Agrarian Revolution in Central America: A Comparison of Nicaragua and Honduras Using Jeffery Paige's Theory of Agrarian Revolution

By

Eleanor Toneguzzo

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Department of Politics BROCK UNIVERSITY St. Catharines, Ontario

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ABSTRACT

In 1979 Nicaragua, under the Sandinistas, experienced a genuine, socialist, full scale, agrarian revolution. This thesis examines whether Jeffery Paige's theory of agrarian revolutions would have been successful in predicting this revolution and in predicting non-revolution in the neighboring country of Honduras. The thesis begins by setting Paige's theory in the tradition of radical theories of revolution. It then derives four propositions from Paige's theory which suggest the patterns of export crops, land tenure changes and class configurations which are necessary for an agrarian and socialist revolution. These propositions are tested against evidence from the twentieth century histories of economic, social and political change in Nicaragua and Honduras. The thesis concludes that Paige's theory does help to explain the occurrence of agrarian revolution in Nicaragua and non-revolution in Honduras. A fifth proposition derived from Paige's theory proved less useful in explaining the specific areas within Nicaragua that were most receptive to Sandinista revolutionary activity.
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Chapter One

INTRODUCTION

On July 17, 1979 the Sandinista Front for National Liberation (FSLN) overthrew Anastasio Somoza and came to power with widespread popular support in Nicaragua. This event is commonly called the Sandinista, or Nicaraguan, revolution.¹

This revolution was a full-scale or genuine revolution in the sense that it received widespread support from the grass roots populace and went beyond simply replacing one set of political rulers with another.² It was a popular and progressive revolution in the sense that it aimed to replace the existing social order with a more socialist one. Once in power the Sandinistas immediately set out to transform Nicaraguan society through a massive literacy crusade, a popular health campaign and a land reform program.³ While many other countries in recent
decades have experienced unrest, coups and changes of government, few have attempted so radically to alter the existing state and economic system to remove the internal sources of instability and exploitation.

Since full-scale popular socialist revolutions are rare, the Sandinista revolution in Nicaragua invites analysis. Some important questions which this thesis will attempt to address will include: Was this type of revolution to be expected in Nicaragua? Why did it occur in the late 1970’s? Could it have been predicted on the basis of existing theories of revolution?

The Limitations of Psychological and Functionalist Theories

In my quest for an answer to these questions I examined various theories of revolution. Initially, I was impressed by Ted Gurr’s theory of relative deprivation. I became interested in his explanation of revolution because it was utilized in John A. Booth’s comprehensive analysis of the Nicaraguan Revolution, The End and the Beginning. Booth used Gurr’s theory as an explanation for the events which occurred in Nicaragua. He found Gurr’s theory practical because it integrated both psychological and structural features in an attempt to explain political violence.

Gurr’s theory, like others of the psychological
tradition, fails to address questions which are important for this thesis. Though his theory is not a theory of revolution, he purports to explain why violence occurs in society and in turn why some violence results in revolutionary behavior. He fails to address the question of when this violence is translated specifically into a popular and socialist revolution.

Despite this problem with Gurr's theory, it is utilized by Booth to provide insights into the Nicaraguan revolution. Since Booth utilizes Gurr's theory to explain events in Nicaragua in 1979, it is not necessary to duplicate Booth's work. This thesis will have little more to say about Gurr's theoretical approach.

Another author who attempts an explanation of revolutionary change is Chalmers Johnson. While most proponents of the functionalist school of thought tend to ignore revolutionary behavior he has attempted a conceptual clarification within which questions of how and why revolutions occur may be examined.

Johnson's model suggests that revolutionary occurrences are avoidable. Like other functionalists, Johnson is concerned with maintaining order and stability. He also shares the view that a particular social system begins to experience difficulties when values fail to account for the changes which occur in the environment; or, when
changes in values are not accompanied by changes in the environment. The system can return to equilibrium only when the values and environment are synchronized. This would require a new set of values or an environment altered through evolution or revolution.

While Johnson's theory attempts to explain when revolution occurs he fails to offer an explanation or predict the circumstances which stimulate agrarian based populist, socialist revolutions. Like Gurr his theory fails to predict the particular type of revolution Nicaragua experienced in 1979. Despite this shortcoming his theory is practical as an explanation for broad social change and revolution. Since Johnson's theory does not aim to answer questions which are pertinent to this thesis little more will be said about his theory as we examine a theory by Jeffery Paige.

Paige's Theory of Agrarian Revolution

The limitations inherent in both Gurr's and Johnson's theories led me to review other theoretical frameworks which attempted to predict conditions which would lead to popular and socialist, revolutionary change of the Nicaraguan type. This review included a closer examination of the radical perspective and its interpretation of revolution. As I considered various
theories I became intrigued with one theory in particular. This theory was advanced by Jeffery Paige in his work *Agrarian Revolution* (1975). Paige's strength is that he attempts to combine history with "a general predictive theory" to explain agrarian revolutions (which are mass-based and socialist). These agrarian revolutions are carefully distinguished from other forms of conflict and change.

His theory begins by defining "recurring patterns of conflict in terms of interactions between the economic and political behavior of cultivators and that of noncultivators and predicts the circumstances under which these conflicts lead to cultivator social movements in general and agrarian revolution in particular." His argument is that agrarian economies which are characterized by an upper class dependent on land and a cultivator class dependent on wages are more susceptible to revolutionary change. In addition Paige attributes exploitive local conditions to global economic demands. He argues that the type of landholding structure in the countryside is dependent on the influence of world markets and the particular production and marketing requirements of certain cash crops.

Paige's theory represents a sharp contrast to the psychological and functionalist theories of revolution.
It distinguishes among types of "revolutionary" change and therefore offers at least potentially, a more precise explanation of the popular socialist revolution in Nicaragua. It also relies on structural variables in its explanation— or approach to psychological variables or functional requirements. It identifies specific features of the structure of economic and political relations which occur for the type of change a society experiences. It offers specific and testable hypotheses. These hypotheses and Paige's model will be discussed in greater detail in chapter two.

It is, however, pertinent to note that Paige's theory provides the focus for what are now the central questions of this thesis. These questions include: Does the evidence from Nicaragua support Paige's theory of agrarian revolutions? Would Paige's theory have predicted a revolution in Nicaragua? If not, what changes or additions to Paige's theory might be necessary on the basis of the new evidence?

The Comparative Approach

In order to assess the utility of Paige's theory for understanding the Nicaraguan revolution, it is helpful to have a comparison with another country which is similar in many ways to Nicaragua but which has not had a
revolution. This will help to establish key differences in the two countries and will pinpoint those factors which must be present for a revolution to occur. John Stuart Mill termed this comparative method the "method of difference."

The country I have chosen is Honduras. Nicaragua and Honduras are similar in size, population, language spoken and ethnic composition (see Table 1.1 and Figure 1.1). Where they differ most obviously is in recent political history. Not only has Nicaragua had a revolution, it has witnessed decades of increasing corruption, hardship and violence. Guerrilla warfare by the Sandinistas was met by Somoza's National Guard with a campaign of terror. Under the Somoza regime the peasantry was forced to contend with increased landlessness, unemployment and the curtailment of many human rights.

Honduras, by contrast, has had no revolution and its recent decades have been relatively stable ones. Where the peasantry in Nicaragua experienced exploitation and hardship, the peasantry in Honduras was vocal in expressing its concerns about land scarcity, unemployment and human rights violations. The Hondurans have also been successful, beginning in the 1950's, in establishing strong labor organizations to protect worker rights. Communal lands (ejidos) have continued and the Honduran
Table 1.1. Comparative Statistics for Nicaragua and Honduras.

<table>
<thead>
<tr>
<th></th>
<th>HONDURAS</th>
<th>NICARAGUA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population (1978)</td>
<td>2,954,000</td>
<td>2,346,000</td>
</tr>
<tr>
<td>Area in Square Km.</td>
<td>112,088</td>
<td>140,621</td>
</tr>
<tr>
<td>% of Mestizos</td>
<td>90%</td>
<td>70%</td>
</tr>
<tr>
<td>% of Spanish Speaking</td>
<td>90-95%</td>
<td>96%</td>
</tr>
<tr>
<td>% of Roman Catholic</td>
<td>97%</td>
<td>90%</td>
</tr>
<tr>
<td>Date of Independence</td>
<td>October 26, 1838</td>
<td>September 15, 1838</td>
</tr>
</tbody>
</table>

Figure 1.1. Map of Central America.
government has also instituted policies of land reform which have attempted to accommodate its peasantry.

Nicaragua and Honduras provide a good basis for a comparative test of Paige’s theory of agrarian revolution. The countries are similar in many ways but they differ in recent decades in terms of political stability and revolution. If Paige’s theory is sound it should not only be consistent with revolution in Nicaragua, it should also be consistent with non-revolution in Honduras.

**Significance and Outline**

The conclusion of this thesis may have larger policy implications. Revolution in Central America is very much part of the agenda of contemporary politics. President Reagan and his policymakers believe that revolutionary movements are the product of terrorists and international groups promoting communism. In turn, they believe that the way to contain revolution is through outside interference and military force. There are others who would argue that revolutions are primarily the result of exploitive conditions within the society itself. If Paige’s theory definitely falls into this latter category. To the extent that Paige is right, other theories must be discounted, and efforts to contain revolution must begin
to look beyond military solutions to the real roots of exploitation in the world economy and in local land tenure systems.

With an outline of the main questions and a brief description of the implication of Paige’s study now before us, the next chapter examines the radical tradition of theories about revolution and explores Paige’s theory in more detail. This chapter also outlines five propositions derived from Paige’s theory which form the focus for investigation in later chapters.

Chapter three examines Nicaragua’s pre-revolutionary economy to see if it corresponds to Paige’s predictions. It discusses the major exports which have dominated Nicaragua’s economy since 1900 as well as the land tenure system which has resulted from the dominant export patterns.

Chapter four analyzes the economy of Honduras. It considers the export patterns which have evolved since the early 1900’s and the land-tenure system which has ensued.

The final chapter of this thesis returns to the propositions outlined in chapter two and evaluates the utility of Paige’s theory in explaining revolution in Nicaragua and non-revolution in Honduras.
Chapter Two

PAIGE'S THEORY AND THE RADICAL TRADITION

This chapter will review the radical tradition of theory in detail by considering various theorists who have contributed knowledge and insight to the overall topic of revolutionary change. In this context the chapter will review Paige's theory and demonstrate both how it is linked to past theories and how it is an improvement over previous models which focused on such variables as the market economy and land-tenure patterns. This chapter will conclude with an outline of five propositions which are drawn from Paige’s central argument that the combination of non-cultivators dependent on land and cultivators dependent on wages is most volatile and can lead to revolution. These propositions will provide the basis for testing the adequacy of Paige’s theory in explaining the successful

Karl Marx

Karl Marx is perhaps the most important source of inspiration for revolutionary theory. Though many discard Marx’s assumptions, his work continues to be pertinent today because his theory was not a "general theory of revolution relevant to all kinds of societies at all times." Instead "Marx regarded revolutions as specific to certain historical circumstances and to certain types of societies." Though Marx’s theory has been revised and some of his original assumptions have been proven incorrect, many of his original ideas continue to be linked to the causes of revolution. Recent proponents of the Marxist approach disagree with Marx’s notion that revolutions should occur where the mode of production is more economically developed. They argue that "revolutions occur specifically in agrarian states situated in disadvantaged positions within developing world capitalism." Marx’s original theory, however, rests on the assumption that economic contradictions develop "between the social forces and the social relations of production." This in turn generates class conflict between the class which owns the instruments of production and rules, and the class which
is ruled and exploited. The exploited class is forced to sell its labor power and becomes alienated from the social structure. Eventually this class develops class consciousness or an awareness of the exploitation inherent in the existing structure of society, and it struggles for revolutionary change. Contemporary Marxists agree with Marx that revolutionary contradictions are generated within a society, but they dispute his argument that the struggles of the bourgeoisie or proletariat have the most impact. As Theda Skocpol and others contend, it has actually been

the peasantry struggling against formerly dominant landed classes (and/or colonial or neo-colonial regimes) that has done the most--specifically in social revolutions from below--to undermine the class and political structures of old regimes and clear the way for the consolidation of revolutionary states on a new socio-economic and political basis.5

Neo-marxists also dispute Marx’s notion that it is primarily economic contradictions which explain the emergence of revolutionary situations. Instead they argue that

the objective contradictions within the old regimes that explain the emergence of revolutionary situations have not been primarily economic. Rather they have been political contradictions centered in the structure and situation of states caught in cross-pressures between, on the one hand, military competitors on the international scene and, on the other hand, the constraints of the
existing domestic economy and (in some cases) resistance by internal politically powerful class forces to efforts by the state to mobilize resources to meet international competition.  

This view that the international world-system is also an important variable to consider when looking at revolutionary situations has been referred to in the literature as the world-systems perspective.

**World Systems Perspective**

This perspective developed in opposition to the modernization theories of the 1950's and 1960's. The premise behind this approach is that

...a nation state is part of a larger structure or organization which works to the advantage of some and not others... Each nation state therefore cannot be studied as an independent unit but only as a part of a larger whole.

This approach focuses on transnational relations and seeks to explain the emergence of revolutionary movements as being in part caused by the uneven spread of capitalist economic development. Theda Skoopol in her work *States and Social Revolutions* emphasizes the importance of considering the international and world historical contexts when discussing revolutionary movements. She notes that "if a structural perspective means a focus on relationships, this must include
transnational relations as well as relations among differently situated groups within given countries. Transnational relations have contributed to the emergence of all social-revolutionary crises and have invariably helped to shape revolutionary struggles and outcomes.  

This is also a recurring theme in Daniel Chirot’s work *Social Change in the Twentieth Century*. Nationalist movements in peripheral and semi-peripheral societies, according to Chirot, are aimed at "catching up" to the core. The aim of intellectuals leading these revolutions is to raise their own societies to a higher level in the world system so that they no longer suffer the economic and emotional consequences of being subjected peripherals.

Theda Skocpol and Ellen Trimberger take this point further and suggest that international pressures have been more effective in determining the outcomes of revolutions than intranational pressures for equality. They agree with Daniel Chirot that revolutionary leaders have sought to enhance national standing and have seen the state apparatus as the most important tool to achieve this, especially where the state could be used to guide or undertake national industrialization. Consequently, this raises an important question: is it necessary for a society to be located in a particular position in the
world system in order for revolutionary change to be successful?

To come to some conclusions it is necessary to consider Daniel Chirot's model of peripheral and semi-peripheral societies. In his discussion of semi-peripheral societies he stresses that the workers and the peasants are somewhat better organized and on the whole more conscious of their interests. In peripheral societies underdevelopment creates conditions which keep peasants and workers unorganized and docile. This is because the populace in peripheral societies has not yet formed an allegiance to a single culture. Core groups are able to pit different groups against each other. As long as these groups clash with each other they will not organize and become a potential revolutionary force. 12

In semi-peripheral societies, the elite and the middle classes control powerful state structures and their nationalist goals are directed toward strengthening their society's international position. In contrast, peripheral societies are economically malintegrated, and their economies are dependent on the export of a few valuable resources. This makes them vulnerable to the changes which occur in the world economy. If price fluctuations begin to affect the cash crops or resource exports, then massive unemployment and a decrease in
wages for the masses of wage laborers results. In addition, their malintegrated economies create a situation where certain parts of the society (the export sector) interact more with the core portions of the world economy than with their own hinterlands. This is because the specialized sectors have well developed transportation networks that carry these products to ports, and government structures that maintain the social order and administrative machinery needed by the export sector to maintain trade relations with the core. Other sectors of the economy, however, remain underdeveloped. Foreign investors are not particularly interested in a state's balanced development. Rather they develop whatever areas of a state seem most likely to generate profitable exports. This leaves the hinterland areas in a relatively disadvantaged position and produces within these societies mutually antagonistic interests. The hinterland areas have little or no contact with the core economies and they remain culturally and economically backward. The export sector becomes more industrialized and developed and the wage laborers and professional people in this sector begin to adopt western ideologies and principles. The inhabitants of the hinterland areas are not so willing to forgo old traditions and accept modern ideas. This exacerbates antagonistic interests
which creates a class structure which foreign interests can manipulate.

These internal characteristics of peripheral and semi-peripheral societies as outlined by Daniel Chirot seem to suggest that the potential for revolutionary change rests primarily with a society whose status in the world system is semi-peripheral. It must be stressed, however, that semi-peripheral status is not the sole determinant of revolutionary change. Many societies which reach semi-peripheral status do not necessarily experience a revolution. The model outlined by Chirot is general and does not specify the more particular internal conditions which are requisite for a revolution to occur.

The Market Economy and the Middle Peasant Theory

Another theme in the literature is the contributing force of the market economy to revolutionary change. Eric Wolf in *Peasant Wars of the Twentieth Century* notes that

Capitalism surely did not invent exploitation. Everywhere it spread in the world, it encountered social and cultural systems already long dependent upon the fruits of peasant labor. Nor can it be supposed that the peasantry did not revolt repeatedly against the transfer of its surpluses to superior power holders; the historical record is replete with
peasant rebellions. It is significant, however, that before the advent of capitalism and the new economic order based on it, social equilibrium depended in both the long and short run on a balance of transfers of peasant surpluses to the rulers and the provision of a minimal security for the cultivator. Sharing of resources within communal organizations and reliance on ties with powerful patrons were recurrent ways in which peasants strove to reduce risks and to improve their stability, and both were condoned and frequently supported by the state . . . . Where previously market behavior had been subsidiary to the existential problems of subsistence, now existence and its problems became subsidiary to marketing behavior. 13

The market economy, according to Wolf, exerted far-reaching effects on both the peasantry and the agricultural laborers. Its penetration into traditional agrarian social systems meant a sharp break with what had previously been a pattern of subsistence cultivation. Wolf contends that the growth of the market had the most profound effect on the middle peasant. Unlike the poorer peasant the middle peasant owned property and had his own independent economic base. This made him vulnerable to land expropriations, high interest rates and price fluctuations which were introduced by the infiltration of the market economy. These were contributing forces to increasing his revolutionary behavior since they threatened his economic stability. Wolf also contends that

the poor peasant or landless laborer, in going to the city or factory, also usually cuts
his tie with the land. The middle peasant, however, stays on the land and sends his children to work in town; he is caught in a situation in which one part of the family retains a footing in agriculture, while the other undergoes the 'training of the cities'. (Germaine Tillion) This makes the middle peasant a transmitter also of urban unrest and political ideas. The point bears elaboration. It is probably not so much the growth of an industrial proletariat as such which produces revolutionary activity, as the development of an industrial work force still closely geared to life in the villages. 14

Wolf's middle peasant thesis does not stand alone in the literature. His argument that the middle peasant is a potential revolutionary force has been advanced by Barrington Moore Jr. in Social Origins of Dictatorship and Democracy. Moore refers to this stratum of peasants as the 'upper crust of the peasantry'. He argues that

one of the greatest dangers for an ancien regime during the earliest phases of transition to the world of commerce and industry is to lose the support of the upper crust of the peasantry. One common explanation is a psychological one, to the effect that limited improvement in the economic position of this stratum leads to greater and greater demands and eventually to a revolutionary outbreak. This notion of a "revolution of rising expectations" may have some explanatory power. It will not do as a general explanation. For both Russia and China, even in the twentieth century, it strains the evidence beyond recognition. There are several different ways in which the richer peasants may turn upon the old order, depending on specific historical circumstances and the impact of these on different forms of peasant society. 15

Both Moore and Wolf in stressing the role of the 'middle peasant' or the 'upper crust of the peasantry'
fail to describe this stratum with any degree of accuracy. Wolf, for example, speaks of the middle peasant as having access to land, being conservative and the bearer of peasant tradition, vulnerable to economic changes, and not being able to withstand the ravages of tax collectors or landlords. To test his theory would be somewhat difficult since some of the indicators which Wolf uses to describe the middle peasant could also characterize poor peasants and landless laborers. This is also true of Moore’s theory. The indicators he uses are far too general and provide little opportunity for testing.

