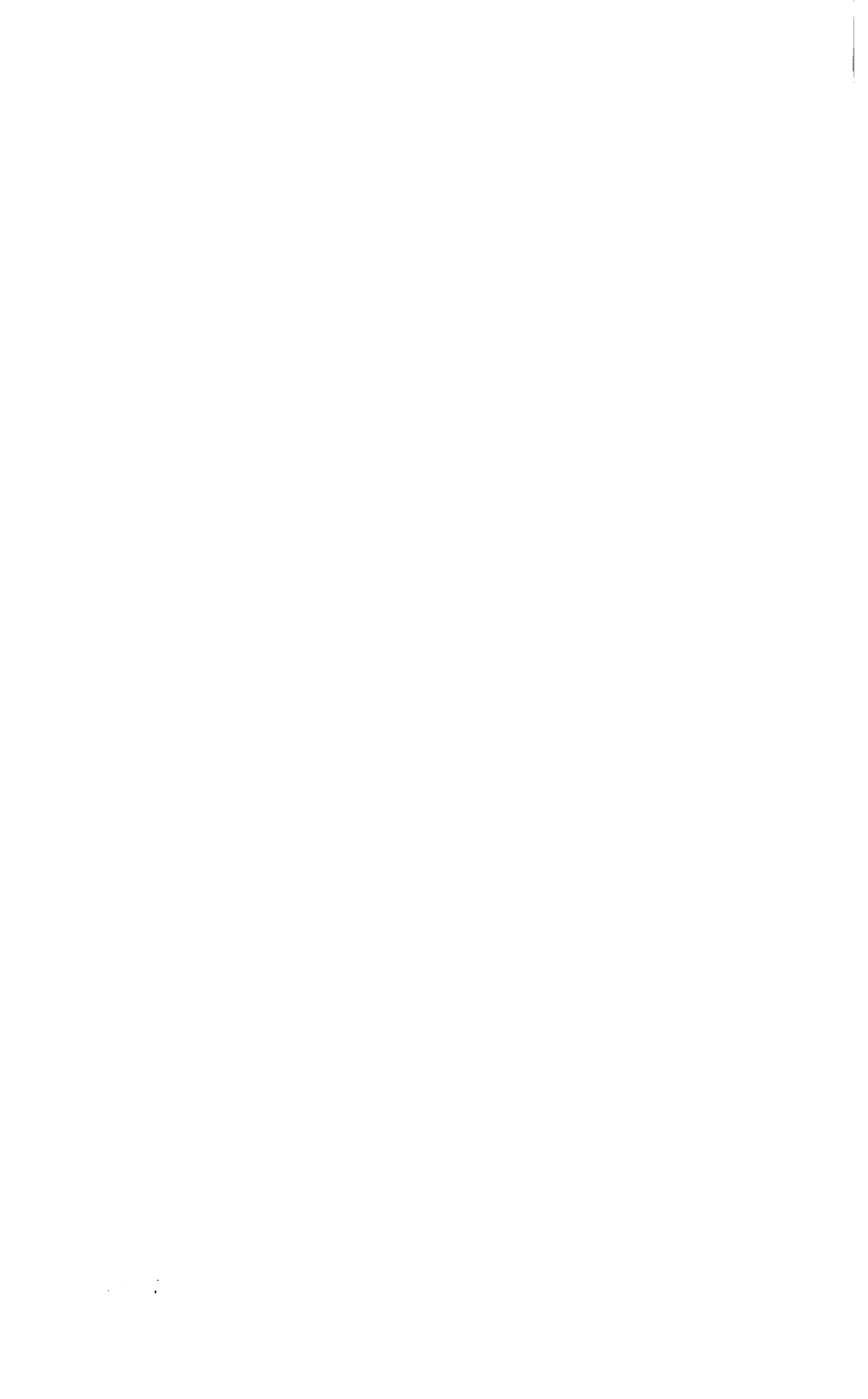
It is to be expected that the desire for change and action on the part of the state, its institutions and agencies, will conclusively eliminate any form of paternalism, which serves to discredit any attempt to strengthen the creative capacity of a population to develop its own energies and foster its own development.

The actions of agencies and institutions, convergent and multisectoral in nature, should promote training and organisation of the population, grouped in dynamic units which operate in functional land areas with adequate rural and urban facilities and amenities.

Finally, planners must commit their creative capacity to formulating plans which can be operationalised into actions for deliberate change, rationalising techniques through the study of theory, first hand knowledge of the problems and of the action itself.

ADMINISTRATIVE ASPECTS OF COMMUNITY ENTERPRISES

Héctor H. Murcia



ADMINISTRATIVE ASPECTS OF COMMUNITY ENTERPRISES*

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There is a continuous need to reorganise traditional rural administration methodologies, in view of the development of other types of production units in the agricultural sector which have emerged during agrarian reform processes, such as community enterprises and "campesino" settlements. The special conditions which have led to their formation especially reflect this need, taking into account the specific characteristics of this new type of agricultural enterprise which differs greatly from the individual farms or enterprises which have already been studied thoroughly.

The undeniable economic and social advantages derived from the collective use of resources for agricultural production should be maintained, giving careful attention to the adequate control of their utilisation and appropriate management in all aspects of its functioning.

This article, initially, presents some of the theoretical concepts of Rural Administration, projected to include associative production enterprises. Later, some of the experiences encountered are summarised, showing the need for vitalising the development of specific administrative instruments to help all

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those participating in the decision-making process at the national, regional and enterprise levels. With this in mind, the paper also indicates some appropriate actions to be developed, and which activities should get underway: specific research studies to identify a line of action adapted to the particular characteristics of associative production.

THE CONCEPT OF RURAL ADMINISTRATION

Definition and objectives

According to a widely-accepted definition⁵, Rural Administration is the science which deals with the utilisation of principles and techniques for achieving a better use and combination of the productive factors available in an agricultural enterprise or region, with the main objective of continuously improving living conditions for the rural population.

This definition places special emphasis on the fact that, although man is considered one of the factors of production, he is actually the essential element of the process, as organiser of the use of resources, and as the basic point of reference for the productive process. Thus, improvements in production are always correlated with effective coordination of actions in three main areas: technical, economic and social, giving each its true weight within any work plan to be elaborated.

The study of administration and planning in agricultural enterprises attempts to contribute to the economic progress of a country, through the analysis of the improved use of production factors at enterprise levels, with later application to regional and national levels.

The need to plan and reorganise agricultural production emerges in all endeavours to carry out agrarian policies on a general level; for example, for agrarian reform and for the development of related activities. As a network of factors influencing rural under-development already exists, the administration and planning of agricultural enterprises plays an important role within the joint efforts being made to tackle the situation, utilising simultaneously several agrarian policy tools.

Real and general application of farm administration principles

The application of farm administration methods in the real Latin American agricultural situation, is frequently questioned. There are three stages in the development of agriculture in most rural economies of these countries:

1. **Traditional or primitive**, with low productivity compared with national averages.
2. **Transitional**, with a productivity index near the general average.
3. **Commercial agriculture**, with higher than average results.

Although commercial agriculture exists in the countries included in the category of under-development, there is a marked difference between these enterprises and the highly technical and organised enterprises in the more highly developed nations.

It is evident that classical agricultural business administration methodologies can be applied to transitional and commercial agriculture. As for their intensive utilisation in traditional or primitive agriculture, the particular agrarian situation of each country must first be taken into consideration. However, like all disciplines dealing with the agricultural sector, this one must attempt to improve the structural conditions and effectively incorporate primitive or traditional groups into the development process, so as not to widen the gap between the marginal and advanced sectors.

Another point for analysis is whether to consider administration as applicable only for obtaining more profit, or for continuously increasing individual profit. As mentioned previously, the basic objectives of this discipline are many, and are intimately related to the general economic structure of the area where it is to be applied, in terms of set priorities.

In the case of the private, individual type of enterprise (where ownership, management and remuneration of production resources are in the hands of a single individual), the methods are directed toward the improved use of available production

resources, in order that the enterprise be strengthened and its subsistence guaranteed, through steadily increasing incomes.

Farm organisation methods are fully applicable in the cases of collective or community economies. Both collective organisations of the cooperative type and community enterprises or communes in which community ownership of the production resources is observed to a greater or lesser degree, seek efficient functioning of the collective enterprise through organisation of production aspects, adequate planning for the organisation of the factors utilised collectively, and decisions made in the interest of all.

Application of technical knowledge should be related to the general objectives of the society where they are being tested. The economic structures call for differences in the conditions and objectives of its application, but the general principles themselves do not change.

General principles of administration

The agricultural enterprise involves all the operations carried out in any type of enterprise, identified as follows:

1. **Technical operations (production, manufacture).**
2. **Marketing operations (purchase, sale, trade).**
3. **Financial operations (obtaining and controlling credit).**
4. **Security operations (protection of goods and persons).**
5. **Accounting operations (control of enterprise finances and flow of funds).**
6. **Administrative operations (planning, organising, integrating, executing and controlling).**

Within this general framework, attention should be focused on the basic problems of the agricultural enterprise, since each of these operations plays an important role at a given moment in the production or planning process. Nonetheless, keeping in mind that the administrative situations most referred to will be those of greatest influence on the enterprise's functioning, most emphasis will be given to the administrative operations or to the general principles of administration to orient its functions.

According to principles of administration, any project to be carried out in an enterprise should follow an established plan, stating its purposes and goals, the means through which it plans to attain them, available resources, and the evaluation and corrective systems to be used.

Many essayists, including Taylor and Fayol¹⁰, define administration as a process of "planning, organising, integrating, directing and controlling". Following this line, a summary of the principles of administration which should be applied to the agricultural enterprise, is given below:

- a. **Planning:** This involves the process of deciding upon the the enterprise's operations and, insofar as possible, on its functioning.
- b. **Organising:** This is a matter of seeking the best possible *modus operandi* for the enterprise, assigning each constituent part a specific function and following clearly-established principles such as the appropriate delegation of authority, definition of actions and responsibilities, cohesiveness of command, adequate organisation of the mechanisms for evaluation, control, communications, etc.
- c. **Integrating or coordinating:** All constituent parts of agricultural production should work harmoniously as a whole, in order to attain the previously established objectives.
- d. **Directing or executing:** This consists of having the practical and technical knowledge and sufficient authority to make the enterprise function smoothly.
- e. **Evaluating or controlling:** This deals with periodic assessment of the results in order to judge whether they measure up to the proposed objectives.

On analysing each of these principles separately, as regards its application to the rural enterprise, the principal problems which affect its functioning will emerge; these should be solved in order to establish adequate bases for carrying forward an integral production process.

THE "CAMPESIÑO" COMMUNITY ENTERPRISE

Definition and objectives

The "Campesino" Community Enterprise is considered an alternative in the formation of new agrarian structures, an objective to be met by agrarian reform policies which attempt to organise society, founded on new legal, economic, social and political bases.

The "campesino" community enterprise has several well-defined social and integral purposes, in addition to the traditional concept of an agricultural enterprise with the objective of achieving greater efficiency in the combination of production factors, more rational utilisation of natural resources and increased profits.

Bosco Pinto⁸, to cite an example, states three basic elements in the definition of the "campesino" community enterprise concept:

1. The economic aspect, contained in the term "enterprise".
2. The social aspect, represented by the term "community", which implies a human group sharing specific objectives and goals, cohesive by nature, and possessing a sense of unity of action.
3. The political aspect, belonging to a broader social grouping which includes the marginal sectors, as symbolised by the term "campesino".

The original scope of the agricultural enterprise is expanded through this active participation of a human group, generally isolated by traditional systems and marginal to the profit structure. Improved living standards are sought for the rural inhabitant, through his integration into the economic production process and his constructive and effective participation in the enterprise's administrative labours.

This point of view is clearly expressed in the definition of the community enterprise given by Oliart⁶, as "an associative

form of production where capital and work contributions are equal for all members who are co-proprietors of the reserve and capitalization funds and who assume equal responsibility for management, administration and work".

Another definition based on the above concepts is given by Fuenzalida³, is his reference to a perspective taken by the Production Commission of the "Campesino" Community Enterprise Manual, prepared for the Land and Colonization Institute (ITCO) of Costa Rica, which states that "The 'campesino' community enterprise is an agrarian reform instrument which consists of the voluntary association of "campesinos" of reduced means who make their living from farming the land as a community effort, as a single economic production unit, through the contribution of personal and direct work; capital and work contributions are equal for all members who are co-proprietors of reserve and capitalization funds and who assume equal responsibilities and obligations for management, administration and work".

The above concepts summarise and appropriately categorise the social and economic objectives sought after with this type of enterprise, and emphasise the integral and coordinative nature of action in several areas, which should be contained in any plan of action for an agricultural production unit.

Thus, the community enterprise is a form of social and economic organisation whose basic concept is linked to its integral character, through which it seeks a real improvement of "campesino" living conditions, projected toward the humanistic development of its members.

Economic and administrative aspects of the community enterprise

Some of the characteristics and advantages of the community enterprise in relation to other kinds of agricultural production units should be mentioned, with regard to the particular economic and administrative aspects of this type of enterprise.

The concentration of efforts and productive factors undoubtedly permits the community enterprise to obtain more benefits and better results, from an economic viewpoint, than any traditional type of agricultural enterprise. Marques Vaz^{1,1}, for

example, states that the agricultural enterprise offers lower costs and higher benefits in terms of both technical and economic efficiency, as compared with individual family property. He also states that the community enterprise is an effective means of avoiding the concentration of intermediaries in the marketing process, due to the possibilities of reducing the fragmentation of the supply situation.

It may be stated, then, that the community enterprise adequately meets the economic objective of maximising profits and maintaining indefinitely an increasing growth, taking into account its effects on the cost structure, the economies of scale possible through the coordinated utilisation of human resources, and the undeniable possibility of increased earnings.

As regards the administrative aspect, seen from the point of view of the agency in charge of this action, it may be concluded that the community enterprise presents large advantages and lower costs per beneficiary in an agrarian reform program, since organised groups are being dealt with rather than individual persons. Araujo¹, directly relates the lower administrative costs of agrarian reform with the massiveness of its scope and, thus, with the elimination of the immediate cause of marginality.

At the specific enterprise level, however, the need for the adequate functioning and execution of administrative activities must be stressed. The community enterprise, much as any other agricultural unit, must have a proper organisation of its tasks, based on clear management concepts; failures in an enterprise's economic results can be attributed in many cases to the ignorance or improper application of the principles of administration. This situation cannot be overcome merely by the good will and dedication of technical personnel supervising the enterprise; a good deal of effort must be dedicated to solving these problems within a production unit.

Administrative problems within the community enterprise

Analysing the general field of rural administration and the types of problems encountered therein by the agricultural enterprise, some of the principal problems of community enterprises are noted — based on several studies of these organisations

in several countries, and according to the experiences of other types of associative production units.

Planning problems

A common problem in community enterprises involves the lack of production planning and the scarcity of available technical assistance for defining plans of action. These aspects are basic points in meeting objectives and it is essential that members of the enterprise be given sufficient technical backing to help make the appropriate decisions.

In studies of agricultural cooperatives and community enterprises, during seminars and specific courses on rural administration aspects, participants have emphasized the need for intensive training programs for all members, either through technical assistance units of the organisations themselves, or by means of continuous training cycles held by the sponsoring national agency.

The lack of long-term planning was observed in several associative-type enterprises, as was the scarcity of programs with adequate technical, social, and economic orientation as well as medium-term plans for attaining general objectives. It is fairly typical to see work based more on annual credit plans which do not allow a policy of enterprise development to be carried out and which provide only a partial vision of the problem and an often distorted idea of its physical and economic dimensions.

Organisation problems

The lack of regulations for structuring an enterprise:

An essential step for the adequate functioning of the community enterprise is to provide its members with a document establishing minimum requirements for internal control purposes.

