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Agriculture and the Peasantry

por
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Introduction

The main purpose of this paper is to examine the Paz Estenssoro government's New Economic Policy (NEP) launched in August 1985, and the effects of the policy on agriculture and the peasants. First, however, it is useful to examine briefly Bolivian after the passing of the Law for Land Reform in August of 1953. There are three identifiable stages. First, the 1953-61 stage was a period of accelerated land redistribution to peasants. Agricultural production responded well with an average 3.8 percent annual rate of growth. The second stage, 1962-76, was a time of dynamic growth. The average annual rate of production grew 4.1 percent per annum, supported by an import substitution policy and the development of commercial agriculture in the department of Santa Cruz. In this stage, new agricultural and agro-industrial exports were generated. The third stage, 1977-1985, was a period of stagnation and decline. Between 1976-1980, the annual rate of growth for the sector averaged only 2.2 percent and the rest of the period averaged less than 1 percent. The decline was aggravated by the 1983 draught that caused output decreases of more than 50% percent in some products.

The new economic environment, created by the NEP initiated a new stage that must be studied carefully since its inception. The effort to restrain inflation had important consequences on the agriculture sector. More important, the policy of free markets in the NEP meant significant changes in the economic structure and in agriculture. Export promotion became a key policy. Note that since traditional mineral exports were declining or stagnant, only agricultural production and exports had the potential to be increased. Peasants, who initially had been affected rather negatively by the reforms had nevertheless the opportunity to contribute significantly to the export process and benefit themselves, as will

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be shown in the following sections.

Overview of Bolivian Agriculture

Geography divides Bolivia territory in three different regions mountains and highlands, valleys, and tropics. Estimations of the suitable area for cultivation are of the order of 32,500 square kilometers, of which only 4.3 percent is actually cultivated. In addition, there are large pasture areas for cattle ranching. these provide evidence that there is an ample potential to increase agricultural activities. About 50 percent of the Bolivian population live in rural areas.

The 1953 land reform was conceived as the means for the emergence of a capitalist agriculture, where a large peasant sector of about 600,000 units coexists 50,000 commercial farms, the latter largely located in the department of Santa Cruz.¹ The peasant farms, although provided nearly 78 percent of the agricultural goods supplied between 1972-1974, and about 58 percent between 1984-1986.²

Land reform produced a substantial redistribution of land in the department of La Paz, Cochabamba and Chuquisaca. However, the process was pushed to such an extreme that another problem surfaced; namely, “minifundia”, especially in the highlands and the valleys. Sixty-one percent of the farms have less than 5 hectares and there are no farms of more than 1,000 hectares. Fragmentation of properties does not permit economies of scale in the production process. There are efforts to overcome this deficiency by rejoining lands with different property structures and by using land-saving modern technologies; however, these promising efforts have not yet reached commercial stages. In the tropical regions, the land redistribution process was less strong and, consequently, there are considerable numbers of large farms.

Peasant agriculture is characterized by land -and labor- intensive production techniques because of the scarce availability of arable land. The technology applied is low level, and primitive tools are commonly used. Labor is mostly furnished by the family. Commercial agriculture, on the other hand, is more capital intensive. It has more available land, 32 million hectares for 40,000 farms. There is reasonably good access to credit --

¹ See Hernán Zeballos-Hurtado, Agricultura y Desarrollo Económico. La Paz, Bolivia Dos Mil, 1988, Table 48

² Zeballos-Hurtado, op. cit., Table 26.

generously provided during the last 30 years -- and technical assistance. Most of the commercial farming is located in the department of Santa Cruz and is associated with the production of sugarcane, soybeans, and cotton. In that region the commercial farms are intermixed with the small farms of persons who have migrated from highlands and foreign countries. The migrants have contributed to the diversification in Santa Cruz by bringing with them the technologies to produce rice, corn and fruits. Production by migrants constitutes a significant share in the total output of sugarcane and cotton. Besides, production on both large farms and those of migrants benefit from proximity to the industrial plants around the city of Santa Cruz. There are modern, intensive dairy and poultry farms in the departments of Cochabamba and Santa Cruz. Therefore, the Bolivian agriculture sector is composed of two main sectors; peasants with small farms, and commercial agriculture with large farms. They have different factor endowments, production techniques and products. Consequently, they are affected with different intensities by economic policies, especially, by those that are not specifically tailored to agriculture.

