



Geographical Association

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Source: *Geography*, July 1971, Vol. 56, No. 3 (July 1971), pp. 221-230

Published by: Geographical Association

Stable URL: <https://www.jstor.org/stable/40567557>

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Agrarian Reform in Chile

A. JEFFERIES

ABSTRACT. The historical background of current agrarian reform in Chile is outlined, from the *latifundia* established during the early seventeenth century to the evolution of the main social groups involved in Chilean agriculture today and the factors underlying the current fragmentation of the large estates. The agrarian land reform laws of successive governments since the 1920s are described and their aims and impact on Chilean society assessed. Reform measures discussed include the establishment of the Agricultural Colonization Bank whose objective was to settle farmers in colonies on unused land and which was subsequently transformed into the Corporation for Agrarian Reform (CORA) with wider powers over the ownership of land, ability to found co-operatives and to divide the country into Agrarian Reform Zones. The agricultural and social achievements of CORA are examined in the light of the formidable problems of the family-support capacity of the land, the selection of the most suitable agrarian organization, the terms under which expropriated land may be held, the best use of available resources and the continued opposition of the landowner class.

THE HISTORICAL BACKGROUND

AS WE APPROACH the last quarter of the twentieth century, many indications are present that the agrarian question in Latin America has "gone beyond the realm of academic discussion".¹ For upwards of four centuries there has existed in the immense rural territories which came under Iberian control what has been called a "social equilibrium". Though this has included growing numbers of small farms, or *minifundia*, the system has been dominated by a landed class owning large estates (*latifundia*) and upheld by political, economic and, when necessary, military power. Barraclough and Domike pointed out that the present widespread unrest is due to the strain being put on this equilibrium by forces of three kinds. The startling growth of population which has in some recent years risen over 3 per cent; changes in technology are requiring more flexible agrarian systems; and greatly increased aspirations for a better life, the "revolution of expectations", have been engendered by improved communications. Many and varied are the solutions put forward to solve this problem, so basic because these are agrarian countries where the entire structure of society is involved. Already the traditional system has been fundamentally modified, though not always obliterated, in three countries, Mexico, Bolivia and Cuba. So far the other countries have not experienced dramatic changes which cannot be reversed, but everywhere the old order is under serious challenge.

Chile, one of the more stable and industrially more advanced members of the Latin American family, has recently elected a Marxist as president; this is the fruit of rapidly growing impatience with the inherited stratification of society. Some account of the solution to the agrarian problem being already put forward in that country would appear to be of especial interest today. The present article attempts to review this solution and its historical background; whatever the immediate future holds it is likely to involve marked changes in the agricultural geography of a fascinating country.

Chile holds a unique place in Latin America. The remotest and most isolated part of the Spanish dominions there, it nevertheless provided the environment where the conquerors found themselves most at home. Those who penetrated thus far became

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closely attached to a beautiful land, so difficult both to reach and to hold. Let the phrases of Vazquez de Espinosa, written about 1630, summarize the position:² "In the whole coast of this district [the Atacama] there are no valleys for the water of the river does not reach it, being absorbed by uninhabitable sands . . . no tree grows nor rock beneath whose shade one may shelter from the sun's rigour . . . the kingdom of Chile begins in the north at the fertile Valley of Copiapo in 27 degrees . . . from La Serena to the city of Santiago there are seventy leagues, all settled with estates rearing cattle or sheep, fertile valleys of vines, olives, maize, wheat, etc. . . the jurisdiction of the Audiencia extends farther south to the town of Castro in the Chiloe islands in 43 degrees, although all this is a land of warfare."