In the specific case of a community enterprise in Colombia, by way of example, it was noted that no mention was made initially of regulations, but later experience pointed to the need for creating such a document, and it was finally elaborated at the request of the interested members. This very study concludes, however, that the document was incomplete; although the regula-

tions are quite uncomplicated, establishing a minimal formal structure and detailing the obligations of members as well as possible sanctions, it makes no reference to a whole set of situations which are resolved through verbal understanding only, between the members. For example, it does not establish how the Board of Directors will be designated, nor the functions of the Assembly or the Board; neither does it mention the procedures to be followed for elections, quorum, terms of office, etc.⁷.

Consequently, although in this specific case it may be said that the regulations more or less comply with their objective, as the community enterprise develops further, it is absolutely essential —and advisable— that increasingly detailed and comprehensive regulations be drawn up.

However, it is not enough to simply prepare a set of regulations; their implementation should also be guaranteed through an adequate understanding, by the members of the enterprise, of the true meaning of each component part, and the role that they are expected to play in the fulfillment of these regulations.

Accounting disorders

One of the most frequent faults found in associative enterprises is disorder in accounting aspects, a cause of even greater problems in the administration and planning of an enterprise.

In the previously mentioned community enterprise studied in Colombia, it was observed that there was no detailed or complete inventory which would allow for a periodic calculation of depreciation of all goods, or for setting aside sufficient reserve funds. Balance or statement books were not in use either, nor were most of this type of expenditure recorded. This made it very hard to differentiate between operating costs and investments. Books were not kept on the flow of credit or servicing of debts, either for capital or interest, and wide discrepancies were noted in the formulation of balance statements of cash income and expenditures.

As a result, a tremendous lack of control in the functioning of the enterprise was evident, producing an error in calculating profits, of the difference between income and expenditures; an

accounting move which resulted in the enterprise "consuming its own assets in the sum of US\$ 225,780" ⁷

The National Agrarian Reform Training and Research Center, CENCIRA², also describes problems related to agricultural accounting in associative enterprises in Peru, and stresses the need for creating accounting centers, as presented in the document entitled "'Campesino' Community Enterprises in the Peruvian Agrarian Reform". This document mentions the service provided by the so-called "agrarian zones" (which reflect a situation of dependency and paternalism as expressed earlier in this paper), as well as the efforts made by each enterprise individually (which brought about complex situations, due to the increasing scarcity of qualified personnel to carry out this task).

In another example, Suárez Melo states how, in the case of Panamanian settlements⁹, the lack of an accounting system may create false impressions about the actual financial situation and may result in the distribution of fictitious profits; all this points to the priority which must be given to designing organised internal accounting systems.

In the case of several agricultural cooperatives in Guatemala, according to the experiences discussed at rural administration seminars, considerable value was placed on the organisation of accounting in cooperatives by members of the technical assistance teams and the managers themselves. Mention was repeatedly made of the need to overcome these accounting difficulties (lack of basic book-keeping and records, continuous and up-to-date entries, lack of necessary training, etc.) through the establishment of auditing and control systems as well as the permanent organisation of instruction cycles in agricultural accounting, to create an awareness of the need for it, and of its importance.

Coordination and management problems

The integration and orientation of the constituent elements of production require considerable effort in order to achieve the established objectives.

This effort must be even greater in the case of community enterprises, due to the diversity of the components, the need to create considerable motivation for keeping the group united, and

the requirement of adequate leadership to give momentum to the activities.

An important aspect of the community enterprise, as regards this objective, is to attain the effective participation of all the members in its administration. This factor is particularly stressed by García⁴ in his study on "campesino" organisations in Honduras, in which he refers to the essential nature of participation in decision-making and in the administration, distribution, execution and control of work factors as integral aspects of the community enterprise.

Many positive and negative aspects of coordination and management can be found in the various community enterprises analysed. Nonetheless, due to the enterprise concept as such, and the collective organisation of work, it is important to begin with adequate cohesion and coordination of the members, avoiding power and command conflicts through a comprehensive demonstration of the comparative advantages of group work and a full conviction of the community spirit.

This is not easily achieved in some regions, due to the particular habits of the resident "campesino" and his loyalty to a traditional production system based mainly on individual actions. Nonetheless, this is where the success of an enterprise is decided, in the long run, as well as that of the general agrarian structure.

This constant personal participation in the making of decisions on the organisation and modification of a production system will be the deciding factor in achieving an efficient step forward in the acceptance of changes and their consolidation into permanent forms.

Evaluation and control problems

Having studied the aspects dealt with previously under the heading of organisation problems, with direct reference to accounting disorders, it is possible to conclude that if an enterprise does not have the basic material available for understanding its functioning, the process of evaluation and control may be incomplete to the point of impeding any future economic, technical and social planning.

For an adequate control and evaluation of results, then, it is necessary to start with a proper organisation of the component parts of the enterprise; this also serves to facilitate the action. This conclusion illustrates even further the need for extensive work, in an integral manner, in the administrative organisation of an enterprise.

ACTIONS DEALING WITH ADMINISTRATIVE PROBLEMS AT THE ENTERPRISE LEVEL

The general nature of the administrative problems described above clearly demonstrates the need for extensive actions toward their solution.

It is important that these actions be of a permanent or continuous nature, so as to attain extensive results which will be effective at all the decision-making levels. It should be kept in mind that any action which attempts to benefit all sectors, whether marginal or advanced, must adapt the concepts and methods to the conditions of each level, especially those of the lowest strata if the endeavour is to achieve any real improvement in the prevailing situation.

This conceptualisation also requires the practical implementation of all the improvement plans designed.

Some of the possible fields of action are indicated below, as indispensable steps in achieving these goals.

Carrying out specific research studies of different types of agricultural enterprises

Research studies should be conducted on each type of enterprise, in order to evaluate and determine the most effective form of functioning and the greatest efficiency possible in each. This task should be assumed by the agrarian sectoral entities, especially those with direct participation in agrarian reform programs, in order to more categorically define the comparative advantages of each type of organisation or enterprise.

A basic analysis would involve comparative studies in terms of actual efficiency, including the technical, social and economic aspects of the different types of agricultural enterprises in a given

region. The participation of specialists in various fields would be a great asset; the case study method could be used, since it is highly applicable in Latin America due to the more or less generalised nature of the agricultural sectors. Examples of each enterprise would include cases of individual agricultural or livestock production, the cooperative, the community enterprise, and other organisation models at the enterprise level.

Adaptation of general rural administration to the specific case of community enterprises

This adaptation should take into account the particular conditions of this type of agricultural production unit, as well as the potential contribution of rural administration, in providing evaluative elements for its economic relations as well as for the diagnosis and planning of its programs.

Thus, according to the objectives stated in an agrarian reform program, the main rural administrative adaptations would involve the design of a specific methodology for analysis, especially for the planning methods at enterprise level. Although the essential element for these analyses involves traditional economic evaluation methods of production alternatives, based on budgeting, it is also advisable to expand them to include criteria for social and human participative evaluation, for adequate complementation of the enterprise case study.

Furthermore, just as with other agricultural sciences, this adaptation process should take into account the specific conditions prevalent in the area where it is to be applied. For example, when dealing with the rural sectors of less developed countries, with greater concentration of labour than of capital as compared with the more advanced countries, special care must be taken to assure that the technologies adopted will not displace human labour in an indiscriminate manner.

Another decision related to the need for adopting rural administration actions is the determination of the optimal size for an enterprise. This aspect has received special attention in the preparation of agricultural development projects, due to its fundamental importance. Special attention must be given in this case, to the social, economic and physical relationships which charac-

terise present family income levels, and the conditions which would improve each situation in approximation of the optimum.

These and many other considerations illustrate the need to avoid the uncontrolled application of techniques and methods of analysis in the enterprise's decision-making process, and the necessity to expand applied research into all of these particular situations.

Intensification of training in rural administration, at all levels

This aspect is extremely important for the various persons who participate in projects involving community enterprises within an agrarian reform program; diverse experiences have shown that it is a common denominator for all related actions.

Training programs should follow a basic orientation consistent with the specific objectives of each institution, responsible in turn for instructing each group of members in the fundamental concepts, presenting them in a clear, well-defined manner.

Special attention should be paid to the need for motivating the enterprise members, especially at the level of the production unit emphasising the advantages of collective labour and the need to organise basic information on the flow and functioning of the enterprise, using various tools in order to improve its organisation and to understand the situation at any given moment.

Definition of the systems of administration and organisation and the elaboration of manuals or guides for the enterprise

In view of the complexity and diversity of the social and agro-economic situation of community enterprises in programs of this scope, the agencies responsible for directing these activities must define the systems of organisation and administration most advisable for each enterprise, within a common general framework. This action will permit the enterprise to confront the problems which can emerge, in terms of organisation, planning, integration and management, by clearly stating the norms for its functioning.

The elaboration of manuals or guides for regulating the enterprise permits this objective to be met at the level of the

production unit. This task has already been taken into account by agrarian reform agencies in some countries; however, its general implementation is essential, allowing for the specific conditions prevalent in each region. Besides synthesizing the main regulations, statutes and norms for the enterprise, these manuals should also state the principal integral planning mechanisms to be used, such as models for production records, agricultural accounting and book-keeping, what data is to be collected, and other information for the later social and agro-economic analysis of production aspects.

The actions suggested for resolving the administrative and other problems in community enterprises illustrate, even more clearly, the need for intensifying efforts in the field of agricultural business or enterprise administration, in order to more fully meet the expectations of those working with community enterprises or other associative forms of production. The detailed research, analysis and extension of these concepts will provide another necessary ingredient for the integral, in-depth analysis of each enterprise.

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**THE COMMUNITY ENTERPRISE:
AN ECONOMIC APPROACH**

J. Jorge Marques Vaz

THE COMMUNITY ENTERPRISE: AN ECONOMIC APPROACH

J. Jorge Marques Vaz*

As an eminently social science, economics should be the discipline of most help to man in overcoming the problems related to the adaptation of resources to obtain economic ends: maximising profit and satisfaction. Thus, economics as a social science should, above all, be concerned with assuring that the goods produced in a society satisfy the needs of all the members of that society.

Frequently, the discipline of economics intervenes only in those societies where resources are scarce. This means that the amount of resources available is less than that necessary for the manufacture of the goods to which society aspires.

Economic activity is thus made up of four basic variables:

$$Y = X_n \cdot X_k \cdot X_t,$$

where

Y = product (goods or services)

X_n = natural resources (physical-biological environment)^{1 6}

X_k = capital resources

X_t = labour resources

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Obviously, external factors also intervene in a given economic activity, brought about by institutional variables such as the economic, social and legal systems. Neither can we ignore the importance of the terms of exchange of this economy with others.

The capitalist economic system has its own peculiarities as regards the relationship between factors of production, and between the distribution of products and these factors.

In order to maintain productive harmony, the distribution stage must consistently remunerate each factor according to its relative participation in generating the product. Otherwise there would be a progressive destimulation of the participation of each factor in the productive process.

The characteristics of the capitalist-type agricultural enterprise, predominant in Latin America, will be discussed in this paper, and the advantages of the self-management "campesino" community enterprise will be analysed.

THE PREDOMINANT AGRICULTURAL ENTERPRISE IN LATIN AMERICA

In general — excluding the minifundia which do not constitute enterprises — Latin American agriculture is classified into two major types of enterprise: the "plantation" and the "ranch". Both are characterised by the extensive surfaces which they cover.

The first basically produces goods for export (sugar cane, cotton, tobacco, coffee, cacao) which require large amounts of seasonal labour. The latter, predominantly livestock activity, utilises labour in a more steady form, although in lesser quantities than on a "plantation". The physical permanence of labour is another characteristic of the "ranch" enterprise.

These two types of enterprise involve different relationships between the factors of production and their contribution to the product. The common denominator for both, given the size of the enterprise, is the existence of large numbers of direct or indirect wage labour.

It is interesting to note that classical agricultural economics establishes four main factors of production: nature, capital, work and administration. This classification probably originated in the almost exclusively predominant capitalist enterprise, where administrative decisions are made by the capital and land owner, along the line of large industrial capitalist enterprises. In order to obtain an unprejudiced analysis, it is important to reclassify the independent variables of a product. Thus, only three factors are recognized: nature, capital, and man.

Given the definition of economic activities as the action of man upon nature, utilising his capital in order to obtain a product which will satisfy his needs, it is logical that the three functions (decision, execution, and control of implementation) be carried out by man, as a homogeneous factor. This means that the functions of productive agent and subject should not establish any differentiation between the men who develop an economic activity, whether owners of the productive factors or not. Within this concept, man cannot be considered exclusively a productive factor, though he may be, from an extrinsic viewpoint.

This differentiation of functions exists in the capitalist agricultural enterprise. The functions of decision and control are exercised, sometimes indirectly*, by the capital and land owners, while other men, economically, politically and even emotionally dependent on the owner, are responsible for the aspects of implementation.

Labour is dependent not only on the productive stage, but more importantly, also on the product's distribution. The existence of an unequal distribution of benefits ("plus valía") in relationships between decision-making and labour elements, has been empirically proven. The retention of a disproportionate share of the profits by the land and capital owner becomes a circular cumulative process, with the concentration of wealth, in turn, fostering an even more intense concentration. Institutional-type variables, managed by land and capital owners, further reinforce and accelerate this cycle of accumulative concentration.

* The economic anomaly is even more evident in the case of absentee land owners, as it represents a form of payment for idleness.

Nonetheless, this unequal distribution of benefits ("plus valía") not only affects the work factors: the extensively eroded land areas in the under-developed world are testimony that even nature has not escaped the greed of land and capital owners, for short-term wealth.

Thus, the concentration of the decision-making element and the fragmentation of labour, as a result of their inherent conflict, make it impossible for the productive and distributive processes to arrive at the originally stated objective of economic activity. The capitalist agricultural enterprise, as a rule, involves the action of many men upon nature, for the purpose of producing goods to satisfy the needs of a few; even worse, the men who actually produce receive little or none of the goods produced.

THE COMMUNITY ENTERPRISE

Two separate concepts, often confused or contradictory depending on the planning orientation, must be clearly defined: technical efficiency and economic efficiency. The former refers to the entrepreneur's ability to maximise his profits, through the appropriate combination of productive factors and the products themselves. The latter deals with the ability of the entrepreneur to maintain increasing profit levels, on an indefinite basis. In other words, the first type of efficiency applies to the enterprises; the other to society.

The community enterprise offers lower costs and higher benefits in comparison with individual property, from the viewpoint of technical efficiency as well as that of economic efficiency. To elaborate further, due to the phenomena of fluctuating returns and decreasing yields, the community enterprise offers lower average fixed costs than do individual or family holdings, in general. This creates the possibility of increasing the capital gains for the enterprise, while allowing the enterprise to lower its prices for the goods produced. This possibility of reducing prices is extremely important in poor countries: while increasing the purchasing power of domestic consumers, it facilitates competition on international markets, with the obvious advantage of increasing the capacity to import needed capital goods. As is well known, industrial development depends largely on the importation of capital goods.

Another advantage of "campesino" organization into community enterprises is the resulting feasibility of supply to alter their fragmented condition, counteracting, in some measure, the concentration of intermediary power in the marketing process. Many experiences of settlement or parcelling of land into family-sized holdings have failed due to this concentration of the intermediary in the marketing process.

In addition, the community enterprise can also benefit the State greatly, since it involves lower political costs. This is because allocation and consolidation costs per agrarian reform beneficiary are lower when dealing with groups organised on the basis of community property. This permits reform to operate on a massive scale in the short run, thus reducing the frustration of potential beneficiaries, a frequent problem resulting from their impatience to attain the status of real beneficiaries.

Society obtains an additional advantage, in that the risk of unsynchronised production objectives and actions is greatly reduced.

REVERSIBILITY OF THE COMMUNITY ENTERPRISE

It has been acknowledged that the community enterprise is a provisional type of productive unit to be used in agrarian reform, since agro-economic programming cannot be carried out concomitantly with land allocation due to the scarcity of resources, especially of a technical nature. If lands are granted in family-size lots, the possibility is left open for these to be reconsolidated, when a definitive agro-economic program is decided upon.