Total production and composition of agricultural goods are described in Table 1. Some products are commodities which are suitable for international trade. Bolivia could be self-sufficient in most of the staples; however, there are significant imports of agricultural products, many of them in the undesirable form of donations. In this decade, imports have fluctuated between \$166 to \$212 million per annum. The most important import and donation is wheat and its derivatives. Table 2 provides the figures.

Table 1**L Output by Commodity: 1980 and 1988 (In Millions of tone)**

	1980	1988	X Change 1980-88
Sugar	3.080.13	2.670.00	-13.3
Potatoes	786.62	825.80	5.0
Corn	383.36	445.60	16.2
Cassava	291.06	425.00	94.0
Rice	95.22	171.50	80.1
Soybeans	47.59	151.10	217.5
Alfalfa	298.00	150.38	-49.5
Coca Leaves	48.57	133.01	173.9
Barley	48.55	69.00	42.1
Wheat	60.14	62.60	4.1
Lima Beans	37.13	59.40	60.0
Corn Ears	68.11	58.00	-14.8
Tomatoes	30.61	39.50	29.0
Onions	31.83	37.70	18.4
Carrots	22.06	33.10	50.0
Sorghum	27.72	31.90	15. 1
Coffee	20.54	26.20	27.6
Quinoa	8.93	22.60	153.1
Peas	19.81	20.00	1.0
Peanuts	16.58	15.00	-9.5
Beans	3.89	10.70	175.1
Cotton Seeds	12.00	7.77	-35.3
Wild Quinoa	0.51	0.58	13.7
Sweet Potatoes	14.66	9.79	-33.2
Other Andean Tubercles	41.71	83.00	99.0
Cotton	6.80	5.26	-22.6
Red Peppers	5.89	5.10	-13.4
Oats	1.06	4.90	362.3
Cocoa	2.26	3.11	37.6
Tea	0.22	1.38	527.3
Rye	0.39	0.20	-48.7
Tobacco	1.82	0.00	-100.0
Barley (fodder)	186.87	200.00	7.0
Corn (fodder)	75.92	59.55	-21.6
Oats Fodder	24.65	15.60	-36.7
Bananas	275.37	478.00	73.5
Oranges	85.71	70.70	-17.5
Lime	33.55	38.61	18.1
Mandarin Oranges	22.73	38.54	69.6
Peaches	30.93	26.90	-13.0
Grapes	24.17	18.00	-25.5
Lemon	13.00	13.33	2.5
Other Fruits	12.84	14.73	14.7

Source: Ministry of Agricultural

Table 2**Wheat Imports (Metric Tons)**

Year	PL-480 Donations (1)	Other Donations (2)	Total Donations (3)=(1)+(2)	Commercial Imports (4)	Total Imports Leas Inventory (5)
1980	353.230	-	353.230	120.000	473.230
1981	-	-	-	80.000	80.000
1982	124.940	10.000	134.940	100.000	234.940
1983	147.830	20.000	167.830	100.800	268.630
1984	64.480	-	64.480	262.500	335.180
1985	147.900	7.010	154.910	60.000	282.450
1986	171.950	8.770	180.720	20.000	277.960
1981	180.920	30.710	211.630	n.a.	278.740
1988	124.500	18.680	143.180	n.a.	169.390
1989	103.846	-	103.846	19.367	123.213

Source: Ministry of Industry

Note: 1 Tit. 1.111

2 Monetized

3 Inventories in ports explain the differences in the sum of cot(3)
plus col. (4) with col. (5)

Impacts of the New Economic Policy on the Agricultural Sector

The NEP centered on the control of inflation. The liberalization of markets was a main anti-inflationary instrument alongside those of fiscal and monetary restraint. Moreover, there was a commitment to restructure and diminish the public sector activities, to give more scope to the private sector and, in the way, reach higher levels of efficiency. These policies had several important impacts on the productive sectors and, particularly, agriculture.

The policy of liberalization of markets led to the elimination of price controls, and the determination of the exchange and interest rates. It also meant the liberalization of the labor market, financial markets and the international trade transactions. The only market that was not liberalized was the land market that is still regulated by the Land Reform Law of 1953. Internally, the NEP eliminated all internal customs and police posts which impeded free transport and transit of agricultural products. Moreover, transport monopolies were eliminated. It was expected that better prices would be paid directly to agricultural producers. The consequence of the NEP was immediate price stabilization that established a new structure of relative prices. This structure had important implications for the agricultural sector. To begin, the new stability meant the elimination of rents and other subsidies that used to help agricultural sector, mostly farming component.