"A land of warfare" it was indeed, for the Araucanians of the south never submitted to Spanish arms, though in Central Chile they were soon subjugated. It is in the situation of a remote frontier under perpetual menace that we find the roots of the agrarian problem of today. For the Spanish settler had to support a kind of military régime far from the control of the Viceroy; meat, cereals and wine to sustain the men at arms, horses and mules for transport were vital. The twin rights conferred by the *encomienda*, control over the Indians, and the *merced*, or title to land, established the original rural properties of Central Chile during the sixteenth and early seventeenth centuries. Many of these were carefully delineated by the celebrated inspector general of lands, Gines de Lillo, in 1603 and after.³ Any policy of limiting the amount of land one person could hold was annulled by economic development; land purchases were frequent, often on a real estate basis rather than with intent to exploit. Thus, especially between 1604 and 1680, by purchase of valley land and annexation of adjacent hill country, the great estates came into being.

Thereafter the two main social groups in Chilean agriculture slowly took shape. The *peón* class has varied origins, as Gongora has emphasized,⁴ including ex-soldiers and others of Spanish descent but poor means, *mestizo* (half-breed) workers and hired Indians who stayed on. He quotes as an example of the mixture figures for the population of Rancagua parish for 1791 which show Spaniards 11 649, *mestizos* 2040, Indians 2323 and negroes or mulattoes 2496. This variety of races and conditions of men fused into some 100 000 *inquilinos*, i.e. *peóns* given the usufruct of a plot of land and, now, wages also in return for labour, some 300 000–400 000 *afuerinos*, labourers who do not live on the estates and *medieros*, share-croppers who live on the estates. On the other hand the *patrón*, the landowner, supported by his economic power and social status, with behind him the whole civil, ecclesiastical and military authority of the colony and later the Chilean state, has always held the whip hand. Never through the centuries down to the present time has this class as a whole been compelled on the one hand to concede to their people the means to live a reasonable and dignified existence, nor on the other to utilize these vast holdings efficiently. There are many exceptions to both these assertions, but they merely prove the rule. McBride, in his classic study written in the 1930s, concluded that the *hacienda* had "outlived its purpose". Its passing would mean "fuller utilization of natural resources, higher standards of living for the mass of the people".⁵

Long before McBride wrote, many factors were causing the number of properties to increase; they include irrigation of new areas, colonization of Southern Chile, and pressure of population. Another major factor in property division has been inflation, with landowners selling parts of estates to those seeking a hedge against it. There is no space here to discuss these processes.⁶ His statistics showed that 89 per cent of all farm

land was controlled by only 5396 *haciendas* of 201 or more ha, though it must be borne in mind that they included much barren hill country. The official statistics of 1955 still showed approximately 87 per cent of the farming area in large estates so defined; now there were 203 773 properties as compared with the 146 200 of 1930,⁷ but the multiplication had been produced largely by fragmentation of small-holdings. In concentration of land ownership, Chile ranked in the early 1960s among the world's highest, with a distribution of agricultural income whereby an upper class of some 81 700 persons enjoyed 65.6 per cent of the total, leaving 34 per cent to the 574 200 workers, whether small owners or not.⁸

THE POLITICAL SOLUTION

The first official recognition that land in Chile plays too great a role economically and socially for private ownership to continue unrestricted came after the Constitution of 1925. Under Law 4496 of December 1928 an Agricultural Colonization Bank was established to help settle farmers on unused land. Such major objectives as a more even distribution of land ownership, the utilization of much neglected land and the better use of the various categories of terrain were without doubt in mind. Results, however, were not impressive. The first thirty years (1929–59) saw the establishment of 94 colonies involving 3392 families, an average of about 122 properties a year. In 1960, in fact, these colonies comprised only 2.5 per cent of the agricultural enterprises counted in the Census, or about 1 per cent of Chilean families engaged in agriculture, and covered only 445 076 ha.⁹ Moreover, of this area, no less than 410 851 ha lay in the arid provinces of the north. The chief effect of the colonization programme, therefore, had simply been to increase production from certain areas. The immediate reason for such meagre results was financial: from 1944, at least, the Bank was virtually bankrupt, as steep inflation reduced repayments on loans to a mere pittance. But underlying the whole programme was reluctance to encroach on the rights of the landowner or to amend the constitution to allow deferred payment for expropriated property. A decree of February 1960 revived it somewhat, improving its finances and introducing the important principle that colonists should be selected from experienced farmers. But during the remaining two years of its functioning, with ten of the additional twenty-six colonies being established in the remote south, its impact on Chilean society remained marginal.