In addition, Wolf and Moore fail to supply an adequate description of the circumstances which will lead the middle peasants to becoming a revolutionary force. Both suggest that the spread of capitalism contributes to their revolutionary behavior, but they do not adequately describe the exact nature of capitalism which makes some middle peasants revolutionary and others not. This is a major shortcoming because there are many societies in which capitalism has spread and in which middle peasants have not supported revolutionary change. In specific cases where revolution did occur there must have been other internal exploitive conditions present. This suggests that a theory of revolution must point to more
specific conditions than those identified by Wolf and Moore.

In their theories Wolf and Moore stress the significance of the market economy. This is a recurring theme in the literature. Maurice Zeitlin in his classic study of the Cuban Revolution, *Revolutionary Politics and the Cuban Working Class*, also stresses the importance of market penetration in determining whether revolutionary change will occur. He contends that in countries where market penetration has not been extensive and the pre-industrial hacienda economy has been allowed to prevail, revolutionary change has not occurred. Zeitlin notes that in the case of Cuba, the peasantry was integrated into a plantation, sharecropper and wage-labor economy. They were "not shielded, as was generally true of the pre-revolutionary Mexican and Bolivian peasantry, for instance, from the forces of the market economy, nor were they integrated into a traditional communal social structure." 16

Zeitlin's theory begins to make a connection between market penetration and the type of land tenure system. His theory is not unique in the literature. Arthur L. Stinchcombe attempted to make this connection as early as 1961. Stinchcombe's theory suggested that each type of property system produces a distinctive pattern of class
relations. He defines five types of property systems: the manorial or hacienda system, the family-size tenancy, the family smallholding, plantation agriculture, and the ranch, which is capitalist extensive agriculture with wage labor.

The hacienda economy is perhaps the most stable of the five types of land tenure systems. Stinchcombe describes it as precommercial agriculture with

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cultivation of small plots for subsistence by a peasantry, combined with cultivation by customary labor dues of domain land under the lord's supervision. It fairly often happens that the domain land comes to be used for commercial crops, while the peasant land continues to be used for subsistence agriculture.  
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This system does not include a rural labor market; instead labor dues or rents are based on customary law or force. The relative stability of this system continues until the value of labor or land becomes great. As long as managers of agricultural enterprises fail to calculate the efficiency of wage labor, the hacienda economy continues. The farther the market penetrates the hacienda economy, the more likely land will become an article of commerce. Landowners will notice that the traditional level of income becomes insufficient to compete for prestige with the bourgeoisie and they set about trying to raise incomes by increasing
productivity. When this occurs the price and productivity of land goes up, tenancy by family farmers provides the lord with a comfortable income that can be spent in the capital city, without much worry about the management of crops. The farther the market penetrates agriculture, first creating a market for commodities, then for labor and land, the more economically unstable does the manorial economy become, and the more likely is the manor to go over to one of the other types of agricultural enterprise.

Stinchcombe, like Zeitlin, contends that revolution in a hacienda economy is very unlikely. The market has little effect on the population and the peasantry has neither the interest in political issues nor the experience to organize and confront the upper class.

The second type of land tenure system, the family-size tenancy, is characterized by:

(a) land having a very high productivity and high market price; (b) the crop is highly labor-intensive, and mechanization of agriculture is little developed; (c) labor is cheap; (d) there are no appreciable economies of scale in factors other than labor; and (e) the period of production of the crop is one year or less.

These conditions Stinchcombe suggests are most fully met with crops such as rice and cotton. He also stresses that these systems are politically unstable and conflicts arise because of several factors. For example "the lower the rent of the rentier capitalist, the higher the income of the peasantry. The division of the product at harvest
time or at the time of sale is a clear measure of the relative prerogatives of the farmer and the rentier." 21 Second, Stinchcombe stresses the risk which the peasantry is forced to take. Rentiers who invest in land shift as much of the risk of failure as possible to the tenant.

Whether the rent is share or cash, the variability of income of the peasantry is almost never less, and is often more, than the variability of rentiers' income. This makes the income of the peasantry highly variable, contributing to their political sensitization. 22

In addition, Stinchcombe suggests that political radicalization is prevalent in this system because "the leaders of the rural community, the rich peasants, are not vulnerable to expulsion by the landowners, as they would be were the landowners also the local government." 23 The rich peasant "shares at least some of the hardships and is opposed in his class interests to many of the same people as are the tenants." 24 Like Wolf and Moore, Stinchcombe stresses the importance of the 'middle peasant' as the carrier of revolutionary potential. In the tenancy system, these more prosperous peasants see the rentier class as blocking their opportunity for upward mobility. Since they are "members of the village community they often form a class of natural leaders within the village against the urban landlords." 25
The third type of property system Stinchcombe discusses is the family smallholding. It differs from the family tenancy system in that the enterprise is more concentrated in the class of farmers. Likewise labor in this system is free, the land does not cost rent and there is no advantage to leaving it uncultivated. The smallholder, however, is directly affected by market influences; his income varies according to the market price of the commodities he produces. Smallholder political movements tend to be aimed at maintaining the price of agricultural commodities. They also tend to be opposed to creditors who make credit expensive and burdensome in years of bad harvests.

The fourth type of land tenure system Stinchcombe describes is the plantation. Such systems tend to be concentrated where crops such as coffee, tree fruit and rubber exist. A key requirement is long-term capital investment in the crop combined with a relatively low cost of land. The enterprise is characterized by

a small highly skilled and privileged group which administers the capital investment, the labor force, and the marketing of the crops with a large group of unskilled, poorly paid, and legally underprivileged workers. Quite generally, the workers are ethnically distinct from the skilled core of administrators, often being imported from economically more backward areas or recruited from an economically backward native population in colonial and semicolonial areas. This means that ordinarily
they are ineligible for the urban labor market of the nation in which they work, if it has an urban labor market. 26

In short, Stinchcombe suggests the plantation system perpetuates "a poverty of associational life" for the agricultural laborer. In most instances, laborers fail to participate in local government, lack education and are highly vulnerable to oppression by landlords and landlord-dominated governments. According to Stinchcombe, revolution under these circumstances occurs only when the agricultural class is mobilized by urban intellectuals.

The last system Stinchcombe outlines is the ranch. This form of land tenure is found where wool and beef are the dominant commodities. "The characteristic social feature of these enterprises is a free-floating, mobile labor force, often with few family ties, living in barracks, and fed in some mess hall. They tend to make up a socially undisciplined element, hard-drinking and brawling." 27 In this enterprise there is virtually no pressure to keep the labor force oppressed because the cost of production is low. Therefore, there exists little potential for organization and radicalism among the laborers.

Stinchcombe's theory is interesting because he begins with land tenure systems and suggests they produce a distinctive pattern of class relations. His typology
considers the family-size tenancy system most volatile and susceptible to revolutionary change. His theory emphasizes the structural problems faced by the 'middle peasant' since the rentier capitalist blocks his opportunity for upward mobility. Stinchcombe's description of the middle peasant, however, lacks precision and accuracy. Like the theories propounded by Wolf and Moore, the indicators for Stinchcombe's middle peasant are very general. According to his typology, the plantation economy also provides the potential for revolutionary organization. He fails to consider that many plantation systems are owned and run by multinational corporations, instead of landlords. In these types of enterprises, unions often exist and they provide the worker with bargaining power. This results in a more disciplined labor force which becomes disinterested in revolutionary objectives.

Though Stinchcombe's theory has some inherent problems, I have described it in greater detail than the other middle peasant theories because of his concentration on land tenure systems. Stinchcombe's theory must be given due recognition because it was the first theory to suggest that property systems produce distinctive patterns of class relations. Many of his original ideas have been carried over and elaborated in Jeffery Paige's
Jeffery Paige’s Theory of Agrarian Revolution

According to Jeffery Paige, there are four basic types of agrarian landholding structures, only one of which is likely to lead to revolution. Paige derives this typology by distinguishing between cultivators and non-cultivators and then by distinguishing how each group supports itself. The four square model, which is outlined on the following page, seeks to simplify Paige’s theory. It suggests that non-cultivators depend primarily on either land or capital and cultivators depend on either wages or land. The combination of non-cultivators dependent on land and cultivators dependent on wages is the most volatile. This is represented by a sharecropping structure or migratory labor estates. In the sharecropping structure, the landlord finds it impossible to increase his income except by extracting more from the peasantry, which in turn leads the peasantry to revolution. In the case of migratory labor estates, the migratory laborer continues subsistence agriculture until changes occur in the export economy. If cash crops for export are developed and
Figure 2.1. Paige’s Typology of Agrarian Landholding Structures and Revolutionary Political Movements.

<table>
<thead>
<tr>
<th>LAND</th>
<th>WAGES</th>
</tr>
</thead>
<tbody>
<tr>
<td>COMMERCIAL</td>
<td>SHARECROPPING</td>
</tr>
<tr>
<td>HACIENDA</td>
<td>MIGRATORY LABOR</td>
</tr>
<tr>
<td>REVOLT (Agrarian)</td>
<td>REVOLUTION (socialist)</td>
</tr>
<tr>
<td>(nationalist)</td>
<td></td>
</tr>
<tr>
<td>SMALL HOLDING</td>
<td>PLANTATION</td>
</tr>
<tr>
<td>REFORM (commodity)</td>
<td>REFORM (Labor)</td>
</tr>
</tbody>
</table>


there is a demand for land, small farmers and part-time migratory laborers are forced to leave their subsistence plots and become landless wage-laborers. This creates an insecure landless wage-labor force which cannot find full-time employment because cash crops demand labor only during harvest season which is three to four months per year. While both sharecropping and migratory labor estates lead to revolutionary uprisings there is a difference in revolutionary objectives. "In the sharecropping system the dominant ideology is likely to be communist while in migratory labor systems the dominant ideology is likely to be nationalist."31 In each
of the other agrarian structures, which include the hacienda, the smallholding, and the plantation, the non-cultivators can meet the pressures for change and increase their income without squeezing cultivators to the point of revolution. Cultivator movements will exist in each of these other structures but they will be directed at more specific goals than revolution. Revolution is only possible, says Paige, where sharecropping or migratory labor estates are the dominant land tenure pattern. The specific type of landholding structure, according to Paige, is influenced by the extent of market penetration. What determines market influence is the cash crops available in specific countries and their demand in the world economy. The marketing and production requirements of these cash crops are also instrumental in determining the type of land tenure system which will ensue. This point will be discussed in greater detail in subsequent chapters.

Hacienda: land and land. Where cash crops are not grown, the landholding structure remains typically preindustrial and the hacienda economy continues to prevail. This type of land-tenure system according to Paige's model is not predisposed to revolution because both the cultivators and the non-cultivators draw their income from the land. In addition the upper class
confronts a politically apathetic and disenfranchised peasantry. If change is to occur it depends on the weakening of the repressive power of the landed aristocracy. It also requires a party or group from outside the community to provide the organizational strength. When these two factors are present a revolt may occur, but it is aimed at seizing the estates and redistributing property. Once land is seized the peasantry rapidly loses interest in political issues. They lack the organization for long run political objectives such as seizing state power.

An example of a country where a hacienda economy experienced a revolt is Mexico in 1910. It has been referred to as a revolution by many noted authors including Daniel Chirot, but the transformation did not go beyond land reform. Chirot suggests that had there been a peasant-intellectual alliance then the revolution would have been more complete. He blames the peasant leadership for the moderate reforms which occurred. Jeffery Paige instead would argue that the hacienda economy could not experience a revolution, only a revolt since peasants continue to be tied to the land and they are only concerned about maintaining subsistence cultivation.32

Small Holding: capital and land. In the case of the
small holding economy, Paige suggests that where the cultivating class is dependent on land as its source of income and the upper class is dependent on commercial capital there is little possibility of a revolutionary movement. Small holding farmers are tied to the land and are suspicious of parties threatening to abolish private properties. If the small farmer finds his income decreasing because of the extractions of middlemen he may be inclined to support political movements which restrict the actions of middlemen. Such movements may be called reformist commodity movements; they focus on control of the market in agricultural commodities.

**Plantation: capital and wages.** The plantation and the small holding economies share the common characteristic of an upper class which draws its income from commercial or industrial capital and has the capability to increase production through capital investment and therefore expand the sum of agricultural income to be shared with cultivators. For this reason a compromise can be reached in economic conflicts. This type of structure is usually found where crops have a continuous or a near continuous harvesting period and undergo substantial bulk reduction. Typical examples of such crops include sisal, sugar, tea, palm oil, rubber, coconuts and bananas. These crops require processing machinery and create
economies of scale by distributing the cost of processing equipment over many units. Where conflicts occur in this system they usually focus on income from property rather than ownership. Cultivator movements and demands are limited to questions of wages and working conditions and the upper class has the resources to make concessions and usually does.

Sharecropping and Migratory Labor: land and wages. Paige's typology includes two different types of agricultural structures which have a landed upper class and a working class which is dependent on wage labor; the migratory labor estate and sharecropping. The migratory labor estate is usually found where crops demand a relatively short harvest period of 2-4 months. It is concentrated in crops such as coffee and grapes where no expensive machinery is required. Paige suggests that revolution is not likely to occur if migratory laborers spend much of their time in traditional subsistence agriculture and migrate to work on the estates only during the harvest periods. It is worth noting that while the upper classes of the migratory estate behave similarly to the upper classes dependent on landed property, the migratory wage labor force does not exhibit the same characteristics as the agricultural working class which is dependent on wage labor. The migratory
laborer is less interested in political action because he can always return to subsistence production if estate labor is unreliable. Since

he returns to a subsistence community, he is subject to the same individualistic competitive pressures and hopes for individual mobility that characterize the subsistence peasant. The longer he remains in the subsistence milieu, the more his political behavior resembles that of a member of an agricultural working class dependent on land-conservative, apathetic and badly organized.

It is however different when the migratory laborers face massive land expropriations and traditional subsistence agriculture is threatened. With the introduction of new cash crops many peasants and migratory laborers are forced to leave their small farms and depend on full time employment in cash cropping agriculture. Migratory laborers will participate in a nationalist revolution when subsistence agriculture is threatened and an inflexible elite exists which is dependent on force rather than economic power.

While many migratory estate economies create a politically apathetic workforce, those which exist in colonial areas have been subject to violent revolutionary movements. This occurs when the landed estates are developed by settlers who threaten the continued political survival of the traditional agrarian leadership by the expansion of their estates. The
organizational framework of the traditional subsistence community, then, may provide the organization that the workers lack. It is an organization based on the economics of subsistence production rather than specifically directed at political ends, but it can provide the same organizational coherence as a political party or an economic organization. 35

The ideology which unites these two groups, the migratory laborers and the traditional elite, is not based on class but is based on a national or racial hatred of the settler class. Jeffery Paige cites the example of Kenya and the Mau Mau revolution as an example of migratory labor estates where a violent revolutionary movement occurred.

Results are similar in a sharecropping economy where the traditional upper class has become the new landed elite in the export economy. The cultivator class has lost its traditional rights to the land and the "economic characteristics of the landlord in the sharecropping system lead to the now familiar pattern of intractable zero-sum conflict over landed property." 36 The decentralized estate system within sharecropping, in which the peasantry is landless and the upper class is weak, creates the sufficient conditions for communist revolution. In such an agrarian structure land has a high market value and the crops are highly labor-intensive. For this reason there is nothing further to be gained from the process at the point of
production. The landed estate owner has few alternatives available to increase his wealth since technological innovations are beyond his resources. One of his options includes squeezing the peasantry further; if the sharecropper attempts to make improvements on his land, his rent is raised and thus his economic gains and mobility are restricted. Since the agricultural upper class can manipulate the political system to gain economic advantages, they perpetuate an agrarian structure where sharecroppers have virtually no legal rights to the land and are subject to the extractions of middlemen and moneylenders. In short, according to Paige, sharecropping economies "combine an upper class dependent on land rather than capital and a lower class dependent on wages rather than land which create the political conditions necessary for communist revolution." 37

The Propositions To Be Tested

At this point, we can return to the central problem of this thesis: does Paige's theory of agrarian revolution help us to understand the Sandinista revolution in Nicaragua and the difference between Nicaragua and Honduras? If Paige's theory is correct, Nicaragua should have had a sharecropping economy by the 1970's and
Honduras should have had some other form. There should also be evidence that Nicaragua was developing a sharecropping or migratory labor economy in the decades prior to the 1970's: otherwise Paige's theory would not explain why a revolution did not occur earlier.

To be more specific, if Paige's theory is correct, all or most of the following conditions and changes should be evident in Nicaragua between 1950 and 1975. Conversely these conditions and changes should be absent from Honduras. These conditions and changes include:

1. A significant change in the export sector which results in land having a very high rate of productivity and a high market price. This change in the export economy results in the upper class becoming increasingly dependent on land.

2. The change in the export sector also results in an increasing shift to a sharecropper economy or migratory estates based on rice, coffee, grapes, cotton (cotton is discussed in more detail below) or other commodities which are highly labor-intensive and which have a period of production of one year or less and a short harvest period of two to four months duration.

3. A peasantry increasingly stripped of its land and forced to assume the role of wage laborer, either as a sharecropper or migratory laborer.

4. An economically weak upper class unwilling to grant any political or economic concessions and dependent on legal or extralegal force for its economic survival
An additional proposition which is relevant for a comparison of regions within Nicaragua is:

(5) Greater support for the Sandinistas where sharecropping or migratory labor estates were the predominant land tenure systems.

A further elaboration of these propositions is perhaps warranted. The first proposition is designed to test Paige's assertion that the process of change begins with the upper class responding to new urban and export markets. The adoption of new crops valuable in the export markets often result in high land values where cultivation is intense and the upper class becomes increasingly dependent on land, which makes the possession of land more and more desirable.

The second proposition is designed to test Paige's central argument that a decentralized sharecropping economy or migratory labor estate structure is more conducive to revolutionary change. Unlike other land tenure systems, sharecropping exerts intense pressures on the tenant sharecropper. He is in a relatively insecure position since he can be dismissed at any time. The extraction by the landlord is also high and it is impossible for the sharecropper to accumulate property because he must contend with the extractions of middlemen and moneylenders. Similarly, migratory laborers divested of land face an insecure future and are forced to migrate
from one area to the next to find work during the harvest periods of major cash crops.

Paige believes these are significant factors but he also suggests that this system is usually found where land has a high market value, and where a high population density exists. To cope with the high population density, land must be intensively cultivated. In most areas of poor tropical soils, intensive cultivation can only be accomplished through irrigated agriculture. This restricts the types of agricultural products grown in these types of economies. Paige's analysis connects rice cultivation specifically to sharecropping structures and suggests that rice sharecroppers in particular are subject to market fluctuations and indebtedness which leads to high rates of turnover. They clearly resemble landless laborers since they have few ties to the landlord because he is not directly involved in the marketing of the crop. Rice, unlike other agricultural commodities, is not grown in soil, but in a biotic medium suspended in irrigation water. The migratory labor system is "used most frequently in perennial tree crops, particularly coffee and grapes which cannot be easily adapted to sharecropping." These crops can be easily combined with subsistence production, and coffee is regularly grown as a sideline by subsistence farmers in
many export economies.