The modification of the rules governing international trade appeared to be the most influential for the sector.³ Previously, import policy had lacked definition and had been subjected to many modifications and controversies, especially in reference to the tariff level and structure. Initially, the new tariff policy was set a basic tariff of 10 percent plus 10 percent of the latest tariff applied to the product. Later, the tariff was leveled to an ad-valorem value of 20 percent. Finally, it was established at 10 percent for capital goods and 17 percent for all their products. As a result, many agricultural products lost their protection against foreign competition. Moreover, the situation was highly unstable because of the macroeconomic situation in the neighboring countries. All these factors raised many questions about the correct tariff policy.

The new monetary policy rules also meant the contraction of agricultural credit, since growth of money stock was used as a mechanism to control inflation. The tight credit policy was reflected in two basic policy measures. First, to ration the scarce resources the Bolivian Agricultural Bank (BAB) established a maximum size loan policy (roughly \$20,000 for individual borrowers and \$400,000 for cooperatives and producer association). Second, the internal rate subsidy that prevailed before the NEP was eliminated. The new interest rate set at market level.⁴ Lack of credit seems to be a factor that inhibits agricultural expansion.

The NEP had other unwanted effects for the sector. First, the new fiat tariff structure that was applied to all imports meant there was an increase in the tariff for intermediate inputs for agriculture, such as fertilizer and other chemicals. Consequently, the costs of agricultural production rose, although it was variable depending on the intensity in the use of these inputs. Second, due to the NEP's emphasis in improving fiscal income, a new tax for rural property was created. The tax is selective, considering the size of property; however, this measure is strongly resisted by the peasantry and is difficult to implement. Third, the need for austerity in the national budget meant public investment cuts. This was very important considering that agriculture needs large doses of development projects, as well as basic infrastructure, which typically require public financing. As a matter of fact, the budget assigned to the Ministry of Agriculture averaged only 2.3 percent of the total government spending in the past decade. However, the situation was not that dim, because the government made a considerable effort to get external fresh loans for the sector.

In addition to these basic NEP instruments, there was another important factor, the government's commitment to reduce coca production. The problems and programs of coca eradication are dealt with below. For the moment, let us note only that eradication affected the agricultural GDP (and, obviously, this meant a cut into coca grower's earnings).

Table 3 presents the rates of growth of Agricultural Domestic Product. It shows a decline just after the launching of the NEP. It would appear that the agricultural sector had not yet found a suitable environment with the workings of NEP. However, it is difficult to

³ Due to greatly reduced tariffs there was a large inflow of imported goods which provided strong competition with domestic production. As a result, much of domestic output became a residual to satisfy the demand that could be met by imports.

⁴ In the past, heavy subsidized interest rates used to favor agricultural production; however, credit went mostly to commercial farmers, who did not repay their loans, leaving the Bolivian Agricultural Bank in serious difficulty.

establish a causal relationship because there are other important factors that influenced output; for example, both bad weather and declining land quality existed during these years.

Table 3

Rates of Growth Gross Domestic Product Agriculture, 1986-88

Period	Rate of Growth^a
1985-86	-4.68
1986-87	-0.20
1987-88	-1.09

Source: Ministry of Planning based on data from the National Institute of Statistics

^a Percent, computed from original date in millions of Bolivian pesos of 1980

The NEP emphasized promotion of export for which purpose policy instruments were proposed. However, there were also some inconsistencies in the several policies that counteracted the effort, especially those related to the exchange rate administration. The stabilization program resulted in an overvaluation of the domestic currency motivating high international prices of Bolivian goods in the world markets. The problems of management of the exchange rate are examined by Morales in this volume.

Table 4

**Commercial Balance, Agricultural Sector 1980-1988
(Millions of US\$ dollars)**

Year	Exports^a (1)	Imports (2)	Balance (1-2)=(3)
1980	124.4	128.9	-4.5
1985	23.9	73.0	-49.4
1986	45.9	64.1	-18.3
1987	54.2	70.1	-16.0

Source: National Institute of Statistics

^a Includes raw material, agro-industrial and some forest goods (processed and unprocessed woods) and fish products

Table 4 shows the performance of Bolivian exports and imports and the trade balance. Clearly, there is a deficit in this balance. However, Table 5 and 6 showing Bolivian agricultural exports provide some hope.