In October 1962, the Alessandri government incorporated a measure of agrarian reform in its Law 15 020, essentially a programme of regional planning. It was a step forward in that it created institutions capable of coping with many of the difficulties of agrarian change, and in particular the old Colonization Bank was transformed into the Corporation for Agrarian Reform (CORA). The new body took over the functions of land acquisition and parcelling, of founding co-operatives, etc. and was empowered to establish regional councils for specific areas. These last have undertaken extensive feasibility studies, one of which resulted in Chile's first regional plan, that for Maule Norte, almost 200 000 ha in the province of Talca. So far as land reform is concerned, however, the Alessandri programme had very limited objectives, aiming merely at the expropriation of abandoned or badly exploited estates and having no thought of seriously altering the structure of landholding. Its procedures worked in favour of large landowners, amounting to a disguised purchase of land at market value. It too made slow progress. It ran for 4½ years, till July 1967, and accounted for 478 expropriations covering an area of just over 1 million ha (including 115 459 ha of irrigated land) and

involving some 8000 families. The greater part of this expropriation, however, was achieved in 1966–7 under the Christian Democrat government of Eduardo Frei.

Frei had made pre-election promises of far-reaching reform under which 100 000 families were to receive land. It is therefore from the date of his election that more vigorous policies have been pressed. Existing machinery was utilized more actively, and more powerful legislation eventually passed (Law 16 640 of July 1967). This had wider aims: for the first time there was to be an attempt to incorporate the rural population into the social and cultural life of Chile. The previous aims of stepping up production and extending land ownership were intensified. In order that the action taken in any area might be more effective and better adjusted to local conditions, the administration of CORA was decentralized. The country was subdivided into zones (Fig. 1) and these were revised in the south in 1968 where the complications of the Araucanian lands made smaller zones desirable. This Chilean legislation may be distinguished from all less radical agrarian reforms by its deliberate attack on the excessive size of estates. A limit of 80 ha of irrigable land was set for any property. There are escape clauses which have been well used: for example, if an owner presents a plan of investment to improve soils and work them rationally his land may be exempted. Nevertheless, the Frei programme does stand as one of the few democratic attempts in Latin America to find a solution to the intractable problems of the land.¹⁰

A number of landowners, especially those with unprofitable estates, have anticipated expropriation by yielding up possession to CORA. The most important move of this kind was the decision of the Church to hand over five estates to selected workers, though in this case a special organization, INPROA (Instituto de Promoción Agraria) was created to guide the reform, supply credit, etc. These five estates are strategically located in Central Chile, all between 33° and 36°S, and included some 3200 ha of good irrigable land. Made early in the period of reform (1962–3), this ecclesiastical action has given some stimulus to the government's programme. Nevertheless, in spite of all the furore which it has aroused, it has to be recognized that its immediate objectives were limited and its actual achievements more so. The law was under discussion for so long that the Frei programme reduced its target figure of families to be under CORA to 54 000 by 1970, 100 000 by 1972. This meant an average of 17 000 families a year to be dealt with, compared with the average of 218 achieved after 1928. A marked acceleration this would indeed have been, but it has to be set against the 732 700 persons, mostly heads of families, recorded in 1960 as "the active agricultural population".¹¹ If continued successfully, therefore, the programme aims at only one-sixth of the peasantry, and would require twenty years to establish this proportion.

THE PROGRESS OF REFORM

The geographer is more interested in achievement than in aims. When the former is set against the magnitude of the problem, the Chilean programme is seen to be even more modest. Nevertheless the official figures show that from 1965 to the end of February 1970 a total of 19 183 families had been involved, or fewer than 4000 a year as compared with the declared aim of 17 000.¹² An annual average of nearly half a million ha has been redistributed during this period. This may represent only half of Frei's objective of 1 million, but it is a rate of change exceeded in Latin America only by the expropriations of the revolutionary periods in Mexico and Cuba.