While Paige's study connects rice cultivation specifically to sharecropping economies, he suggests that cotton production is organized on centralized estates because of the weaker market influences characteristic of the crop. It is not as subject to price fluctuations and therefore a greater paternalism exists and cotton sharecroppers fear the loss of long term ties to the estate. For this reason the workforce is similar to that which exists on backward commercial haciendas; instead of exhibiting the radical nature of rice sharecroppers they are bound to the land and therefore not open to radical ideas. However, it must not be assumed that this will necessarily be the case in Nicaragua. If a sharecropping or migratory estate structure based on cotton is found to exist in Nicaragua, it is possible that, contrary to Paige's study, the workforce may exhibit the same radical tendencies as rice sharecroppers. If cotton can be tied to a revolutionary labor force, Nicaragua could provide evidence that will support a minor modification of Paige's model. In fact, in a more recent article Paige has suggested this modification himself. 40

Proposition three is designed to test Paige's theory that revolutions occur where non-cultivators are dependent on income from land and cultivators are
dependent on wages. This system usually results when the export market is changing and a more efficient type of land tenure system is necessary to produce and market the crop. This results in the peasantry being increasingly stripped of its land and forced to assume the role of wage laborer. As wage laborers they must confront a landed upper class unwilling to concede higher wages or land tenure security; this is because there are no appreciable economies of scale in sharecropping other than labor itself. In such systems there is nothing to be gained from processing at the point of production. The sum of the proceeds of the enterprise is fixed, since neither landlord nor tenant has the capital or incentive to invest in new technology. 41

Proposition four is designed to test Paige's notion that the economic weakness of the upper class leads it to "close off all avenues of social action except violent resistance." 42 In addition to being unwilling to grant any political or economic concessions the upper class must depend on extralegal force for its economic survival.

Proposition five is designed to test Paige's hypothesized correlation between land tenure systems and radicalism. If Paige is correct, those areas within the country where sharecropping or migratory estates are the
dominant pattern of land tenure should also be the areas where support for the Sandinistas began or was more intense.

To adequately consider these propositions and whether they indeed describe conditions in pre-revolutionary Nicaragua, Chapter three will attempt to analyse both the pre-World War II and post-World War II export economy.
Chapter Three

NICARAGUA

To test Jeffery Paige's theory of revolution, specific aspects of pre-revolutionary Nicaraguan society must be considered. The crucial variables in Paige's theory include the cash crops produced for export, the type of land tenure system which results, and the class configuration which is derived from particular modes of production. To ascertain whether these variables were indeed significant in the Nicaraguan case and ultimately contributed to the Sandinista revolution, it is important to trace the economic history of Nicaragua. This analysis must also attempt to answer some pertinent questions. If Paige's theory is correct, Nicaragua's export economy should have experienced a change in recent decades. If such a change did occur it is especially important to ascertain whether there were ramifications which included
a change in the land tenure system. In addition, if the land tenure system weathered a radical change, how did this affect the peasantry? Did it result in greater tenure insecurity and landlessness or did the Somoza government recognize the potential threat of this class of semi-proletarianized rural peasants and institute an agrarian reform program? If so, how effective was this reformist program? To begin answering these questions it is important to analyse Nicaragua's export economy before World War II.

The Liberal and Conservative Parties

Nicaragua's economic structure in the 20th century has in part been determined by the political events of the 19th century. Prior to 1893 Nicaragua had been controlled by the Conservatives and had very weak links to the world market. Internal production was organized around subsistence farming and traditional cattle haciendas. The Conservatives had evolved from Granada which had been a commercial center and a chief port for the trade between Central America and Spain by way of the San Juan River. The leading citizens of this party were landed proprietors and merchants. Most lived in rural districts and managed cattle ranches.

By contrast, the Liberals came from Leon and favored
modernization of the country's infrastructure, free trade, the breakup of Indian communal lands, the creation of a mobile labor force and a reduction in the power of the Church. The state remained weak since neither party was strong enough to impose complete authority. They fought many battles for power and the peasantry was forced to fight for regional landowners. The dominant feature of the 19th century was successive civil wars which left little time for cultivating the plantations. Most importantly, the inability to consolidate as a dominant and united bourgeoisie thwarted the development of a dynamic domestic bourgeoisie and ultimately became one of the keys to the economic crises Nicaragua faced throughout the 1900's.

The Beginning of Coffee Production and U.S. Intervention

When coffee prices began to rise in the world market a sector of the Leon elite (those tied to the Liberal Party) slowly became a modernizing coffee bourgeoisie. Those tied to the Conservative Party, the Granada based elite, continued to remain predominantly tied to the cattle haciendas and subsistence farming. As this coffee bourgeoisie began to coalesce and play a more dynamic role in moving the country toward capitalist development, the landed elite and the Conservative Party were forced
to make changes to accommodate them. These changes included the expulsion of peasants that resided on lands which were suitable for coffee cultivation. This expulsion meant that previous laws had to be changed. The constitution of 1858 (Article 14) had emancipated the peasants from obligatory labour. Indians were allowed to return to their communal lands. To extend land use for coffee cultivation the Agrarian Reform Law of 1877 was put through. It created the conditions for the free functioning of the market in land. Peasants without title to their land were pushed aside and this law dissolved the ejido or communal lands. In other cases illegal methods were adopted to expropriate the peasants; these included "intimidation, terror or usurious interest rates of 30%-60% which resulted in the short-term alienation of land and the revival of forced labor."¹ In 1893 this new coffee bourgeoisie was also instrumental in bringing Liberal leader José Santos Zelaya to power.

Like other Liberals Zelaya was progressive. As a genuine labor market was slowly coming into existence, he sought to enhance its growth through the development of Nicaragua's economic and state infrastructure. He encouraged the development of railways, telegraphs state banks and schools. As Zelaya and the new coffee bourgeoisie began to move the country toward capitalist
development, they began to exceed the limits the United States was willing to grant Nicaragua. Zelaya's political ambitions included commanding a new central American federation. To achieve this

he fomented revolutions in all of the other four republics, and even in countries so far distant as Columbia and Ecuador, until by 1909 the only one of his neighbors who did not hate and fear him was the president of Honduras, whom he himself had placed in office by his invasion of that state in 1907.

These tactics concerned the United States, and Zelaya's nationalism led to his downfall when the U.S. became alarmed about rumors that Zelaya was negotiating with the British and Japanese to build a second canal through Nicaragua. In 1903 the U.S. had negotiated with Zelaya to build a canal across Nicaragua to link the Atlantic and Pacific oceans. Zelaya set certain limits on U.S. rights in the proposed canal zone which were unacceptable to the U.S., and they shifted to Panama as the site of the canal. When it became known that a more competitive canal might be built, the U.S. let it be known that it would favor the overthrow of Zelaya.

In 1909 a revolt finally occurred and Zelaya's forces made the tactical mistake of executing two confessed U.S. mercenaries. This gave the U.S. the pretext to sever relations with Nicaragua. Zelaya held on to power as long as he could but he was forced to resign and was exiled.
Before his exile, however, he appointed the Liberal leader Dr. Jose Madriz to succeed him. The U.S. refused to recognize any Liberal government and on August 20, 1910 the Madriz government fell and the U.S. replaced it with a puppet government supported by the Conservatives. The new government accepted the permanent presence of U.S. troops in the country and allowed the economy to be controlled by New York banks. The presence of the United States produced a "backward dependent capitalism where power rested with a small bourgeoisie whose economic interests coincided at the local level with U.S. designs for Nicaragua." The development of a domestic bourgeoisie had therefore been blocked. The political aspirations of a class which might have injected dynamic capitalist growth into Nicaragua—expressed by the Zelaya Liberal government—had been shown to be by definition incompatible with American interests, and had promptly been aborted. Zelaya's very nationalism, given U.S. intervention, only guaranteed the further anti-national development of the economy and debility of the state.

This current view is also consistent with observation at the time of U.S. intervention. In the Five Republics of Central America (1918), Dana G. Munro wrote:

during the last twenty-five years, however, a number of coffee plantations have been established both in the departments of Matagalpa and Jinotega and in the mountains near Managua and Granada. These are not so
large nor so well equipped as those in other countries of the Isthmus, and their product is much less than that of Guatemala or Salvador, but their development has nevertheless greatly increased the commerce of the country. It has not, however, affected general economic and political conditions so much as it would have if the majority of the plantations were not owned and managed by foreigners. Nicaraguan citizens hold only a part of the properties in the South Western Sierras, and those in the North are almost entirely in the hands of Germans, Englishmen, and Americans. The natives have participated less in the prosperity due to the new conditions than in any of the other countries where coffee has become the principal national product.

During the mid-1920's the U.S. was convinced that the Conservatives could rule the country without the presence of U.S. troops. Within a few months, however, a rebellion occurred and Washington was forced to intervene again. The third occupation (1927) saw Washington determined to reconcile the Liberal and Conservative parties and to exterminate any resistance to the United States. The two parties agreed to cooperate on a political arrangement, but one problem existed. César A. Sandino and several other Liberal leaders resisted U.S. goals. As Sandino's strength and popular support increased, Conservative and Liberal infighting continued. To correct this situation the United States created the National Guard. It was a native, non-partisan force which would replace the Marines in their role of protectors of U.S. interests. The head of the National Guard would be a one-time used-car salesman named
Anastasio Somoza Garcia. The United States picked Somoza for one reason, he had no clear allegiance to either the Conservative or Liberal parties and was clearly allied to U.S. interests.

Foreign intervention in Nicaragua strengthened the hand of the traditional landed oligarchy vis-a-vis the reform minded coffee entrepreneurs. For this reason the structure of coffee production lagged behind that in El Salvador, Costa Rica and Guatemala throughout the 20th century.

The Economy of Nicaragua 1910-1950

Coffee was the main cash crop exported by Nicaragua until 1950. Other forms of agriculture continued to exist, such as the cattle haciendas, but they were far less important. The growth of the coffee industry introduced into Nicaragua a primitive dependent capitalism. The economy was based heavily on a single primary export product and, more importantly, this system did not provide benefits for the majority of the population. The benefits of the system predominantly accrued to the domestic elite and its foreign trading partners. Coffee profits were not taxed by the government and therefore did not provide any redistribution of income to the majority of impoverished
workers. The Nicaraguan populace was forced to contend with periods of boom and bust typical of this type of coffee republic. The government made little effort to see that the economy moved toward national development.

If we consider Jeffery Paige's theory at this point, it is important to ascertain whether the export of coffee produced a significant change in the land tenure system. From the discussion thus far it is apparent that the advent of coffee production introduced changes which included the free functioning of a wage labor economy. However, a more pertinent question is how extensive were the changes? Did they affect the peasantry throughout Nicaragua, or was coffee production limited to certain areas? In addition, it is equally important to describe the characteristics of this commodity. Was coffee production organized in a system where the upper class was dependent on land and the lower class was dependent on wages, which typically describes a sharecropping system?

The Process of Coffee Cultivation

Two factors are crucial in the process of coffee cultivation: fertile land in the right climatological setting and an available unskilled workforce. When coffee production began in Nicaragua many of the
exploitable lands were held by peasants and members of Indian communes. The Agrarian Reform Law of 1877 produced the conditions for the free functioning of the market in land and the introduction of wage labor. Coffee production also required considerable sums of money to be spent on machinery. For this reason most of those who went into this new enterprise were large landholders, prosperous commercial speculators, and foreigners. 7 To encourage the growth of coffee, Subsidy Laws were passed in 1879 and 1889 which "gave planters of all nationalities cultivating more than five thousand trees a subsidy of five cents per tree". 8 This resulted in many foreign colonists coming to invest in Nicaragua's central highlands.

Coffee, unlike many other commodities, has a relatively short harvest period. Though many peasants had their land expropriated to make way for the new agro-export economy geared to coffee, coffee itself did not include an annual planting season. Additional amounts of labor were not required after the harvest months of November to February. For this reason some peasants chose to flee from the new coffee zones and turned to subsistence farming on lands which were not coveted by the landed elite for coffee production. Other peasants chose to stay on the coffee growing lands. The emergent coffee
bourgeoisie was encouraged to give these peasant households access to plots of land for foodstuff production. In return they would provide their labor services when labor was required for coffee cultivation. This combination left them tied to the land and to a patron for the rest of their lives. This was characteristic of a hacienda economy.

It is important to reinforce the point that the introduction of coffee had a considerable impact on the Nicaraguan economy. State infrastructure, power and the concentration of the populace tended to be centred in the main coffee growing areas. These included the volcanic hills west of Managua, the Diriamba uplands which included such towns as San Maros, Jinotepe and Diriamba, and the Matagalpa and Jinotega regions. Since foreign investors were mainly concerned with profit, they tended to invest in areas where land was best suited for coffee cultivation. The development of coffee production in Nicaragua was compatible "with noncapitalist relations of production interior to the haciendas and the coexistence of subsistence production and export production." Though some peasants were forced to assume the role of wage laborer, the bulk of the population continued to be involved in subsistence production. In addition, though some small landholders participated in coffee cultivation
it was predominantly prosperous commercial speculators who had the capital to invest in the machinery and manpower.

The characteristics of coffee production in Nicaragua help to substantiate Paige's theory that hacienda structures, where both the upper class and the cultivator class are dependent on land, contribute to a conservative apathetic and badly organized agricultural working class. In Nicaragua the peasantry in the coffee growing areas became part salaried employees who participated in coffee cultivation during the coffee harvest but always returned to a subsistence milieu after the harvest period was over. This explains the relative stability of Nicaragua in the pre-World War II decades.¹⁰

The Post 1950 Nicaraguan Economy: Uneven Development and the Rapid Expansion of Cotton

After 1950 Nicaragua's economic structure changed. Certain signs of change began to appear as early as the late 1930's when certain producers and merchants of the Pacific coastal region began to look for sources of accumulation other than coffee production. Significant export demand existed in the late 1930's and early 1940's for cotton and sesame. Somoza himself was interested in diversifying the economy to consolidate his regime
economically, as he had done militarily through the National Guard. He attempted to do so by using the state to encourage the diversification and modernization of agriculture, thus stimulating new sources of accumulation from which he himself could profit. "The policies of the state (especially the National Bank) facilitated the incipient expansion of cotton and sesame production as well as imports of a significant number of tractors, leading to some mechanization". 11

The new Nicaraguan producers involved in cotton and sesame were often of merchant or urban origin. "These producers acted more like classical capitalists in their annual investment decisions, and began to introduce machinery and agrochemical inputs." 12 These changes in the late 1930's and 1940's were a preview of the deeper transformation of the Nicaraguan economy which was to occur in the early 1950's. As the Korean war heightened the demand for cotton, speculators began to invest heavily because of the sharp increase in the world price. Where cotton constituted a mere 5 percent of Nicaragua's total exports in 1950, it increased at a rate of 33 percent per year starting in 1955. 13 The growth of cotton, unlike coffee, introduced a modern dependent capitalism into Nicaragua;
where the development of coffee production for export firmly integrated Nicaragua into the international economy, it was the development of cotton production in the 1950's that consolidated the development of agrarian capitalism and the agro-export basis of Nicaragua's economy.14

Coffee production was compatible with non-capitalist relations, but cotton production "required the clearing of the haciendas as a modern infrastructure was to be laid in place."15 The expansion of cotton production also had a triple significance: "a deepening dependency, sealing the predominantly agricultural character of the bourgeoisie, and dramatically widening the gulf between the dominant classes and the enlarged rural proletariat."16

The process of capitalist accumulation in Nicaragua developed unevenly as the dynamism of cotton expansion and other export-oriented agricultural products led to the dispossession of small food producers. The state allowed only a few groups of large export-oriented capitalist producers access to the state's resources and favourable policies. Small farmers were deprived of the best land and denied protection from the new export-oriented capitalists. To aid the export-oriented capitalists, the state embarked on accumulation-related activities which included,

extensive roadbuilding, which facilitated access to land, expanded credit, favorable
exchange rates, and tariff and pricing policies which stimulated investment in labor-saving machinery and use of yield increasing inputs, and publicly subsidized provision of irrigation and research as well as storage, processing and marketing facilities. 17

The expansion of cotton production also resulted in landholdings being centralized which had the added effect of breaking down the old Conservative-Liberal dichotomy which had marked Nicaraguan history for over 100 years. 18 In addition it stimulated the development of a modern bourgeoisie which was instrumental in expropriating land from the peasantry in order to create a mass of landless workers. This new rural proletariat was free to sell its labor power but more importantly it had lost its own means of production. The expansion of cotton production, like the growth of coffee cultivation, brought about the massive displacement of the peasantry.

Important questions arise if we are to test Jeffery Paige's theory. Was the expansion of cotton more extensive than the development of coffee cultivation had been in the pre-World War II era? Did cotton enterprises expand throughout Nicaragua or did subsistence production continue in some regions? Lastly did cotton as a commodity differ from coffee? Was it more capital intensive or more labor intensive?
Cotton Production

Cotton cultivation was and still is concentrated in one region of Nicaragua, the Pacific Coastal plain, particularly in the departments of Chinandega, Leon and Managua. (see Figure 3.1.) Prior to the expansion of cotton, many peasants were employed in the coastal livestock haciendas as tenants and sharecroppers. These enterprises were involved in extensive cattle grazing, domestic food crops and the production of sesame for export. The cotton boom displaced small producers of corn, beans, rice and sorghum. The new class of cotton entrepreneurs rented the land from the hacienda owners. (Approximately 52 percent of the land in cotton was rented.19) Rental arrangements "simplified severing of any ties or claims which may have existed between previous landlords and their sharecroppers."20 Eventually as much as 80 percent of the cultivated land was converted to cotton.21 Although some cattle ranches were transformed into cotton plantations, most of the land that was used was appropriated from small peasant producers of grains and staples. Between 1952 and 1967, cotton acreage expanded approximately 400 percent.22 By the mid 1960's cotton was cultivated on 80 percent of the total arable land of the Pacific Coast and 40 percent of all cultivated land in Nicaragua.
Figure 3.1. Map of Nicaragua

Since cotton growers did not risk much by expanding into more land, they treated land as well as labor as commodities. They also "combined these with productivity-increasing inputs and machinery on an unprecedented scale."²³ Large cotton producers increasingly dominated this process and were organized into powerful regional associations through which they exerted considerable influence over the allocation of state resources and on state policies and institutions. Large cotton growers also participated heavily in the profits of cotton-related services. They created private financial groups, such as the Banco Nicaraguense, and controlled many of the estimated seventy commercial firms supplying cotton inputs and equipment, as well as the thirty gins which processed cotton. Some large cotton producers also invested in the new insecticide plants which increasingly mixed and packaged these inputs domestically and some became involved in the foreign marketing of cotton and in the domestic processing of cottonseed into vegetable oil. These activities were highly concentrated. Less than twenty exporters, most of them owned by or associated with foreign firms, handled all cotton exports, and five of these controlled most of the trade.²⁴

While cotton became very regionalized and concentrated in the hands of large producers, it was, like coffee, subject to cycles of boom and bust.²⁵ Also, since it became concentrated in the hands of a small number of large producers it was a very capital intensive product compared to coffee. The great investment in machinery, fertilizer, insecticides and labor meant that "small
scale production of cotton was simply out of the question." 26

The cotton growing areas were understandably plagued by social tensions. One reason why mechanical techniques in planting and harvesting were utilized 27 was labor problems. Peasant farmers who had characteristically farmed their own plots of land had been reduced to landless peasants or part-time wage laborers. Only a limited proportion of these small producers became permanent laborers on the cotton plantations. As cotton production expanded, some of these small food producers were forced to cultivate on smaller plots or migrate to lower quality and less accessible land in the interior. 28 Since these small farmers lacked access to credit and agrochemical inputs, their average yields in food crops fell during the 1950’s and continued to fall in the 60’s and 70’s. In addition to their yields decreasing, Somoza and the Instituto Nacional de Commercio Exterior y Interior (INCEI) acted to keep the prices of internally grown food crops such as corn, sorghum, beans and rice lower than world prices. These economic hardships of small peasants forced large landowners to contend with the problem of peasant invasions. Peasants would often try to reclaim their lost land by organizing and invading large landowners. Between 1950 and 1970 it was
documented that 370 land invasions occurred, particularly where cotton cultivation was centered in the Chinandega and Leon region. In the period between 1964 and 1973 alone, 240 invasions took place. The peasants responded to the changing conditions of production through direct attacks or migration. Those who did not move to other areas remained in a state of poverty and chronic unemployment.

