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in a Revolutionary Context:
Nicaragua, 1979-1986

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INTRODUCTION

In recent years, many Central American nations have experienced recurring food deficits and have become importers of food, rather than exporters, as they once were (see Murdoch, 1980: 98-166; Barry and Preusch, 1986: 144-162). Simultaneously, their economies have become increasingly dependent on exports of primary agricultural products. Such agro-export expansion not only increased the integration of these economies into the international market, but it also initially fueled high rates of growth and provided the necessary foreign exchange with which to import essential goods and pay off their debt. However, as a result of economic policies which have promoted the extension and elaboration of the commercial agricultural export sector, the land available for food production has decreased, and the food resources of Central America are being threatened (Super and Wright, 1985: xi).

In conjunction with deteriorating terms of trade for traditional exports, which aggravate the debt problem, the decline in food self-sufficiency has resulted in numerous economic problems: external dependence, vulnerability to volatile foreign staples markets, and increasing expenditures on food imports. The increase in food prices, caused by local scarcity and the higher cost of imported food, severely taxes the limited income of Central America's poor, who spend a major portion of the family's budget on food (Wright, 1985: 33). Thus, the more tragic consequences of a development process that has emphasized commercial agricultural production at the expense of food production -- increasing levels of hunger and malnutrition and massive poverty for the majority of the population -- are not solely economic, but human as well. These are inevitable results of a system whose political and economic structures concentrate the benefits of such development in a decreasing number of hands. In some instances, governments have attempted to alleviate the immediate food shortages by implementing agrarian reform laws; however, in the majority of cases, these reforms have focused solely on the limited redistribution of land and have left most of the political and economic decision-making structures intact. With decision making

and economic planning in the hands of a political elite that has protected, if not shared, the interests of those who have reaped the benefits of the traditional development model, more positive responses to the needs of the poor are not likely.

Thus, any adjustment away from the traditional model of agricultural development in order to improve the lives of the peasantry and achieve food self-sufficiency requires not only moderate reform, but profound changes in the political, economic, and social structures of society. The Nicaraguan Revolution of 1979, by radically transforming relations of production, income, and wealth, represents the first real effort in the Central American region to dismantle the traditionally exploitative social and economic structures that emerged from the growth of export agriculture.

By examining the evolution of Nicaraguan food production and agriculture between 1979 and 1986, particularly in relation to the historical pattern of economic development from which the Revolution emerged, this chapter attempts to contribute to a better understanding of the difficulty of transforming agricultural institutions in order to achieve food self-sufficiency in the context of a mixed economy that still relies on agro-exports as the major source of much-needed foreign exchange and as the center of capital accumulation. In order to maintain its political commitment to the peasantry who had supported it throughout the Revolution, one of the primary objectives of the Sandinista government was to redirect and redistribute the country's resources and productive assets, particularly in the agrarian sector. In this way, it hoped to address the needs of the poor majority, to eliminate the poverty, hunger, and malnutrition which traditionally had characterized Nicaraguan life, and to improve food security for the country as a whole. However, faced with the inherited debt of the Somoza period, the destruction of industrial and agricultural production as a result of the war, the social disruption caused by the war, and the total collapse of the fiscal system, the new government came to a difficult realization: for immediate economic recovery, it would be essential to reactivate and maintain agro-export production, the traditional generator of much-needed foreign exchange. This initial decision to maintain an external orientation in the economy appeared in the eyes of many to be in direct contradiction to, or at least limited by, the commitment of the Revolution to the rural poor and to the goals of redistribution of wealth and food self-sufficiency.

An evaluation of the Nicaraguan case also highlights the particular dilemmas of achieving food security in a political economy in the process of transition. Between 1979 and 1985 numerous obstacles, tensions, and contradictions emerged from the process of social, political, and economic transformation, not only as a result of the preservation of an agro-export development focus, but also because of the complexities

of the mixed economy and the disarticulation created by dismantling traditional structures. Since early 1985, many of the food and agricultural policies have changed significantly. These changes reflect the government's efforts to confront some of the inadequacies and contradictions of its original policies and an important reorientation in the economic strategy of the Revolution in an inward, propeasant direction, with more emphasis on the domestic market than on agro-exports. The policy changes also reflect the government's overall policy shift toward a "survival economy" and the prioritization of production and defense, in the face of tremendous economic hardships and the contra war. The new direction in food and agricultural policy in Nicaragua illustrates one effort to deal with the complex dilemma that many revolutionary transformations have had to confront, i.e., how to achieve economic viability through increased efficiency and productivity while simultaneously improving social and economic equity and food security through redistribution of productive resources.