Once expropriation has been accomplished, CORA officials make the basic decisions as to how many people the land can support, who shall have a share, etc. These are

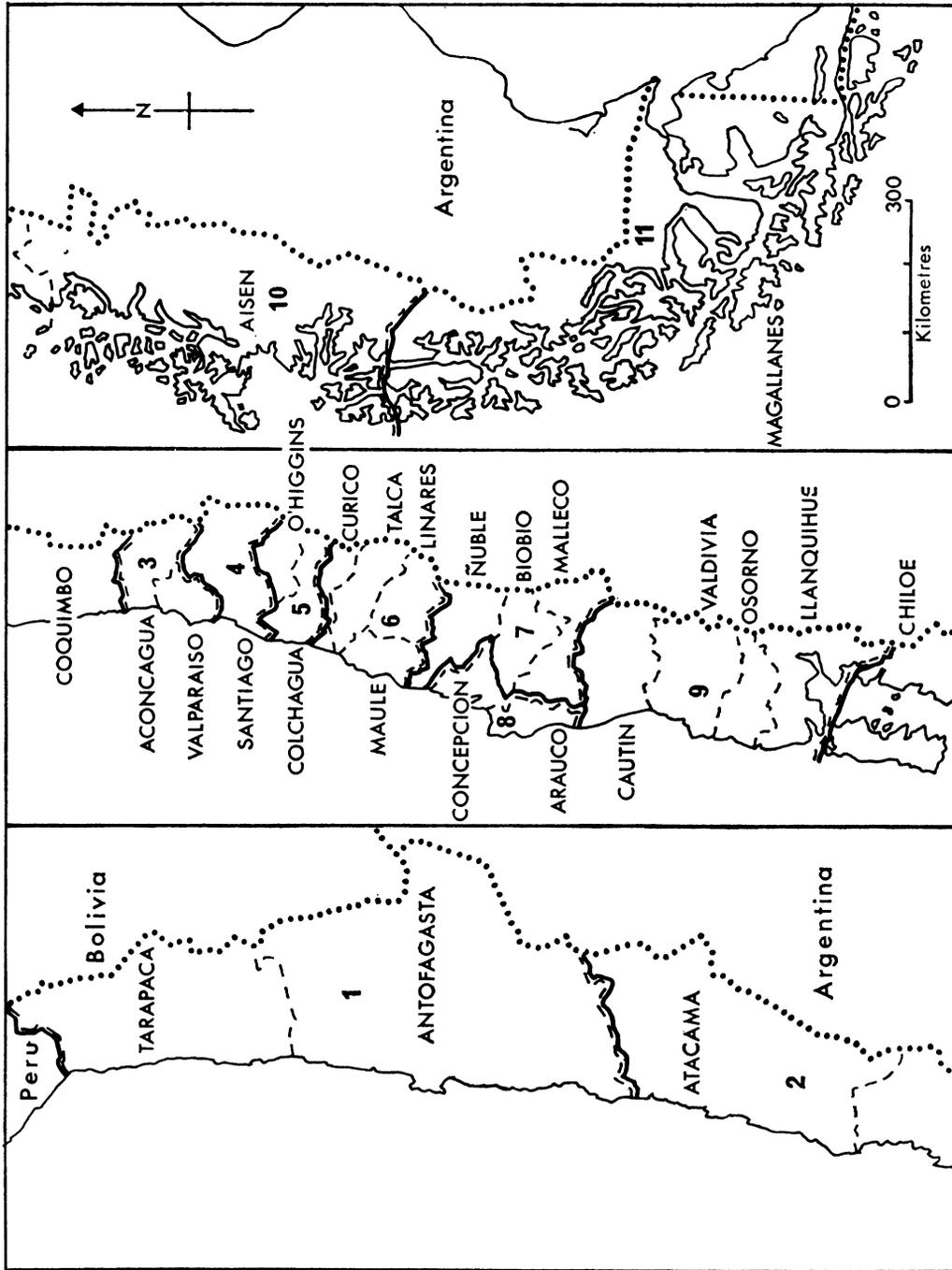


Fig. 1.—Agrarian Reform Zones and Provinces of Chile.