As the number of landless peasants increased the state was forced to become more dependent on extralegal force. Paige suggests that the economic weakness of the upper class leads it to "close off all avenues of social action except violent resistance". In the case of Nicaragua, cotton expansion required the clearing of vast amounts of land. To protect the interests of large landowners those peasants who resisted expulsion risked being burnt out by the National Guard. Somoza and the National Guard officers made personal fortunes from the export of cotton.

Stagnant Food Production and State Reforms

As noted above, small food producers were deprived of access to fertile land, credit and adequate support prices. The growing contradictions which developed through state supported expansion of cotton forced many
peasants to stop producing basic food crops. Since the peasant sector was the basic producer of grains, their dispossession from grain producing land combined with the conversion of this land to export crops and the total lack of state attention to this sector resulted in basic grain production failing to keep pace with population growth. Since the state was primarily responsible for fostering these contradictions, it initiated several reform policies in the 1960's and 1970's. These reform policies were engendered in the midst of mounting rural tensions. Were these policies instituted with the implicit purpose of alleviating the poverty and exploitation of the peasantry or were they primarily aimed at rural stabilization or pacification of small producers? Furthermore, did Somoza see these landless semi-proletarians who had been small producers as a potentially revolutionary class? To begin answering these questions a description of the reformist activities instituted by the Somoza government is necessary.

The reformist efforts of the 1960's and 1970's were aimed at the rapid and uneven accumulation process which had left small producers with greater tenure insecurity and landlessness. These factors had resulted in the stagnation of domestic food crop production. One of the
first programs the state initiated was a highly subsidized program of irrigated and mechanized rice production. This program benefitted fewer than 100 large capitalist rice producers.\textsuperscript{34} The state subsidized irrigation infrastructure and offered "very high support prices, storage facilities, export marketing services as well as credit and favorable treatment for machinery imports".\textsuperscript{35} The state-assistance provided for irrigated rice was a sharp contrast to the state assistance provided for other food crops. In fact, because of the high support prices for rice, the state agency in charge of food purchases (INCEI) often did not have much of a budget left over to buy other domestic food crops, even at fairly low prices. Similarly, large capitalist rice producers benefitted disproportionately from the bank credit granted for food crops.\textsuperscript{36}

These measures led to average rice yields doubling during the 1960's which led to Nicaragua increasing its quantity of rice for export during the early 1970's.

In reaction to the problem of landlessness the Nicaraguan government enacted an Agrarian Reform law and established the Instituto Nacional Agrario (IAN). The implicit purpose of the Instituto and the Reform law was rural stabilization or pacification of small producers. Since land redistribution in the Pacific Coastal region was "unthinkable," according to state authorities,
agrarian reform was aimed at essentially resettling dispossessed small producers in a few colonization projects and the provision of land titles in these and other remote areas to which they migrated. The IAN essentially mediated landlord-tenant conflicts by offering some land in Nicaragua’s large agricultural frontier region, and, through its titling program, it legitimized some of the spontaneous migrants to this region who had established themselves on public or unclaimed land.

The IAN’s attempt at colonization had very little impact. Only 16,500 families had benefitted from this program by the late 1970’s. Unlike other state-sponsored capitalist activities these families were not able to receive credit, technical assistance or agricultural inputs once they settled on their new plots of land.

Another facet of the agrarian reform program was the availability of rural credit to many smallholders who were not seen as creditworthy. Since a major determinant of credit-worthiness was the possession of clear land title, most small producers did not qualify, and had to rely on themselves or borrow funds from larger producers, input suppliers, truckers or processors, often at interest rates as high as 10 percent per month.

Though the Banco Nacional (BNN) was set up with the expressed purpose of providing credit for small-holders,
a significant portion of the funds were lent to small and medium sized coffee and cotton producers. Although loans authorized by the (BNN) rose during the 1960’s and 1970’s, most of them were made to rice producers. If loans to rice producers are excluded, food crop producers consistently received less than 10 percent of the total loans. The state responded to small food producers in a half-hearted effort. The lack of credit to the majority of small food producers meant that they were unable to use yield-raising inputs such as fertilizers and only 14 percent used insecticides. In contrast, large capitalist producers of irrigated rice and agro-export products received many resources, including credit. The poverty of small food producers and the decrease in food crop production was not seen as a priority by the state. The reformist programs were a half-hearted attempt to satisfy conditions set out by foreign aid donors which demanded reform in order for the Nicaraguan state to receive more foreign aid. They were not geared toward accumulation but towards legitimation. The poverty of small producers continued because of the dynamism of the agrarian capitalist sector, but this sector also limited the “accumulation possibilities for local industry”. Since many small food producers lacked access to credit, it is not surprising that yields for food crops continued
to decline.

Support prices for the major food crops grown by small holders, which included corn, sorghum and beans, was another issue which caused major internal strife. Support prices were introduced in the late 1950's, and although the Instituto Nacional de Commercio Exterior y Interior (INCEI) "was created to implement the state's price support, storage and marketing activities," prices for basic food crops remained extremely low. Because of a "limited budget and the high rice prices and purchases, INCEI consistently operated at a loss and was unable to purchase other food crops even at the low announced prices."44

This forced small producers to sell their output as quickly as possible and at very low prices. Since the general income of the population was low, effective demand was usually insufficient to raise internal prices to equal those of neighboring countries. In addition, the absence of a marketing organization for peasant producers prevented any exportation of basic grains.

Somoza also used the National Guard to prevent small producers from organizing. When

basic grain prices tended to increase to world price levels because of either a poor crop or increased internal demand, the Somoza government resorted to imports (usually subsidized by long-term PL 480 credits) in
order to hold prices down and thus reduce pressure on wages.45

All of this was designed to help keep grain prices low for the urban consumers, especially those in the capital. The Somoza government also established a network of retail distribution outlets for urban consumers (INCEI) to help keep basic grain prices in the cities low. Of the 322 outlets in the country, 240 were in urban Managua.46

It was apparent in the early 1970’s that Somoza’s reform programs aimed at small producers were merely a token effort. The state’s agencies which were assigned to implement these programs were weak, poorly coordinated and faced constant financial crises. The efforts of the programs also failed to affect the diminishing quantity of accessible land. The failure of these programs prompted the Somoza government to implement another reformist rural development strategy. In 1975 INVIERNO, or the Instituto de Bienestar Campesino, began to function through an aid loan of $12 million dollars. INVIERNO "quickly became the 'piece de resistance' of the state’s new reformist strategy for rural Nicaragua, complete with detailed operational manuals and a slick computerized data processing system."47 The aim of INVIERNO was promoting integrated rural development projects. Two such projects were organized in two food and coffee growing areas within the Central Pacific and
Central Interior regions. These areas were characterized by extreme poverty and some guerrilla activity. The projects attempted to reduce the growing discontent and increase food supplies for approximately five thousand families in the two regions. In addition, the projects placed emphasis on expanding production through credit, technical assistance, input supplies and marketing services. Another facet of the projects included health and nutrition, road development and housing activities. Though INVIERNO was far more organized than the previous reform program, it served a small number of small producers who had secure land titles. As Biderman notes, the reform program "contributed to the development of a petty-bourgeois or kulak class of small producers who were expected to provide greater political stability to the project areas." 48

Lack of Access to Land and Stable Employment

As the pattern of state assistance continued to benefit large capitalist producers, an increasing number of small food producers found themselves without access to land and were forced to assume the role of wage laborers. For example, it can be seen in Table 3.1 that in 1952 plots of land under ten manzanas (about seven hectares) made up 65% of the total of agrarian units and represented 3.46%

<table>
<thead>
<tr>
<th>Strata</th>
<th>1952</th>
<th>1963</th>
<th>1971</th>
<th>1978</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Percentage of Units</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>.88</td>
<td>1.47</td>
<td>2.18</td>
<td>1.78</td>
</tr>
<tr>
<td>Multifamily 500 man. and over</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>14.02</td>
<td>20.35</td>
<td>23.28</td>
<td>19.98</td>
</tr>
<tr>
<td>Medium Multifamily 50 man. and over</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Family 10-50 man.</td>
<td>20.07</td>
<td>27.38</td>
<td>29.53</td>
<td>33.89</td>
</tr>
<tr>
<td>Subfamily less than 10 man.</td>
<td>65.03</td>
<td>50.80</td>
<td>45.03</td>
<td>44.35</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Percent of Area</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>39.78</td>
<td>41.19</td>
<td>45.44</td>
<td>50.24</td>
</tr>
<tr>
<td>Multifamily 500 man. and over</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>43.52</td>
<td>44.12</td>
<td>42.84</td>
<td>35.66</td>
</tr>
<tr>
<td>Medium Multifamily 50 man. and over</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subfamily less than 10 man.</td>
<td>3.46</td>
<td>3.44</td>
<td>2.04</td>
<td>1.96</td>
</tr>
</tbody>
</table>


(one manzana = .705 hectares)
of the land. By 1978 this number had decreased and it was estimated that 44% of the agrarian units were under seven hectares and represented 1.96% of the land. While a decrease in small plots of land was occurring, the opposite was true of big farms. Those with more than 350 hectares rose from 39.76% of the arable land in 1952 to 50.24% in 1978. In 1979 prior to the revolution Somoza and his family controlled approximately 70,000 hectares of land while 210,000 agrarian workers and peasants were landless.

Real accessibility to land was more restricted than the figures above suggest. Most of the landless workers were employed during the harvest season for major crops but lacked permanent employment. In Table 3.2 the data indicates that 32 percent of the agricultural workers were permanent or seasonal laborers without access to land. The landless workers numbered approximately 135,000 but this total should perhaps take into account the owners of sub-family holdings or minifundias. There was an estimated 150,000 workers with access to minifundias (minifundias include plots of land from 0 to 9.9 manzanas but it must be remembered that less than 1 hectare of land is considered landpoor and 1 manzana is equal to .705 hectares). Since those with minifundias numbered approximately 150,000 many of these owners would
Table 3.2. Landholding Patterns for Nicaragua in 1978.

<table>
<thead>
<tr>
<th>STRATA</th>
<th>Number of Workers</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Owners and/or operators of large estates</td>
<td>29,000</td>
<td>.6</td>
</tr>
<tr>
<td>Owners and/or operators of medium sized estates</td>
<td>38,000</td>
<td>8.9</td>
</tr>
<tr>
<td>Owners and/or operators of family sized farms</td>
<td>97,300</td>
<td>22.5</td>
</tr>
<tr>
<td>Owners and/or operators of minifundias (0-9.9 manz.)</td>
<td>157,600</td>
<td>36.5</td>
</tr>
<tr>
<td>*Salaried permanent workers</td>
<td>60,900</td>
<td>14.1</td>
</tr>
<tr>
<td>**Seasonal workers</td>
<td>75,200</td>
<td>17.4</td>
</tr>
<tr>
<td>Permanent or Seasonal workers without access to land (this total includes the above two categories)</td>
<td>35,000</td>
<td>32</td>
</tr>
</tbody>
</table>

*Permanent in the sense they had no other means of livelihood. Over half are estimated by CIERA to have received wages for less than nine months per year.

**These are the seasonal workers estimated not to have had access to land in minifundia. Some of these workers may reside with peasant families during part of the year.

Source: Table adapted from Solon Barraclough, A Preliminary Analysis of the Nicaraguan Food System, p. 27.
be classified as land poor. As Solon Barraclough suggests, in addition to their own production,

most of these minifundistas depended for their livelihood on part time agricultural work by themselves and family members on large commercial farms or associated agro-export activities. These estimates suggest that over one-third of the total agricultural labour force were part-time wage workers and part-time small producers. These could be considered as a semi-proletariat.

As the problem of landlessness began to increase in Nicaragua, peasants were forced to contend with increasing pressures. Since Nicaragua's regions varied in terms of resources, population and land resource potential, it is expected that those regions where increased landlessness and sharecropping or migratory labor estates existed should also have been the areas where the Sandinistas received greater support. Since Paige has linked a sharecropping structure with rice and cotton, and migratory labor with coffee and grapes, it should be expected that those areas with rice, cotton, coffee or grapes as well as a high population density should also be the areas where the Sandinistas received their greatest support. To probe the question of whether the pattern of support for the Sandinistas was directly linked to the particular regions which had a dynamic agro-export economy based on the above export crops, it is important to examine the three regions of Nicaragua
and the pressures the peasants were forced to struggle
with during the 1970’s.

The South and Central Pacific Lowlands

The South and Central Pacific Lowlands includes the
departments of Rivas, Managua, Leon and Jinotepe. (see
Figure 3.2.) This region in particular was the site of
rapid cotton cultivation and capital intensive irrigated
rice cultivation. Cotton expansion began seriously in
the 1950’s and increased from 2,100,000 quintals in 1960,
to 5,200,000 quintals in 1970, and 8,200,000 quintals in
1978.  51

This area also became the site of sugar-cane production
and increased livestock farming.  52 Vast areas of the
Pacific Coastal region and the southern interior were
taken over for pasture and areas suitable for sugar
production were put into cane. Large commercial
producers continued to expand into areas where many small
holders and peasants farmed their own plots of land.
During the 1950’s and 1960’s this brought about the
massive displacement of the peasantry as many tenants
(colonos) and sharecroppers were expelled from
haciendas. This occurred for two reasons; first large
capitalist producers were expanding in search of greater
profits and, second, they required a free floating labor
Figure 3.2. Map of Regions of Nicaragua.

force to be available at harvest time.

As many peasants were forced off their lands, large and medium sized producers were interested in there being enough land available for sufficient production of cheap basic grains to feed the workforce. Gradually much basic grain production was shifted from the Pacific Coastal areas to the agricultural frontier. (see Figure 3.3.) As many peasants were forced off their lands, the labor oversupply kept living conditions depressed and rural wages extremely low. In addition, neither coffee nor livestock farming could absorb this additional labor and served to increase the power of large landowners. The fact that approximately "two-thirds of the agricultural work force were either part-time seasonal wage workers or depended fully on wages for their incomes . . . helps to explain why this discontent was strongest in the Pacific regions where wage labour in agro-exports was most important."53

If we consider population density, statistics indicate that the Pacific region was the most densely populated region in Nicaragua. (see Table 3.3 which shows the differences in population density among the three regions of Nicaragua.) Some areas in the Pacific Lowlands averaged a density of more than 150 per square mile, while others such as Masaya near Lake Nicaragua had a
Figure 3.3.

MACROREGIONS OF NICARAGUA

BASIC GRAINS: corn, beans, sesame, rice and sorghum

Source: Solon Barraclough, A Preliminary Analysis of the Nicaraguan Food System, p. 31.
Table 3.3. Density Statistics For the Three Areas of Nicaragua.

<table>
<thead>
<tr>
<th>Pacific Area</th>
<th>Central Highlands</th>
<th>Atlantic Region</th>
</tr>
</thead>
<tbody>
<tr>
<td>This area</td>
<td>This area</td>
<td>This area</td>
</tr>
<tr>
<td>includes:</td>
<td>includes:</td>
<td>includes:</td>
</tr>
<tr>
<td>Rivas</td>
<td>Boaco</td>
<td>Rio San Juan</td>
</tr>
<tr>
<td>Chinandega</td>
<td>Chontales</td>
<td>Zelaya</td>
</tr>
<tr>
<td>Carazo</td>
<td>Esteli</td>
<td></td>
</tr>
<tr>
<td>Granada</td>
<td>Jinotega</td>
<td></td>
</tr>
<tr>
<td>Leon</td>
<td>Madriz</td>
<td></td>
</tr>
<tr>
<td>Managua</td>
<td>Matagalpa</td>
<td></td>
</tr>
<tr>
<td>Masaya</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1950</td>
<td>1950</td>
<td>1950</td>
</tr>
<tr>
<td>83.25 persons</td>
<td>38.9 persons</td>
<td>2.76 persons</td>
</tr>
<tr>
<td>per square mile</td>
<td>per square mile</td>
<td>per square mile</td>
</tr>
<tr>
<td>1959</td>
<td>1959</td>
<td>1959</td>
</tr>
<tr>
<td>118.5 persons</td>
<td>48.5 persons</td>
<td>3.4 persons</td>
</tr>
<tr>
<td>per square mile</td>
<td>per square mile</td>
<td>per square mile</td>
</tr>
<tr>
<td>1963</td>
<td>1963</td>
<td>1963</td>
</tr>
<tr>
<td>123.68 persons</td>
<td>56.25 persons</td>
<td>4.4 persons</td>
</tr>
<tr>
<td>per square mile</td>
<td>per square mile</td>
<td>per square mile</td>
</tr>
<tr>
<td>1978</td>
<td>1978</td>
<td>1978</td>
</tr>
<tr>
<td>146.9 persons</td>
<td>48.3 persons</td>
<td>4.5 persons</td>
</tr>
<tr>
<td>per square mile</td>
<td>per square mile</td>
<td>per square mile</td>
</tr>
</tbody>
</table>
rural density of approximately 400 persons per square mile.\textsuperscript{54} (see Figure 3.4.)

Throughout the 1960's the FSLN attempted to organize the peasants and rural workers of this region. Many urban cadres were living in rural areas learning about the problems of the peasantry, but the organizational work was limited. The work of the FSLN was scrutinized closely and any radical tendencies were suppressed quickly by the National Guard. One attempt for example "to form a union in the cotton growing area of Chinandega resulted in the assassination of some 300 peasants and workers at the hands of the National Guard".\textsuperscript{55} Later in the 1970's other attempts were made to organize unions. One particular example was a sugar plantation in San Antonio. The attempt, however, was a failure because the enterprise dismissed strikers and organizers and employed the National Guard against the strikers. In 1977 a walkout of five thousand workers eventually won cane cutters wage gains and improved working conditions.\textsuperscript{56}

The South and Central Pacific Lowlands did not allow the permanent presence of the revolutionary guerrillas because of its open terrain and its high population density. Other organizations, however, had a high profile in this region and contributed to the radicalization of the peasantry. Support for the
Figure 3.4.

Population Density in Nicaragua, by Departments.

Sandinistas was achieved through such organizations as the ATC (Asociacion de Trabajadores del Campo) and through CEPA (Comites Evangelica de Promocion Agraria). The ATC was a revolutionary political organization which aimed to bring Somoza's dictatorship to an end. It was comprised of agricultural workers and semiproletarians who shared exploitive material conditions which included 12 to 15 hour working days, low wages and insufficient access to land. They forged a political alliance which transcended short-term economic demands to challenge the state. CEPA was another organization which contributed to raising the awareness and consciousness of these agricultural workers and peasants. It trained community leaders in technical agricultural skills by integrating this with religious training.

The Central Highlands

The north central portion of Nicaragua will be referred to as the Central Highlands and will include such towns as Esteli, Matagalpa and Nueva Segovia. Here the population density is approximately 50 to 80 persons per square mile which is considerably less than the Pacific zone. Also, the "rugged terrain, and the poor soils, as well as the scant and hostile Indian population combined to discourage agricultural developments similar to those
of the Pacific Lowland." For this reason the Central Highlands were not as developed as was the Pacific region. Subsistence farming, small landholdings and dispersed settlements characterized this rural area. The post-1950 changes were not as dramatic in this area, although increased coffee cultivation occurred, which raised land prices and forced many small farmers to sell their farms. In the post-1950 era the Matagalpa and Jinotega areas began producing nearly half of Nicaragua's crop. The coffee fincas controlled 25 to 75 acre holdings. This area, like the South and Central Pacific Lowlands, had a population growing faster than it could be absorbed into the economy. Day laborers and sharecroppers were forced to accept scant wages and abysmal living conditions.