PREREVOLUTIONARY AGRICULTURAL DEVELOPMENT

In analyzing Nicaraguan food policy, it is important first to examine the legacy of the prerevolutionary period, particularly the Somoza era, that the Sandinista government inherited, in order to understand what economic planners were confronted with following the Revolution. As a result of the expansion of commercial agriculture throughout the late nineteenth and early twentieth centuries, Nicaragua in 1979 displayed a duality in agriculture, between the large farms producing for export and the small farms producing primarily those commodities used for domestic consumption. However, the main focus of agricultural development in the century prior to the Revolution was on the export sector, rather than on food crops. This focus implied the development of large-scale agriculture at the expense of peasant production, since the two most important basic food crops, beans and corn, were almost exclusively peasant produced (Weeks, 1985: 103). This expansion and subsequent dependence on agro-exports led to other structural problems for the economy in general and for the food system in particular.

The Expansion and Diversification of Commercial Agriculture

During the 1870s Nicaragua, like its neighbors, began to develop an economy based on coffee production, initiating a process whereby peasants were progressively separated from their land. Coffee production increased during most of the first half of the twentieth century and coffee remained Nicaragua's most important crop during that period, representing between one-half and two-thirds of the country's exports during

the 1920s and 1930s (Vilas, 1986: 50). As Vilas argues, the formation of a new agrarian bourgeoisie in Nicaragua was tightly linked to coffee expansion, and that the latifundista patterns of extensive stockraising easily adapted to the new export crop (ibid.: 49). Although General Zelaya's liberal government (1893-1909) took initiatives to support indigenous coffee production by small-scale producers, his overthrow reversed any such efforts and greatly strengthened the conservative social forces by allying them with the traditional latifundista cattle ranchers (Barraclough, 1982: 18). The emerging coffee elite, with the consent and assistance of the new conservative government, brought pressure to bear on small farmers and forced them off of their lands in order to consolidate the land into larger holdings (Deere and Marchetti, 1981: 43).

During the twentieth century, due to its limited industrial base, Nicaragua continued to follow an agro-export development model and deepened its integration into the world market. Stagnant world demand for coffee during the Depression and World War II necessitated and encouraged the search for new export crops. In the 1950s, responding to increases in the world demand and market price for cotton, and as a result of the availability of pesticides after World War II, cotton cultivation expanded tremendously in Nicaragua, seemingly overnight, filling the vacuum created by the coffee decline. Between 1950 and 1965, production increased from 3,500 to 125,000 tons, and cotton's share of total exports went from 5 percent to 45 percent (Vilas, 1986: 50). When the price of cotton declined sharply in the mid-1960s, investments were diverted into cattle raising for the export of beef, since a market for processed meats and fast foods was developing in the United States (Brockett, 1984: 484; Warnken, 1975: 16-19). Between 1960 and 1970, the relative share of beef tripled so that by the middle of the 1970s, beef production represented 25 percent of the value of food production (Vilas, 1986: 51). Despite such rapid production increases, however, per capita domestic consumption of beef was declining because of the increasing amounts being exported. Between 1964 and 1974, per capita beef consumption dropped 12.5 percent, a painful drop for a country already suffering from protein deficiency (Brockett, 1984: 484).

Thus, throughout this period, the agricultural sector, geared toward production for export, assumed increasing importance to the economy. Despite some success at promoting industry and encouraging manufacturing, particularly through the formation of the Central American Common Market (CACM), agro-exports still provided the bulk of Nicaraguan's export earnings, with the five major agricultural products representing 66 percent of commodity exports between 1975 and 1979 (Weeks, 1985:

77).¹ When one notes that export earnings represented 33.7 percent of GNP in 1975, the importance of agro-exports to the economy as a whole becomes even more apparent (*ibid.*: 52). Proponents of the theory of comparative advantage have argued that the concentration and diversification of exports during the post-WWII period raised the levels of domestic output and income, increased the country's import capacity, and yielded many of the dynamic benefits of specialization (González-Vega, 1984: 353). High rates of growth of the gross domestic product (GDP) did indeed correspond to the burst in agro-export production. Between 1945 and 1949, GDP grew at an average rate of 3.6 percent, rising to 8.5 percent in the early 1950s, and reaching a Central American high of 11.1 percent between 1960 and 1965 (Vilas, 1986: 51; Weeks, 1985: 62). Per capita GDP rose from \$451 in 1950 to \$966 in 1977 (in constant 1978 US dollars; Vilas, 1986: 56).

Agro-exports were also indirectly linked to Nicaragua's manufacturing potential in that they provided the foreign exchange needed to import capital goods, spare parts, and raw materials for domestic industry. Such foreign exchange also enabled the country to import manufactured products and food for domestic consumption. In addition, the emerging domestic processing and textile industries relied directly on some of the export products as necessary raw materials and inputs (Reinhardt, 1987: 3). Thus, rather than diminishing the importance of agro-exports in the economy, limited growth of industry and manufacturing during the 1960s and 1970s increased the dependence of the economy on these commodities (Bulmer-Thomas, 1983: 271). And as Weeks has argued, agro-exports have been the dynamic factor in the economies of all of Central America (1985: 98). However, as Brockett (1984) has pointed out, the benefits of the expansion of export agriculture have not been distributed equally.

