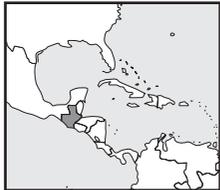


## Rich country, poor people



The relentless food crisis affecting the country, with 121 of 333 municipalities beset by famine, indicates that the current feudal system of agricultural production urgently needs to be changed. Putting an end to the displacement of the farming communities and allowing them to own their land would not only make landholding fairer but also enable a return to food self-sufficiency. The promised Comprehensive Agrarian Reform must be implemented without delay.

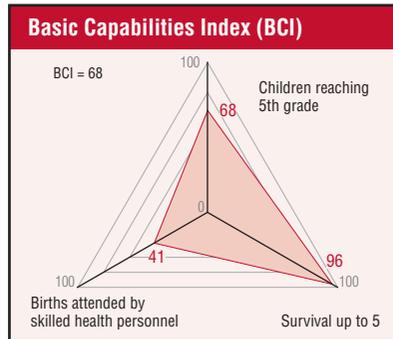
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Less than 2% of the farmers in Guatemala own almost 57% of the productive land. Of the 18,937 km<sup>2</sup> suitable for the cultivation of maize, 7,235 km<sup>2</sup> are owned by large private farms that underutilize the land, much of which is covered by scrubland, shrubs and cultivated and natural grasses. This situation, added to the policies of structural adjustment and trade liberalization of the 1980s, has meant that the country has gone from being self-sufficient in food to importing 70% of the food it needs.

### Structural inequality in farming and food insecurity

Prior to 2007, state action designed to meet Millennium Development Goal (MDG) 1<sup>st</sup> target (the eradication of extreme poverty and hunger) was showing modest progress. However, the achievement of this objective is in serious doubt in view of the current food crisis. The World Food Programme estimates that poverty and extreme poverty affect more than half of the population. Approximately 6 million, out of a total population of 13 million, have fallen below the poverty line. Between 2007 and 2008, the United Nations Development Programme (UNDP) estimated that 700,000 more people were pushed into poverty. Of the 1.3 million poor households in rural areas, 51% lack land or own less than one hectare.

The minimum wage is the equivalent of USD 6.50 per day. However, the National Coordinator of Peasant Organizations calculates that a peasant in the countryside actually receives USD 3–5 for an 8–10 hour working day, depending on the locality and the crop. Poverty is mainly concentrated among the indigenous peasant population. The 2006 National Survey of Living Conditions (ENCOVI) indicated that the tendency for general poverty (living on less than USD 2 a day) to be twice as high for the indigenous population has become consolidated;<sup>1</sup> moreover, extreme poverty (living on less than USD 1 a day) was three times higher than it is for the non-indigenous population. During the first half of 2008,

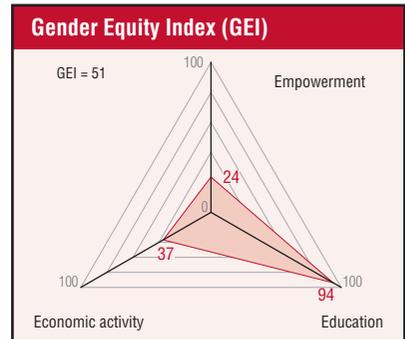


the prices of the goods that make up the basic food basket have risen steeply, which has forced the poor to reduce consumption. This situation is also affecting the middle class.

### Dismantling the system of production

Until the 1970s the public farming system provided extension services, credit, land allocation, research and technological information for peasants and small producers, with programmes and promotion projects for basic grain cultivation, forest protection and cattle raising. This, combined with the non-importation of foodstuffs, ensured that the country could continue to produce its own food. However, structural adjustments had brought about the closure of all extension services by the beginning of the 21st century, dismantling the public farm system, which went from 18,000 workers to 1,200.

Simultaneously the management of the storage of basic grains in the country's silos was granted to private enterprises, depriving the country of food reserves in the case of catastrophes or shortages. Since the State also ceased to intervene in the grain trade, the borders were opened to grains produced in the north of the continent at subsidized prices, thereby suppressing the national system of production. One of the most disturbing results is that 49% of children suffer from chronic malnutrition and 24% of the population is undernourished, which is detrimental in terms of virtually all indicators of individual physiological development.



### The importance of maize

In the high plateau area (where 90% of the indigenous population lives and which is the poorest part of the country), 100% of the population consumes maize as part of the daily diet,<sup>2</sup> averaging 310 grams per capita (a total of 110 kilograms per year). National consumption is almost 3 million metric tons, giving rise to a deficit of about 1.5 million metric tons that is covered by purchases on the international market, mainly the United States, of more than USD 73 million for 2002.

There were massive price increases internationally between January 2006 and January 2009 of 62% for yellow maize, 70% for rice and 39% for wheat flour. Although these prices on the world market came down in 2007 and 2008, they are still in force in Guatemala (except for rice, which returned to the 2006 level).

### New threats to the rural population

Since the reform of the mining law of 1996, carried out at the behest of the World Bank, this industry has grown. Seventeen of the country's departments are the object of exploration and/or extraction. Tourism also threatens peasant and indigenous land ownership in the north and south of the country. Urbanization and the building of commercial centres reduce farmland, displacing inhabitants and weakening productive capacity especially with regard to food. The extensive rearing of cattle wears out productive land and produces large-scale deforestation, and peasants and indigenous inhabitants are expelled

<sup>1</sup> The 2006 ENCOVI defines extreme poverty as the level people find themselves at when they cannot cover the minimum cost of food.