difficult questions: the personnel is decided on a points basis which favours the *inquilinos*, the hereditary tenants of the estate, who normally have long experience of the local conditions. But it is not easy, amid the jealousies and opposition aroused, and given the inherent difficulty of the change-over, to ensure that the number settled corresponds with the potential resources of the property. This problem was avoided in Cuba by not converting holdings into co-operatives till technical studies had been completed. In Chile, a democracy, there was no time to do this. On the other hand, Chile is one of the few countries of Latin America where security and respect for the individual are sufficient to enable the initial stages to be accomplished so peacefully. Outbreaks of violence to date have been remarkably rare. The chosen heads of families are not given land outright: the first stage is the establishment of an *asentamiento* or "settlement", a co-operative association whose members, through their own elected committee, run the property with the help of supervised credit from CORA for the first three (sometimes five) years. The form of agrarian organization finally chosen varies from the communal to the individual, with various intermediate solutions. Co-operatives are the most favoured.

The use of scarce resources has been a critical problem. With limited finance at its disposal, CORA has had to decide whether to inject most funds into production—equipment, stock, technical advisory services and the like—or to equip the *asentamientos* with the infrastructure they will require—housing, roads, services, schools. The latter course has been chosen, mainly to have something to show with which to impress public opinion, though even so, costs of production were nearly four times that of the infrastructure up to the end of 1968. Hence one of the significant changes in the Chilean landscape of the late 1960s was the appearance of brand new *villorios*, groupings of new prefabricated houses (Fig. 2). The regular arrangement of the houses, often located in open fields, contrasts markedly with the previous settlement patterns of humble homes lining the old rural roads and half hidden amid well-grown vegetation. Time will gradually mellow their present rawness.

As to the division of the land itself, change is less apparent. Costs of parcelization are very great, involving the multiplication of fences and, except in the south, subdivision of the irrigation system. Hence there are strong motives for retaining some form of co-operative. On two *asentamientos* visited by the writer, typical of many, the members admitted they were continuing the farming system of the previous estate: one was a dairying and cereal enterprise, the other a vineyard, each with forty members, and no subdivision had taken place. On the other hand, change may be rapid, for so many estates were neglected or inefficient, and also new forms of production are developing. This is most notable near the bigger urban centres, where market gardening, poultry and egg production and similar intensive land uses are profitable.

Expropriations have taken place in every part of Chile from the Atacama to Tierra del Fuego. However, there is a concentration in the central section. Here, in the key sector which includes the provinces of Aconcagua, Valparaiso, Santiago, O'Higgins and Colchagua, CORA Zones 3, 4 and 5 (Fig. 3), are located no fewer than 403 out of the total of 855 properties expropriated to February 1970, or 47.1 per cent.¹² Thus agrarian reform is having its impact on the most productive part of the country. Menjivar, writing in 1969, gives the proportions of the total irrigated land expropriated in these three zones as 35.3 per cent, 14 per cent and 16.4 per cent, involving in sum over 100 000 ha of the best land in the country.¹³ Up to the present (June 1970) approximately 2.5 million ha have been expropriated; however, since much of this is *secano*, rough hill pasture, it is more realistic to consider only irrigated areas. The official