Consequences of the Agro-Export Model

While the diversification and expansion of cash crops in Nicaragua did provide new sources of income, they had negative consequences for the rural and urban poor, threatened the country's food security, and created difficulties for the economy as a whole. Landlessness increased and land tenure structures were dramatically altered, as tens of thousands of small peasant basic grains' producers were displaced. These peasants were forced to seek work in the cities, to continue migrating onto the rapidly-shrinking frontier, or to join the growing numbers of seasonal workers. In addition, since most of the labor force earned the bulk of its income from the land, it followed that skewed land distribution would have an effect on income level, which, not surprisingly, was dropping. During this period, export agriculture became increasingly

capital intensive and mechanized, with greater importation of foreign capital and technology, a process which exacerbated the problems of unemployment. The combination of these by-products of an increased emphasis on cash-crop production resulted in a situation in which Nicaragua produced decreasing amounts of basic grains and staple foods. This in turn led to the need to import increasing quantities of corn and beans. Combined with declining income and increasing unemployment, this drop in food self-sufficiency had dire effects on the nutritional status of the population.

Institutional Support and Overconcentration of Resources in Exports. It has been argued that the social and economic structure within which government policies are implemented substantially determines their direction and effect (Brockett, 1984). In prerevolutionary Nicaragua, with many of the larger export producers being either Somoza associates or family members, state economic policy interventions were designed to encourage export production:

The prerevolutionary economic situation, which was based on export cultivation, led to changes in the socioeconomic base of the country. The government implemented credit, services, and infrastructure policies for roads and transport, electricity, technical assistance and education, agro-industrial development, etc., with the goal of providing incentives to the large producer and of intensifying agro-export production. (Programa Alimentario Nicaragüense [PAN], 1985: 1; unless otherwise noted, all translations are mine).

Before the Revolution, the private agro-export sector controlled the provision of agri-production inputs, including credit, fertilizer, seed, and technological assistance. The concentration of credit in exports is illustrated by the statistics for 1976, which show that coffee, cotton, and sugarcane, all controlled by large landowners, received 90 percent of agricultural credit, leaving the meager remainder for basic grains production (Austin, Fox, and Kruger, 1985: 20). Staple crops produced for the internal market received less than 10 percent of agricultural credit in 1970, despite their being grown on over half the agricultural land. In addition, the willingness of the United States, Nicaragua's primary source of financing, to provide dollars was generally tied to an agreement to use such finances for agro-export production, rather than for social programs or domestic consumption. For the bulk of the small producers whose primary crops were corn and beans, credit remained virtually nonexistent before the Revolution (Enríquez and Spalding, 1985: 13).

Increasing Land Concentration and Changes in Land Tenure Structure. As Weeks (1985) notes, the commercial development of agriculture has tended to generate a differentiation among the peasantry between the landless and the landed and between holdings based on family labor and those based on hired labor. Such heterogeneity has been the result of a constant process of dispossession which creates the landless peasant who must work for the larger export producer who incorporates increasingly larger amounts of land into his or her possession. In prerevolutionary Nicaragua, the large commercial producers were able to make higher profits by producing export crops than the peasants were producing food for the restricted internal market. As a result, increasing numbers of peasants were bought off their lands. Many were simply forced off, since the political power of the large producers made it easy to incorporate peasant lands into their operations and to restrict peasant property rights.

During the 1870s, coffee expansion began displacing peasants and the creation of a new class of landless laborers. Many of the former smallholders lost only part of their land and became minifundistas, who, with insufficient land to meet subsistence requirements, were forced to supplement their income by working for wages on larger coffee farms. In addition, many of these displaced peasants moved onto marginal, frontier lands, where they combined staple food production with small-scale coffee cultivation and livestock activities (Reinhardt, 1987: 4). A series of "land laws" were passed during the late nineteenth century to regulate the acquisition of national and unused lands. Although supposedly designed to protect the communal land of the "indigenous communities," their coincidence with the beginnings of coffee production and with the increasing value of land reflects the true reason for their enactment: in the parts of the country suitable for growing coffee, the application of the laws resulted in the destruction of the indigenous communities and the displacement of peasants to distant or poorer-quality lands (Pensamiento Proprio (PP), no. 33).

The dispossession of basic grains' producers accelerated with the diversification of export production in the twentieth century, primarily with the expansion of cotton and beef, which even more dramatically changed the structure of rural land tenure and reduced the land available for basic grains' production. Growth in cotton production was achieved through expansion onto new lands, rather than through increasing yields; thus, increasingly large plantations displaced thousands of peasants from the fertile flatlands of the coastal region, particularly in the León and Chinandega departments (see Williams, 1986). The amount of land dedicated to pasture doubled between 1960 and 1975, and many peasants lost the land on which they could produce basic foods or were pushed off onto marginal, unproductive lands (Deere and