If lands are granted in terms of community-ownership, the possibility is always open for later individual sub-division if considered appropriate in the programming, whereas this reversibility is not characteristic of individually-owned properties.

**THE COMMUNITY ENTERPRISE
AND "CAMPEÑO" PARTICIPATION**

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THE COMMUNITY ENTERPRISE AND "CAMPESSINO" PARTICIPATION*

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In view of recent currents of thought favouring participation, and the diverse meanings attributed to the term in the absence of a universally accepted definition, I propose to study the topic of "campesino" participation in a preliminary and exploratory fashion. In this article, I will try to answer such basic questions as: why the emphasis on participation, what does it consist of, and how is it achieved?

The paper relies heavily on the results of research undertaken in the different countries by staff members of the Inter-American Institute of Agricultural Sciences, IICA, especially of the Inter-American Center for Rural Development and Agrarian Reform, IICA-CIRA, and of other national and international organizations. This article does not attempt to summarise these research efforts, however. Rather, it is a selective interpretation of their many conclusions which develop into a set of hypotheses on "campesino" participation and its significance in relation to the new enterprise models that emerged during the course of diverse agrarian reform processes that have occurred throughout our Continent.

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PARTICIPATION AS A SOCIAL NEED

In recent years, all reformist social projects and political platforms have included participation as one of their goals, although they rarely specify what is meant by the term. When explanations are made, however, the concept of participation is frequently given differing connotations, many of which are extremely limited in their interpretation. Attempts have been made to introduce diverse forms and degrees of participation into institutions which previously operated without it, as though participation is simply another activity to be integrated into an institution's routine regardless of its nature or mode of operation.

The socio-economic marginal conditions of some individuals (and in Latin America, this generally refers to the majority) are not casual, simple or superficial social phenomena. They are produced systematically; with origins in practically all social institutions and maintained by social norms, especially the laws. The condition is rooted in the notion that society is based on the relationships between individuals and that these constitute the foundations of all social structures.

Liberal philosophy generated the standards for our society's performance and provided it with a certain concept of economic and social relationships, according to which an individual's activities as a consumer is defined by his productive activity. The individual who performs tasks that are highly valued by society is rewarded with a high individual income which consequently provides him and his family with easy access to the goods of a consumer society. All individuals are remunerated according to the value assigned by their society to their efforts. Within this framework, an individual's access to consumer activities is his own responsibility.

According to the liberal theory, the importance and reward for each role should be established by mutual agreement between individuals (in the form of contracts), according to the conditions of supply and demand in job opportunities and the labour force. However, as I point out in the first section of this article, there are some mechanisms that place some individuals beyond these conditions and which provide them with the means to influence or alter them. Once these changes take

place, contractual relations become distorted and the liberal model no longer supports the balanced relationships proposed in theory.

The imbalance in contractual relations allows some individuals to accumulate wealth, and in this way, to become even more effective in influencing the terms of future contractual agreements in their favour; thus they form part of an economically privileged social group. The rest of the population must accept unfavorable contractual conditions which result in limited incomes, an inability to meet their living expenses or to fulfill their potential. These factors, in turn, limit their real possibilities of contributing to production and, finally, subject them to a form of social censure, since their low standards of living are considered just punishment for their low productivity.

Missing from this line of thought is the notion that society does not resolve its problems by punishing under-productive individuals. If low productivity characterises the majority of the population and is accepted and maintained, the entire society is condemned to a state of scarcity. Production by an efficient individual not only serves to provide him with income; it also makes him a source of goods and services for the rest of society.

The growth of a society implies that all its members develop and fulfill their maximum productive potential. For this to occur, it is necessary that human resources be cultivated and productive organizations be designed to ensure optimal working conditions. An individual's ability to consume should never be restricted to levels which decrease his possibilities to develop his potential, regardless of any ideological, religious or circumstantial arguments to the contrary.

From this point of view, the participation of all individuals as consumers is required for a society's development; it is not just a revindication of the underprivileged. The exceptional cases of individuals climbing the social ladder will never sufficiently satisfy society's need to maximise the productivity of all its members. Since the marginal populations are the majority social group, it is economically unfeasible for any government to subsidise the poor to encourage consumption and, thus development.

Rather than improving the situation of isolated individuals or of subsidising the underprivileged, these conditions should be eradicated altogether and the standards governing economic exchange must be corrected. Since it is primarily the productive enterprise that defines economic relationships, it must be modified to improve participation.

These modifications will consist basically of adopting new values for decision-making on investments, production, employment, remuneration, marketing, etc. At the same time, mechanisms must be created to ensure that these decisions be oriented towards developing society as a whole, and not towards increasing the privileges of limited groups of individuals.

Some new productive enterprise models have already appeared and are functioning in Latin America and the Caribbean which attempt to achieve these ends. This article attempts to determine their potential significance within the process of structural change.

Instead of limiting this study to the use or definition of the term "participation", I will proceed directly into analysing existing enterprises in order to determine who make the decisions and who have access to the benefits. In this way, we can avoid discussing points on a theoretical level, or digressing into an ideological debate.

This direct approach does not imply an absence of political analysis or of a value system. On the contrary, the enterprise will be studied as a factor which generates political power. At the same time, efforts will be made to detect how the enterprise, and the economic and public policies generate differences, privileges and discriminations. The values that guide this analysis are based on the humanistic concept that life in society should allow and demand that each individual contribute to the well-being of all, under truly equitable conditions and within a spirit of solidarity.

To analyse how social relationships are determined by an enterprise's performance, the enterprise should be studied within the context of society at large. Its members are the enterprise's potential consumers, workers, producers of raw

materials, resources, capital, services, etc., and can in no way be considered separately. This leads us to study participation within society rather than just within existing enterprises, and enables us to visualise the significance of the community enterprise to the process of structural change, especially with regard to the recently developed multi-communal forms of property ownership.

This last point is stressed in this article; hence the lack of detail on how decisions, tasks and benefits are distributed within community enterprises. These activities have been sufficiently documented in recent investigations. Instead, I will focus on how a new concept of the agrarian enterprise can generate new models for relationships between rural and non-rural workers through collective forms of property ownership, the accumulation of surplus, and decision-making on investments and expenditures in favour of entire communities rather than for limited groups of rural workers.

This is not an attempt to formulate a definition of "campesino" participation, nor is it an effort to emphasise the analysis of "campesino" pressure and its channels, or the forms of "campesino" representation in State decision-making agencies. Rather the article emphasises a dimension of participation which has received little attention in our field: the participation of rural communities in agrarian enterprises. It is the result of constant reflection and efforts by directors of agrarian reform in our countries and the rural workers themselves, based on their experiences in community enterprises.

AGRARIAN STRUCTURES THAT DO NOT INVOLVE PARTICIPATION

The Foundations of Agrarian Structures

Definition of the concepts of enterprise, owner and worker

Agriculture began as a communal activity and was a major factor leading human groups to develop sedentary habits and new forms of social organisation. While a part of the community specialised in working the land, another group took charge of protecting the crops. Certain individuals were chosen to

assure that each person's tasks were performed adequately and that consumption be organized to meet everyone's needs. Agriculture helped to define the distribution of tasks in the community and to specify civic and defense activities.

The development of new means of production, in turn, caused successive variations in social and political organisation and contributed to establishing successively more specialised roles within the communities. Demographic growth and the integration of different groups into the communities also required organisational readjustments which eventually led to the current complexity of socio-economic conditions. These adjustments caused agriculture to lose much of its communal structure and its characteristic as supplier for the entire community.

The feudal landowner viewed his property as a source of power and prestige, at the expense of those who worked the land but did not own it. Advantages were guaranteed to the landowner even when the land's output was low and not enough surplus was generated to supply sectors of society dedicated to other types of activities. It was more important for the landowner to accumulate property, in order to be able to control increasingly large segments of the population who would pay him tribute and provide him with personal services, which included serving in his private army.

Current economic ideology emphasises obtaining maximum yields from the land although this does not mean supplying society with the greatest possible volume of products. The importance of agriculture has not changed: without it, people would not have enough to eat and industry would lack raw materials; but, the agricultural marketing system has created an image of the organisation of agricultural production and product distribution that misinterprets the basic purpose of agricultural activities. As a consequence, private interests have been allowed to control agriculture, frequently to the detriment of its social functions.

The system of private ownership of land, which in theory at least, does not have to be considered detrimental to society's interests, developed in Latin America because of the common attitude shared by landowners who, with few exceptions, viewed

land as a source of income or prestige which did not necessarily require rational exploitation or which provided the basis for dynamic enterprises that generated great profits for the owners regardless of the country's needs.

Originally, agricultural workers held the most valued of the specialised positions within the community and were specially protected by its defenders. Since then, they have gradually lost this status. With the advent of autonomous production units "landowners" acquired the social prestige once held by the agricultural worker, who was consequently relegated to a secondary, dependent role.

This produced a new concept which identified agricultural production with the landowner, and not with the worker.

As a corollary to this conceptual change, the enterprise entered into relationships with what then were considered external elements: the suppliers of inputs, raw materials, credit and labour, as well as consumers. These new contractual relationships were made at the convenience of the enterprise, that is the landowner. Under these conditions, all agricultural business activity is subject to conditions established by the landowner, and the goals of the agricultural enterprise practically become a matter of satisfying the landowners' interests.

When the agricultural worker does not own the land he works, he is totally excluded from decisions governing its use, yet is totally subject to those that are made.

Decision-making mechanisms in agricultural enterprises

Since the decision-making power over an agricultural enterprise is one of the most important factors governing social relationships and opportunities for participation, it is worthwhile to determine what this power involves.

The first decision about an agricultural enterprise deals with the condition of its existence. The owner decides whether to farm his land, to leave it fallow, or to let it be farmed by others through a lease or any indirect form of tenancy. His decision will determine how many jobs will be generated and who will be responsible for exploiting his land.

He also decides what will be produced, when, and in what quantities. He establishes what contribution his land will make to meeting the national demand for agricultural products for consumption, industry or exportation. At the same time, he decides which sector of the national population will receive his products; this will have an impact on national production goals and therefore has political consequences.

He decides what level of technology will be used for purposes of production, thereby determining the productivity of his land, the required skill and consequently the training needs of his workers, and wage ceilings. As he does this, he also decides on the type and amount of inputs he will need, and the kind of suppliers he will do business with (ranging from small, neighbouring farmers to huge extra-national urban industries).

Based on the existing legislation and labour market conditions, he selects his workers and assigns them their tasks. In this way, he decides who will be offered employment, what skill level to demand or discourage, and where to house the workers. This will depend on their respective tasks; their distance from means of communication, health services, education, supplies, etc.; and on their proximity to their co-workers, neighbours and others. All of this influences the solidarity and the relationships that will develop between the workers as well as their possibilities (and their families') to consume and their standards of living.

Once he has obtained the product, the landowner then decides how much he will sell, and where, and using demand conditions as a point of reference, he decides when to sell and at what price. For some products, and at certain places and times, prices are set by the State; but, since pertinent information can be obtained by the landowner before he begins production, he can evade these regulations by changing products, the time of sale, or the areas to be supplied. In this way, he decides which sector of the population will receive his products, or, more frequently, he will produce in response to extra-national demands and acquire income through exportation.

Having received income from the sale of his products and having covered production costs, the landowner then decides

what percentage of the surplus will be reinvested, or will be invested in other aspects of the enterprise; what percentage will go to improving his workers' standards of living, and the payment terms to input suppliers; what percentage will be reserved for extending credit to others or for serving as an intermediary for supplying and marketing for other enterprises; what percentage will be allocated to covering the costs of the enterprise, measures which only benefit the landowner himself; and what percentage he will keep as profit.

He then decides how much of his profits will be invested outside the enterprise, either within or outside the agricultural sector or country, stimulating whatever sector of the economy he chooses. He also decides how much he will retain for his own consumption, which will increase the demand for the products which attract him, (including superfluous or luxury goods and services), and finally, the percentage which will remain inactive. All of this will affect, in turn, his decision to request loans for future operations, as well as his choice of funding sources and conditions according to offers by State or private capital, national or international.

Consequences of the enterprise's standards of operation on workers and society

The landowner's autonomy over the above-mentioned decisions depends to a degree on the legislation of the country in which he operates (which does not have to be his native land, nor where he is a citizen) and is limited by the supply and demand conditions for credit, resources, raw materials, manpower and products.

The rural worker has practically no decision-making powers since all are assigned legally to the landowner. Even his own possibilities of joining an enterprise are determined by labour market conditions, upon which the potential labour force has no control or influence.

The dehumanization which occurs when the worker is viewed simply as a labour force for sale on the market, is reflected in enterprise operations where he continues in that limited role, unable to determine his relations with other workers; his productive contribution to the needs of the

different sectors of society for fulfilling national production goals or his contribution to the nation's wealth, its political stability, or even to the health, education and communication levels and general development of his own children.

The entrepreneurial model described by liberal philosophy differs from the above-described, because it assumes that with conditions of unlimited supply and demand, owners, workers and consumers will reach mutually acceptable arrangements. However, changes were systematically introduced as the land-owner became identified with the enterprise and especially as the owner of the economic surplus generated by the enterprise.

Investors, workers and consumers each contribute to the enterprise (capital, labour and payment for products, respectively) and receive something in return (interest, salaries and products, respectively). Beyond this, the owner keeps the profits for himself, which gives him certain autonomy over the conditions the workers, consumers and suppliers attempt to impose on him. This autonomy occurs because only the owner has the legal authority to change the operating conditions of the enterprise, which he can do in order to reap greater advantages from market conditions governing labour, products and capital.

The owner's decision to sell his products on a different market may well alter demand conditions, cause social problems and political conflicts, especially when this causes shifts in the domestic and export markets. This, in turn gives the owner political power over the government and political groups seeking social stability.

In extreme cases, if significant capital has been accumulated, the owner may choose to paralyze his enterprise in order to alter employment, input, capital and product demand conditions, if he feels this will generate future benefits for him.

Briefly, then, the decision-making power over an enterprise allows the owner to determine the level of productivity of his land; the standard of living for his workers; future opportunities for the workers and their children; the feelings of solidarity between the workers; several market conditions for neighbouring enterprises; the selective fulfillment of certain

demands by certain sectors as well as the nonfulfillment of others; the appearance of social conflicts and the country's political stability.

Theoretically, it would be possible for landowners to use these decision-making powers to maximise land yields; to raise the standards of living of their workers; to train and educate the workers and their children; to create solidarity among the workers, to assist smaller agricultural enterprises by not increasing their prices too markedly; to satisfy the needs of most of the population by increasing the production of basic products, especially food, and lowering prices by reducing costs through the implementation of technological innovations.

The possibility also exists that owners direct their profits towards invigorating the national economy, by investing in new industries within priority development areas, creating new employment opportunities and stimulating other national industries through their own consumer expenses. In this way, they would contribute to economic development and social and economic stability. The system of agricultural property that existed before the advent of agrarian reform was founded on these theoretical possibilities.

When it became evident that agricultural enterprises were not following these patterns in Latin America, the processes of agrarian reform were introduced in an attempt to correct the types of decisions being made by landowners. The goal was to limit the decision-making power of the landowners by channeling power to other social sectors.

Before going on to the next point, it should be stressed that the above-mentioned points can vary markedly between different enterprises, creating relationships between the enterprises that further limit "campesino" participation.

Small enterprises which are unable to accumulate surplus or to generate enough capital to finance their own operations and improvements are subject to other social agents which supply the capital, inputs and services for marketing as well as production. Frequently, the support provided by the State is inadequate, and most small enterprises must seek support from capitalist or other agricultural enterprises. Under these financing

conditions, those in lending positions have the advantage in contractual relations and are usually able to charge high prices for their services, or pay very low prices for the goods they purchase.