The guerrillas (FSLN) had been present in this zone since 1958. This was in part the result of this territory having been associated with Sandino's struggles in the 1930's. Since "this had been Sandino's territory, the regime distrusted and mistreated its campesinos. Repression of peasants by public officials, and especially by the Guard, became quite commonplace in the 1960's and 1970's. Such abuse further alienated the populace from the government." Over the thirty year period after Sandino's death there were few attempts at
rural organizing because Somoza quickly repressed any such action. Only after 1960 slowly did the peasantry gain confidence in the FSLN. When the guerrillas gained momentum in the 1970's the regime escalated its agrarian "reform program which essentially relocated peasants away from infested zones." Other measures the regime adopted included coercion and torture and many peasants were killed by the National Guard to discourage support for the FSLN. This suggests that

a traditional admiration for regional hero Sandino, a pronounced anti-Somoza feeling, organizational efforts by the CEPA, and the brutal excesses of official repression in zone two [Central Highlands] appear to have been the main factors that led or drove zone two peasants into the arms of the FSLN.

Paige's theory however offers additional insights into why support for the FSLN was predominant in this region. While the expansion of coffee was not extremely exploitive in the pre-1950 era, it forced many small farmers in the Central Highlands in the post 1950 period to sell their farms. The increase in coffee cultivation did not allow small farmers to work part-time as day laborers and return to subsistence farming. The depressed wages for day laborers and sharecroppers left small farmers with few options. Many migrated outside the region to state land reform projects only to find inadequate land and a lack of access to credit.
Figure 3.5.

Agricultural regions and zone of FSLN development 1961-77.

The Atlantic Coastal Region

The last region of Nicaragua which will be examined will be the Atlantic Coast. Figure 3.5 outlines the agricultural regions which were the FSLN’s zones of impact prior to the revolution. It suggests that the FSLN was active in the eastern portions of Boaco, Juigalpa, Matagalpa and Nueva Segovia plus the Northwestern portion of Zelaya’s little populated public lands. Some of the areas outlined in this map should more appropriately be included as part of the Central Highlands. For the purpose of discussing where the FSLN received its initial support, (as depicted in Figure 3.5) it will be referred to as the Atlantic Region and will encompass some areas historically considered to be part of the Central Highlands.

It is important to note that the main economic activities which characterized this region were largely in the hands of foreign interests and they included: exploitation of wild forest products, gold mining, and plantation agriculture.\textsuperscript{64} Little permanent settlement resulted from these activities. This area became a major attraction for peasant migration from zones one and two in the 1950’s and 1960’s. Government reform projects had been organized in this area and many peasants migrated in
order to secure a plot of land and more commonly to escape the repression of the National Guard. The peasants unknowingly encountered a new form of repression by officials known as the juez de mesta.

The juez de mesta spied for the government and exercised certain police powers. It became common for many jueces to abuse their influence in order to steal newly improved agricultural plots from squatters, whose shaky land titles made them highly vulnerable to anyone close to the government.65

The Atlantic region attracted the repression of the National Guard but for different reasons than Zone two. Zone three had become the site of the Capuchin fathers spiritual organization known as the Delegates of the Word. They began to serve the spiritual and socioeconomic needs of the peasants of Zelaya. Nine hundred community organizers became active in promoting peasant organizations.66 The National Guard attempted to repress these organizations through tortures and killings. Many turned to the FSLN in the face of this disillusionment since they had an active presence in the region.

If we are to examine the Atlantic region, the other areas of Zelaya must also be examined, as well as Bluefields and Rio Coco. Many of the inhabitants of this region have a culturally and racially distinct history of separateness from the other Nicaraguan people. This separateness has been reinforced by bad communications
and the lack of an all weather road which would link this region to the other parts of the country. The Atlantic Coast is made up of inhabitants who were descendent of immigrants from South America whereas inhabitants of western Nicaragua were largely of MesoAmerican origin. During the colonial period the British controlled this region and introduced into the region English-speaking black slaves. As a result most of the inhabitants of the region speak English and/or Indian rather than Spanish and have different cultural traditions from the hispanic majority.

Not surprisingly the Miskito Indians (who make up 24% of the Atlantic Coast’s population) the Sumo Indians (2.5%) and Caribbean Creoles (10%) have simply not trusted the people of Western Nicaragua. Somoza was able to use Indians and Creoles in disproportionate numbers in the National Guard because of their willingness to fight westerners. Neither Sandino in the 1930’s nor the FSLN in the 1970’s were able to include these easterners in their revolutionary efforts. Many costenos (coastal people) resented “the fact that some of Sandino’s guerrilla operations in Zelaya disrupted foreign-owned extractive industries in which they had once been employed.” In addition many remembered how Sandino’s opposition had also caused many villages around
the Rio Coco to sustain damage and led to missionaries and other friendly foreigners being harmed.

In conclusion, the Atlantic region’s population seemed to be mixed in support for the Sandinistas. Most of the Miskito Indians and other culturally distinct groups remained uninvolved in the popular insurrection. The Miskito and their church related activities advocated tolerance of the Somoza government. They perceived the Sandinistas and their socialist ideology as a greater evil. In contrast many Spanish speaking costenos were influenced by Catholic missionaries, mostly Franciscans and Capuchins from the United States, who were more liberal in their teachings. These Catholic missionaries influenced many pioneer agriculturalists from the west in the interior mining area and peasants who lived in the eastern portions of Boaco, Juigalpa, Matagalpa and Nueva Segovia.

The lack of support for the Sandinistas in the Atlantic region by various indigenous groups can be partially explained by considering Paige’s theory. If we consider the question of access to land we find that the Miskito continued traditional subsistence production since sufficient land existed and was never a problem as it was in the Pacific region. In addition, the majority of the population in the two major commercial and administrative
port towns of the coast (Bluefields in the south and Puerto Cabezas in the north) were artisans, wage laborers and successful merchants. Caribbean Creoles were the majority population in these two major centres as well as in the three or four smaller market towns and administrative centers on the Rio Coco.

A close examination of the Nicaraguan economy and the changes which have occurred in recent decades have generally supported Paige's general theory of agrarian revolution. We can now turn to Honduras, Nicaragua's neighbor and a country which has been acclaimed an "oasis of peace" amidst the turbulence and repression of other Central American countries. Would Paige's theory also explain the absence of revolutionary change in Honduras? We turn to this question in the next chapter.
Despite the revolutionary changes which have occurred in Nicaragua, Honduras, a neighboring country, has remained relatively stable. Honduras provides a sound contrast to Nicaragua. Our general question is whether the economic and social conditions in Honduras differ from those in Nicaragua in such a way and to such an extent that (according to Paige) they provide an explanation as to why a revolution has not occurred. Specifically, this chapter will consider such questions as: Did Honduras follow the same pattern of economic development as Nicaragua in recent decades? Was an absentee landed oligarchy a condition which limited Honduras' economy and capitalist development as it did Nicaragua's? And, were there factors in Honduras' capitalist development which suggest (according to
Paige's theory) that Honduras would not experience a revolution but perhaps a different type of social change?

The Economic and Political Structure of Honduras in the 1800's

Through most of the nineteenth century Honduras was one of the most sparsely populated countries in Central America. In 1895, the population was estimated at 400,000. Although only 20-30% of the Honduran land mass was suitable for agricultural production, there was little pressure for developing the agricultural potential of this land. Since a market in land didn't exist, there was little motivation to destroy the old communal forms of landowning such as the ejido. Unlike patterns in other Central American countries, Honduras' landholding pattern remained unchanged because a coffee oligarchy failed to arise. This was "due in part to the fact that coffee-producing areas were hard to get to, but more importantly there was neither a pressure to use land more productively nor was there a large landless workforce which could be harnessed to capitalist agricultural production." Also, coffee failed to reorient Honduran agriculture because of the preoccupation of Honduran governments with the intra-elite political conflicts and
the extreme difficulties which would have been involved in economically transporting coffee from the highlands in the absence of decent roads. 4

Because of these various factors, beginning as early as 1836, progressive land laws reserved large sections of public land as ejidos for municipalities to rent to small farmers. In the 1880's when many liberal reformers in other Central American countries abolished ejidos, Honduran authorities "were passing laws which justified the expropriation of private lands for ejidos where insufficient state land was available for a locality's growing population." 5

The political atmosphere in Honduras during the 1800's was very much determined by the political division throughout the isthmus between the Liberals and Conservatives. Since Honduras shared borders with Guatemala, El Salvador and Nicaragua, and these neighbors were rivals for regional hegemony, "any liberal or conservative regime saw a government of the opposite ideology on its borders as a potential threat." 6 Between 1821 and 1873 Honduras was ruled by 84 different presidents. All of these presidents were conservative except for liberal leader Trinidad Cabanas who ruled from 1852 to 1855 when he was ousted by the conservative government of Guatemala which invaded Honduras and
installed conservative leader Santo Gardiola in office. The years between 1873 and 1882 were often characterized by outside interference. Liberal presidents Ponciano Leiva and Marco Aurelio Soto governed Honduras with the support of General Justo Rufino Barrios, the Guatemalan strongman and leader.  

The Predominance of Foreign Agro-Exporting Firms and the Lack of a Native Oligarchy

Like Nicaragua, Honduras was not characterized by the emergence of a local oligarchy which formed an alliance between local large landowners, merchants and foreign capital. In most of the republics in Central America a local oligarchy arose with the consolidation of coffee as an export crop. The coffee boom brought the economies of Central American republics into the world market and created an elite of coffee growers who gave some semblance of national identity to their countries. Where the liberals came to power they introduced far-reaching changes such as free trade, the breakup of Indian communal lands and a reduction in the power of the Church. They were instrumental in helping consolidate the power of the coffee oligarchies.

Conditions in Honduras did not allow the growth of a coffee bourgeoisie and this is central to an
understanding of the economic and political development of Honduras. Since a coffee bourgeoisie did not emerge, the state remained weak as competing elites fought internal wars amongst themselves. This allowed the dominant groups in Honduras to continue extensive exploitation of land and land rent. They were content with renting out their holdings to peasant farmers and creating and maintaining the "legal and political conditions necessary for the functioning of foreign capitalists."\(^8\) "These landowners were not able to organize an adequate state and were incapable of negotiating favorably with foreign capital beyond setting relatively low export taxes and receiving bureaucratic and 'clientelistic' privileges for themselves."\(^9\) Since they were not interested in an economic alliance with these new foreign elites or inclined to convert their landholdings, the foreign fruit companies infiltrated and developed the commercial cultivation of bananas.\(^10\) They imported large numbers of black workers from the Caribbean to work on their plantations. In the tropical valleys where commercial cultivation of the banana could prosper and where small national producers were no match for them, the fruit companies muscled their way in through a variety of illegal devices. One of those most often used was the "remeasurement." Banana companies (or local ranchers) would continually call for a resurvey of a neighbor's land which, remarkably, would always be shown to have smaller boundaries than previously thought. The companies would then
register the additional land in their name.\textsuperscript{11} The fruit companies accumulated vast tracts of land. This was the first stage of a two stage process. They penetrated the region and began the development of primary infrastructure. Although many small banana producers were displaced in favor of production within large capitalistic plantations, this only occurred if control over the production of the commodity served the monopoly's interest. Anthony Winson notes that this two stage process fails to take into account the fact that

the monopoly banana concerns did not always find it in their interest to control the productive process. When a particular exploitation had become worn out through soil exhaustion, they preferred to purchase from private planters, for then the burden of unproductive land could be shifted onto the shoulders of the latter."\textsuperscript{12}

The second stage involved the "consolidation of the enclave and firmly establishing its monopoly character."\textsuperscript{13} The

enclave character of the economic activity meant that infrastructural development realized by the investments of foreign concerns were generally ill-suited to serve the interests of national entrepreneurs, and in fact certain projects undertaken by the local state, most notably railroads, were reoriented by the banana firms to suit their own needs.\textsuperscript{14}

Two banana companies in particular wielded power in Honduras in the early 1900's, the Standard Fruit Company and the Cuyamel Fruit Company. After 1912 the United
Fruit Company emerged as a third force. In its quest to establish a monopoly, United Fruit created subsidiaries, the Tela and Trujillo companies. The Tela railroad company was established in 1913, and shortly after a subsidiary of United Fruit created the Trujillo Railroad company. The railroad companies were given substantial land subsidies for each mile of track which they constructed. The agreement held that the Trujillo Railway Co., "would build 12 kilometers of railway each year, or pay a fine of $2,000 yearly for each kilometer of railway construction that fell behind schedule." If this schedule was not met then the Honduran treasury would be prosperous enough with the fines of United Fruit to construct its own railway. The ultimate hope was that a national rail system would be created which would reach the highlands. The banana companies, however, used the railways to their own advantage. Instead of linking the existing cities they used them to open up new banana lands. "For each kilometer of railway built, the companies received from 550 to 1,100 acres in lots of 10,000 to 12,000 acres alternating with similar lots reserved for homesteaders." These vast areas were often not enough for the banana companies. Through the use of intermediaries they illegally acquired plots of land which had been set aside for homesteading. They wanted
plantations which were vast unbroken stretches of land.

In the end Honduras' railways brought more strife than peace. The two banana companies Cuyamel and United Fruit engaged in disputes and in 1917 this came to a head. The Cuyamel Fruit Company, supported by Honduras, began to extend its rail lines to the Guatemalan border. This brought conflict with the United Fruit Company which was supported by Guatemala. Troops were sent into the area by Guatemala, but United States mediation curtailed the conflict.

The foreign fruit companies and their hold on Honduras had three major consequences. First, their presence discouraged the emergence of a native local oligarchy; this is one characteristic which Honduras shared with Nicaragua. Second, the fruit companies gathered for themselves the best lands suitable for agriculture. By 1910 80% of all banana lands were under the control of U.S. firms and by 1914 "the five principal concessionaries held more than one million acres of coastal land, much of it the most fertile land in the country."17 The third consequence was the great power which the banana companies wielded in Honduras' political structure. The political instability which characterized Honduras was often the result of the banana companies vying for greater concessions.
The Political Power of the Banana Companies

The banana industry in Honduras was marked by three distinct periods. In the first period from 1860 to 1900 bananas were raised by Hondurans and sold in the local competitive market to exporters. The second period 1900-1929 was marked by the consolidation of the banana industry into three large North American Companies: the United Fruit Company, the Standard Fruit Company and the Cuyamel Fruit Company. The third period, from 1929, was dominated by the supremacy of the United Fruit Company.

Honduran politics also reached a turning point in 1929. Since conflicts between the major banana companies often led to support for rival groups and "revolutionary" disturbances, it was believed that the merger of Cuyamel Fruit company and United Fruit would introduce a measure of tranquility to Honduras. Banana exports peaked after the transition in 1930, but they rapidly declined afterward. "Thousand of workers were laid off, and the wages of those remaining on the job were reduced, as were the prices paid to independent banana producers by the giant fruit companies. Strikes and other labor disturbances began to break out in response to these conditions.\textsuperscript{18}"

The world-wide economic crisis of the 1930's obviously
led to increased hardship for workers on the banana plantations. It is important to explore their economic circumstances including their bargaining power, their hourly wage rates and benefits. For if Paige’s theory is correct that non-cultivators dependent on capital and cultivators dependent on wages (typical of plantation economies) focus their conflicts on questions of wages and working conditions, then the relative stability of Honduras during this era may have been the result of legal trade union activities. At the same time, if workers were unable to unionize and secure nominal benefits, then the stability in Honduras must be accounted for by considering other facets of the Honduran political and economic structure.

The Economic Conditions of Workers on the Banana Plantations 1900-1945

Sources indicate that wages varied in Honduras with each fruit company. The determination of wages seemed to rest to a considerable extent with officials in each region. "During 1922 the average monthly earnings per laborer in a new Honduran district, to which it was necessary to attract workers, amounted to about $45.00 a month. During 1925, however, in another Honduran district where labor was more plentiful, the average
monthly earnings per laborer were less than $24.00.\textsuperscript{19}

Wages in 1929 were estimated to be approximately $1.50-2.00 a day in Honduras, but again there were variations according to region.\textsuperscript{20} The few wage statistics which are available seem to show that banana workers were paid more than agricultural laborers. The average wage of farm laborers, including coffee workers, in other Central American countries was approximately 50 cents per day.\textsuperscript{21} Before 1930 sources indicate that the United Fruit Company on the average paid a higher wage than other landed proprietors and coffee finqueros. An inspector of the treasury described the situation of field laborers in 1930 as follows:

Average wages: These prices fluctuate according to the zones and the circumstances; recently, and because of the fall of coffee, wages have also fallen in the coffee zones. In cold and temperate climates the field laborers receive a wage which fluctuates between 25 and 50 cents, but they receive in addition certain other advantages such as free housing, firewood and medicines. It is also the custom of certain agricultural enterprises to provide their workers, as complementary to their salaries, a daily ration, which consists of Indian corn (the principal article of food of the national laborers), black beans, salt, coffee, etc. The estates which have vast lands are accustomed to provide the resident peons certain extensions of land which they can cultivate in maize for themselves.\textsuperscript{22}

After 1930 the United Fruit company severely slashed wages. All "salaries were cut 10% on the first of the
following July, with salaries over $5,000 receiving a 15% reduction. Though these wage cuts led to discontent and strikes in Honduras, it must be noted that the reduced wages were equivalent to the wage of the average agricultural worker. "On coffee fincas visited in 1931 and 1932 workers made daily 37 to 50 cents, while particularly fast pickers earned from 50 cents to $1.00." Banana workers received higher salaries "than those which prevailed for similar kinds of labor, but they lost their individual bargaining power in times of unemployment and labor surplus."

The reduction in wages after 1930 caused many strikes on Honduran banana plantations, but they were rapidly suppressed with the aid of government troops. Honduran workers had been organizing and striking since 1920, but the government and private enterprises failed to legally recognize trade union organizations. The sporadic walkouts failed to achieve the desired benefits because the majority of Honduran laborers were conservative. In addition, United Fruit employed various tactics to diminish labor solidarity. They often concentrated on the sections where the workers were the least restive, persuading some to return to work, and started the trains moving, thus eventually breaking the morale of the strikers. The company also played Negroes and Central Americans against each other, thus preventing any common opposition.
Sources indicate that the strikes of 1931 and 1932 were difficult to disentangle because many of the active strike leaders belonged to communist groups. Worker solidarity in comparison was weak because the large majority of workers did not belong to communist organizations.

Since the Honduran banana companies and government failed to recognize worker organizations during this period, some other factor must account for the relative stability of Honduras. One possible explanation could be land availability. Paige emphasizes the importance of land in his study and suggests "that the greater the importance of land as a source of income for cultivators, the greater their avoidance of risk and the greater their resistance to revolutionary political movements." Though "the six largest banana concessions had been granted 416,500 hectares (one hectare = 2.47 acres) of fertile land by the eve of World War I," these lands were in areas where malaria and a lack of infrastructure had prevented farmers from cultivating plots of land. Traditional landholding patterns remained largely intact. In other areas land remained readily available and relatively inexpensive. Sources indicate that a manzana of land (.69 hectares) cost only about two days wages for a common agricultural laborer in Honduras.
addition banana plantations co-existed comfortably with cattle raising and subsistence agriculture.32 By 1930 the population had increased to 854,000 but peasants "were still able to find as many as 35 to 70 contiguous hectares of unoccupied national land to cultivate."33 Furthermore, land legislation in Honduras benefitted the peasantry. Two agrarian laws were particularly significant. In 1924 the role of agriculture was held to be vital to the nation's progress and an agrarian law was passed which was incorporated into the constitution of Honduras. This law provided for a free donation of land in family lots. "The 50 acres or 20 hectare plots granted to each family was a free donation and was exempted from all municipal taxes. However, land was not allowed to be sold and could be transferred only by inheritance. To obtain full title, a house must have been constructed, at least half of the land cultivated, and a 10-year residence established."34

In 1928 this law was amended and it exempted all agricultural workers

renting, purchasing, or receiving free national land from compulsory military service and fiscal taxes. They were also allowed to import duty-free machines and tools for agriculture and cattle raising, gas and crude oil, dynamite, construction materials, blooded animals, seeds, insecticides, medicines, etc.