The figures show, starting from the low level of 1985, that exports have risen sharply. This not only demonstrates recovery but also reflects the result of the new drive to increase exports. There are some export that are very dynamic, especially soybeans.

Table 5**Evolution of Main Agricultural Exports (In Millions of LJS)**

	1985	1986	1987	1988	1989	X Change 1985-89
Hides	1.4	6.2	8.1	19.4	17.4	1.242.9
Sugar	1.8	4.9	8.6	6.3	19.3	1.072.2
Soybeans	5.3	18.7	19.2	20.2	54.3	1.024.5
Brazilian Nuts	1.4	3-5	6.7	5.6	11.1	792.9
Wood	5.8	0.0	0.0	25.5	44.1	760.3
Cattle	1.2	13.4	6.8	0.5	6.2	516.7
Rubber	0.5	3.8	1.9	2.0	1.4	280.0
Coffee	13.8	13.2	11.5	16.9	12.7	92.0
Total	31.2	63.7	62.8	96.5	166.5	533.7

Source: Elaborated with data from Central Bank of Bolivia, Botetfn del Sector Externo, No. 2 La Paz, February 1990

Table 6**Evolution of Main Agricultural Exports (In Millions of US\$)**

	1985	1986	1987	1988	1989	1985-89 ^a
Hides	100.0	382.9	460.4	967.2	892.5	72.8
Sugar	100.0	290.9	582.3	371.0	706.3	63.0
Soybeans	100.0	270.1	287.9	246.4	686.8	61.9
Cattle	100.0	367.7	185.2	14.0	230.3	23.2
Coffee	100.0	77.8	89.1	108.9	98.5	-0.4
Rubber	100.0	167.6	87.7	97.5	56.4	-13.4
Wood	100.0	23.1	25.0	22.9	36.1	-22.5

Source: Elaborated with data from Central Bank of Bolivia, Boletfn del Sector Externo, No. 2 La Paz, February 1990. Table 9

^a Annual growth rate

The Place of the Peasantry in the Bolivian Economy

Peasants as a Social Component

As mentioned above, land reform has gave rise to a large peasant sector in the Bolivian economy. The very slow pace of development in that sector, both in absolute and relative terms, created a concentration of poverty among the peasantry, as the following indicators show.

- (a) The average income for the non permanent agricultural laborers is insufficient to cover their food needs (154 per capita in 1986) and, consequently, these persons do not have the purchasing power to obtain many goods and services.
- (b) Child mortality is 20 percent higher than in urban areas.
- (c) Illiteracy ranges between 47 and 60 percent for men and women in rural areas.
- (d) Communication in Spanish is limited to only 24 percent of the population while the rest does not know the language and use native Indian tongues. In the case of women, this percentage grows to 47.5 percent.
- (e) Only 7 percent of rural dwellings have access to electricity and the largest share of the population gets water from rivers, canals and open wells, under generally unfavorable health conditions.
- (f) Only 15 percent of rural dwellings have cement, tile or wood floors; the rest are dirt.
- (g) Only 3 percent of rural homes have toilets, 3.5 percent use latrines and the remaining 93 percent do not have any sanitary installations.⁵

The International Fund for Agricultural Development (IFAD) stresses that about 97 percent of rural population lives in poverty and between 48 and 77 percent is considered in the category of “critical poverty”, because of their low incomes. The latter group’s living conditions are below national averages and also below rural averages of the country.⁶ A

⁵ International Fund for Agricultural Development (IFAD), Propuestas para una Estrategia de Desarrollo Rural de Base Campesina, Informe de La Misión Especial de Programación a la República de Bolivia, Vol. I and II, La Paz: IFAD, 1985.

⁶ The critical poverty line is defined as “the level of income that permit the purchase of an adequate basket of food”, which was estimated in 172 dollars per year per person for 1975. The poverty line is defined as a “level of income inferior to the one necessary to cover the costs on an adequate level of feeding and other consumption needs”. This level was estimated in 1975 between 305 and 399 dollars per capita/year.

recent study⁷ using a methodology designed for Mexico used four categories of farms.⁸

First, infra-subsistence peasant farms, constituted by peasant farms whose land resources are inferior to what is needed to generate a product equivalent to satisfy basic food needs.