The minifundia presents an extreme example of this. Being unable to put up sufficient collateral, the minifundia farmers are ineligible for private loans. If not reached by State services, they must operate under very unfavourable conditions. If by chance they manage to obtain private credit or other private marketing services, they must conform to imposed production standards and relinquish a part (usually most) of their profits. In other words, small landowners seldom achieve autonomy or manage to accumulate enough economic surplus to acquire true decision-making powers.

The owners of large agricultural enterprises have almost exclusive decision-making power in the rural areas. Furthermore, one of the political consequences of their economic power is their ability to influence civil, administrative and political authorities who avoid supply problems by adapting their decisions to the interests of the large landowners. In this system of political tensions, the rural worker is not considered a producer since that role has been delegated to the owner.

Factors Affecting the Decision-Making Power of Landowners and their Relationship to "Campesino" Participation

The modernisation of other sectors of the economy

The advent of industry and the growth of services have significantly influenced the decisions of landowners. In the first place, the capital market expanded and opportunities to invest in non-agricultural activities increased the possibilities of generating greater profits at less risk. The large landowner also had the alternative of converting his land into capital to invest in other sectors.

Although this does not limit the landowner's decision-making powers, it does motivate him to shift his investments from the rural to the urban sector. An important portion of the economic surplus generated by the rural sector is thus invested

in urban activities, which may eventually distort the national development process.

At the same time, new demands are made on agricultural production. The standards for agricultural raw materials for industry are raised with regard to their quality, uniformity, stability and regularity of supply. In this way, without limiting the landowners' decision-making powers, he is motivated to modernise his farming techniques.

This situation alters the competitive relationships between agrarian entrepreneurs by creating irregular conditions in agricultural and capital markets. Modern agricultural entrepreneurs have access to financial support, stable markets and high prices while traditional landowners who favour the status quo, grind to a halt. Opportunities to associate with urban entrepreneurs increases the power of large modern agricultural enterprises, setting them apart from traditional landowners.

Although the modernisation of other sectors influences the decisions of the landowners, it does not change their relationships with their agricultural workers in terms of participation. What is more, the workers are further subordinated when the dynamics of the agricultural enterprise are changed and they are obliged to meet new production demands.

Direct State Actions

Before the advent of agrarian reform, governments had taken certain measures to attempt to limit the power of landowners by setting minimum wages for rural workers and price ceilings on some products, as well as requiring that a certain percentage of their land be devoted to food production. Positive and negative incentives were established for incorporating private farmers into agricultural production plans.

Other efforts included establishing guidelines for income redistribution through graduated income tax systems and the organisation of workers into unions which, in some cases, promoted and supported the demands of established or sporadic "campesino" groups.

Some of these actions could be interpreted as being favourable to "campesino" participation, since with relative frequency, they provided increased access to greater income or profits and in some cases, "campesinos" were able to voice their opinions through their organisations. Nonetheless, negotiating terms were still based on the landowner making the decisions for the enterprise with "campesino" intervention limited to attempting to exert influence from the outside.

Actions taken by agricultural workers

"Campesinos" have employed diverse channels and courses of action to avoid being affected by unfavourable decisions made by the landowners, and to increase their participation in the decision-making process.

One of these has been the formation of groups responsible for presenting complaints or requests to the authorities, and processing them through pre-established administrative or juridical channels. Many of these groups developed from community development programs and were organised on land rather than labour issues.

Other channels have included labour unions, federations and worker leagues. Promoted by urban labour leaders and usually based at individual enterprises, labour organisations have become more visible in modern agricultural enterprises where they have pressured for better working conditions and higher salaries and standards of living. Some of these organisations have grown into national federations and have been recognised by governments as representing "campesino" interests. In these cases, leaders have been incorporated into decision-making organisations of the agricultural sector, which is officially considered "campesino" participation."

Extra-legal channels using physical force and weapons have been used in invasional and guerrilla activities. In some cases, these tactics have been used to recuperate lands which were usurped through deceptive administrative and juridical processes; in others, with the intention of occupying idle or poorly managed lands, frequently in opposition to official regulations governing such land. Other groups, especially the

guerrillas, have acted with the intention of bringing about change in the country's socio-economic structure.

In several countries, the initial steps to implementing agrarian reform were taken by the authorities when these kinds of "campesino" actions were forcefully manifested and threatened to reach national scale. This was considered a victory for the "campesino" groups and interpreted as a means of participating, through pressure, in the national decision-making processes.

Reactions of Landowners to These Factors

Vis à vis modernisation

The influences of the second and third points, with variations between countries, have had notable effects on the behaviour of landowners.

Those who decided to modernise their farming techniques introduced technology and mechanisation, changed crops or crop varieties, and adapted to the new national and international demands. To accomplish this, they had to make investments, train their staff, significantly reduce the number of workers, eliminate the indirect use of their land, and increase the productivity and salaries of the remaining workers. They also absorbed neighbouring properties, or indirectly controlled them (from minifundia to "campesino" communities and medium-sized land parcels); they allied themselves with other large property owners in order to be able to create large operating units or efficient profit-sharing service federations.

The opinions of the "campesinos" were never taken into account in making these decisions. Moreover, the process displaced large segments of the labour force and robbed many small landowners of their means, forcing them to hire themselves out as farm labourers or to join the migrant stream.

Despite the attempts of traditional agricultural landowners to ignore on-going changes, they have been affected by increases in average rural wages and by worker migration. Nonetheless, their established political power has allowed them to remain active in traditional markets and to maintain high

income levels without having to invest, as well as to conserve their exclusive decision-making powers over their enterprises.

Vis à vis state action

Landowners who modernised their enterprises found that it was worth their while to improve working conditions and salaries, and to dedicate more land to production if they complied with State measures (especially since government minimum wages were really minimum and practically would not affect the landowners' profits). Although they had to submit to production plans, landowners were able to use their power to benefit from State incentives and to increase their profits by producing according to plan. State sanctions for non-compliance are so insignificant that even after paying fines, the landowners could still make great profits by producing according to their own plans. A dangerous consequence of this is not being able to control the amount of land devoted to producing basic foods.

Traditional landowners, who in fact would be affected by the government's process of modernisation, have used their established political power to avoid having to implement the new measures. In certain cases evasion is individual, such as in the case of incorrect assessments of property value or potential profits for purposes of taxation. In other cases, evasion is collective when landowners officially petition the government through their agricultural organisations, requesting that laws or regulations be suspended for often unjustified reasons, like climatic conditions, variations in demand conditions, shortage of resources, etc.

A threat often used by landowners in general, is that if their demands are not met, they will stop agricultural production; the land will not be cultivated for lack of investment, the workers will lose their jobs, and the country will suffer the social and political consequences of shortages and high unemployment.

It is worth noting that when landowners decide to paralyse production and lay off their workers, they blame the State for these decisions and act as if they are the injured

parties. The inherent force of these arguments is evident, since landowners are legally authorised to decide what they produce, when, and in what quantities; what will be marketed, how much, when and where. Thus, their decisions on these matters will always be legal, regardless of the circumstances or reasons for their decisions. They can use these threats to either change or retain government ordinances on agricultural or non-agricultural matters, which illustrates their means of generating political power. These are also key mechanisms that prevent workers from acquiring the same.

Vis à vis actions of the rural workers

Landowners have used protective mechanisms suited to the different actions taken by rural workers:

1. **Against groups which make their claims through regular administrative or juridical channels.** For major problems, a power system is created to pressure pertinent authorities. The results reflect the interests of the politically powerful, that is, the landowners. For resolving minor claims, it is widely acknowledged that landowners in Latin America make use of a system of illegal procedures for bribing lesser authorities.

Occasionally, and for reasons irrelevant to the problem, landowners "generously" agree to workers' petitions and may even offer or give more than is asked of them. In general these claims are made through regular channels and do not have any major impact on the landowners' interests, or influence his decisions or relationships with the workers. In other words, these processes can only be considered indirect or superficial forms of "campesino" participation.

2. **When faced with organised pressure,** the landowners' behaviour has differed somewhat according to the type of enterprise:

In modern enterprises, union organisation can act as a means of communication between the enterprise (the owner) and the workers. At the initiative of the landowner or the union organisers, many labour unions

have contributed to spreading ideas about rationality and organisation among the workers, which have contributed favourable to production in rational and organised enterprises. In order to improve the workers' situation, unions encourage their progressive education and training, which will also favour production in dynamic enterprises whose profits will increase in response to progressive technification. The unions also demand better working conditions and salaries for their members (disregarding the needs of the rest of the rural population). This supports the interests of a modern enterprise whose high productivity permits high salaries for a limited number of workers, and it is in the best interest of the enterprise to cultivate these human resources since their productivity will increase with experience. These workers realise they are better trained and better paid than the average "campesino" worker, and view their interests as different from those outside the enterprise. This creates limited solidarity within a closed group and encourages worker identification with the enterprise.

When union demands exceed the owners' limits (in other words, when they begin to affect profits), the situation becomes conflictive. Negotiations begin, in certain cases with State mediation, to weigh the interests of the "enterprise" against those of the union.

Instances in which the workers halt or decrease production, sabotage machinery and installations, or slaughter livestock are considered criminal acts against private property or hostile attempts to upset the national economy. These arguments damage a union movement's prestige, cause it to lose support in other social sectors and affects the State's position as mediator.

In the cases, the conflict changes dimensions and becomes a social debate. Sometimes, artificial shortages are created when the enterprise in conflict stockpiles its products, causing future price hikes. The consumers are consequently affected and often react negatively against union actions. For the duration of the conflict, the workers receive no income, while the owner is cushioned by

accumulated capital and income from other economic activities. This, briefly, serves to illustrate the prevalent unfavourable conditions facing the workers in the struggle.

In some cases, these circumstances force workers to lower their aspirations; in others, workers are dismissed from the enterprise by direct or indirect methods; at times, the resolutions favour the workers. This can in no way be considered a positive channel for participation, since it is conflictive rather than participative. The owner maintains his exclusive power over decisions and the workers must either submit or rebel against them. This cannot be considered participation.

The pressure, the negotiations, and the struggles are not actually an integral part of the enterprise institution, which still functions without participation, and which is in constant dangers of conflicts that can affect its productive output.

Traditional agricultural enterprises are incompatible with efficient labour unions by their very nature. Many landowners occasionally use illegal tactics to involve the State in armed intervention in order to stop conflicts, but not to resolve them. As this is not always possible, landowners lose interest in the property where union activities are developing. Common results of this situation in Latin America is discontinued investment in such property, sale of the land or acceptance of the terms of agrarian reform.

3. Landowners are usually defenseless against **violent actions** by "campesino" groups. Their arguments suit their ends when dealt with through existing legal institutions, but when confronted with arguments on social justice and equal rights, backed by force outside the legal framework, they lose their power of persuasion and are unable to meet demands without losing their privileges. Their only way out is to get the State to re-establish legal control so that the authorities can return them the land that is legally theirs.

In some countries it has been clear that landowners have been the ones to propose agrarian reform when faced

with the progressive growth of "campesino" violence. It is primarily the landowners who have modernised their operations who attempt to divert "campesino" pressure by providing them with access to property (belonging to other agricultural sectors). At the risk of losing everything, these "campesinos" accept conditions as investors over their former roles as tenants. An analysis of agrarian reform laws reveals the tendency to expropriate, through payment, idle land and traditional latifundia, while leaving modern enterprises intact.

Mini-fundists and those who farm their own small parcels, are not affected by these conflicts, since they do not tend to identify with landowners, especially when they must also work outside their farms to meet their needs.

Medium-scale landowners are confronted with fluctuations in the labour market, as well as with new demands of the modern market for agricultural products. They must seek assistance from large enterprises to modernise their operations, and thus become dependent on them. They often abandon their enterprises, incorporating their lands through sale or lease to larger modern enterprises and emigrate, or change economic occupations. Their workers are suddenly faced with very different working conditions, as a result, a significant portion of them joins the migrant stream.

PARTICIPATION WITHIN THE FRAMEWORK OF AGRARIAN REFORM

"Campesino" Participation with regard to the Objectives of Agrarian Reform

Agrarian Reform emerged as a process for resolving conflictive situations. Its measures must consequently be oriented towards eliminating the causes of conflict in order to avoid their future reappearance.

1. Maximum yields must be obtained from the land, and industrial, national consumption and exportation needs for agricultural products must be met. To achieve this, and in order that the factors be highly remunerated,

decision-makers must have sufficient information on the subject and the training necessary to enable them to deal with the ever-increasing needs of the nation. Moreover, to assure success, decision-makers must be backed by adequate capital resources.

2. **Workers in enterprises should be able to work under conditions where they are able to maintain their dignity, i.e., without having to face the insecurities of job instability, dangerous or harmful working conditions, or the inability to meet their families' needs for food, health, housing, education, recreation, etc. They must also be guaranteed possibilities to progressively better their conditions, both in their personal capacity to contribute to the productive process, as in their possibilities to consume.**

To guarantee success, mechanisms must exist that effectively attend to workers' interests and which deal with them as human beings with decision-making capabilities, and not merely as sources of manpower, controlled by outside forces.

3. **It is also necessary that economic surpluses generated in the enterprises be directed towards creating and improving other productive activities or services needed by the country, which foster new sources of employment and national wealth within as well as outside the enterprise. Stringent rules which make this type of action obligatory should be implemented. Paralysis or wasteful productive or consumer activities on superfluous or luxury items which do not contribute to national development should be avoided. This implies that the decision-makers in the enterprises must be moved by feelings of solidarity with the rest of the country's actual and potential workers.**

In other words, the process which determines the use of surpluses must change. Previous landowners could have oriented their decisions appropriately, but opted instead to orient them in their own favour. Consequently, agrarian reform considers these individuals incapable of fulfilling their social role, and aims to deprive them of their power, because of their abuse.

4. As this power was based on established laws and regulations and a particular concept of agricultural property, these factors must be fundamentally modified. This implies creating a new concept of the agrarian enterprise and re-writing the laws regulations and mechanisms for implementing them, including features guaranteeing that decisions made in the new enterprises be consistent with the principles that orient agrarian reform.

Review of some strategies for expropriating and distributing land in relation to "campesino" participation

Partial agrarian reform

The strategy of expropriating only marginal or idle lands while leaving owners in control of their modern enterprises describes the agrarian reform process in many countries. However, this is only a partial measure, since in this way, the principal objectives of agrarian reform cannot be achieved on a national scale. Changing the nature of the exercise of power in agrarian enterprises requires the inclusion of the entire sector in the process. Whatever the form of land allocation, if reform occurs in only part of the sector, it will not eliminate the principal causes of conflict.

Individual or family allocations

The strategy of allocating land in small family parcels also proves inadequate, especially for fulfilling the first objective. Furthermore, this allocation process is slow and expensive because of its planning complexity, which requires detailed land measurements, profit estimates for millions of small production units, the evaluation of millions of potential grantees, expenses for training and assisting millions of small independent operation units, etc., which overburdens the agencies of the agrarian sector and prevents them from serving more than a minimum percentage of the national "campesino" population.

Cooperatives

A measure which somewhat corrects the above strategy is grouping beneficiaries into cooperative organisations in order to be able to consolidate surplus and accumulate certain amounts of capital. When this occurs, the problem indicated in the first point is overcome. Nonetheless, the complexity and difficulty of the allocation process is not totally overcome, and consequently, a group of favoured "campesinos" emerges, as opposed to those who do not benefit from allocations.

"Campesino" associative enterprises

The strategy of allocating land collectively to the different forms of "campesino" associations (community enterprises, production cooperatives, settlements, agrarian centers, etc.) evolved out of the experiences (especially the failures) of the agrarian reform process in Latin America.

Planning for allocation in these cases is less difficult and tedious, because fewer new operational units are created and, in many cases, the previous boundaries of the large agrarian enterprises are maintained. At the same time, the selection of beneficiary "campesinos" is easier because it is not necessary to establish the relationships between their needs, potential labour force, manpower requirements and the potential yield of each small parcel since the analysis is made for groups of families, rather than for individual family units.