In 1935 dictator Tiburcio Carias Andino introduced a
rural colonization plan with the expressed purpose of intensifying and improving agriculture. It was hoped that desirable immigrant colonists would take advantage of free 50 acre lots and the gratuitous supplying of tools, animals, seeds etc., by the government as soon as the immigrants began a colony.36

These land laws demonstrate the importance of agriculture in Honduras. In 1941-42, while researching Honduras’ land laws, William Stokes wrote:

While exact statistics are not available, a conservative estimate would indicate that at least 75 percent of all Hondurans are landowners; and the entire population, including the poorest elements, are definitely eligible for possession of national land suitable for agriculture and cattle raising... Individual landownership has been a cohesive social force even during the turbulent past history of Honduras and at the present time forms the basis for stable political organization.37

The ready availability of land in Honduras does in fact appear to be an explanation for the political stability during this period. One reason why land continued to be available was that no other type of export agriculture developed which competed with the banana enclave economy prior to 1950. Less than one-half of Honduras’ farmland was private property. The rural elites continued to be technologically backward cattlemen who lived in relatively isolated regions. These rural elites
continued to live close to their land "often not socially distinct from neighboring semi-subsistence farmers." 38 In addition, they were politically and economically the weakest rural obligarchy in Central America. They continued to be divided among themselves because of partisan attachments. "Honduran governments, therefore, basically represented the interests of the North American banana companies and of whichever political faction was dominant at the moment rather then the interests of the cattlemen as a whole." 39

The Post 1945 Economy of Honduras

In the post-World War II era the economic structure of Honduras experienced a transformation. Capitalist production expanded beyond the narrow confines of banana exports. Bananas remained the principal export but they began to decline in relative importance. 40 "Stimulated by international demand and favorable credits on the part of the government, an important agrarian bourgeois nucleus began to emerge out of the exploits of cattle and cotton. A small and rural bourgeoisie also began to form around the coffee industry." 41 In the midst of these changes the banana companies began to lose some of their powers as "unchallengeable arbitrators of Honduran political life and sole creditors of the state." 42 These
changes in Honduras were similar to the changes in the Central American region as a whole. If we reconsider Nicaragua, its post-war expansion included the cultivation of cotton. This expansion of cotton precipitated the displacement of many peasant farmers and led to a considerable decline in subsistence farming. In Honduras cotton, coffee and cattle production began to increase. Three important questions arise about this new expansion: first, approximately how much land area was involved in cotton and coffee cultivation? Did land continue to be readily available for peasant subsistence or did the peasantry face economic conditions, including landlessness, similar to that of the Nicaraguan peasantry? Lastly, did peasant subsistence co-exist with the new forms of capitalist expansion or was a large labor force required as was the case in Nicaragua with the expansion of cotton? In addition to these questions, changes which occurred in the banana enclaves must also be taken into account. If labor achieved any major gains, such as the institution of unions and the right to collective bargaining, then these changes may provide an explanation of the relative stability of Honduras in the post-war era.
New Export Agriculture: Cotton, Coffee and Livestock

The growth of commercial agriculture in the post-war era contributed to the problem of landlessness. As coffee, cotton and beef became important exports the new rural export elites associated with these sectors (predominantly cotton and cattle)43 "began to expand their landholdings by means of an enclosure movement that displaced thousands of peasants."44 In the years between 1950 and 1965 the number of hectares planted in cotton expanded from 1,205 to 18,199.45 The cotton zones were located in Choluteca and other parts of southern Honduras and they were the most densely populated agricultural areas. As the cotton zones expanded this created intense land pressures because cattle farming was expanding in the same region. In the years between 1952 and 1965 pasturage expanded by 300,000 hectares to accommodate the larger livestock population.46 With the new profits in livestock and cotton and the increased value of land, large landowners evicted tenants and squatters and absorbed thousands of hectares of national and ejidal land often by simply fencing them in with barbed wire. Peasants who could still find plots to rent discovered that rents had risen dramatically due to the increasing value of agricultural land. Conflicts between peasants and large landowners became more frequent, and Honduran peasants began to organize to resist the enlargement of the latifundia.47
As the population continued to grow during the 1970's at a rate of 3%, the increased production of beef and sugar exports caused land pressures to intensify. Fortunately the decline in cotton prices halted the land absorbing cotton industry, and coffee and bananas were not involved in land enclosure drives. Nevertheless the increased population and the expansion of commercial agricultural production created a land shortage problem. Table 4.1 on the following page gives some indication of the land shortage problem in the 1970's. In 1974 the table suggests that landlessness affected approximately 36% of rural families. When both landlessness and landpoor (under 1 hectare) microfinca families are added together, the percentage of the rural population suffering from extreme land scarcity equals 47% in Honduras. When the microfinca category is expanded to include farms of up to a more comparable 1.61 hectares, the landless and land poor percentage rises to 55% of the Honduran rural population.

Land Reform

Some authors argue that this problem of landlessness became as acute in other Central American countries. Other authors dispute this notion and suggest there are distinct factors which make the Honduran situation
Table 4.1. Landlessness and Land Poverty Among Rural Families in Honduras, 1974

<table>
<thead>
<tr>
<th>Land Holdings</th>
<th>Number of Rural Families</th>
<th>Percentage of Rural Families</th>
</tr>
</thead>
<tbody>
<tr>
<td>Landless</td>
<td>108,621</td>
<td>36</td>
</tr>
<tr>
<td>Under 1 Hectare</td>
<td>33,771</td>
<td>11</td>
</tr>
<tr>
<td>1 to 2 Hectares</td>
<td>38,650</td>
<td>13</td>
</tr>
<tr>
<td>2 to 5 Hectares</td>
<td>52,360</td>
<td>17</td>
</tr>
<tr>
<td>5 to 10 Hectares</td>
<td>28,264</td>
<td>9</td>
</tr>
<tr>
<td>10 Hectares Plus</td>
<td>42,296</td>
<td>14</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>303,962</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

different.\textsuperscript{52}

One factor which Ruhl stresses is the survival of the ejidos.\textsuperscript{53} These lands were significant because "they were regarded as owned. Families controlled inheritance rights to them and peasants who worked the ejidos also retained private ownership of their houses, permanent crops, and other improvements."\textsuperscript{54} Though the commercial expansion of the 1950's and 1960's contributed to the loss of thousands of hectares in ejidal landholdings, peasant resistance to these land enclosures mounted and ejidal landholdings began to stabilize after 1966. Also, the Honduran government recovered many of the illegally enclosed lands and expanded the national public land available for farming.

A second factor of importance was the implementation of agrarian reforms in the years 1962, 1972 and 1975 which were limited in their actual distribution of land but which absorbed some of the peasants' demands and prevented major discontent. The Honduran reform program was stimulated by peasants who began to voice their protests as they were being squeezed by a rising population and expanding commercial agriculture. To demand land reform they created several strong organizations. Honduran peasants were the strongest and best organized campesinos in Central America. Ruhl
suggests there were two reasons why:

1. they were permitted to organize legally while peasant groups in El Salvador and elsewhere were outlawed and/or repressed, and,
2. they received assistance and inspiration from the Honduran banana worker’s unions organized in the 1950’s and from the Catholic Church.

I suggest that there is a third reason why peasants were successful in their efforts at organizing and demanding land reform. If we re-examine Paige’s theory he suggests that an upper class which is weak is forced to "close off all avenues of social action except violent resistance." He suggests that an upper class dependent on capital is the most stable since it can meet the pressures for change and is willing to share some of its net gain with the agricultural working class. Unlike the upper class in Nicaragua the upper class in Honduras was not dependent on land. Cotton expansion was limited and the banana companies did not seek to expand into new territory.

The initial agrarian reform program had been promulgated in 1962 but little land was distributed until two peasant organizations had been established in the late 1960’s. These were the National Association of Honduran Peasants (ANACH) and the militant National Peasants Union (UNC). In the late 1960’s the ANACH and the UNC began to foster peasant land invasions. In
addition, the Instituto Nacional Agrario (INA), which had been created in 1962 under the leadership of Rigoberto Sandoval Corea, supported peasant claims to retake national lands. In 1969 the INA evicted Salvadorean peasants from national lands while thousands of other Salvadoreans fled when the war between Honduras and El Salvador broke out. During the war the Honduran peasants demonstrated their patriotism, and despite pleas from large landowners, the "Honduran military units became less willing to oust them from lands that had been invaded." 58

Land reform accelerated greatly in 1971-72 under the populist military regime of General Oswaldo Lopez Arellano. He showed a progressive interest in land reform and supported Sandoval Corea’s actions in the INA, even though this displeased the rural oligarchy. He was anxious to diffuse peasant discontent. He issued Decree Law Number 8, which obliged landlords to rent unused land to peasants. In 1975 a more comprehensive land reform law, Decree Law Number 70, attempted to make more land available for redistribution by specifying agricultural efficiency criteria and farm size ceilings for private landholdings. "Expropriation and compensation mechanisms were codified with the purpose of transferring some of the large areas of poorly used land from large landowners
to needy peasants. 59 In 1975 López was deposed by an internal coup, but agrarian reform continued to move quickly until 1977. The extent of land distribution carried out through the agrarian reform program can be seen in Table 4.2. The table indicates that the period from 1973 to 1976 was the program's most productive period. Over 31,000 peasant families received land.

An important question about the agrarian reform program is whether it had a significant impact on the pattern of land tenure and rural politics? According to Ruhl the reform "represented the distribution of 8% of Honduras' total farmland to roughly 12% of its total rural families in 1980." 60 After 1980 some peasants left the agrarian reform projects because they found the land allotments were too poor or too distant from markets. Others left because of conflicts within their rural communities. Out of a total of 36% of landless families the agrarian reform affected 22% of the number of landless and land poor families. 61

In studying the land reform distribution in Honduras many authors have posited that its impact was of relatively little significance. 62 Critics argue "that it did little to alter the basic inequalities of the Honduran agrarian structure." 63 Ruhl suggests that its significance should not be overestimated but points out
Table 4.2. Land Distribution Under the Honduran Agrarian Reform Program, 1962-79.

<table>
<thead>
<tr>
<th>Years</th>
<th># of Initial Families</th>
<th># of Hectares</th>
</tr>
</thead>
<tbody>
<tr>
<td>1962-72</td>
<td>9,076</td>
<td>35,961</td>
</tr>
<tr>
<td>1973-74</td>
<td>18,502</td>
<td>79,552</td>
</tr>
<tr>
<td>1975-76</td>
<td>13,025</td>
<td>64,165</td>
</tr>
<tr>
<td>1977-79</td>
<td>2,906</td>
<td>11,770</td>
</tr>
<tr>
<td>Total</td>
<td>46,890</td>
<td>207,433</td>
</tr>
</tbody>
</table>

Source: Adapted from tables in J. Mark Ruhl, "Agrarian Structure and Political Stability in Honduras," pp. 53-54.
that it did secure land for many poor rural families who would have been faced with far more dismal alternatives had the reform projects not been started. The agrarian reform projects were also symbolically significant. Campesinos who fought for return of their lands won disputes against vehemently opposed private landowners. This gave the Honduran government a very progressive image. The military was also instrumental in helping the campesinos secure their lands, which demonstrated clearly that they were not under the control of the rural oligarchy.64

**Trade Unions**

In addition to the land reform program, Honduran stability in the postwar period can also be accounted for by considering the role of labor. When Tiburcio Andino's administration ended in 1954 it left a political vacuum and allowed "the emergence of new power contenders that began to challenge the political leadership of the National party."65 These new political contenders included,

the Honduran armed forces which began to achieve a certain primitive level of institutionalization under the prodding of U.S. military aid missions. Also it was a period during which the working and middle classes began to emerge as power contenders,
particularly in the wake of the massive banana worker’s strike of 1954.\textsuperscript{66}

In 1954 a series of strikes broke out against the United Fruit Company operations on Honduras’ North Coast.\textsuperscript{67} The strike spread to include the Standard Fruit Company operations and brought the banana industry to a near standstill. The strikers presented a list of grievances which included, “wages, working conditions, the right to collective bargaining, medical benefits, and overtime pay.”\textsuperscript{68} Despite efforts to suppress the strike the government and fruit companies were forced to recognize some of the demands. Although the original demands were not fully met, the strike marked a major turning point for Honduras’ labor movement. The power of the fruit companies was curtailed, “wages went up 10-15%, some conditions were improved and a Workers Union of the Tela Railroad Co. (SITRATERCO) was recognized, replete with the most conservative members of the Central Strike Committee on its executive board.”\textsuperscript{69}

Though the banana companies began to use labor saving devices after the strike of 1954 and the number of workers declined from 26,456 to 13,284 (by 1957), banana laborers continued to be an important sector of agricultural laborers who were relatively prosperous.\textsuperscript{70} When we consider the stability of Honduras, we must take into account these agricultural laborers who represent
10,600 rural families and compose 10% of the landless rural population. Sources note that the unionization of these banana workers resulted in increased wages approximately 10 times the national average income.

In sum, political discontent in Honduras has remained relatively low in comparison to Nicaragua (and other Central American countries). Honduran peasants continue to have adequate landholdings or have access to well-paid agricultural work on the banana plantations. The campesinos have a measure of independence since they continue to control their lands and owe nothing to private landlords. In addition, support for revolution seems unlikely because Hondurans have suffered less from land shortages and land tenure insecurity. As noted by Dorner and Quiros, the banana industry and its expansion only serves to benefit labor in such economies. "A typical family on a small farm could increase its earnings substantially by working in a banana plantation rather than cultivating its own land." Since the upper class is dependent on capital, not land, the banana industry provides services and amenities not readily available to other small farmers. The number of landless is also reasonably low if the banana worker's families are subtracted from the landless total. As Ruhl notes, an accurate estimation of land shortage and rural poverty
after banana workers are deleted falls from 36% to 32% of landless families and the total percentage of landless and land poor in rural Honduras falls from 55% to 51%. This may not seem like an enormous decline, but, as Ruhl suggests, not all rural families were in desperate need of or interested in acquiring land.

With an overview of the Honduran economy it is important to come to some general conclusions about whether revolutionary change based on peasant support could occur in Honduras. If Paige’s theory is correct the evidence in this chapter would suggest such a revolution is not an immediate possibility. In Chapter five Paige’s theory will be evaluated further in terms of its effectiveness in explaining the Nicaraguan revolution. If the conditions Paige describes in his theory are compatible with the conditions in pre-revolutionary Nicaragua, then we can be more confident that Paige’s theory may also provide an explanation for the relative stability of Honduras.
Chapter Five

CONCLUSION

With the overview in the previous two chapters of the economic and political conditions in Nicaragua and Honduras during the twentieth century, this chapter returns to our examination of the propositions outlined in Chapter Two. Since this thesis has focused on Jeffery Paige's theory of revolution and the specific internal conditions which can help account for agrarian revolutions, it is important to evaluate the emphasis he places on the three variables of cash crops, land tenure system and the class configuration which is derived from particular modes of production. In the first section of this chapter I will attempt to evaluate Paige's theory by reintroducing the first four propositions and testing them using the Nicaraguan and Honduran case studies. If the conditions outlined in these propositions are present
in the Nicaraguan case study and found to be absent in
the Honduran example, then Paige's theory would have
support from a cross-national, comparative perspective.
In the second section of this chapter, I will examine
proposition five which suggests that the Sandinistas
should have received their greatest support from those
areas where the export market forced a change in the land
tenure system and sharecropping or migratory estates
became the dominant pattern of land tenure. If this
proposition is supported in the Nicaraguan case, then
Paige's theory would be relatively useful in explaining
the pattern of revolutionary activity within a society.

Paige's Theory: A Comparison of Nicaragua and Honduras

Does Paige's theory help explain revolutionary change
in Nicaragua and the relative stability in Honduras? If
the propositions derived from Paige's theory are not
supported by the evidence, the theory may need some
modification.

According to proposition one, Nicaragua should have
experienced, and Honduras should not have experienced:

(1) A significant change in the export sector
which should have resulted in land having a
very high rate of productivity and a high
market price. This change in the export
economy should have resulted in the upper class
becoming increasingly dependent on land.
In the case of Nicaragua, the evidence is consistent with expectations (see table 5.1). The post-1950 economy of Nicaragua experienced a shift to cotton production and the increased demand for cotton required the clearing of haciendas as modern infrastructure was to be laid in place. The process also resulted in the clearing of peasants from national lands called ejidos. The rapid expansion was in response to high prices which were facilitated by the state, which was taking a more active role in the accumulation process, "especially through road construction and extensive, subsidized credit provided by the National Bank". As Biderman notes, higher productivity of both land and labor were also important sources of growth, and these were also facilitated by credit and other government activities which stimulated the use of agrochemical inputs and new seeds as well as investment in labor-saving machinery. By the mid-fifties, cotton growers were receiving two-thirds of the value of all bank credit for crops, and the proportion of cotton area covered by credit was by far the highest for any crop. It is important to note in passing that the liberal and subsidized credit policy was based on the area under cultivation and led to a considerable over-expansion into lands not suitable for cotton production.

In the case of Honduras we find that proposition is not confirmed. The post-1950 era did evidence some changes in Honduras which included the expansion of commercial crops such as cotton, coffee and some cattle farming, but the proportion of land which was devoted to the export
### Table 5.1. Changes in Export Crop Production in Nicaragua and Honduras, 1950-1979 (measured in thousands of hectares)

<table>
<thead>
<tr>
<th></th>
<th>Total Arable Land</th>
<th>Cotton</th>
<th>Coffee</th>
<th>Sugar</th>
<th>Bananas</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Nicaragua</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1950</td>
<td>769</td>
<td>17</td>
<td>63</td>
<td>0</td>
<td>___</td>
</tr>
<tr>
<td>1979</td>
<td>1,511</td>
<td>174</td>
<td>130</td>
<td>41</td>
<td>23*</td>
</tr>
<tr>
<td><strong>Honduras</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1950</td>
<td>810</td>
<td>0</td>
<td>56</td>
<td>14</td>
<td>61</td>
</tr>
<tr>
<td>1979</td>
<td>1,757</td>
<td>13</td>
<td>85</td>
<td>75</td>
<td>43</td>
</tr>
</tbody>
</table>

*This statistic represents area harvested in bananas in 1978. The statistic for 1979 was not available.*

sector was small in comparison to Nicaragua. Unlike Nicaragua, Honduras also had very progressive land laws which reserved the ejidos (communal lands) for many small farmers and peasants. The export of bananas also continued to dominate Honduras and "did not change the productive structures that had been previously formed, nor did it alter the configuration of the dominant classes". This is because banana production did not require significant amounts of land to be extracted from the traditional sector.

According to the second proposition agrarian revolutions are likely when:

(2) The change in the export sector also results in an increasing shift to a sharecropper or migratory labor economy based on coffee, grapes, rice, cotton or other commodities which are highly-labor intensive and which have a period of production of one year or less and a short harvest period of two to four months duration.