Second, subsistence peasant farms with enough land resources to cover the basic consumption needs of the peasant family. That is, besides basic family food needs, it may be sufficient for a minimum of expenditure in clothing, health, dwelling and recreation.

Third, stationary peasant farms of simple regeneration, i.e. the families income may cover their food and other non-food, as well as their cost of inputs and amortize the depreciation of their farm tools.

Fourth, surplus peasant farms that besides covering all costs with their income, can generate a surplus for accumulation and investment.

This classification was applied to Bolivia using field questionnaires and secondary data, coming from the agricultural forecasts of 1983-85 about the number of peasant farms, land availability and output, as well as from the data of the Second National Agricultural Census on the number of farms and livestock population.

The figures show the predominance of peasant agriculture, even in the department of Santa Cruz, which is generally characterized as being mostly commercial farming.⁹ Furthermore, the largest proportion of peasant households falls under the categories of infra-subsistence and subsistence (58.2 percent for all farms) and subsistence (10.2 percent). Surplus peasants farms are relatively small in number (12.9). The proportion of commercial farms is smaller yet (7.1 percent).

⁷ Zeballos-Hurtado, Hernán et al. Tipología de la Economía Campesina en Bolivia. (La Paz: MACAJUNAC, 1987), p 133-137.

⁸ Economic Commission for Latin América, Economía Campesina y Agricultura Empresarial. (Editorial Siglo XX, México, 1982).

⁹ Other regional studies confirm these results. See e.g. Corporación de Desarrollo de Santa Cruz and other Santa Cruz institutions, Diagnóstico Agropecuario de Santa Cruz, Vol. 1. (Santa Cruz, 1982) and Robert Begglen et al,

Table 7**Agrarian Structure: Type of Farmers by Departments, 1985**

Departments	Type of Peasants			Surplus	Sub Total	Commercial Ferias	Total Farms	Percent
	Infrasubs	Subsist	Station					
La Paz	146.832	18.612	20.680	20.682	206.806	6.014	212.820	30.9
Oruro	27.536	6.023	5.163	4.303	43.025	436	43.461	6.3
Potosí	52.267	6.335	10.295	10.295	79.192	1.242	80.434	11.7
Cochabamba	74.095	14.554	21.170	22.494	132.313	4.351	136.664	19.8
Santa Cruz	48.167	12.177	12.583	28.142	101.069	34.231	135.300	19.6
Chuquisaca	33.030	8.094	7.505	2.039	50.668	1.539	52.207	7.6
Tanja	18.844	4.618	2.162	1.163	26.787	910	27.697	4.0
Total	400.771	70.413	79.558	89.118	639.860	48.723	688.583	100.0
Percentage	58.20	10.23	11.55	12.94	92.92	7.08	100.00	

Source: Author's computations with data from:

- ^a La Paz, Oruro, Cochabamba and Tarija, Number of farms. A'(l)
Using the classification of Typology of the Peasant Economy in Bolivia. (Ministry of Agricultural)
- ^b Potosí and Chuquisaca, Number of farms, Second National Agnicultural Census (La Paz: Instituto Nacional de Estadística, 1989)
- ^c Santa Cruz, Number of farms. Foro Económico, Problemas y Perspectivas deL Desarrollo Campesino. (La Paz: ILDIS, 1987). April

Peasants as a Productive Sector

Despite its subsistence character, peasant households contribute substantially to total agricultural production. As shown in Table 8, in the 1984-1986 period, peasants accounted for 57.9 percent of the value of national agricultural production. Commercial farming is responsible for the other 42.1 percent. However, the share of peasant production in total production has been decreasing in the last years. Between 1972 and 1974 it accounted for 78 percent. Commercial agriculture has been growing at a faster pace.

The value of output per farm shows the extreme difference between peasant and commercial farming. In 1979-1981, an average period not affected by adverse conditions, the contribution of each of these sub sectors would be the following: \$845.7 farm in the peasant economy and \$4725.2/farm in commercial agriculture.

In spite of the disadvantages of peasants in terms of access to credit, lack of technical assistance, sale in monopsonic markets, and so on, their contribution vis-à-vis commercial

agriculture is important.

Peasant farming is concentrated in food staples. Foods such as potatoes, quinoa and vegetation that are typical of the Bolivian consumption patterns are relatively labor intensive. Abundant and cheap peasant labor makes production of those goods profitable in commercial markets. Also, the fact that many peasants market their surpluses, i.e., after their subsistence needs have been care of, show they can be competitive. In the western part of the country, proximity to urban centers gives a competitive edge to peasant production. This situation is changing, however, as large-scale imports from Chile and Peru have taken place.