The volume of an enterprise's operations, and ultimately its size, will determine its possibility to rationally exploit its resources in order to maximise output in accordance with national needs. The amount of capital available for achieving these goals (by accumulating surplus) will also be determined by these factors. It is practically impossible for very small associative enterprises to overcome the same limitations which family-sized units suffer. According to several research reports, medium-sized farms, especially those grouped into multi-enterprise organisations, are developing dynamics that are similar to the above, as agrarian reform objectives are revised. Except for problems relating to the existence of landless workers, it can be clearly noted that the operations of these enterprises coincide with the objectives of agrarian reform.

One general characteristic which most of these enterprises acquire and which deserves special attention is their marked interest in cultivating human resources. In general, training and education receive special and on-going emphasis and resources; work is distributed so that everyone receives some training; the enterprises finance new economically productive activities for their members in order to provide them with new skills, sources of income, etc.

Regarding consumption, collective services develop within enterprises which attempt to guarantee minimum equal consumption levels regardless of individual productivity differences; especially in education, housing, food supply, etc. This coincides with enterprise attitudes of solidarity and complements efforts to develop human resources. Collective consumption also avoids spending part of the enterprise's surplus outside its productive boundaries in the form of individual consumption, and also favors collective capitalisation.

As for the relationships with the rest of the community (the landless workers), manifestations of solidarity are different. Few "campesino" associative enterprises make significant investments which do not benefit themselves directly and frequently, original grantees resist the incorporation of new members into the enterprise, even if these originally worked practically permanently as wage labourers on the landholding.

The beneficiaries of associative enterprises often break their ties with representative or militant "campesino" organisations. To justify this, they declare that these organisations do not provide the services they need for developing their enterprises and thus avoid supporting their efforts to benefit the rest of the "campesino" population.

This type of enterprise guarantees the participation of its members in the decisions, contributions and benefits of the enterprise. Because it belongs to the workers, it represents a new enterprise model that guarantees workers economic stability and possibilities to advance, as well as more humanistic relationships since equal rights are promoted among the members, especially in the decision-making process.

As a strategy for agrarian reform, it would be complete if a country's entire "campesino" population belonged to this type of enterprise (which, incidentally, would eliminate the problems associated with landless workers). Unfortunately, no country has implemented this strategy globally in their agrarian reform process. As long as the present situation prevails, the beneficiaries of associative enterprises will be privileged in comparison to the rest of the "campesino" population.

Large Agricultural Multi-communal Enterprises

General characteristics

A strategy which has appeared recently in Latin America involves grouping previously allocated lands that were part of one or more agrarian enterprises, or sets of rural communities, into larger enterprises. With this strategy, all the members of the land-grant communities automatically become collective beneficiaries, regardless of their previous occupations or their previous relationship to property and land tenure.

This form of land allocation eliminates the complex process of selecting beneficiaries, and more importantly, it deals with the problem of marginal rural populations, since the benefits are not limited to those who directly work the land. Discrimination, privileges and new types of alienation are consequently eliminated.

For technical reasons and by selection of the co-owning communities, only a given number of workers actually work the re-distributed land in order to guarantee the rational use of human resources. For the most part, wage labourers who formerly worked for the enterprise and other qualified "campesinos" are selected for this purpose. They are paid individually for their work.

The remaining members of the co-owning communities maintain their previous occupations and do not receive individual income from the allocated land holdings. However, each community receives part of the surplus generated by the allocated lands, which is to be spent on development activities, especially those which create new sources of productive

employment for its members, and which finance activities that improve the community's overall standard of living.

Allocations are made to organised communities, should they already exist. Unorganised groups of individuals (minifundists, former wage labourers, etc.) are directed to form collective entities (i.e., cooperatives) in order to be able to join one of these enterprises. Representatives from these organisations meet in general assemblies, which are the highest decision-making mechanisms of the enterprise.

The general assembly makes the principal decisions on enterprise operations, and on the use of surplus, with the participation of representatives from all co-owning sectors. Executive and monitoring agencies with designations analogous to those of cooperatives are created for dealing with pertinent complementary decisions and the enterprise's functional operation.

Specific characteristics and social consequences of participation

Despite the fact that the mechanisms for individual participation in the decisions of these enterprises are complex and indirect, decisions taken already indicate the attention being given to the interests of all the co-owning sectors. In particular, the participation of those who do not enjoy the security of individual incomes (those who do not work the allocated lands), is causing enterprise surpluses to be invested in creating new production units and new jobs, improving production and marketing conditions for other activities of the communities and financing collective services which raise the overall standard of living.

The participation of the entire community in deciding the use of surplus capital is creating the dynamics of rational capital investment and is eliminating superfluous expenses and ostentatious consumption, while fostering new and diverse productive activities in the rural areas. Thus, for the first time, large agricultural enterprises are financing settlements, artisan enterprises, processing plants for enterprise products, as well as marketing systems serving all producers in their entire sphere of influence.

All these investments, in turn, generate new surpluses which become the collective property of the entire community in a process of multi-communal capitalisation, which gives them access to significant amounts of credit, even from foreign sources.

Furthermore, the proximity of large, highly technical production units to the small productive efforts of community members, stimulates and supports the massive introduction of technology into "campesino" activities. By eliminating the systematic drain of surplus by previous landowners, and with the reformed unit's new access to credit and technical support small agricultural producers, as members of an enterprise, are encouraged to improve their operational conditions, increase their production and make more efficient use of their land.

This concept of property is essentially different from the one described at the beginning of this paper. Shifting the decision-making power from the hands of a privileged individual to the entire population of a given area, changes land from being the means to obtain individual or group privileges to a resource benefitting the entire society. Communal participation in the property, and consequently, in the decisions concerning the enterprise thus guarantees that the agricultural enterprise contributes meaningfully to rural and national development.

This situation eliminates the principal factor of discord; i.e., the conflict between the owners' interests (making the greatest profits possible) and those of the workers and the rest of the community, since, once the limiting concept of individual or group property is eliminated, the decisions of the enterprise are made for the benefit of the entire group of owners, that is, the entire social group in a given geographical area.

The very nature of the participative mechanisms in an enterprise opens the door to other possibilities for participation by the rural population. Vast improvements are already visible in regions where this type of enterprise has been established: roads, new facilities for production and consumption, housing, educational and medical services, etc., are evident at first glance. At the same time, the public education process, increased numbers of academic scholarships, as well as the

democratization of the ascension process for workers within the enterprise's hierarchy are defining new possibilities for the progressive improvement of members of beneficiary rural communities.

One social repercussion of this process which should be emphasized is the change that begins to take place in relation to the State's role. Large enterprises are able to finance the well-being of their workers and as a result, the work of the State, as subsidizer of "campesino" affairs (especially services), becomes less necessary. Formerly, landowners never spent enough on schools, medical services, housing, etc., and the State had to assume the responsibility for filling the gaps. In general, the State was unable to do so adequately, and many of the basic needs of the "campesinos" were never satisfied. This situation was artificially induced by shortages generated by the anti-social use of surpluses.

As the responsibility for decision-making changes hands, enterprises are given the chance to take care of their workers' needs, and they are doing so. Consequently, the State is relatively free of the responsibility of covering the consumer expenses of the "campesino" population, but it also loses some control over where and how services will be provided. In terms of participation, "campesinos" develop certain autonomy in relation to the State, whose support is no longer so urgent. This in turn, will affect relationships between political leaders (especially in the case of candidates for elected offices and the "campesino" political constituency.

Repercussions on the structural change process

It is very likely that this new concept of agrarian property will generate conflicts with other sectors of the national economy which have not undergone similar structural change. In fact, many non-agricultural activities created and financed by these large communal enterprises are governed by industrial or commercial law where the workers are not co-owners of the enterprise. Under these circumstances, new reformed agricultural enterprise owners will have privileges over their "urban" workers.

However, unreformed enterprises in other sectors will have competitive advantage over reformed agricultural enterprises since their overall operating costs are lower due to the owner's exclusive power over decisions on the enterprise and because these owners make few or no investments in their workers' well-being.

It must be kept in mind that this community enterprise model does not simply involve transferring land from one owner to a group of owners, but is rather an in-depth modification of the concepts of property and enterprise. Land once again acquires the significance it had originally when agriculture was a communal activity, before it was fragmented by private ownership. As agricultural property and activities become communal again, the objectives of community service are re-established and the main source of conflict is eliminated: the presence of an individual landowner with privileged rights over the land and its workers.

In addition, a given process of agrarian reform that adopts this strategy is able to expand its actions to the national level relatively rapidly, since the selection of beneficiaries and detailed productivity analyses prior to land allocation are no longer necessary.

This type of allocation requires well-timed land expropriations which will have to be based on new criteria. It will be necessary to expropriate as much land as is necessary for creating the enterprises, regardless of the type of activities that were established by former owners. It will also be necessary to expropriate the land at a rate needed for the formation of new enterprises; expropriation procedures must then be adapted accordingly. This will only be possible when the political decision to carry out agrarian reform is based on power greater than the power of each individual landowner that will be affected, greater than the power of landowners as a group, and greater than the sum of this power with other national political forces that oppose transforming the agrarian structure in particular and structural change in general.

The experience of centuries of submission to individualistic agricultural models makes it difficult for the "campesinos" in our countries to spearhead the creation of these community

enterprises. Nonetheless, the response by beneficiaries of this type of enterprise has been remarkable, in spite of its structural complexity and problems with implementation. "Campesino" participation in the decision-making process is already producing favourable results in production and social development, and deep feelings of group solidarity are already manifest.

CONCLUSIONS

1. Attempts to foster "campesino" representation in the directive agencies of the agricultural sector without changing the enterprise models have had only insignificant results in dealing with rural marginality.
2. Attempts to benefit "campesinos" with partial or indirect formulas for participation, without eliminating the privileged status of former landowners and their exclusive access to the decision-making process, have been unable to overcome the marginal conditions of the "campesino" population.
3. Participation in enterprise benefits is inextricably linked with participation in the decision-making process.
4. "Campesino" participation in the decision-making processes of agricultural enterprises implies a profound transformation in the enterprise's operating procedures and in the concepts of property, work and enterprise.
5. Participation in decisions on the use of surplus generated by agricultural enterprises is the most important aspect of participation, since it determines how the enterprise will respond to its own growth and development, the well-being of its workers, the development of other agro-economic activities and national development.

6. Allocations to entire rural communities (rather than only to those persons who already work the allocated lands) and the participation of non-agricultural workers, ensures that enterprise surplus will be used for activities that benefit the rural population as a whole. The development of new privileged groups is therefore avoided and substantial progress is made towards eliminating rural marginal conditions.
7. The benefits obtained from community enterprises by those who do not directly work the land, benefits the entire nation, since this process contributes to the development and efficient use of the country's human resources, as well as stimulating other economic activities.

After reviewing the different agrarian reform efforts in Latin America, it appears that the community enterprise provides the most appropriate channel for ensuring "campesino" participation, since it orients the actions of the enterprise towards national development.

**AN EVALUATION OF
COMMUNITY ENTERPRISES**

PART III

**"CAMPELINO" COMMUNITARIAN
ENTERPRISES IN
LATIN AMERICA**

Mario Suárez Melo

"CAMPESIÑO" COMMUNITARIAN ENTERPRISES IN LATIN AMERICA*

Mario Suárez Melo**

In order to facilitate the exchange of experiences on the advantages and limitations of the community enterprises that have emerged with agrarian reform, IICA-CIRA carried out a monographic study on the new "campesino" production models being implemented in Chile, Colombia, Panama, Peru and Venezuela.

The objectives of this first study were as follows:

1. To compile (generally and in a preliminary manner) descriptive information on the different associative forms of production which have emerged in Latin America as a result of agrarian reform processes.
2. To furnish elements for future study on the economic, social and political implications of these new types of enterprises.
3. To identify areas in which further investigation would be desirable.

Five reports, one on each country studied, resulted from this research. The summary that follows is the first attempt to

* Article published in the journal, *Desarrollo Rural en las Américas*. Vol. IV-No. 2-1972.

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systematise existing information on communitarian enterprises in Latin America. It should provide an overall view of the situation and suggest new avenues of research on the matter.

The monographic study produced a considerable amount of data, the interpretation and analysis of which required greater efforts than were originally expected. This paper summarises all the information and data gathered, and was discussed in Panama in 1972 at the IV Inter-American Meeting of Agrarian Reform Executives which was sponsored by IICA, the Panamanian government and OAS Project 206.

THE CONCEPT OF AGRARIAN REFORM

The concept of agrarian reform which has traditionally been subjected to multiple and varied interpretations, acquired greater clarity and precision in the decade of the sixties, at least in the interpretations by the American governments. Internal conflicts of varying degrees still exist in each country, however, depending on the interests of the groups in power, and the clash between the sectors that seek structural change, and those that attempt to paralyze, dilute or postpone it.

Progress in the conceptual precision of agrarian reform can be observed in several official declarations: from the Punta del Este Declaration No. 32 of 1961 to the Theoretical Framework for Agrarian Reform, adopted in Caracas in 1970. The text of the Punta del Este Declaration defines agrarian reform as a process for transforming the unjust land tenancy and land exploitation systems; for substituting the latifundia and minifundia with a just system of ownership which, along with complementary rural services, guarantees economic stability, progressive well-being, freedom and dignity to the rural individual. Almost all the agrarian reform laws of the hemisphere's countries were taken into account for developing this concept, and policies were developed that were theoretically aimed at fulfilling the objectives established in this inter-American endeavour.

However, with the growing discrepancy between theoretical statements and actual practice at a national level⁶, it became evident that there was a need to define the content and

scope these actions should take in order for them to be considered an authentic agrarian reform.

In view of this need, and based on the recommendations made by an FAO and IICA Commission³⁷, the Eleventh Regional FAO Conference for Latin America held in Caracas in October, 1970, unanimously approved a declaration in which the American nations defined the concept of "agrarian reform" and indicated the objectives which emerging land tenure systems should emulate. In 1971, the Meeting of Ministers of Agriculture also unanimously approved the theoretical framework originally proposed by IICA and FAO. Briefly, this theoretical framework included the following elements, among others:

1. The concept of development should not be limited solely to economic growth, defined as a quantitative increase in production capacity. It should also imply a reorientation of political and social power, a redistribution of income and public participation.
2. Strategies which do not view development as a process or structural change but as the product of technological modernisation, lead to a growth process which lacks social justice and which results in stagnation and the preservation of the traditional society.
3. Agrarian reform is part of the concept and strategy of development, and implies a reorientation of relationships between society's various sectors. The latifundia-minifundia system is not only a way of using the land, it is an entire localized social system which dominates the "campesino".
4. Agrarian reform emerges as a consequence of national pressure on the agrarian structure, as a process which unfolds within the context of conflicting social relationships.
5. Since agrarian reform is part of a global process of change, it cannot occur in an isolated manner, but must be accompanied by modifications in other sectors of the economic and social structure. It must also count on

innovative efforts that conceive of and implement new types of production units.

6. The new land tenure and exploitation systems which emerge as a consequence of agrarian reform must meet at least the following objectives:
 - a. The entrepreneurial organisation of new landowners in order to attain production increases and a more efficient use of productive resources.
 - b. The creation of land tenure units or beneficiary associations which will facilitate the adoption of appropriate technologies, encourage greater investments, and raise income levels.
 - c. The implantation of measures which will ensure a more equitable distribution of income in the rural sector.
 - d. The organisation of "campesinos" to participate at all levels of the decision-making process.
 - e. The adaptation of new tenure systems to the context of the social system in which the new units will operate. These should be sufficiently flexible to incorporate the surplus "campesino" population.

While respecting the autonomy of each country to decide, at a national level, on the orientation and scope their agrarian reform will assume*, this greater precision in the definition of agrarian reform which is shared by the governments of the American countries will at least serve as a reference for identifying whether agrarian reform is actually being carried out in each case, or whether the label is being used to cover up lateral actions which do not attempt any structural change.