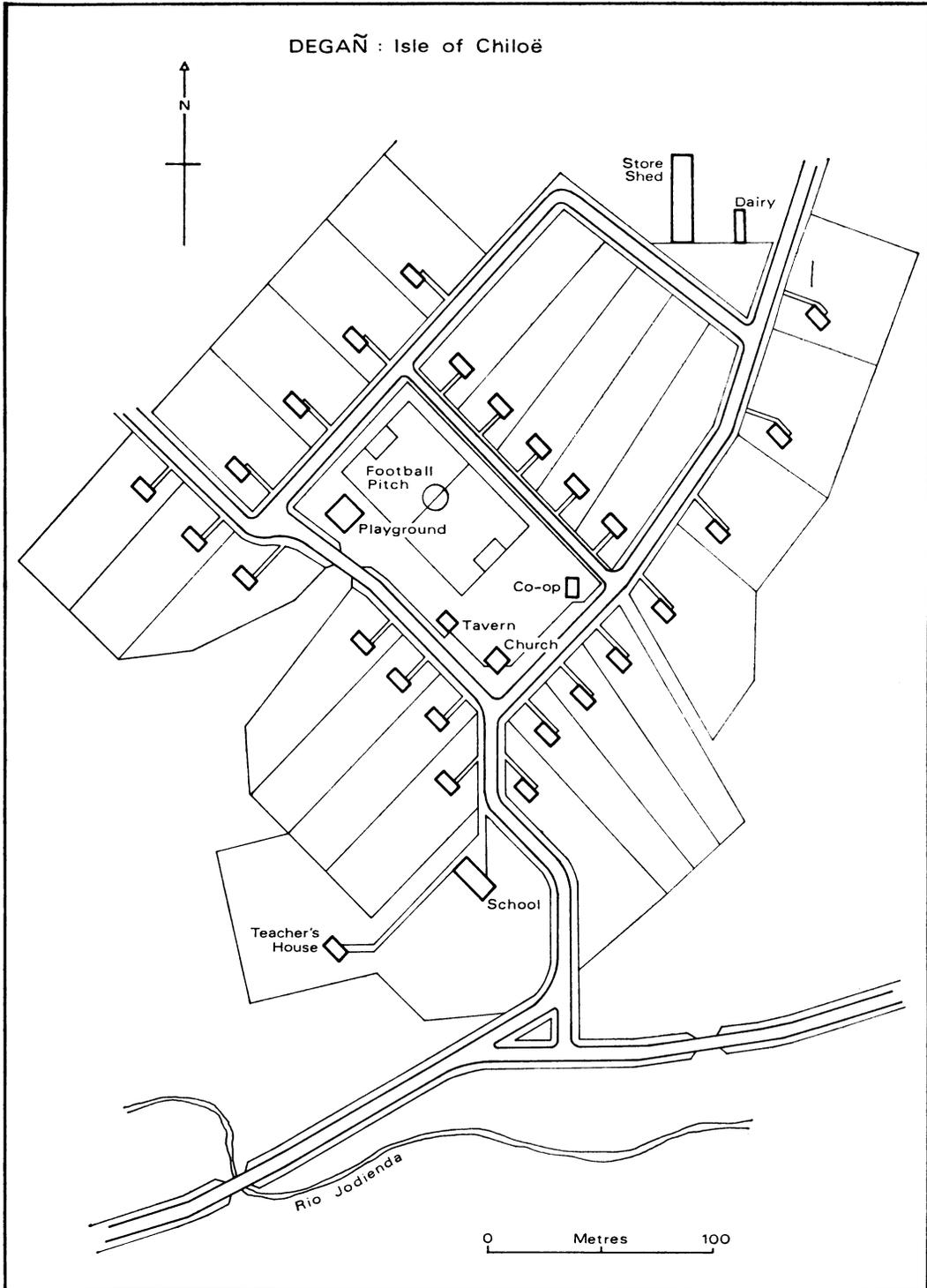


Fig. 2.—Degañ, Isle of Chiloë. A typical *villorio* or new agricultural settlement.

figures¹² for February 1970 showed 194 565.2 ha out of a Chilean total of 1 563 204.4 ha. This is by no means negligible, though far below the sweeping reform desired by the planners.