The change in the export sector in the post-war economy of Nicaragua confirms both of Paige's expectations in this proposition. First, the export sector did become highly concentrated in cotton cultivation (and to some degree there was an expansion of rice cultivation). For cotton the period of production is less than one year and the harvesting period is between December and February. Second, land tenure changes occurred which resulted in a
landless migrant labor force. In the pre-World War II economy, coffee production was dominated by non-capitalist relations as peasant households were given access to plots of land within the coffee haciendas. The expansion of cotton in the 1950’s and 1960’s brought about the massive displacement of the peasantry in the Pacific region as tenants and sharecroppers were expelled in great numbers. During the major harvest periods for cotton, coffee and sugar, many peasant families who had been forced to migrate to frontier areas in search of plots for subsistence agriculture often joined the migrant labor force and migrated back for the harvest periods because of unemployment or underemployment.\(^5\)

The expansion of cotton contributed to a migratory labor force which reduced permanent labor requirements. "Tenure institutions made it simple to divest campesinos of land for large-scale production of cotton."\(^6\) The fact that most cotton producers were not landowners but investors simplified the severing of ties or claims which might have developed. Many independent campesinos, lacking financial resources or technical know-how, had to rent their land or join the expansion on a modest scale.\(^7\)

Approximately 52.3 percent\(^8\) of the land devoted to cotton was rented. Cotton was overwhelmingly concentrated in large productive units which averaged over 500 hectares.\(^9\) Although only 2 percent of the total
number of farms were this large, they occupied 40% of the agricultural land of the west. 10

The cotton expansion was also characterized by some capital intensive techniques. This requires comment because Paige’s theory suggests there should be reduced chances for revolution as the upper class becomes more dependent on capital. In Nicaragua, cotton expansion saw the rise of mechanical cotton pickers. "From 1963 to 1967, the number of mechanical cotton pickers rose from 13 to 200. In 1967, over 20 percent of the cotton crop was harvested mechanically, with average cost per unit 45 percent lower than that picked by hand." 11

It can be inferred then that the development of cotton production along more capital intensive lines has reduced the capacity of the export sector to absorb labor. Secondly, while capital intensity has diminished, the relative need for permanent labor it has intensified the need for seasonal labor. During the harvest periods labor requirements increase for cotton production. This results in short term employment for many migratory laborers. This change has resulted in decreased employment security for large numbers in the rural labor force.

Paige associates capital intensive agriculture with stable plantation systems: as agricultural income expands
through capital intensive techniques and worker movements can be directed into reformist channels by the offering of small wage gains at little cost to the employer. In Nicaragua, however, the situation with cotton is different. Mechanical cotton pickers expanded the income of the cotton producer by replacing the costs of a permanent labor force, but at some point, the cotton producer’s income becomes fixed. The mechanical cotton pickers allow him to increase productivity but this eventually levels off. This is primarily because the expansion of cotton requires an expanding land base and in order to increase his income he would have to possess more land. If he fails to expand his land base he will remain at a fixed or declining income depending on the world market price for cotton. These characteristics suggest that cotton production perpetuates increased landlessness for the rural population and forces more and more peasants to migrate and accept scant wages for seasonal work.

In Honduras, the evidence does not indicate a shift to a sharecropper or migratory labor economy based on rice, cotton, coffee or grapes. Table 5.1 indicates that the amount of land devoted to cotton in Honduras was very small in comparison to Nicaragua. Honduras’ cotton cultivation expanded in the post-1950 era to include
13,000 hectares of land, less than one percent of arable land. Nicaragua in contrast saw an expansion of 157,000 hectares of land, more than ten percent of its arable land. Honduras continued to be dominated by banana exports, coffee plantations and an increase in the livestock industry.

According to the third proposition, agrarian revolutions are associated with:

(3) A peasantry increasingly stripped of its land and forced to assume the role of wage laborer, either as a sharecropper or migratory laborer.

In Nicaragua, this is evidenced with the expansion of cotton cultivation and the increase in irrigated rice production. While coffee production in the pre-World War II economy co-existed with subsistence farming, cotton production required the clearing of land. The accelerated employment of machinery and technical inputs and the seasonalization of the labor process all culminated in the expropriation of land from the peasantry. As Winson notes, the specific form of this process introduced a marked degree of impermanence into the labor process and thus an important element of transciency into the regimen of the agricultural labor force. What we are speaking of, then, is the development of a mobile rural proletariat in recent years, one that must be distinguished from the rural population that has long participated in the old established
cycle involving a patterned yearly migration from the minifundio economy to the commercial farms and then reabsorption by subsistence agriculture. Rather, this is a migratory rural population that has largely become detached from subsistence production.

The evidence provided by the example of cotton as an agro-export in Nicaragua suggests that it may be even more exploitive than Paige's main example of irrigated rice. Paige's argument rests on the assumption that when the peasant is forced to make a transition to sharecropper or landless migratory laborer he becomes more disenchanted with the system and may seek revolutionary alternatives. The example of cotton in Nicaragua suggests that the transition from sharecropper to landless wage laborer may also involve a further step which increases revolutionary sentiment among landless wage laborers. In Nicaragua greater mechanization contributed to a pattern of longer periods of unemployment between harvests. Agricultural laborers were forced to travel long distances "seeking wage work during harvest and migrated almost continuously between harvests looking for any sort of employment."

The increased technology put the wage laborer in a more insecure position—the limited employment opportunities during harvest seasons were not enough to secure subsistence requirements.

In contrast to Nicaragua, the peasantry in Honduras did
not experience such severe land expropriation and the proletarianization process was not accelerated in the post-1950 economy. As noted in table 5.1, cash cropping did increase in Honduras in the post-1950 era, although not as quickly as in Nicaragua and not in the same crops. Still, the cash crops expansion in Honduras did threaten subsistence farmers and had two major negative consequences:

- first it drove up the purchase and rental price of land...second the commercial estates threatened to absorb the various non-private forms of tenure (ejidos, national land, etc.)

What off-set this pressure to some extent in Honduras was Honduras' land reform. With the help of the Asociacion Nacional de Campesinos de Honduras (ANACH) and the Union Nacional de Campesinos (UNC), Honduran peasants had a well organized movement against land enclosures. Reform programs instituted in 1962, 1972 and 1975 allowed approximately 207,433 hectares of land to be re-distributed.

In addition to these reforms, it's must be remembered that banana plantations continued to employ a relatively large sector of the population in Honduras. These wage laborers were able to unionize and secure adequate benefits and wages. Moreover a majority of rural dwellers were small farmers who worked their own plots,
or landless laborers who worked for wages on estates or small farms. Others were campesinos who owned land but worked part-time on seasonal harvests to supplement their incomes. Although land scarcity had become a serious problem, the majority of landless peasants were not forced to work on rented land because communal lands continued to be available.

As in Nicaragua, large landowners in Honduras had attempted to enclose more and more land after 1960 and the number of landless grew by thousands. One author notes that "as the number of landless and land-poor families rose to over 50 percent, conflicts between peasants and large landowners forced campesinos to begin to organize politically, thus becoming a major interest group with considerable political clout."\textsuperscript{16}

According to the fourth proposition, agrarian revolutions are associated with a political atmosphere in which there is:

(4) An economically weak upper class unwilling to grant any political or economic concessions and dependent on legal or extralegal force for its economic survival.

The upper class in Nicaragua included Somoza's family and private financial groups such as the Banco Nicaraguense. The country's banks and other credit institutions were controlled both by the Somoza group and
by domestic and foreign interests. They were little more than conduits for foreign capital, having almost no financial resources of their own. An important contradiction between the Somoza group and other financial interests was inherent in the credit system as the level of indebtedness in 1978 was about half a billion dollars with the Somoza group owing a large part of this debt to the banks. 17

This upper class also included cotton growers. They increasingly dominated the process of cotton production and organized into powerful regional associations, "through which they exerted considerable influence over the allocation of state resources and on state policies and institutions." 18

This pre-revolutionary Nicaraguan system depended on the monopoly of force by Somoza's National Guard and police. "Political parties, workers unions, peasant associations and other mass organizations that might press for better wages and working conditions or for greater access to land, were held tightly in check as was competition from business and professional groups not in line with the Somoza's clique's interests." 19

In sum, the Nicaraguan evidence is consistent with proposition four. An economically weak upper class was clearly evidenced in the pre-revolutionary period and this elite depended on extra-legal force, namely the National Guard, to defend its interests.
In Honduras the upper class was more dependent on commercial and industrial capital and was therefore more able to share increases in income with wage laborers. The elite was not dependent solely on land or on extra-legal force. The workers in Honduras won the right to form unions after the strike of 1954 and a Latin American labor organization sympathetic to and assisted by the United States intervened with the government on behalf of the workers. "As a result of this successful intervention ORIT (Organizacion Regional Interamericano de Trabajadores) was granted an official monopoly on the right to organize all workers in the country, which it did with large amounts of aid from the United States government and labor federations." 20

In conclusion, for all four propositions, the evidence for Nicaragua and Honduras is as expected. Apparently, Paige's theory can help account for the agrarian revolution in Nicaragua and the relative stability in Honduras during the 1960's and 1970's.

Paige's Theory: A Comparison of Regions Within Nicaragua

In this section I will re-introduce proposition five and compare regions within Nicaragua in order to test Paige's hypothesized correlation between sharecropping or migrant labor and radicalism. This proposition suggests
that there should have been

(5) Greater support for the Sandinistas where sharecropping or migratory estates were the predominant land tenure system.

On first examination, the Pacific zone with its high concentration of cotton cultivation and increased population density should have been the area where the Sandinistas received their greatest support. Instead, support for the Sandinistas began and was most pronounced in zone two, the north central Highlands. John A. Booth suggests that the high population density and relatively open terrain of the Pacific zone did not allow a permanent guerrilla presence. Other groups such as the ATC (Asociacion de Trabajadores del Campo) and CEPA activists became closely aligned with the FSLN and were instrumental in organizing the peasantry in the Pacific zone. In addition since interests of the large capitalists coincided with the interests of the National Guard, suppression of organizational efforts by the National Guard in this region became commonplace.

By contrast, the rugged terrain and scattered population of the north-central Highlands facilitated guerrilla activity. Booth also believes that the territory held a strong allegiance to the hero Sandino in the 1930's and this may have been the reason the FSLN received strong support in the 1960's and 1970's.
While the above explanations seem plausible, there may have been a more concrete reason why peasants of the North Central Highlands allowed the permanent presence of the FSLN in their territory and supported and joined their organization. The explanation may lie in the post-1950 coffee expansion which left many farmers and smallholders landless peasants. Coffee expansion in the Highlands produced conditions similar to cotton expansion in the Pacific zone. In addition those peasants who had been driven out of the Pacific zone and settled in the Highlands faced chronic unemployment. Many were forced into migratory labor once in the Highlands and one possible theory may be that they migrated back to the Pacific zone during the cotton harvest and constituted a floating labor reserve. The migrant laborers in the Pacific Zone were forced to live in temporary quarters and were offered low wages and seasonal employment. If migratory laborers were from the Highlands they were at the mercy of the cotton producers since increased coffee cultivation could not absorb the increasing population in their region. Their only alternative was migrating and accepting employment during the harvest season of major cash crops.

The conditions discussed above coincide with Paige's theory. The resulting migratory economy and seasonal
employment in the Central Highlands may have forced many peasants to contend with insecure conditions. As Paige's theory predicts, this also forced the elite to rely on extra-legal force and excessive repression. In a recent article Paige found that migratory laborers of the Pacific Central regions formed the base of support for revolutionary activity in Guatemala. The areas to which migratory laborers returned, not the areas of their short, seasonal employment, became the sites of revolutionary sentiment. In Nicaragua, however, sufficient evidence was not found to support this proposition.

It would seem that Paige's theory is not particularly useful in explaining the sites of revolution within Nicaragua. At first glance the Pacific zone would have seemed the area where the FSLN should have received their greatest support. After considering the larger pattern in Nicaragua we find that the possibility exists that migratory laborers who were inhabitants of the Central Highlands were forced to migrate to the Pacific zone for seasonal employment and then return to unemployment in the Highlands after the harvest. As noted above, this proposition was not proven and requires further investigation. It is, however, important to note that in a recent article on Guatemala, Paige argues that
migratory labor has the same radical implications as sharecropping, and that a change from hacienda to a migratory labor estate system creates the conditions for revolution. 24

A Further Evaluation of Paige's Theory

To evaluate Paige's theory it is important to begin with his main premise that a combination of noncultivators dependent on income from land and cultivators dependent on income from wages leads to revolution. In Nicaragua we find that these conditions were typical of the cotton expansion. The cotton producers required more land for cotton and a seasonal labor force. The hacienda system was not practical in this new cash crop economy.

Paiges' theory also suggests that this type of land tenure system is predominant where cash crops are labor intensive. Nicaragua's cotton expansion provides evidence that capital intensive technology of a limited nature (mechanized pickers) can lead to limited employment opportunities for the laborers and actually increases exploitation. As Rodolfo Quiros-Guardia notes,

capital intensity has diminished the relative need for permanent labor, the correlative increase in yields and the as yet limited mechanization of most harvesting operations has
intensified the need for seasonal labor. This change decreases employment security for large numbers in the rural labor force. Moreover, since capital intensity constitutes both a barrier to entry and a competitive requirement, firms lacking resources to innovate and increase the scale of operations are likely to disappear or be forced to accept lower income levels. Thus, further concentration and polarization may be one of the outcomes of this process.25

This warns against any overly-simplistic application of Paige's theory. Revolution may be more likely in an agrarian system in which the elite is dependent on land rather than capital, but this does not mean that infusions of capital into the production process reduce the likelihood of revolution, at least in the initial stages. The transition to a more capital based agriculture may involve conditions that exacerbate worker discontent and enhance the prospects of revolution.

A last factor to consider in evaluating Paige's theory is his emphasis on sharecropping or migratory labor estates as being the only two forms of land tenure which will lead to revolution. Since Nicaragua supports Paige's example of migratory labor estates, I will consider this more closely. First, it must be noted that Paige is not alone in his theory that the migratory labor estate system is truly exploitive. As Winson notes, the character of this new mobile labor force is different from the migratory rural population which depended on subsistence production in the past. This is why
revolution is possible in such systems. They are characterized by the "accelerated employment of machinery and technical inputs and the seasonalization of the labor process." Furthermore "the net result of these events has been the expropriation of peasants and semi-proletarianized 'colonos' from the land, throwing them onto the burgeoning rural labor market." Lastly "this process has introduced a marked degree of impermanence into the labor process and thus an important element of transciency into the regimen of the agricultural labor force." 26

Paige's Theory: An Alternative for Policymakers To Consider

On the basis of the Nicaraguan and Honduran evidence, it seems relatively clear that Paige's theory contributes to an explanation of revolutionary change in Central America. This leads to the question of whether policymakers have learned from Paige's theory (now more than a decade old) in their quest to end revolutions in the Third World. As the Reagan administration continues to use military alternatives in an effort to halt revolutionary regimes such as Nicaragua's, it would seem that policymakers ignore Paige's contention that local exploitive conditions are the major source of revolutionary change. This is unfortunate because
Paige's theory demonstrates that agrarian revolution results from economic structures where sharecropping and migratory labor estate systems are found and exploitation is predominant. The peasantry supports revolutionary change only when the problems of landlessness, unemployment and poverty are acute and the upper class is unwilling to bargain with the lower class and meet the pressures for reform and change in order to alleviate the existing conditions.

In terms of the future one can only surmise that military interventions will cease when policymakers take a more realistic view of the dynamics of revolution. If they put to rest the notion that socialism is spread solely by outside intervention, and if they begin to evaluate alternative theories such as Paige's they may begin to see ways to promote and develop agrarian structures which are less exploitive, and less prone to violent resistance, than those based on sharecropping and migratory labor.

2. The term "revolution" is used in a wide variety of ways in both popular and scholarly discourse. In calling the Nicaraguan revolution "full-scale" or "genuine", I mean to distinguish it from the more common coup or revolt in which rulers change but where the basic "rules of the game" and policies of the government remain largely unchanged. For one statement of this distinction, see Jeffery Paige, *Agrarian Revolution: Social Movements and Export Agriculture in the Underdeveloped World* (New York: The Free Press, 1975).

3. A characteristic of the Nicaraguan revolution was the Popular Education methodology utilized to eradicate illiteracy. Popular education as a method of teaching has the priority of working with the rural poor in order to raise their critical consciousness. Through popular education students learn to discuss the causes of their problems and reflect on what joint action could be taken to change their situation. Nicaraguans learned to read and write through discussion of basic problems they themselves had experienced under the Somoza government. They learned that poor health care, lack of agrarian reforms and exploitation were in part caused by Somoza letting U.S. multinationals control the Nicaraguan economy. This popular education campaign included a "massive literacy crusade which drew on 100,000 volunteers who contributed by teaching 400,000 people how to read and write and reduced the rate of illiteracy from 51% to 12% in just 6 months. The continuing adult education program drew on 24,000 former literacy students who acted as teachers, and thereby ensured that literacy skills would not be lost, and it built new skills in such areas as basic accounting,
nutrition and setting up cooperatives. The popular health campaign trained thousands of Nicaraguans to develop education and action programs designed to eliminate killer diseases such as malaria." Rick Arnold, Deborah Barndt and Bev Burke, A New Weave: Popular Education In Canada and Central America (Toronto: Cuso Development Education, Ontario Institute for Studies in Education - Adult Education Department, 1985), pp. 18-19.


8. Other theorists include Daniel Chirot, Immanuel Wallerstein and Theda Skocpol. Their theories will be discussed briefly in Chapter 2.
References: Chapter Two


2. Ibid.

3. Ibid., p. 121.

4. Ibid., p. 123.

5. Ibid., p. 124.


9. According to Daniel Chirot's model, societies are defined as peripheral, semi-peripheral or core according to their positions in the world-system. He describes peripheral societies as relatively poor and economically overspecialized. He also suggests that they are weak and subject to manipulation and control by the core powers in the world system. Semi-peripheral societies are in a relatively better position than peripheral societies because they are trying to industrialize and diversify their economies. Since they are attempting to overcome their weakness, semi-peripheral societies are not as subject to core manipulation. It must be noted that Chirot suggests that these labels and definitions of nation-states are not as applicable today as they were in the first half of the twentieth century. Since nationalist revolutions have occurred in much of what had been the periphery, only a few small Latin American, African and Asian societies remain

10. Chirot, Social Change in the Twentieth Century, p. 133.


18. Ibid., p. 168.

19. Ibid., p. 168.

20. Ibid., p. 169.


22. Ibid., p. 171.

23. Ibid., p. 171.

24. Ibid., p. 171.


27. Ibid., p. 175.

28. Stinchcombe describes his middle peasant differently than Wolf and Moore. He has the added characteristic of being a leader in the rural community and not vulnerable to expulsion by landowners. In addition, Stinchcombe often refers to him as a rich peasant and notes that he "shares some of the hardships and is opposed in his class interests to many of the same people as are the tenants. In fact, in some areas where the population pressure on the land is very great, the rich peasants themselves hold additional land in tenancy, beyond their basic holdings. In this case the leadership of the local community is not only opposed to the interests of the tenants but has largely identical interests with the poor peasants." See Stinchcombe, "Agricultural Enterprise and Rural Class Relations," p. 171.


30. While this chapter has examined several theories of revolution from the radical perspective, an additional theme which appears in the literature is the notion of linkage of city and countryside. Daniel Chirot and Maurice Zeitlin emphasize it in their works on revolutionary change and suggest that where such a linkage has not been forged a complete transformation has failed to occur. This linkage according to these theorists may be defined as a thorough organization in the city and countryside which mobilizes the support of all classes of the population. Although it seems probable that this linkage is very significant if a revolution is to be successful, how this linkage is forged seems to be debatable in the literature. This may indicate that it differs with every revolutionary movement. For more information on this theme see Chirot, Social Change In the Twentieth Century, p. 144.