THE TWO PHASES OF AGRARIAN REFORM

On the basis of this shared understanding, it should be stressed that the sole purpose of agrarian reform is not only to

* For information on the various typologies applied to agrarian reform, see references No. 14, 20, 21, 26, 27.

eliminate an agrarian social structure which is considered anti-economic and unjust, but to **substitute or replace it.**

It is thus assumed that two distinct phases will be observed in an agrarian reform process:

1. The elimination of what is considered an inappropriate structure.
2. The creation of a new structure to replace the previous one.

Elaborating on the above, it can be suggested that the first phase is characterised by a set of actions that eliminate the traditional agrarian social structure by attacking its three fundamental sub-structures:

- a. Land tenure.
- b. Production.
- c. Auxiliary services³⁰.

The second phase, on the other hand, is characterised by a creative process which develops a **new order** in juridical, economic, social and political terms, based on experiences gained from the previous structure. The main effort in this phase is directed at designing the **basic unit** of the new projected structure.

The process of change will be gradual, incomplete or simply non-existent, depending on the degree to which these two phases are carried out or whether one of them is omitted. The result will either be preservation of a slightly modified but still traditional agrarian structure; the co-existence of a "reformed sector" and a "non-reformed sector" within a single structure; the creation of a new structure that maintains the values of the previous one; or a general disorganisation, as a consequence of the inability to create a new order. One need only point out the concern of Mexicans and Bolivians on the manner in which agrarian reform has evolved in their respective countries, to demonstrate how a process of change can be

halted midway if the objectives for building a new agrarian structure have not been clearly defined*.

AGRARIAN REFORM POLICIES

An examination of the basic orientation of agrarian reform policies in Latin America would suggest a first conclusion that, at least theoretically, the countries' concerns have centered on the first of the two phases described. Legal texts, policies, and activities have all been basically oriented at eliminating traditional agrarian structures; this does not, however, necessarily mean it has been, in fact, accomplished. On the contrary, as stated by FAO's Special Committee on Agrarian Reform³⁰, authentic achievements in the field during the decade of the 60's were inferior to those observed in the two preceding decades. The initial statement only means that policies and procedures until this time have devoted preferential attention to eliminating traditional agrarian structures (which is logical) without achieving satisfactory results.

It can be reaffirmed that in general, land ownership was not de-concentrated, and that traditional agrarian structures still exist in most of the countries in the area. It should also be noted that the executors and experts in the countries which have witnessed a real advance in the agrarian reform process have concentrated on the problems of creating a new agrarian structure. This is evidenced by the fact that the two countries (Peru and Chile) closest to achieving the elimination of the latifundia are those that set a dead-line for its eradication and have also developed the most comprehensive basic models for new agrarian structures.

* Ramón Fernández y Fernández¹⁸ writes about Mexico: "This was basically a counter-agrarian reform, that is, a destructive agrarian reform. As regards a system for substituting the one rejected, the indications were much less clear. Hesitations were frequent, directions were changed. . ." ". . . the reform was successful in breaking down the country's economic and social structure whose injustice was a hindrance to national development; in this sense it was a success; in terms of a new structure to substitute for the old, which was fortunately destroyed in good time, the success was only partial. Thus we must speak of failures as well as of successes. We must continue to think about what must be done, how we can perfect the results of agrarian reform. . ."

Consequently, the projection for the seventies involved the continuation of efforts to eliminate the latifundia. Countries which have already accomplished that will direct their efforts towards designing units which will serve as the foundation for a new agrarian structure. Attention must be paid to understanding the nature, modalities and characteristics of the new agrarian "campesino" enterprises, which must necessarily involve selecting between the different types of allocation models and their corresponding entrepreneurial forms.

Antonio García²⁰ states that the nature of the new land tenure structure —its forms, scope, depth and the rhythm of its process— is defined by the ideology which inspires and serves as a basis for a certain policy model for national development and agrarian reform.

Sharing this initial premise, this analysis will focus definitively on the characteristics and modalities which the associated "campesino" enterprise forms being fostered should have. Before going on to compare collective enterprise models implemented in the five countries studied, it is important to briefly analyse the concept of enterprise.

THE AGRARIAN ENTERPRISE

An in-depth presentation of this extensive topic goes far beyond the purposes of this paper. Reference will be made to only its fundamental elements, in order to clearly define general lines which will be described later on.

Ballarín Marcial² states that the essence of the agrarian phenomenon lies in the organization of a series of productive cells which, because of their social and economic importance, are subject to agrarian regulations. These cells would be the enterprises. The agrarian enterprise would then be, above all, a socio-economic reality, made up of the following basic elements:

1. "Entrepreneur", or the individual or juridical entity having rights to use and enjoy the lands and other organised elements for exploitation, and who carries out, in his own name, agricultural, livestock, forestry or mixed activities.

2. **“Exploitation”**, or enterprise assets, the main element of which is the land.
3. **“Agrarian activity”**, the action of the entrepreneur on the set of elements that make up exploitation.

Three situations emerge from this description of the enterprise: its organisation, its performance and its up-keep. In summary, the various regulations in agrarian law invariably refer to one of these aspects, contributing a broader view of agrarian law to the concept of agrarian enterprise.

Property and Enterprise

Nonetheless, again according to Ballarín³, the fundamental problem continues to line in the relationship between property and enterprise, where the center of gravity of the entire juridical system is moving away from property and towards enterprise, a transition from capitalistic law to social agrarian law.

We realize that the concept of property is a determining factor for entrepreneurial models. Traditional capitalist property gave way to capitalist enterprise models. On the other hand, property rights, having been subjected to a process of socialization, especially in agrarian law, have produced new enterprise models with the communitarian, as opposed to the individual principle, being its basic element. Thus, the labour factor displaces the capital factor.

Agrarian reform acquires a new dimension based on the above statements. In some cases it would mean the process for creating agrarian enterprises; in others, that already have efficient enterprise systems, it would mean work at reforming the enterprise, maintaining the already established exploitation units but modifying its internal organisation and changing its legal land-titling system. Without losing its re-distributive quality, agrarian reform can create or reform enterprises, which would, in turn, become the basic units for a new agrarian structure.

The concept of the agrarian enterprise must then include the modifications effected on the nature of property by the

agrarian reform process, as well as meet the social, economic and political requirements of the new agrarian structure which will be based on it.

At this point, a comparative analysis is made of some aspects of the associative forms of land tenure and production being developed in Venezuela, Panama, Chile and Colombia, with a few references to the experiences of the Social Interest Agricultural Societies in Peru. We take the concept of associative forms to mean those which seek **cooperation** only as well as those whose efforts are directed at **integration***. Nevertheless, we will only deal with the new models being implemented in the countries studied, and will not include the various types of **classical cooperatives** which have already been studied thoroughly**.

It would certainly be useful to identify some areas of interest regarding new associative forms of production, in order to provide elements for analysis, and to stress some which should be studied at some future date.

Different types of enterprise analysed

In order to start with a common understanding which will facilitate comparative references later on, the following models studied in Panama, Venezuela, Colombia, Chile and Peru are described:

1. **The "campesino" settlement in Panama** is "an initial transitory and economic stage for the "campesinos", during which time they fully exploit agrarian reform lands".³³

* Fernandez y Fernandez¹⁹ distinguishes between the two forms: broadly speaking, *cooperation* refers to the mutual aid possible between farmers and enterprises when they are in contact with each other. If the personal enterprise loses some of its individuality, either partially or completely, in some or in all agricultural tasks, it would be a form of *integration*.

** Fernandez y Fernandez divides producer cooperatives into production and service types. Production types are divided into collectives and semi-collectives; the latter into horizontal and vertical types¹⁹.

2. **Credit Unions (Venezuela)** are "'campesino' organisations basically oriented towards acquiring credit, and secondarily toward the common use of other services related to agricultural production".⁴⁶
3. **"Campesino" enterprise (Venezuela)** has been defined as "an economic agrarian organisation of collective orientation and with legal status, which provides its own basic services for development, through the elaboration of agro-economic and credit plans".⁴²
4. **The Agrarian Center (Venezuela)** is a "typically agrarian institution which assumes juridical status for a group of 'campesinos' who, individually or collectively, have been allocated land by the National Agrarian Institute in the same or neighbouring areas, and which promotes, with non-profit making motives, community development and the organisation of the respective agrarian enterprise".⁴²
5. **Communitarian enterprises (Colombia)** are "associative forms of production in which capital and labour quotas are met equally by all persons, who are co-owners of the reserve and capital funds and who assume equal responsibility for enterprise management, administration and work".²²
6. **The Chilean settlement** is "an initial transitory stage in the social and economic organisation of "campesinos" for exploiting expropriated lands, from the time they are repossessed until their definitive assignment".⁷
7. **The Agrarian Reform Center (Chile)** is defined as: "the initial transitory stage in "campesino" organisation for applying, evaluating, and improving organisation, management, and social control systems in agricultural production".³⁹
8. **Social Interest Agricultural Societies, SAIS (Peru),** are defined as "a self-managed 'campesino' enterprise modality which levels the socio-economic inequalities of an area, re-distributing benefits obtained by the collective enterprise according to the developmental needs of each of the co-owning 'campesino' groups".³⁶

COMPARATIVE ANALYSIS

The following areas of interest emerge upon examining the state of associative "campesino" production enterprises, based on reports prepared on four countries. The generic term "community enterprise" refers to these units in general, although it may not be an entirely accurate description in some cases.

Variable Political Authority for Promoting Agrarian Reform

The main purpose of these reports was to compile and systematise available information on associative "campesino" production models in several Latin American countries. However, a preliminary examination of the manner in which the agrarian reform processes have evolved reveals that not all of these countries have the necessary political authority to fully implement them, thus relegating variable priority to agrarian reform in the general national plans for development.

A quick review of advances made in agrarian reform indicates that: the current revolutionary government in Peru, in two and a half years, more than tripled the progress attained by the preceding government in six years*.

The Popular Unity government in Chile, achieved in 15 months approximately 80 percent of the advances made in five years of the previous government, making use of the same legal documents available to the previous government, that is, the 1967 Law No. 16640*. Similarly, as opposed to the other countries who have not taken a stand on the issue, Peru and Chile have set deadlines for eliminating the latifundia. At that time, Chile's deadline was set for one year, and in fact President Allende announced the expropriation of the last latifundia in May 1972¹. Peruvian authorities expected to completely eliminate the latifundia by 1975^{5 1}.

* During the government of Belaunde Terry, 934,370 hectares and 177,702 head of cattle were expropriated; 398,091 hectares were acquired, benefitting 13,657 families. During the two and a half years under the revolutionary government, until October 1971, 2,675,731 hectares and 1,172,276 head of cattle were expropriated; 2,148,089 hectares were appropriated for the benefit of 82,684 families.

The accelerated land re-distribution process in these two countries can be explained by the fact that the processes took place under general political circumstances which favoured structural change for the entire society, which greatly facilitated the modification of agrarian structures. This is not the case, however, for most countries in the region. In some of these countries, progress in terms of structural change has been curtailed, for different reasons and to different degrees, by insufficient political determination. The consequent rate at which agrarian reform is carried out in these countries is incompatible with the mounting pressure exerted by the base "campesino" population for access to land.

One indicator of this relative inertia observed in several countries, is the marked increase in State resources set aside for implementing agrarian reform as a process of structural change. For example, in Venezuela, contrary to popular belief, not only is the process of land re-distribution still unfinished, but based on recent research⁴⁸, the very executors of agrarian reform⁴⁴ have expressed concern at the alarming rate of regression in evidence long before achieving the goal of reaching 350,000 "campesino" families. The regression is witnessed in abandoned allocated land parcels; the transference of parcels by beneficiaries to unqualified persons; the illegal occupation of IAN lands by persons not subject to agrarian reform; and definitely in actions taken to reconstitute the latifundia. New goals for Venezuelan agrarian policy to counteract these negative points seem to have little chance of success. There is little interest at a national level in resolving the agrarian problem, an attitude reflected in budgetary allocations made to the National Agrarian Institute, which only received 66 percent of its requested operating budget during 1970-74^{28,43}. Similarly, it may be noted that in ten years, agrarian reform was allocated 2.6 percent of the country's general budget, while, according to provisions made when the law was drawn up, this program was to be assigned 10 percent of the national budget⁴⁴. Consequently, a comparison of the initial goal

* The Christian Democrat government expropriated 1,408 properties, or a total of 3,564,343 Has, benefitting 26,811 families. In 15 months, the Popular government expropriated 1,587 (2,809,302 Has) properties, benefitting 19,500 families.

(benefitting 350,000 families) with the actual figure of families served (95,320), we see that Venezuelan agrarian reform has only accomplished 27.8 percent of its goal.

Besides the fact that a series of elements intervened to negatively affect the progress of agrarian reform in Panama, figures indicate that budgetary allocations to the agricultural sector have generally decreased in that country, constituting the most serious impediment to achieving its established goals. While in 1970 the Investment Budget assigned 19 percent of its total to the Ministry of Agriculture and Livestock, in 1971 these funds consisted of only 8.7 percent of the budget⁴¹.

Consequently, only 48.6 percent of the problem of squatters on private lands has been resolved, although this has been recognised as Panama's basic problem in the agricultural sector. Government authorities had expected to have this situation totally settled by 1971.

Finally, agrarian reform in Colombia has gone through several stages and, after attempting to radically change the process between 1969 and 1970, ended up in a conflict of ideologies and a general weakening of its operations. Of the one million "campesino" families (including squatters, minifundists and wage labourers) originally selected as potential beneficiaries of agrarian reform¹¹, only 11,845 families have actually been served, not including those who received land grants of State property. This indicates that the re-distributive endeavour only achieved about one percent of the original goal established at the beginning of the process.

Having examined the variable political determination exercised in carrying out agrarian reform in these countries, we will turn to an analysis of the points that relate to the forms of "campesino" enterprise which were studied.

Discontinuation of Individual Allocations

In the cases studied, the allocation model selected as the basic unit for the new agrarian structure is clearly related to the type of agrarian reform adopted.

Without entering into a discussion on the comparative merits of individual versus collective allocations, which is in itself a subject worthy of separate analysis, it should be pointed out that, despite the fact that existing laws in the countries studied favour individual allocations by family agricultural units, executor agencies of agrarian reform have been working to correct this tendency in practice. They have, to greater and lesser degrees, effected collective allocations and have encouraged complementary associative production models in the case of individual allocations.

During the first seven years of agrarian reform in Colombia, allocations were almost exclusively made to individual families, following procedures established in the 1961 Law No. 135 and traditions governing these points since 1938, when the first settlements were made. This traditional individualism becomes clearer when one observes that in 1969, 97.2 percent of the distributed lands were in the form of family agricultural units. Beginning in 1970, however, almost all appropriations and allocations were made within a communitarian framework, by granting the "campesino" groups indivisible and common lands. In this way, the "campesino" does not acquire a specific parcel of land, but rather a quota share which is transferred for its use to the respective enterprise — ensuring its indivisibility. The efforts channelled into this movement lead it to totally surpass, in number and importance, the family agricultural units, with 62.2 percent of the land transferred to beneficiaries of agrarian reform being exploited in a communal manner.

In Colombia, the displacement of the individual grant system by the community grant system is attributed to: the need to stimulate the progress of agrarian reform; the change of focus following the self-analysis by agrarian reform executors; the need to transfer political power from the hands of the traditional elite to the disadvantaged "campesino" population; modern methods for increasing awareness in the national campaign for "campesino" organisation; the possibility of reducing administrative costs and the need to create factors to prevent reversals in the agrarian reform process.

In Chile, the three stages in agrarian reform have been characterised by three grant models. The first stage, begun in 1928 with the creation of the Settlement Bureau and imple-

mented under the protection of several laws, involved individual parcel, lot and family garden plots³⁹. The second stage was based on Law 16640, approved during President Frei's administration, which promoted a provisional collective grant model called the "settlement". The third stage was developed by the Popular Unity government, which chose the Agrarian Reform Center, CERA, to promote a new provisional collective grant model.