Table 8

**Agricultural Production Value by Type of Farmers
(At international prices of 1974-76)**

Concept	1972-74	1979-81	1984-86
PEASANT PRODUCTION	188.877	204.289	259.316.1
Andean Area	294.268	336.855	149.145.1
Tropical Area	8.925	25.500	62.969.1
(Coca)			
(Other Products)	285.343	311.355	86.176.0
1 TOTAL PEASANT PROC.	483.145	541.144	408.461.0
Total (Coca excluded)	474.220	515.644	345.492.0
Commercial Farming	2.550	25.500	94.454.6
(Coca)			
(Other Products)	134.064	204.727	202.628.3
2 TOTAL COMNERCIAL FARMING	136.614	230.227	297.082.9
Total (Coca excluded)	134.064	204.727	202.628.0
3 TOTAL AGRICULTURE SECTOR	619.759	771.371	705.544.0
Total (Coca excluded)	608.284	720.371	548.120.0
RELATIONSHIPS:			
TOTAL PEASANT PRQDUCTION/TOTAL	78.0	70.2	57.9
AGRIC.	22.0	29.8	42.1
TOTAL AGRIC. FARMING/TOTAL AGRIC.			
SEC.			

Source: Adapted from IFAD, Propuestas para una Estrategia de Desarrollo Rural de Bese Campesina, (La Paz: IFAD, 1985). Estimates for 1984-86 based in Ministry of Agriculture statistics and international prices of 1974-76

It is important to note the important of coca production, both in terms of employment and the value of its output. Coca production is part of the tradition of indigenous cultures in the Andes, the leaf being chewed by miners and peasants to deaden the pains of their hard

life.¹⁰ More recently, coca production has been increasingly directed to its illegal use, as raw material for cocaine. In 1988, 60,000 hectares of coca were harvested. In the Chapare, one of two Bolivian coca-growing regions, some 70,000 seasonal laborers were employed in coca production valued at about \$200 million. The combined production of coca leaves ~ processed products, such as cocaine paste, amounted to some \$400 to \$450 million.¹¹ As former Minister of Agriculture, Guillermo Justiniano remarked: “if you compare coca against soybean production, the latter being a very dynamic crop, 50,000 hectares of soybeans would produce about thirteen million dollars compared to the 200 million dollars produced on 60,000 hectares of illegal coca production”.¹² In fact, as is now recognized, the government’s efforts to reduce coca acreage encountered serious difficulties in identifying crops that could generate incomes equivalent or close to those of coca.

Coca policy was an important element in the agricultural sector policy in the Paz Estenssoro administration. The main thrust of the policy was to reduce the land space dedicated to the production of coca leaf by designing means of crop diversification and substitution. The government’s pledge was made largely as a result of negotiation with the United States government in order to obtain financial resources from that nation. Given the magnitude and significance of coca, both in terms of value and employment, the proposed coca eradication seriously endangered the economic condition of the peasantry in the coca regions; as a result, at times it became a political hot potato.

The Paz Estenssoro administration had two principle coca substitution programs. The first was the Agro-Yungas project for the Northern and Southern Yungas province in the department of La Paz. The project received support from Italy, through a United Nations program. About twelve-million dollars were spent between 1986 and 1988, and another twelve are programmed for 1989-1990. Because it is believed that coca produced in the Yungas mostly goes to the market for traditional consumption, this program aims to avoid expansion of existing coca hectare age. The second program, the “Plan integral de Desarrollo y Sustitución (PI DYS)”, was for Chapare. The plan’s objective was to eradicate 70,000

¹⁰ William Carter and Mauricio Mamani Pocoata. Coca en Bolivia. (Edit. Juventud, La Paz, 1986). Indiana used it for “chewing, for its medicinal purposes, as energizer and social lubricant,” according to Carter and Mamani, p. 17.

¹¹ José Antonio Quiroga et al., La Economía Campesina y el Cultivo de la Coca. Several articles in Debate Agrario, No. 10 and 11. La Paz: Instituto Latinoamericano de Investigaciones Sociales (ILDIS). December 1987 and March 1988.