The *asentamiento* is transitional, as was pointed out above, its aims being to train the rural worker in farm management, to encourage co-operation and to maintain full production during the first years. In a number of cases this training has to include radical changes in land-use practice if eroded areas are to be rehabilitated. Only those who measure up to the test are eligible for titles to land. Land is then "assigned" to the members, either to be farmed communally (*propiedad comunitaria*) or individually (*propiedad familiar*). However, in neither case is an individual given title to a specific parcel of land, but rather to a stated number of hectares: this is to discourage the survival of small farms with subsequent fragmentation. In any case there are tight restrictions on the inheritance of property during the 30 years while repayment is being made. The first assignments under the Frei programme were made in 1968, and now a large number of *asentamientos* have been "assigned" to their members in this way.

THE CONTINUING ARGUMENT

A great deal of excited discussion has centred around the Chilean programme. It is bitterly opposed by the powerful landowners' organizations: they succeeded in delaying the law, weakening its provisions, and slowing down the process of reform. At the same time it is attacked as expensive, time-consuming and altogether too mild by the left wing groups, support for whom has grown rapidly since it was initiated. At the present stage it is too early to evaluate the results for the country as a whole, but all partial case studies to date show that production has undoubtedly increased. The data from CORA show that the total surface actually cultivated on 226 *asentamientos* in 1967-8 was 31 330 ha greater, meaning larger increases in particular of cereals, alfalfa and garden produce. The partial figures available show that on the average substantially increased yields have been obtained too. By comparing averages from the Agricultural Census of 1964-5 with the *Census of Total Production of Asentamientos* of 1967-8 CORA asserts that wheat yields have risen 37.9 per cent, maize 25.2 per cent and potatoes 65.2 per cent.¹⁴ This is to be expected since the chief emphasis in expropriations in those years was on neglected estates.

That very emphasis has meant heavier costs of infrastructure and has therefore contributed to slow the programme. Rural housing was as disastrous in Chile as in most of Latin America, some 90 per cent of all houses being classified as in "bad condition", due mainly to the lack of interest of landowners in the past. This aspect of the problem, CORA apologists point out, has been vigorously tackled: already by June 1968 3000 new houses had been built and as many again were under construction, many of them in the 47 new *villorios*. The writer, from his own observation, would support those who praise the social effects of the programme. There is a marked difference between the resigned submissiveness of the old *peón* and the dignified air of responsibility of the *asentados* of today, participating to a far greater degree in the decision-making of their enterprise.

Many criticisms have some basis. It has often been impracticable in the circumstances of the change-over, to reach an equilibrium between number of members and capacity of land: in most cases there are too few members. It follows that much wage labour is still employed, prejudicing the aim to equalize conditions for all rural workers. Another criticism refers to the great inequality of income between *asentamientos*. This to the geographer would seem inevitable, granted the great differences in fertility between