Nevertheless, it must be emphasised that both the Settlement and CERA are provisional grant models. Regarding the Settlement, Chilean Law establishes that once the initial grant period of from three to five years is over, definitive allocations will be made "individually to "campesinos" making up family agricultural units". Only when this proves impossible is the Agrarian Reform Corporation, CORA, authorised to effect communitarian oriented distributions. In spite of this legal condition, definitive grants made at the end of the settlement period have not been individual. Of 156 grants made, benefitting 7,063 families, only nine of these, involving 562 families were individual in nature; the rest were allocated to different types of cooperatives*.

Similarly, although Chilean law did not impose legal conditions on the definitive grant from to be used upon CERA's conclusion, official statements on the subject indicate that although house and garden plots are granted individually, productive lands would only be granted on a cooperative basis⁸.

Despite the fact that the Agrarian Reform Law in Venezuela foresaw the possibilities of both individual or collective grants, the basic and almost exclusive form of allotment is family ownership, complemented by organisational models created to facilitate the development of individual enterprises. Consequently, only 2.29 percent of the beneficiaries were involved in collective grants. On the other hand, 53.5 percent of the land grantees made use of complementary associative modes such as Credit Unions, "Campesino" enterprises and Agricultural Centers⁴².

* For more information on the different cooperative modalities and corresponding figures, see the preliminary report on Chile.

Finally Panama, in line with the Chilean settlements, chose the form of collective allocation as a provisional stage, to last from three to five years, during which time the definitive granting of individual parcels was to be made³⁵. The degree to which this would be effected could not be predicted. Nevertheless, it is significant that members of the "Campesino" Settlement Federation, CONAC, manifested their desire to continue collective exploitation. A new regulation was announced in response to these requests, changing the type of land grants made at the end of the settlement period, substituting individual parcels by cooperative grants.

Peru established that associative enterprises will be granted priority over individual ones in land grant considerations⁵⁰. Information provided by the country's General Directorate of Agrarian Reform indicates that by June 30, 1971 only 6.7 percent of total lands allocated were assigned in individual units; the remaining, 93.3 percent was distributed as follows: 40.7 percent to cooperatives; 17.8 percent to "campesino" communities, and 34.8 percent to Social Interest Agricultural Societies.

THE NEED TO ADOPT NEW JURIDICAL FORMS

Although the practice of allocating family parcel models is being discontinued, it has not been complemented by a parallel effort to create specifically agrarian juridical models. The countries studied exhibited a tendency to use traditional juridical schemes pertaining to civil or commercial activities for framing new associative land tenure and production models.

Observations made of these new forms of land tenure and associative "campesino" production systems suggest two things:

1. Original models were developed from an organisational point of view.
2. These new models, however, were framed, juridically, within traditional normative schemes. The separate analysis of each of these statements indicates that:
 - a. If the archetype of family property and its corresponding enterprise system is ignored, it may

be noted that the new collective allocation models and associative production systems were not copied from traditional forms, but developed from the modalities specific to each national reality, and account for the highly original quality of models presented to serve as a foundation for the new agrarian structure. A great variety of these exist, as was mentioned in the introduction of this document, not including the models generically recognized as cooperatives, in different forms and with different characteristics, which are developing as an important part of the new agrarian structure.

- b. Nevertheless, this initial originality was limited by the juridical framework within which the majority of the cases operated, and lacked flexible formulas so that these new enterprise and property models could be typified, based on their particular characteristics. Forced interpretations were made by attempting to adapt these new enterprises to traditional juridical molds, an obstacle to the normal development of the enterprises. Consequently, the possibility of attaining individual juridical status was practically unknown in some cases (settlements in Panama* and Agricultural Centers in Venezuela); legal problems have arisen for maintaining the indivisibility of the lands and guaranteeing the continuity of the agrarian enterprises (Colombia); the decision of whether to classify new forms of associations under civil or commercial headings was a serious concern (Venezuela, Colombia); and complementary juridical forms had to be used for exercising rights and acquiring obligations (Agrarian Reform Societies in Chile). Obviously, it is not always possible to create new regulations for each new enterprise model because of the limitations imposed by national juridical ordinances. Nonetheless, the transitional need to adapt must not cause us to lose sight of the final objective which is the creation of a new agrarian

* NOTE that a Supreme Resolution in Panama rectified this situation by assigning juridical entity status to the settlements.

structure which demands new types of social property and new enterprise models with a specific juridical typology that differs from traditional civil and commercial law.

The above also relates to the need for executors and lawyers to define their own internal organisational standards. Some of these models have attained general lines of definition which characterise them, as in the case of the Social Interest Agricultural Societies in Peru; the Credit Unions in Venezuela, or the settlements in Chile. In other cases, models are still in the process of being defined; and are still in their experimental stages, as in the Chilean Agricultural Centers; some reflect the ambiguity of national attitudes toward agrarian reform, as in Colombia; or simply are still examining their guiding principles, as in the Venezuelan Agricultural Centers. This lack of general internal organisation doubtlessly produces uncertainty in beneficiaries of agrarian reform and frequently acts as an obstacle to the normal development of the new enterprises.

FLEXIBILITY OF THE NEW MODELS

One of the primary problems faced by planners of new agrarian structures is to determine whether the new units should include the entire rural population of each respective zone, or whether beneficiaries should be selected. Accompanying this last point is the frequent suggestion that the surplus population be absorbed outside the agricultural sector. This tends to be a theoretical point, since most of our countries do not have sufficient economic resources for creating, within the near future, massive employment opportunities to absorb these people. Therefore, realistically, the solution must be sought within the reformed sector itself.

An analysis of the criteria used by the different Latin American countries for designating beneficiaries indicates some instances in which a rigorous selection was made based on a detailed point system. Such was the case in the Chilean and Panamanian settlements, and in the land grants made in Colombia and Venezuela.

The policy of establishing the number of beneficiaries based on the land's agro-economic capacity can be defended from a strictly economic point of view. It has, however, created new inequalities and new stratification between beneficiaries and non-beneficiaries. The experience of the Chilean settlements in this respect is truly edifying. In effect, their point system divided the "campesinos", since in actuality previous tenants on the landholdings were almost exclusively chosen as beneficiaries, at the expense of minifundists, volunteers, outsiders and co-workers^{10,39,13}. The labour structure of traditional landholdings which caused conflicts between categories of workers, was maintained and accentuated in the settlements. New occupational problems developed when those not favoured by the selection process had to look for other sources of work or were obliged to offer their services in exchange for wages to colleagues who had become proprietors⁴. Boss-worker relationships, reflecting a domination-submission framework were maintained, contradicting the purposes of the process. It is significant that the bulk of expenditures in the Chilean settlements went into hiring manpower²⁵. The organisation became a "closed" enterprise, when the settlers themselves refused to accept new members, on the basis that this would diminish their profits. There were even some cases of pre-strike conflicts between parents and offspring who attempted to claim their rights to become new settlers. Thus, the settlements reproduced the individualistic and capitalistic values which the new agrarian structure had attempted to eliminate³⁹.

Once they became aware of this situation, the countries took steps to alter it. In later stages of agrarian reform, the Chilean Agrarian Reform Centers no longer used a selection process for determining beneficiaries. Instead, all "campesinos" who had worked permanently on the affected landholdings were made members, eliminating the need for hired wage labourers.

The Venezuelan Agrarian Center has also faced this situation although not as boldly. It allowed for the incorporation of active members, other than the original land grantees, who "become integrated as a result of agro-industrial development, marketing or land-grant services", and as affiliated members with limited rights those who are permanently

involved with the community, upon previous approval of the Administrative Committee.

The SAIS model in Peru functioned similarly. Although it did not provide employment to all the "campesinos" in the area, it stimulated regional benefits for all the communities in the area, not only the immediate beneficiaries, thus converting the "campesino" enterprise into an instrument of authentic local development.

It seems appropriate to mention the forerunner of the Mexican "ejido" which was not originally designed to be converted into an agrarian enterprise, but rather was a means for distributing land to all aspiring "campesinos", involving no selection process, and based on the position that they were receiving what was historically their right⁵. However, when General Cárdenas tried to give the "ejido" a truly entrepreneurial character by making it the base of productive agriculture, he was obstructed by the already existing unsatisfactory man-land relationship represented by the institutionalised minifundia¹⁹.

These observations on models that use selection systems which produce stratification between beneficiary "campesinos" and surplus "campesinos" must be complemented with a few remarks on some alternatives.

It is valid to reason that "campesinos" who worked consistently on a given landholding and had subsisted while working for the traditional owner should not be expelled from this land by the process of agrarian reform, thereby aggravating their original condition. It is equally valid to observe, however, that there is a limit to employment possibilities beyond which no solution can be reached unless in the form of disguised unemployment.

Therefore, despite the fact that theoretically all are "beneficiaries", some will be unemployed or under-employed. Changes in statistical categories could be observed, but no real solutions.

Although the new models should attempt to eliminate selective systems, and be flexible enough to include all the

"campesinos" who had formerly depended on the reformed lands, the economic efficiency of the enterprise precludes unnecessary employment. It is therefore necessary to make initial capitalisation efforts at enterprise and local levels, in order to create new sources of employment which will absorb surplus rural labour within a reasonable amount of time.

The success of the basic units of the new agrarian structure will be seriously limited if state efforts are not aimed at their rapid capitalisation.

Internal Structure

An analysis of the associative forms of production in the four countries studied reveals that none of them have a regulatory system which prevents the development of privileged groups within the organisation of the enterprise. Furthermore, in some cases, the organisations are regulated in such a manner as to actually introduce the causes of future inequalities. For example, the Venezuelan Credit Unions accept the membership of both small and medium-sized farmers. Each one receives a percentage of the profits in proportion to the output of his parcel. A study of 8 cases⁴⁵ indicates that in 1969, 21.6 percent of the members received 69.3 percent of the income, while at the other extreme, 78.4 percent of the members received only 30.7 percent of the profits — this created a new class structure within the very organisation.

The Venezuelan "Campesino" Enterprises count on member contribution certificates as a source for forming their patrimony, the amount of each depending on individual economic possibilities. The distribution of profits takes into account the work factor, as well as the capital contribution, which entitles the members to additional profits. This factor, along with the possibility that the enterprise may be formed by combining family land titles of unequal value, makes internal stratification unavoidable within the enterprise. The new Venezuelan Agrarian Centers have attempted to decrease the possibilities of internal stratification, but it is doubtful whether this can actually be accomplished, due to the differential treatment received by active members as compared to affiliated members, and because credit unions and Center enterprises maintain their autonomy.

Internal differences can emerge among settlement models because of the unclear regulation of the amount and use of individual parcels. In the case of Panama, for instance, some settlers have ceded the exploitation of their parcels to others by various methods.

The internal stratification of the Mexican "ejido" is caused by a lack of internal controls, which gives rein to legal violations on parcel rentals and the concentration of the "ejidos" in the hands of a few "ejidatarios". This stratification is supported by differences in land and credit resources that the various "ejidatario" groups receive.

Chile's so-called privileges of "consumption and use" (the concession of a piece of land for individual exploitation) and of the "talaje" (grazing rights for a specific number of privately-owned animals), have also produced inequalities. This occurs because the extension of these rights depends on the settlers' economic ability to pay increasing fees. Petitions from the settlers invariably request increased "goces" and "talajes". As the increase, the number of workers devoted to joint exploitation decreases correspondingly, with a consequent increase in salaried workers.

The new Chilean model of Agrarian Reform Centers attempts to correct this particular situation by limiting the size of private plots and the "talaje" to what is necessary for maintaining one large animal. In other words, the private plot and the "talaje" are now being projected to provide complementary subsistence to settlers, and are by way of becoming profit-making instruments and factors of disequilibrium.

The regulations for Colombian enterprises in this respect have not been completely prepared yet. Although the first official definitions of communitarian enterprises included equal capital and land contributions²² as a basic element, the proposal for new agrarian legislation studied by Congress¹², eliminates equal contributions from the definition as an essential condition. It does not, of course, expressly prohibit it, but once omitted, it allows enterprises to maintain or duplicate economic strata which will threaten the solidarity and unity of the organization. The justification is that resulting profits and losses will be distributed according to each member's contribution.

It is in our best interest, then, to face this problem and take the necessary precautions to ensure that the basic unit of the new agrarian structure does not foster internal social stratification as a result of the economic inequalities implicit in the models themselves.

A "campesino" enterprise model that stimulates competition among unequals, instead of serving as an incentive for the social, economic and political promotion of its class, and that destroys solidarity and cooperation between equal members is obviously inconsistent with a communitarian ideology.

Mechanisms for effective participation within the enterprise

In line with the above, an analysis should be made of the precautions taken to guarantee effective participation of the "campesinos" in decisions related to the management and orientation of their enterprises.

The usual formula of expressing opinions or counting votes in a general assembly becomes less effective as the enterprise increases in size. The requirements that accompany the rise of the new agrarian structure require effective instruments for assuring real, conscious and on-going participation by all "campesinos" in decisions that will affect them. Communitarian enterprise models should therefore provide mechanisms that guarantee authentic participation, and eliminate purely formal participation.

Variations introduced by the Chilean Agrarian Reform Centers and the Venezuelan Agrarian Centers may be taken as examples of this point. The first have introduced "production teams" which, in addition to carrying out various productive tasks, participate in an on-going manner in decisions involving the enterprise. The heads of these teams, together with the President of the General Assembly and advisors selected by the Assembly, make up the Production Committee which is the Center's administrative organ.

The fundamental structure of Venezuela's Agrarian Centers is made up of "base groups" each with a maximum of 30 members (usually neighbours) and which form the nucleus from which all the organisation's decisions emanate.

"Specialised Commissions" are formed within the base groups which deal with specific matters and which have the power to make decisions on matters within their scope.

This internal organisation has two types of assemblies: sectional and general. Sectional assemblies are made up of the members of a "special commission" and its decisions hold for all members of the enterprise. The general assembly thus becomes an organ for secondary-level decision-making. Even members of the Center's executive branch (the Administrative Committee) are designated by the base groups and presented to the general assembly for ratification.

The examples cited indicate that enterprises which have developed evident depth are those that have adopted channels that guarantee the permanent participation of all their members. This format decreases the possibility of strictly formal group participation and marked differences between those in management positions and the rest of the beneficiaries, which would indefinitely allow the former to predominate at the expense of the latter, limiting the latter's possibilities for training and personal development.

Participation of official functionaries in the new enterprises

The very circumstances in which Latin American agrarian reform has evolved and the "dependency mentality" produced by traditional agrarian structures have led some agrarian reform agencies to attempt to assume the role of the previous boss. These paternalistic attempts have a negative effect on the progress of the agrarian reform process. "Official management" is strongest in countries which have progressed most slowly, and decreases with the expansion and intensification of the process.

This suggests the problem of determining to what point official functionaries should be allowed to intervene in the performance of new enterprise models. As in most questions dealing with the creation of a new agrarian structure, there is no single answer. Currently, there are several positions that deal with the attempt to reconcile "campesino" participation and training with official supervision and direction.

For example, Panamanian settlements proposed the creation of an association between the Agrarian Reform Commission, CRA, and the settlers for the communitarian exploitation of the land. The rise of this association should coincide with the creation of the settlement, since it is assumed that the latter would function through the former. However, to date no associative contracts have been signed with any of the 108 settlements in existence. Since the settlements lack juridical status, the CRA assumed the responsibility of representing the "campesinos" and effected their transactions for them in all operations related to external aspects of production. This represents a high degree of interference in the internal organization of the enterprises. If this situation remains unchanged, it is possible that goals for "campesino" training set for the provisional stage will not be adequately fulfilled. Fortunately, this policy seemed to be rectified in principle by more recent legal dispositions which granted the settlements juridical status.

Similar observations can be made on the Chilean settlements. Although associations for land exploitation were created promptly, CORA maintained decision-making authority over matters which, in essence, constitute the structural framework within which the enterprise operates. Thus, the settlers' participation was limited to internal decisions and training through contact with the market and commercial financial institutions was seriously hindered.