32. For a more detailed analysis of this revolution see Chirot, *Social Change In the Twentieth Century*, pp. 137-140.


34. Ibid., p. 68.

35. Ibid., p. 60.

36. Ibid., p. 69.

37. Ibid., p. 70.

38. Ibid., p. 61.

39. Ibid., p. 66.


42. Ibid., p. 58.
References: Chapter Three


3. Zelaya refused to grant the United States canal-building rights that would have included U.S. sovereignty over certain Nicaraguan territory. This was not Zelaya’s first effort in defending Nicaraguan interests. He was successful in getting the British to withdraw from the Miskito Coast in 1894. The British had agreed to withdraw in the 1860 Treaty of Managua but had failed to do so. Zelaya sent troops and expelled the British consul from the territory. The British attempted a blockade of Nicaragua’s Pacific port but later backed down in the face of U.S. pressure. Though many authors describe Zelaya as a disrupter of peace, he must be credited for his defence of Nicaraguan interests and his modernizing reforms.


5. Ibid.


8. Ibid.


10. See Jeffery M. Paige, Agrarian Revolution: Social Movements and Export Agriculture in the Underdeveloped World (New York: The Free Press, 1975), pp. 66-71, for his detailed analysis of
hacienda economies.


12. Ibid.

13. Deere and Marchetti, "The Worker Peasant Alliance in the First Year of the Nicaraguan Agrarian Reform", 44.

14. Ibid.

15. Ibid.


18. Alejandro Bendana, "Crisis in Nicaragua", *NACLA Report on the Americas*, Issue 12, 6 (Nov-Dec 1978), p. 13. The infighting between the Liberal and Conservative elites had plagued Nicaragua from its early days. The traditional regional identification of the peasantry with the Liberal and Conservative parties had been ingrained through the pressure of landlords and patrons for many decades. This allegiance permitted the political manipulation of the peasantry. As long as the elites and the peasantry were fighting among themselves they could not consolidate and form a unified opposition to Somoza. Against "peasants with the temerity to protest such economic or political realities, the Somoza regime and large landholders consistently responded with repression" (John A. Booth, *The End and the Beginning*, p. 117). The Nicaraguan bourgeoisie was accommodating to Somoza but this changed in the course of the 50's and 60's. The economic power of Somoza had not previously posed too grave a threat to other capitalists. As long as the elite maintained its economic independence it did not have a mounting need to see Somoza's power decline. In the 1960's a portion of Nicaraguan capital in the Conservative party was forced into dependency upon the state apparatus "because all industry in Nicaragua
functioned under the control of the state through its fiscal, credit and commercial concession and privileges." The conservative faction was unable to gain and could only utilize these services through the state apparatus through an understanding with Somoza. *Nicaragua: A People's Revolution*, (Washington D.C. EPICA Task Force), (Ecumenical Program for Interamerican Communication and Action) [1980]), pp. 5 & 6. The understanding was a pact between Fernando Aguero and President Anastasio Somoza Debayle who inherited the dynasty after his brother's death in 1967. The pact was evidence of the increasing concentration of control by a few economic groups, namely the Somoza clan. This ended the independence of the Conservatives and saw the decline of the old Liberal Conservative infighting. The weakening of this conflict created a political vacuum which would eventually be filled by the Sandinista Front for National Liberation (FSLN).


20. Ibid.


23. Ibid.


25. Ibid. p. 15.

26. It is interesting that Paige suggests (*Agrarian Revolution*, pp. 63-66) that cotton sharecropping systems are remarkably stable. This may be true of the examples he uses (Egypt, Syria and Turkey) but in these examples the sharecropper more closely resembles cultivators who are paid in land rather than wages. Nicaraguan peasants who were forced to become sharecroppers on the cotton plantations faced different conditions. They were landless
laborers who were forced to become wage laborers and found themselves subjected to cycles of employment and unemployment. For example, statistics for Nicaragua in 1973 show that some 228,000 workers were employed in the cotton harvest but only 10 percent were employed year round (Deere and Marchetti, "The Worker Peasant Alliance in the First Year of the Nicaraguan Agrarian Reform", p. 45). Paige suggests that cotton sharecroppers often inherit usufruct plots and this creates a kind of conservatism. Nicaraguan peasants however fared differently. Land was owned and controlled by large landowners producing for the export market and the peasantry was forced to contend with market pressures which included price fluctuations and insecurity of tenure. A recent article by Paige which looks at revolution in Vietnam and Guatemala supports this finding about cotton. The case of Guatemala provides some parallels to the Nicaraguan situation in terms of changes in land tenure after cotton became a dominant export crop. See Jeffery M. Paige, "Social Theory and Peasant Revolution in Vietnam and Guatemala," Theory and Society, 12 (1983), pp. 699-737.

27. Jaime Biderman notes that statistics show that by 1966-1967 161 cotton harvesters were in use, and more than 15 percent of cotton input in that year was mechanically harvested ("The Development of Capitalism in Nicaragua," p. 16).


29. Deere and Marchetti, S.J., "The Worker Peasant Alliance in the First Year of the Nicaraguan Agrarian Reform", p. 46.

30. Ibid.


33. The only exception to the deterioration in foodstuff production was provided by the introduction of irrigated rice on capitalist farms in the 1960's which resulted in self-sufficiency in one of the grain crops.

35. Ibid.

36. Ibid.

37. Ibid. p. 21.

38. Ibid.

39. Ibid.

40. Ibid., p. 22.

41. Ibid.

42. Ibid., p. 24.

43. Ibid. p. 22.

44. Ibid., p. 23.

45. Solon Barraclough, A Preliminary Analysis of the Nicaraguan Food System, A progress report of Research being carried out under UNRISD’s (United Nations Research Institute for Social Development) project "Food Systems and Society". (Geneva; UNRISD 1982), p. 39.

46. Ibid.


51. Ibid., p. 19.

52. Livestock farming was the last phase in the consolidation of Nicaragua’s diversified agro-export economy. Beef exports increased in the
1960's as the cotton boom was subsiding. "The amount of land dedicated to pasture doubled from 1960 to 1975, and beef exports increased by 25 percent annually between 1965 and 1970" (Deere and Marchetti, "The Worker Peasant Alliance in the First Year of the Nicaraguan Agrarian Reform", pp. 44-45). As with the expansion of coffee, "noncapitalist relations played an important role in the expansion of cattle ranches. After peasants cleared away the forest and managed to harvest two or three crops of basic grains, owners incorporated the land into pasture and offered more uncleared land to the peasantry" (ibid.). Like the other two phases, livestock farming coincided with increased pressure on the peasantry in terms of access to land and credit. Like cotton and coffee, livestock farming was controlled by large producers.


55. Deere and Marchetti, "The Worker Peasant Alliance in the First Year of the Nicaraguan Agrarian Reform", p. 48.

56. I have not discussed the sugar industry in great detail although sugar was an important export product for Nicaragua. It is important to note that sugar as an export like cotton and coffee only aggravated the unemployment problem because harvests were in the same four month period for all three products. Like cotton and coffee sugar cane production was controlled by large producers. Somoza himself owned 7 sugar cane plantations. (Deere and Marchetti, "The Worker Peasant Alliance in the First Year of the Nicaraguan Agrarian Reform", p. 46.) Sugar production has been concentrated in the Lake lowlands of Nicaragua.

57. West and Augelli, Middle America, p. 430.

58. Ibid., p. 434.

59. Ibid.
Augusto Cesá Sandino was born in 1895 and was instrumental in leading a guerrilla war against the United States during the third U.S. occupation of Nicaragua. In 1927 after many liberals had agreed to a peace settlement with the United States he continued his battle with the Conservative puppet government. Sandino advocated "the formation of a popularly based political party and endorsed the idea of reorganizing land into peasant cooperatives. But more than anything else, he was a nationalist and an anti-imperialist. Quite simply, he found the U.S. occupation and domination of his country to be offensive and unacceptable" (Walker, Nicaragua: The Land of Sandino, p. 22). As Sandino continued to fight U.S. occupation he tried a variety of tactics. At first he sent large groups of men into combat but found this resulted in too many casualties. Then he utilized guerrilla strategies of harassment and hit and run. The marines found themselves bogged down in a costly war because of Sandino's tactics and they finally withdrew in 1933. Sandino was not a threat after the withdrawl of U.S. troops because it had been his major condition for peace. In February of 1933 Sandino signed a peace agreement with the Somoza government. It called for a cessation of hostilities and a partial disarmament of the guerrillas. The document also guaranteed amnesty for Sandino's men, and a degree of autonomy for those Sandinistas who wished to settle in the territory along the Rio Coco (ibid p. 23). Sandino, however, had been deceived, he was captured and executed. His legacy however continued. Many of his tactics were successfully utilized by the Sandinista Front of National Liberation in overthrowing Somoza.


Ibid.

Ibid., pp. 119-120.

West and Augelli, Middle America, p. 435.

Booth, The End and the Beginning, p. 120.
66. Ibid.


68. Walker, Nicaragua: The Land of Sandino, p. 73.

References: Chapter Four


2. Ejidos were large sections of public land which municipalities rented to small farmers. During this period Mexico and Guatemala dissolved the ejido because they saw it as a serious block to the development of the countryside.


5. Ibid.


7. Leiva, like other leaders, did not remain in power very long. A brief chronology of the political changes up to 1900 will demonstrate the instability of the Honduran political structure. Leiva was ousted from power with the aid of General Barrios when Leiva could not bring a measure of stability to Honduras. He was succeeded by Marco Aurelio Soto but he too fell into disfavor with Barrios, and in 1883 he was forced to resign. His successor General Lius Bogran survived in office until 1891; Leiva was then returned to power through manipulated election results. Once in power he attempted to rule as an absolute dictator and wished to dissolve the Liberal party. This started a new round of conflict and a new leader came to power, Policarpo Bonilla, who was supported by Nicaragua's reformist liberal leader, Jose Santos Zelaya. Bonilla's term was relatively stable and he instituted many important measures which included improving communications and resolving a boundary dispute with Nicaragua. To ensure that stability continued he made plans that he would be succeeded at the end of his term by his military commander General Terencio Sierra. The transfer of power from
Bonilla to General Sierra was the first constitutional transition of power in many decades. Sierra's term in office was short, in 1903 he was overthrown by General Manuel Bonilla. Bonilla's popularity stemmed from his relations with the banana companies which had begun to infiltrate into Honduras in 1899. Bonilla gave the banana companies "exemptions from taxes and permission to construct wharfs and roads, as well as permission to improve interior waterways and to obtain charters for new railroad construction" (Rudolph (ed.), Honduras: A Country Study, p. 14).


10. Anthony Winson, "Class Structure and Agrarian Transition In Central America", Latin American Perspectives, Issue 19, 5:4 (Fall 1978), p. 31. Winson suggests that "where the large landowning and commercial interests could overcome the differences that had divided them in the post-independence period, they were able to use their strength, particularly through the apparatus of the state, to organize the new type of commercial agriculture on a significant scale and to consolidate themselves into a landed bourgeoisie. ... This was particularly the case in Guatemala, El Salvador, and Costa Rica, a new alliance was formed between the local criollo classes of large landowners and the merchants and foreign capital. This alliance achieved a political stability along with the modernization of infrastructures necessary for foreign investment and internal capital accumulation. This new political status-quo in effect ended the archaic period of caudillo politics establishing in their place strong dictatorships of 'order and progress' functioning with an increasing centralized government machinery, predicated on a very different balance of forces." Honduras like Nicaragua was plagued by armed conflicts between the two factions of the ruling class, the Conservative and Liberal parties. Although this rivalry existed throughout Central America, it was particularly acute in Nicaragua and Honduras and prevented the consolidation of a strong and unified
local bourgeoisie. It was not until the late 1950's that a local economic oligarchy formed in Honduras.


12. Winson, "Class Structure and Agrarian Transition In Central America," p. 34.

13. This was particularly the case after the strike of 1954 (discussed later in this chapter). The fruit companies increasingly began to rely on local producers for direct production of bananas and reserved for themselves the role of commercialization. As peasant cooperatives came into existence under the agrarian reform program and companies forfeited much of their land to the government these cooperatives grew bananas for sale to the fruit companies. One particular example was Guanchias Limited which was begun in 1965 on land returned to the state by the Tela Railroad Co. As the cooperative began to produce bananas Standard Fruit was able to buy more fruit from the new cooperative than it produced when it owned the land. In addition, the multinationals didn't have to invest in irrigation, flood control, pesticide, or other costly attempts to improve productivity. On the other hand, they could force the cooperative to make such investments via quality control clauses written into their sales contracts. And, given the limited sales alternatives which local banana producers had in the early 1970's, the cooperatives were forced to accept the price established by Standard or United Brands. The multinationals benefitted from this arrangement in other ways as well. They were freed from union contracts and other labor disputes on the plantations. They were no longer vulnerable to the natural disasters which actually punished Honduras' banana plantations. See Volk, "Honduras: On The Border of War", p. 20.

14. Winson, "Class Structure and Agrarian Transition In Central America," p. 34.


16. Ibid.
17. Ibid., p. 6.
20. Ibid., p. 126.
21. Ibid., pp. 129-130.
22. Ibid., p. 133.
23. Ibid., p. 137.
24. Ibid.
30. Ibid., p. 37.
31. Ibid.
32. Though many Hondurans worked on the banana plantations "the vast majority of the population was engaged in production outside the context where capitalist relations were clearly predominant." Taking the region as a whole (all Central American countries) where banana cultivation existed within the enclave economy 80% of the labor force were wage workers. Even when the largest labor force was employed in banana production in the 1950's they constituted less than 100,000 workers while the rural population was approximately 6.5
million. (Winson, "Class Structure and Agrarian Transition In Central America", p. 29)


35. Ibid.

36. Ibid.

37. Ibid., p. 154.


39. Ibid.

40. Bananas represented 88% of the value of Honduran exports in the 1925-1939 period but declined to 70% of the total value of exports by 1950 and to 45% by 1960. Volk, "Honduras: On the Border of War," p. 10.

41. Mario Posas, "Honduras At the Crossroads," p.47.

42. Ibid.

43. Coffee in Honduras was grown by small and medium producers. In contrast modernized cattle ranches and the new cotton plantations were large commercial enterprises which required the expansion of land holdings.


45. Ibid., p. 40.

46. Ibid.

47. Ibid.

48. Between 1967 and 1975 beef production increased by 37%. Sugar exports increased from 30,100 metric tons in 1965 to a more substantial 85,100 metric tons in 1976. Ibid., p. 36.

50. According to Ruhl (op cit., p. 64) the reform agrarian program would have aided 20% of the number of landless but this figure could be as high as 27% or as low as 17% depending on how landless is defined. The figure of 22% is arrived at by "the addition of 98,033 landless families (landless families minus 10,588 families in the banana sector) and of 57,348 microfinca families with landholdings of under 1.61 hectares, and the division of this sum (155,381) into the total of 34,364 current agrarian reform participants. If families living on marginal farms of up to 3.22 hectares are added to the land poor, the current reform participants represent 17% of the total families suffering from landlessness and land scarcity. On the other hand, if one subtracts the rural families not engaged in agricultural activities from the landless total, the agrarian reform would seem to have aided 27% of the landless agricultural and microfinca families." Ruhl also notes (p.55) that no other Central American land reform program accomplished nearly as much land distribution before 1979. For example, "the Costa Rican land reform involved about 5,528 rural families and the Salvadorean land reform promised for the mid-1970's by the government of Arturo Molina was shelved in the face of landlord opposition."

51. D. F. Alvarez and Mario Posas argue that the reform involved far fewer beneficiaries than originally planned and suggest that the cooperatives were more beneficial to the banana companies than to the peasants. While the banana companies continued to control the marketing they were able to transfer the risks of bad weather to the peasantry. Ruhl, "Agrarian Structure and Political Stability In Honduras," pp. 53-55.

52. Thomas P. Anderson wrote: "A peasant leader recently estimated to me that 80,000 families were entirely without land, despite two decades of lip service to land reform. Although theories to the contrary are often conveniently propounded in the lounge of the Hotel Maya, there is a fierce resentment on the part of the poor toward the rich." See his Politics In Central America:

53. Anthony Winson ("Class Structure and Agrarian Transition in Central America," p. 37) considered the agricultural census of 1960 and noted that, in the exceptional case of Honduras, data on forms of tenancy classified as "simple renting" suggest that about one-sixth of all units were involved in what were essentially pre-capitalist forms of tenure. In other words, the exploitive relations entailed in pre-capitalist rent and the cleavage between peasants and feudalist landlords was clearly a secondary aspect of the overall structure, though not insignificant. In addition he noted, in Honduras where commercial export production outside the enclave has historically been of less importance than in the rest of Central America and where as a consequence agriculture has been most backward, pre-capitalist forms of tenure remained very significant. A large portion of the land in these backward areas was ejidal land. This view is substantiated by James D. Rudolph (ed.) in Honduras: A Country Study. He notes that in the early 1970's over one-half of rural agricultural families in Honduras were either landless peasants or land-poor small farmers working on marginal landholdings of under two hectares. In contrast the top 4 percent of Honduran farms encompassed 55 percent of all land in farms. These inequalities of land tenure were somewhat mitigated in Honduras compared with the land situation in most other Central American countries, because nearly one-half of the small farms were privately owned or communal (ejidal) instead of having been rented on a costly and precarious basis from private landlords.
Nevertheless, land scarcity in Honduras clearly had become an acute problem.


55. Ibid. p. 51.


61. Ibid., pp. 52-53.

62. Ibid., p. 53.

63. Ibid., p. 54.

64. In the cases of Nicaragua, El Salvador and Guatemala the military was controlled, by the rural oligarchy and suppressed the campesinos requests for land. The very weakness of the Honduran oligarchy was responsible for the flexibility of military and civilian authorities and allowed the peasants to organize and place demands for land reform.


66. Ibid., p. 43.

67. The fruit companies were the best target for the strike since they paid approximately one-fifth of all salaries earned in the country and because they employed the highest number of well paid technicians and management. In addition they employed 5% of the economically active population
and if they were forced to recognize the union
other employers would follow suit (Volk, "Honduras:
On the Border of War," p. 10). By May 21st the
strike had spread into other industries in Honduras
and the strikers numbered approximately 30,000.


70. Ibid.

71. Ruhl, "Agrarian Structure and Political Stability
In Honduras," p. 48.

72. In Margin of Life: Population and Poverty in the
estimated that the Standard Fruit Company made a
profit of 1.5 million per year and the average
earnings per family unit was approximately 2,000
per year. The average for a single worker was
1,500 and once housing, hospital and other fringe
benefits are added the real earnings are over
2,000. "The average Honduran worker gets only $400.
In fact, if you eliminate just the banana industry,
the national average drops to $200." (p. 116)

73. Peter Dorner and Rodolfo Quiros, "Institutional
Dualism in Central America's Agricultural
Development," Journal of Latin American Studies,

74. Ruhl, "Agrarian Structure and Political Stability
In Honduras," p. 49.

75. Ibid.
References: Chapter Five


2. Ibid.


4. In Nicaragua's post-war economy there is evidence of increased irrigated rice cultivation. Though most sources do not emphasize the increase in rice cultivation and its inherent problems, Jaime Biderman (op. cit.) suggests that higher land and labor productivity in the post World War II period were limited to cotton and irrigated rice. Like cotton, irrigated rice was dominated by large producers who were given state incentives to produce the crop.


6. Ibid.

7. Ibid.


10. Ibid.


15. Ibid., p. 75.

16. Ibid., p. 120.


22. Ibid.

23. Jeffery M. Paige, "Social Theory and Peasant Revolution in Vietnam and Guatemala," Theory and Society, 12 (1983), pp. 699-737. In this article Paige finds that the cotton expansion in Guatemala resulted in the migratory labor estate system becoming widespread. Like Nicaragua the area where migratory laborers returned to live after working during the harvest season was the area where revolutionary activity became predominant. In the case of Guatemala the Pacific Coastal region was dominated by cotton production and required temporary migratory laborers. These laborers returned to the Central Highlands where there was primitive agricultural technology and acute overpopulation.

24. Ibid.

26. Winson, "Class Structure and Agrarian Transition in Central America", p. 44.

27. Ibid.

28. Ibid.
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