¹² José Guillermo Justiniano, “Macrotendencias de la Agricultura Nacional”, Debate Agrario No. 9. October 1987, p. 7-27.

hectares of coca and simultaneously implement substitute crops. However, this meant the elimination of gross income in the magnitude of \$300 or \$350 million. Not only would income be lost as coca was cut back, but also there were not any real alternatives that could being to compare to coca.

Peasant as a Political Force

After the 1953 revolution, the National Revolutionary Party (MNR) government not only undertook land reform and the nationalization of the three big mining companies but also initiated suffrage.¹³ The right to vote set the stage for a new and increasing participation of peasants in politics. The political arm for peasants has been the sindicato (peasant union). Peasant unions are organized at the local grass roots level, then federated at department levels, which, in turn, are grouped in a central confederation. The peasant union has been, since the approval of land reform in 1953, the main means for these farmers to negotiate with local and central governments. Because of this, the government and the political parties have tried to work out alliances with the central confederation of peasant organizations. Frequently, however, civilian and military governments have contested these alliances.

The MNR, the initiator of the main revolutionary reforms, had an important influence over peasant unions. After the MNR lost power in 1964, the Military-Peasant Pact, was especially by President Barrientos and was continued under the Bánzer administration. Finally, peasants have attempted or organize a unique peasant leadership through the Unique Confederation of Bolivian Peasant Workers (CSUTCB). However, due to the lack of a basic motivation (like land ownership) the movement has had littler appeal. Because most of the peasants now have property titles of their land, albeit of small plots, and face market forces after the implementation of the NEP, peasant unions are losing bargaining and their mass appeal is diminishing. In the lowlands, peasants are less organized. Besides, there is a strong middle-class organization. The Agricultural and Livestock Chamber of the East (CAO) which used to debate both macroeconomic policies that affect the agricultural sector as well

¹³ Universal vote meant the abolition of Literacy requirements for voters. Previous to the measure illiterate citizens, mostly peasants, were not allowed to vote.

as the specific policies, such as credit. But CAO is a organization defending mostly commercial farmers and is less concerned with small peasants.

The 1985 elections showed that the MNR was not any longer the only political force catering to the peasant vote. By the 1989 election the political parties had to compete very hard to get the rural vote. Political relatives have prompted parties to offer “agricultural policy platforms”. Political parties that want to receive the peasant vote are obliged to after definite policy proposals that respond to peasant concerns. Consequently, the large number of peasants cannot be ignored by politicians.

Also, new groups often have appeared in the political arena as peasant political parties. Often they led by educated peasants, many with university degrees. A case in point as that of the Tupac Katari Movement. This movement is limited to the highlands. Internal divisions have greatly weakened the movement and a contestable interpretation of electoral law in 1989 has deprived the movement of its small representation in the chamber of representatives. Even though the peasant parties exist, by and large the peasants did not vote for them in large numbers in the 1985 and the 1989 general elections. Rather, their votes were mainly divided among the mainstream political parties; the MNR, the National Democratic Action (ADN) and Revolutionary Movement of the Left (MIR). Some more leftist parties have also been able to obtain limited peasant support.

Important institutional changes in peasant organization are now occurring. Because of the need to face improvements in their production conditions and to compete in a open market, peasants, sometimes on their own initiative, but most often under the leadership of some bilateral agency or non-governmental organizations, are initiating new institutional forms to replace the old peasant union. Two examples are producers associations -a kind of socio-technical organizations -and cooperatives, both of which are designed to promote their agricultural production and well-being. These new organizations are starting to form new marketing systems, developing means of technical assistance and accessing more credit. The new venue and the growth of these new organization will probably change the means by which peasants exert political pleasures in the near future.

The Consequences of the New Economic Policy on the Peasants

The NEP was described above and its main features and consequences on the agricultural sector were set forth. Now, some particular effects of the NEP on the peasant economy will be explained. The liberalization and the effort to reduce public activities in the economy. Accordingly, the recession that followed the NEP was basically due to the lack of investment.

A result of liberalization was to change the terms of trade between the urban and the rural areas. The complete liberalization of both trade and internal prices caused the prices peasants received for their products to be lower. The final effect was to decrease the income level of peasants. Moreover, the interest of the public sector to narrow its activities in the productive sector and to diminish expenditures meant that the activities that it formerly used to support, protect or patronize different agricultural activities lost their effectiveness or did not anymore.