Nevertheless, a comparison of the different regulations established for the settlements during their evolution indicates that CORA has been reducing its intervention. CORA's participation in the administration of the "Agrarian Reform Centers" has been eliminated, this now being the responsibility of the beneficiaries.

Negative results have also shown up in the Venezuelan Credit Unions⁴⁵ as a result of mistaken attitudes by official functionaries who, instead of fulfilling their assigned roles of "advisors", have planned the credit programs without the participation of the members of the Union, causing great disparities between plans and actions. The situation reached the point where credit planning became "merely a bureaucratic requirement, with no real impact on the Union's agricultural management".⁴⁵ The National Agrarian Institute reacted to this

policy by stimulating the active participation of "campesinos" in their organisations, using multi-disciplinary promotion teams. The role of official functionaries in the agrarian enterprises and the new credit unions has consequently been reversed, with officials now acting as advisors.

The reaction of the Venezuelan "Campesino" Federation should be mentioned here, regarding the methodology used by IAN functionaries to establish agrarian centers which, according to Federation directives, would serve only to displace "campesino" leaders. This suggests another problem related not so much to the participation of official functionaries in enterprise business, but to their role in the stage of promotion and organisation. A decision must be made as to what point it is legitimate for policy executors to intervene directly in promoting and establishing the base units, and whether this intervention might not replace the actions of those who have either nominally or really been acting as "campesino" leaders. Various considerations come into mind here, but their discussion lies beyond the scope of this paper.

In Colombia, INCORA advisors tend to assume the role of enterprise managers. The areas on the Atlantic Coast exhibit this tendency even more markedly, based on similar management procedures of cooperatives organised by the agrarian reform agency. Nonetheless, the massive "campesino" organisation program being promoted at this time is counteracting this situation, and intervention by official functionaries is gradually assuming the advisory status originally assigned to them.

The very adoption of the new land tenure structures being analysed has produced considerable change in the relationships between official functionaries and the beneficiaries of agrarian reform. Examples can be cited of agrarian reform agents who have taken on the attitudes which formerly corresponded to foremen, thereby maintaining and at times aggravating the authoritarian relationship now backed by their official rank³¹. Obviously, the development of the new "campesino" enterprise models would prevent the recurrence of this type of relationship.

The economic efficiency of associative forms of production

Generalisations on the economic efficiency of the associative forms of production analysed herein cannot be made because of insufficient empirical studies on the subject and also because economic efficiency is so closely linked to a rational use of resources. Thus, an analysis of this topic should include the complementary measures taken by the State in support of these productive endeavours. Certainly an economic evaluation of the associative forms of production cannot be made without analysing the structure of the support system in which they exist. Nonetheless, reference to some case studies can serve to indicate the potential of these associations as instruments for increasing productivity and income.

In Venezuela, the profits of Tacarigua Central, administered by the "campesino" enterprise and counting on IAN advisory services, surpassed those obtained under any other administrative model.

Another case worth mentioning is the "Ticoporo" forestry enterprise which is managed by "campesinos". Forest resources are administered with high levels of rationality, and by simultaneously implementing efficient management and reforestation practices, the "campesinos" have achieved many positive economic results.

In some of the settlements in the province of Chiriquí, Panama, an advance of B/8.75* is paid to the direct work shift, as compared to the B/2.50 previously earned by a "campesino" as a daily wage labourer. However, according to preliminary data gathered in an evaluation made by the IICA Office in Panama, only one of the ten highest income-earning settlements exceeded B/200 per year, the average income being B/108 per year. A yearly income of B/200 is a significant standard because families earning less than that were determined to be eligible for agrarian reform benefits. Immediately apparent is the contradiction between the annual income levels and the notable increase in day wages mentioned previously. The

* Parity exists between the Balboa and the dollar.

explanation lies in the fact that although wages increased, the size of the lands used for communitarian exploitation were too small to guarantee full-time work. It was verified that in one of the more developed settlements, communitarian exploitation only required four days of work a month, and therefore it may be said that the economic output is high in proportion to the amount of land devoted to communitarian exploitation.

In Colombia, a preliminary analysis of seven enterprises made by INCORA's Credit Division²⁴, comparing the results of "campesino" administration with the previous results of expropriated owners determined that:

1. The surface area used for agricultural purposes increased by 82 percent.
2. Livestock production areas decreased by 51 percent.
3. Production values, at constant prices, increased by 87 percent per hectare.
4. The employment level doubled from 239 to 516 men per 240 work-day year⁴⁰.

This comparative study was very limited in that it only involved two cases, which makes it impossible to identify any general patterns. However, the preliminary results can be considered satisfactory.

Several cases studies in Chile^{15,16,25,29}, demonstrate that provisional settlements have: improved soil use; introduced modern production methods; intensified the use of certified seed, fertilisers and pesticides, and have mechanised many tasks. The settlers' level of available income and dividends from capital employed, have increased and daily wages for the settled "campesinos" have risen from 2.86 to 4.86 times the minimum rural wage for that time period.

This is another point that will require detailed research for effective evaluation. Nonetheless, the information presented indicates that associative "campesino" production models are achieving their economic objectives.

Surplus Socialisation

Programmers of the new agrarian-structure must deal with the fact that there is an absence of class consciousness in the "campesino" sector, which naturally hinders the development of a sense of solidarity. Consequently, there is a tendency for "campesino" groups benefitting from agrarian reform to become a new privileged sector within the "campesino" population. The danger exists that actions of agrarian reform will maintain and increase economic differences in the sector, rather than eliminate them.

The potential that single "campesino" enterprises accumulate profits, and thus generate stratification relative to other "campesino" groups, demonstrates the need to create mechanisms for transferring a portion of this economic surplus to the neediest "campesino" sectors.

Actions are being taken along this line in both Chile and Peru. The Chilean Agrarian Reform Center established that a portion of its profits be "socialised". These are channeled into the Communal Compensation and Capitalisation Fund, an institutional mechanism for compensating for losses suffered by other centers, and for stimulating their capitalisation. The percent of profits to be set aside for this fund was not specified initially. Some documents mention that 90 percent of the profits would be directed to this end, while others specify 50 percent⁸. The organisation, composition, management and characteristics of this Fund had not yet been defined either, which created a feeling of uncertainty in the "campesino" sector.

The Peruvian Social Interest Agricultural Societies are developing as one of their primary objectives the "equalisation of socio-economic differences in the area", by distributing their benefits not only among their direct workers, but among the communities in the area as well. This important characteristic of the SAIS is in line with the model's historical background. Once the large livestock latifundia were expropriated in Peru's central mountain area, other problems arose related to the manner in which land would be allocated, since traditional latifundia had a negative impact not only on the workers concerned directly with production, but on the entire region.

A fundamental problem is that of co-existence in one area of workers from the expropriated farms and others from communities devoted to marginal agricultural activities who exhibit equal or greater conditions of misery and backwardness. The new model consequently had to reconcile three basic points:

1. Maintain an efficient enterprise organisation without disproportionately increasing the number of permanent workers.
2. Maintain the communitarian lifestyle and the communal ownership of all productive elements.
3. Contribute to the solution of the entire region's economic, social and cultural problems, and not just to its own workers' problems.

This background information illustrates the decision of the revolutionary government, on the basis of which a cooperative was formed by different levels of workers from expropriated latifundia. Next, the cooperative formed an association with neighbouring communities, creating a new juridical entity called the Social Interest Agricultural Society, which was the entity that received the land grant. The beneficiaries of agrarian reform therefore were not only those working directly on the expropriated estate, but the region's entire "campesino" population. The participation of each community in the respective SAIS was determined on an inversely proportional basis with regard to its degree of development. The cooperative of direct farm workers share in the profits according to the percentage designated by the SAIS itself; the rest of the profits belong to the member communities who invest in them, preferentially, in economic and social development activities which lead to the socialisation of any surplus³⁸.

Although the cited experiences foster class solidarity and produce a more equitable distribution of the benefits of agrarian reform, they give rise to other related problems. One example is the initial loss of interest by the new enterprise members. In Chile, this was manifested in the reaction of

"campesinos" to the idea of transferring part of their profit to other "campesino" enterprises, especially in those settlements where concrete individualistic expectations were strong.

The information gathered on Peru indicated that workers on the expropriated livestock-producing latifundia have accepted the new situation. However, there is concern over the possibility that those directly involved on the farm will begin to question the right of neighbouring communities to receive dividends from enterprise capital, without having participated in productive efforts. Capitalist criteria of the profits produced by the capital would definitely be in use here for purposes of socialising the surplus.

Subjection of land grants to previous area definitions

In most of the countries studied, land granting followed the same pattern as expropriation. In other words, farms are bought or expropriated parcel by parcel and are re-allocated in the same dimensions, parcel by parcel. New enterprises are consequently organised within the borders of the original estate. This policy has been adopted for the settlements in both Chile and Panama, in the communitarian enterprises in Colombia, and in the Credit Unions in Venezuela.

This correspondence between the expropriated estate and the consolidated enterprise has limitations which affects the execution of the agrarian reform process:

1. It obstructs regional planning since integrated production, infrastructure, technical assistance, and credit programs cannot be established.
2. Natural resources are ineffectively exploited, since the disjointed nature of the land holdings hinders the implementation of a coordinated plan for fully utilising and adequately conserving the resources.
3. The advantages of economies of scale are lost.
4. Administrative costs are multiplied.

5. Infrastructure is wasted since the size of the landholdings limits their yield.

In addition to these factors, this system of land allocation generalises two limitations already mentioned in the case of the Chilean settlement. In the first place, this system has seen to it that the "campesino" vision of the agrarian problem and the process of change is restricted, reducing the beneficiaries' perspective to a parcel-specific vision which does not usually extend beyond the physical boundaries of the estate. It seems that the physical parcelling of the settlements has fostered a similar mental parcelling in the "campesino" settlers. In the second place, the parcel-by-parcel grants inhibit social organisation and interfere with the integration of the "campesino" sector, while reducing its economics and political benefits.

However, a reaction can already be felt against this system of land allocation. In Peru, a clear policy on this matter has been stated in the following terms: "the range of these enterprises need not coincide with the previously established borders; land distribution need not respect the previous land ownership structure, even if the acquisition is carried out estate by estate. On the contrary, a specific attempt is being made to create new enterprises outside of the irrationalities of the previous structure, whenever possible".⁵⁰

In order to overcome the previous situation of parcel-by-parcel distribution, the Agrarian Center in Venezuela is attempting to integrate "campesinos" who received individual or collective land grants into a single location or into neighbouring ones. These Centers are responsible for the integral planning for the area under their jurisdiction. Consequently, although there has been no change in the actual allocation system, a complementary measure was adopted to avoid the already mentioned negative effects when possible.

Finally, one of the main differences between the Chilean settlement and the new provisional allocation model, the Agrarian Reform Center, involves exactly this: the dimensions of the enterprise. The Centers are not formed parcel by parcel, but cover several of the previous estates in order to facilitate regional exploitation.

Promotion

The level of correspondence that should exist between the type of enterprise being created as a starting point for the new agrarian structure and the promotion systems used by agrarian reform executor agencies should be stressed.

Although no systematic information exists on this point, it is generally noted that promotional activities are directed almost exclusively at providing technical training for beneficiaries to increase their skills, and to help them take advantage of various factors which determine productive activity.

There are no coordinated efforts that ensure that beneficiaries of agrarian reform will fulfill the other objectives assigned to new agrarian enterprises. Training for fuller participation and social development does not seem to be considered an essential part of the process. Although no empirical research has been carried out on the topic, one can assume that the failure of some enterprises or the preservation of traditional values in others, as already noted, is largely due to the lack of adequate promotion systems.

A mass effort is needed in order to disseminate information on existing isolated experiences, like in Venezuela⁴⁹, and the methods used to build consciousness and provide training, for the effective participation and organisation of the beneficiaries of agrarian reform.

Many other aspects mentioned in different country reports are deserving of additional discussion. However, we have preferred to limit this summary to the previously enumerated points in order to initiate discussion on the diverse associative "campesino" production models being implemented. Obviously, unresolved problems still exist, as well as contradictory elements implicit in the models studied; new situations emerging from disequilibrium; special national conditions, in other words, a whole set of points that still need attention. However, the balance of the performance of the new "campesino" production enterprises as instruments for creating a new society is highly favourable. There are sufficient indicators that point to positive conclusions on the perspectives of an agrarian structure built on these new enterprise models. It is worthwhile

to continue fostering them, correcting their negative aspects based on national experiences in order to benefit the continent's entire "campesino" population. This analysis may have to start with the definition of the very concept of "community enterprises". In any case, this is an opportunity to re-consider the problems that develop in the process of creating a new agrarian structure, problems which must be resolved without delay or postponements if the process of change we are all participating in is to really come about.

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**COMMUNITY ENTERPRISES:
A BIBLIOGRAPHY**

PART IV

**LITERATURE ON "CAMPEÑO"
COMMUNITY ENTERPRISES IN
LATIN AMERICA**

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LITERATURE ON "CAMPESIÑO" COMMUNITY ENTERPRISES IN LATIN AMERICA

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Guillermo Isaza**

This bibliography mostly refers to documents produced in countries where the "campesino" community enterprise has developed as a part of national agrarian reform processes. Colombia, Chile, Peru and Venezuela stand out as having dealt most extensively in this field. Ecuador, Honduras, Panama, El Salvador and Costa Rica contribute with their more recently developed experiences.

A perusal of the literature clearly indicates IICA's action in fostering this rural production model since 1965 – 1966. Thirty-two percent (50 documents) of the references produced to date were published between 1973-74, evidence of the tremendous recent increase in literature on this kind of enterprise. Moreover, it may be noted that 45 percent of the references in this bibliography can be credited directly or partially to IICA.

Literature on this topic is relatively broad and varied and may be found throughout the region. However, a large proportion of this material is considered "non-conventional", that is, documents with poor accessibility due to limited publication and distribution, or because they cannot be acquired through regular commercial channels. Many of the bibliographic sources consulted in the IICA-CIDIA collection indicate that a high percent of the literature on "campesino" community enterprises

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is found in documents from conferences, courses, round tables, papers and drafts for discussion, etc., while only a small percentage has been published in journals or books.

The references were organised geographically, in order to provide the reader with an overview of the countries which have produced relevant material on this subject. Furthermore, literature of broader scope that is applicable to all of Latin America is listed separately.

The following statistical table details the output of Latin American literature on "campesino" community enterprises by country, and the chronological order in which they appeared between 1958 and 1974.

**LATIN AMERICAN LITERATURE ON "CAMPESENO"
COMMUNITY ENTERPRISES, DISTRIBUTION BY
COUNTRIES AND YEAR OF PUBLICATION**

Countries	1958	59	61	64	65	66	67	68	69	70	71	72	73	74	Total
Brazil	-	-	-	-	-	1	-	-	-	-	-	-	-	-	1
Colombia	-	-	-	-	-	-	-	-	-	3	5	16	8	2	34
Costa Rica	-	-	-	-	-	-	-	-	-	-	-	-	-	1	1
Chile	-	-	-	-	1	1	4	4	3	3	-	1	4	-	21
Ecuador	-	-	-	-	-	-	-	-	-	-	-	-	4	-	4
El Salvador	-	-	-	-	-	1	-	-	-	-	-	-	-	-	1
Honduras	-	-	-	-	-	-	-	-	-	-	-	2	-	1	3
Mexico	1	2	1	3	1	3	3	6	2	1	1	-	2	-	26
Panama	-	-	-	-	-	-	2	-	-	-	-	1	1	-	4
Peru	-	-	-	-	-	-	-	-	-	-	2	1	7	1	11
Venezuela	-	-	-	-	-	-	2	1	3	2	1	3	1	4	17
General	-	-	1	-	-	-	-	-	5	2	4	6	6	8	32
TOTAL	1	2	2	3	2	6	11	11	13	11	13	30	33	17	155

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