<sup>2</sup> According to the *Popol Vuh* – the sacred book of the Maya – “Of yellow maize and white were made their bodies, of maize dough their arms, and their legs, only maize dough was used to form the flesh of our fathers.”

either by means of “legal procedures” or by armed force. This even happens in the so-called protected areas (for the protection and maintenance of biological diversity and natural resources) in connivance with bureaucrats.

The installation and expansion of large-scale agricultural monocultures – such as sugar cane, African palm and pine kernels – aimed at the export market also means the expulsion of the peasant population. The land surface sown with sugar cane was 6% of the total in 1995 and 11% in 2007. The annual growth of the area dedicated to growing cane was 3.6% between 1990 and 2005 but 17.7% between 2005 and 2007. The *Gremial de Aceites* [Oil Chamber of Commerce] estimates that by 2012, 150 thousand hectares will have been planted, with an investment in land purchases amounting to USD 32.5 million. The amount of land involved might easily exceed these estimates. Turning more land over to exports devastates vast areas that were producing foodstuffs and causes the removal of hundreds of peasant families, since these farms do not generate mass employment. Destruction of the cultural patterns of the displaced population causes not only economic poverty but also social, cultural and spiritual poverty, as well as despair and violence.

The growing drug trade is another threat. This is sometimes related to lack of livelihood options following extensive cattle-raising which relies on the protection of the State in order to expel peasants and exploit their lands. Peasant families are defenceless in the face of the purchasing power of the drug trade and the owners of large single-crop estates.

### The State's response

The policies and actions proposed by the Government within the framework of its Emergency Programme for Economic Recovery includes a counter-cyclical fiscal policy, a policy of social protection and other sectoral policies (rural development, programmes for broader competitive agriculture, agricultural development and food assistance, sustainability of natural resources and the strengthening of land leasing).

Macroeconomic stability is to be maintained, whatever the cost. This implies, among other policies, high international reserves, low salaries and the attraction of industries by means of the elimination of taxes. The fundamental paradigm for the State and the ruling classes is the enlargement of the area of free trade agreements, two of which are considered to be of prime importance: the Free Trade Agreement with North America, which has been in force for three years; and the Economic Partnership Agreement with the European Union, which is being negotiated. Neither of these systems proposes benefits for the small producer.

One of the Government measures to tackle the crisis was to increase zero tariff import quotas for products such as yellow maize, wheat flour and common rice. However, one group of importers, the Buena Group, obtained 82% of the import quotas. This did not lead to lower prices and in practice constituted a subsidy for this company since it did not transfer the reduction in duties to consumers. Furthermore, there is 20% direct taxation and 80% indirect taxation. The Government's promise to initiate a process of fiscal reform in order to change the current model is not being kept. The planned reform, within the context of the present crisis, has been reduced to making improvements in the macroeconomic cycle and providing aid programmes for people suffering extreme poverty.

As regards farming, there are programmes to assist in the leasing of land, but not for access to ownership or farming credit for peasants. The new Government has increased the number of forcible evictions of peasants (50 by 31 March 2009). This has generated instability and discontent in the indigenous and peasant organizations, which had looked forward to the approval and implementation of the promised Agrarian Policy for Rural Development. Community leadership is being taken over by the Government and multinational mining companies, which are generating their own parallel social movements based on patronage and on financing questionable representatives of the social base. The

substitution of traditional leadership by financed leadership has led to confrontations between peasant movements. The criminalization and persecution of peasant leaders, who are fighting for access to land in order to produce food, has also occurred.

### Social alternatives

According to the Political Constitution of the Republic of Guatemala, “private property is an inherent human right”. In other words, all Guatemalans have the right to be owners of property. To this end “in specific cases property can be expropriated for reasons of collective use, social benefit or duly proven public interest”. Malnutrition, poverty, extreme poverty, unemployment and now the intensification of the recurrent food crisis all have their origin in the inability of the population to provide themselves with the necessary means of livelihood, since they lack the assets required for that purpose, especially land. This is a clear case of “collective use” and “proven public interest”; in other words, the situation is covered by the Constitution.

Opening up agriculture can ameliorate the current situation and offer a path to development; it is therefore necessary to destroy the feudal system of production. The equitable distribution of land is a practical way to foster rural employment and increase farm productivity while also contributing to the growth of the economy, the capacity to save and the provision of food. Agrarian reform cannot be put off. It is a means to social peace and governance and will put an end to the conflicts rooted in the usurpation of peasant and indigenous land. It will also prevent the destruction of forests and encourage the emergence of sectors with the capacity to produce and invest. Future generations will have more and better means of self-fulfilment and the capacity to consume will increase, which in turn will invigorate the chain of production.<sup>3</sup> ■

3 Data and analyses from the Coordination between NGOs and Cooperatives of Guatemala, via its two analysis institutes: the Studies for Democracy Institute, which is being established, and the Institute for Agricultural Studies and Rural Development, Guatemala, 2009.