The other two factors which must be examined in this section are the evolution of agricultural input prices and transportation costs. In both cases, peasants have been affected negatively. Transportation fares and rates were raised due to increases in fuel prices and prices of agricultural input rose due to increased import tariffs for intermediate goods and the exchange rate policy. Consequently, peasants productions costs suffered an important increase.

Finally, the recession also had an important negative effect. However, its consequences are difficult to assess because the lack of data that would show how peasant agriculture would have evolved under normal circumstances. Nevertheless, decreased national aggregated demand meant low incomes and pessimistic expectations about the future recovery of the economy.

Prospects for Agricultural Production in the Near Future

As the Paz Estenssoro administration came to an end, the immediate future of peasant agriculture was closely related to the general economic environment determined by macroeconomic policy. Each of the three main parties, AND, MNR and MIR, had committed themselves to follow the model of resource allocation by market forces. Due to the low productivity of the agricultural sector, the NEP will continue to put strong pressures on domestic production, probably forcing the reduction in acreage and cultivated areas of most crops, and also causing more rural unemployment.¹⁴ Foreign food donations worsen the situation. Increased donations plus regular imports aggravated the current unfavorable situation of domestic production. Given the slow response of producers to develop more agricultural exports, the foreign trade balance could even deteriorate. Unemployment may be aggravated and rural-city migration would increase, causing losses of peasant production and property, particularly in areas with the coca eradication programs. Eradication is the fruit of strong international pressures and does not seem to offer any real or viable substitution alternatives.

A positive factor for peasant development seems to be the opening of the new penetrating and interconnecting roads in northern La Paz and from Trinidad to Pando in Northern Bolivia. These roads will open new areas for development in the lowlands that will stimulate rural-rural migration. This may help to alleviate the problem of the lack of labor opportunities for the peasants in the highlands and inter-Andean valleys. Besides, there are specific investment projects that could reverse the negative trends so far observed, but may have little impact on peasant agriculture because they are small and specific projects, and export oriented.¹⁵ Expansion of non traditional exports, especially, those of agricultural products is one of the objectives and hopes of Bolivian policy makers. For this commitment, public investment in infrastructure is important. Private investment, especially in research

¹⁴ This seems supported by the negative growth rate of the sector between 1985-1988.

¹⁵ For example: "Lowlands" project in Santa Cruz, the "Agricultural Development Project" (PDA), for the Andean part of the country, "Cattle Development Project" could help to get a new impulse to export oriented production. The Lowlands project funded by an IDA credit, will promote the expansion of soybean production in the eastern part of Santa Cruz. This is associated with a wheat production program funded by PL-480 Secretarial as a rotative crop. The POA is funded in its feasibility phase by a Dutch grant under the World Bank administration in order to develop initiatives of investment in Andean camelids, quinoa, cochinitilla, Leather craft works, garlic, brazilian nuts. The project will provide credit and technical assistance to private producers starting 1991.

and development of new crops is also important. In fact, recently developed soybean products have registered an impressive export record. Moreover, Bolivia hopes to increase significantly exports in sugar, coffee, quinoa, flowers and fruits.

To reach the objective, the Bolivian government must insist on a strategy based on a convenient management of the exchange rate, a tariff policy, investment in infrastructure and negotiations to open foreign markets. However, there are still internal restrictions that must be overcome. For example, scarce trained labor force, absence of economic integration, underdeveloped financial markets and lack of means of communication.

Concluding Remarks

Agriculture and the peasantry have suffered the effects of economic policies that were not directed to solve their problems. The NEP meant the initiation a new stage in Bolivian agriculture; one more oriented towards exports and competition with foreign production. On the whole, agriculture has experienced negative rates of growth since the launching of NEP; but it would be misleading to find a causal relationship between the policy and the rate.

Meanwhile, the peasantry has been affected negatively in various ways. They have suffered decreasing standards of Living, given their decreasing income. It seems that the most important factor contributing to this result was the weak domestic demand for its products. Besides, their production had to compete with foreign products that entered Bolivia with low prices because of the macroeconomic instability of the neighboring countries. in the meantime, coca production resulted in a very attractive crop in the Chapare. There was an increased external demand for the product. This provoked a deviation from the traditional pattern of production of the peasantry in certain regions, especially Cochabamba.

Bolivia has strong hopes to increase its agricultural and agroindustrial exports. However, there are many difficult obstacles that must be overcome, relating both to the production as well as experience and know to sell the products in foreign markets.