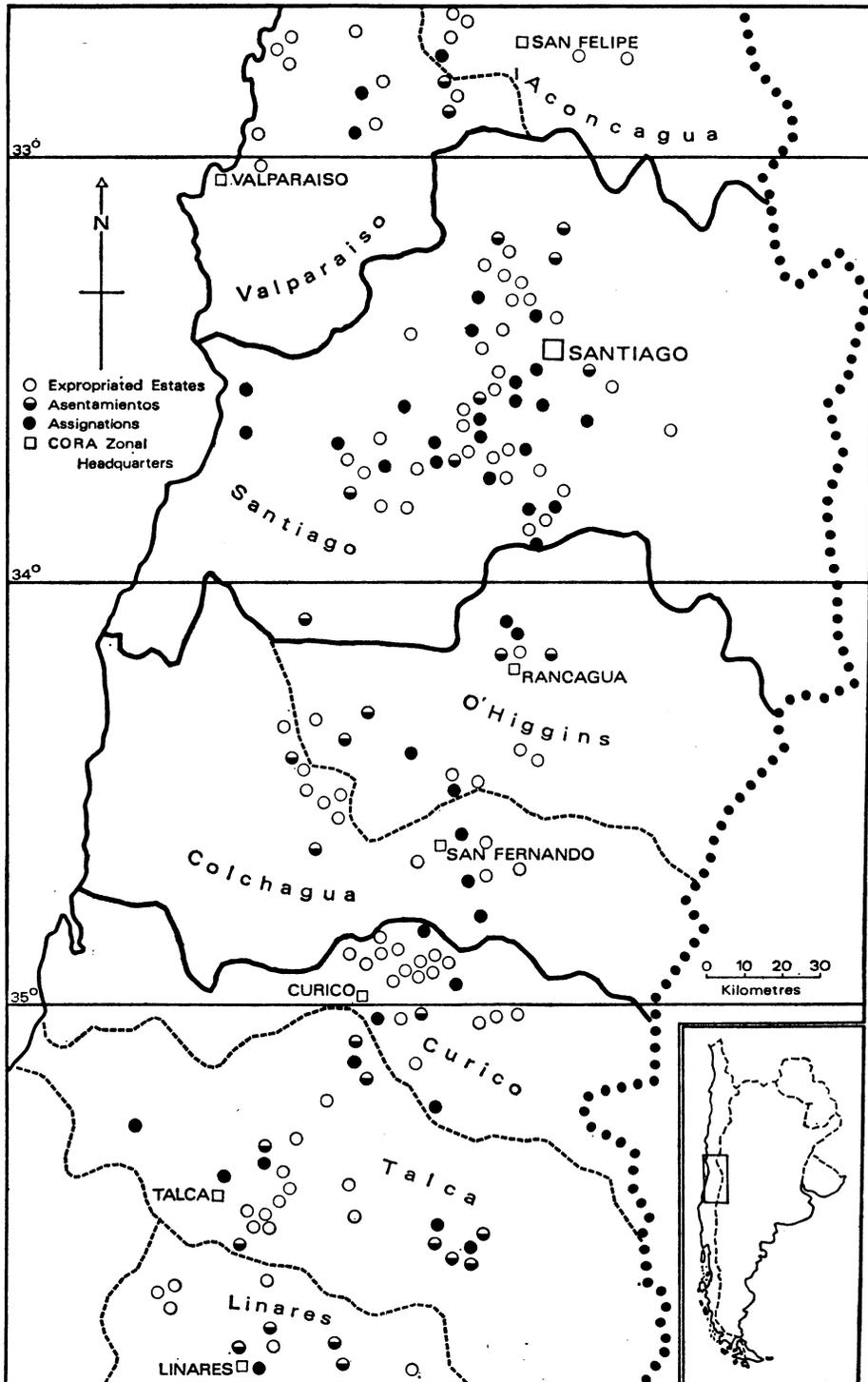


Fig. 3.—Part of Central Chile—Agrarian Reform. The location of properties at various stages of reform.

soils of fluvial, glacial and volcanic origin, to name only one source of inequality, but it could be minimized by careful financial provision. More far-reaching is the judgement that CORA has not clearly defined the system of exploitation to be adopted after the 3-year period of adjustment. The signs are that communal operation is popular among the farmers, but the opposition has been pressing on all possible occasions for individual farms. With all the inherent dangers of fragmentation and multiplication of small, inefficient units, this would be likely to stultify agrarian reform altogether.

The opposition to reform, based on the landowners' organizations, has been able subtly to shift the emphasis in the controversy from elimination of the large estate *per se* and because it represents too great a concentration of wealth towards reform of economically weak and badly run ones. The many efficient estates would be left to continue. This mixed result would perhaps be in the democratic tradition of Chile, where issues have not usually been fought to their logical (and often potentially catastrophic) conclusion. It would certainly mean renewed rural-urban migration, and this points to the parallel need for pressing on with industrial development. But with the election of a Marxist President it seems likely that agrarian reform will be pursued at least as vigorously as between 1965 and 1970. In this case CORA will need a clearer mandate and much greater financial resources than hitherto. Whichever direction is taken, the outside observer can only hope that good sense and humanity will prevail over the tendency to violence that has shown itself recently. There can be little doubt that the agricultural geography of Chile will continue to change with increasing rapidity.

Acknowledgement

The author wishes to acknowledge the help of the Corporation for Agrarian Reform (CORA) in making available statistical information, material for the illustrations and facilities for visiting expropriated estates.

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