

Petro-Socialism and Agrarianism:
Agrarian Reform, Food, and Oil in Chavista Venezuela

by

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Abstract

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This dissertation examines the policy and socio-economic dynamics of the Venezuelan agrarian reform in the Chavista era. As a self-proclaimed socialist state, the Chavista government has framed its agrarian policies as a reordering of the food system that prioritized land redistribution, smallholder agriculture, and sustainable forms of production. The agrarian reform purported to place peasant farmers at the core of a new agricultural regime that would build national food sovereignty. Yet despite increased state support for smallholders, aggressive pro-peasant rhetoric, popular support for the Chavista party in rural areas, and oil wealth to fund agriculture development, rural dynamics have been characterized by conflict over land and a geographically and temporally uneven process of policy development in the countryside.

This dissertation argues that the land reform program in Venezuela has plateaued as a redistributive process and has to come to serve as primarily social rather than productive policy in rural areas. In this study I seek to analyze the determining factors that have impacted and restricted the agrarian reform process and produced this limited outcome.

To understand the limits of the agrarian reform I argue that it is necessary to examine policy processes within an analysis of the broader political economy of Venezuela as an oil state with a mixed economy. I also posit that analyses of agrarian dynamics that focus on peasant-state relationships without addressing the commercial agriculture sector have omitted a critical dimension of the agro-food system. I therefore take a multi-sectoral approach to agro-food policy that draws these understudied components of agrarian Venezuela—petro-state dynamics and

the commercial agriculture sector—into an analysis anchored on peasant-state policy relationships.

Through this multi-sectoral approach I argue that the complex and often contradictory objectives of state policy in the agrarian realm are illustrative of macro-level, petro-state constraints on progressive reform more broadly, as well as tensions between political and economic development objectives of state policy. I show how oil dynamics create political economic challenges to structural change and feed into the construction of particular state ‘needs’ for agriculture, food production and agrarian reform. These dynamics help to explain the apparent contradiction of why much of state agricultural policy in Venezuela contributes to maintaining the viability and local economic position of large farmers even as government discourse continues to highlight the state’s promotion of agrarian reform and smallholder production.

I propose the term ‘petro-socialism’ to refer to the political economy emerging from the amalgam of oil state dynamics and the anti-neoliberal/socialist framing of the government’s policies. The concept of petro-socialism connotes that the shape of state reforms in the Chavista period were inherently constrained and often contradictory in nature.

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List of Abbreviations

AD	Democratic Action
BANDES	Bank of Economic and Social Development
BANFOANDES	Andes Regional Promotion Bank
BAV	Venezuelan Agrarian Bank
BCV	Central Bank of Venezuela
BsF	bolívar (currency)
CASA	Corporation for Agricultural Service and Supply
CIARA	Training and Innovation Foundation for Rural Development
CLPP	Local Public Planning Council
CRAS	Socialist Regional Agricultural Command
CVA	Venezuelan Agrarian Corporation
CVAL	Venezuelan Food Corporation
CVF	Venezuelan Public Works Corporation
EPS	Social Production Company
FONDAFA	Development Fund for Agriculture, Fishing, Forestry and Related Activities
FONDAS	Development Fund for Socialist Agriculture
FONDEMI	Microfinance Development Fund
FONDEN	National Development Fund
FZ	<i>Fundo Zamorano</i>
IALA	Agroecological Institute of Latin America
IAN	National Agrarian Institute
INCE	Institute for Educational Cooperation
INCES	National Institute of Qualifications and Socialist Education
INDER	Rural Development Institute
INIA	National Institute of Agricultural Research
INPROFEC	Institute for the Promotion and Strengthening of the Communal Economy of Portuguesa

INSAI	National Institute of Integral Agricultural Health
INSOPESCA	Socialist Institute for Fishing and Aquaculture
INTI	National Land Institute
LTDA	Land and Agrarian Development Law (Land Law)
MINEC	Ministry of Popular Power for the Communal Economy
MINEP	Ministry of Popular Economy
MINPPAL	Ministry of Popular Power for Food
MPPAT	Ministry of Popular Power for Agriculture and Land
MST	Landless Worker Movement
NUDE	Zone of Endogenous Development
NUDES	Zone of Socialist Development
OPEC	Organization of Petroleum Exporting Countries
PA	PDVSA Agrícola
PAS	Socialist Agrarian Pole
PDVAL	Venezuelan Food Producer and Distributor
PDVSA	Petróleos de Venezuela
PSUV	United Socialist Party of Venezuela
SARAO	Self-Organized Rural Association
SUDEBAN	Superintendent of the Banking Sector of Venezuela
SUNACOOP	National Superintendent of Cooperatives
SUNDDE	National Superintendent for the Defense of Social Economic Rights
UPS	Unit of Social Production <i>or</i> Unit of Socialist Production

Chapter 1:

Understanding Venezuela's Agrarian Reform: A Multi-Sectoral Approach

The rise and proliferation of food sovereignty movements in the global South has reasserted the centrality of questions of peasant production and land access into the realm of rural development. It has also problematized the pro-corporate, industrial and technology-focused nature of the globalized food system. The social movements emanating from rural areas call for a paradigm shift that pulls food production out of a technocratic and productionist framework focused on supplying export markets. Rural social movements, rather, seek to reshape agro-food systems to support smallholder farmers and democratize the decision-making structures determining what agriculture produces, under what conditions, and whom is empowered or marginalized within rural ambits.

In many states across the global South, economic crisis and the concurrent rise of neoliberal-policy dominance in the late 20th century dismantled much of the state policy apparatus that supported domestic agriculture. Development policies pushed by neoliberal-oriented institutions promoted the elimination of much of state subsidy networks for domestic agricultural production in favor of conditions promoting the interests of international capital in the farming sector. These policies accelerated agriculture's transformation towards export-oriented commodity production for international markets. This context further marginalized an already squeezed peasantry.

Venezuela represents a contemporary case where a global South state has framed its policies as an explicit effort to counter neo-liberal development ideology and has staked out a strong interventionist role in economic and social policy. The Chavista government has declared—and has continuously reasserted—its aim is to build 21st century socialism in Venezuela by reordering political, economic and social structures to promote poverty reduction, participatory rather than representative democracy, and national development built on a 'social' economy that privileges government support for cooperatives and worker-state co-management of enterprises. These new structures were to be funded by reasserting control over the nation's petroleum reserves and by redistributing oil wealth towards services for Venezuela's marginalized populations.

Central to the government's agricultural policies was a land reform program that purported to place smallholders at the core of a new agrarian regime that would be—in words of officials—"tropical, sustainable, agro-ecological, and

socialist,” and that would guarantee national food sovereignty (government employee, interview, 18 July 2011). The reform promised a redistribution of state-owned land, as well as—in what president Hugo Chávez declared as a “war on the *latifundio*”—estates from large landowners to the landless. Yet, a central problematic has emerged. Despite the agrarian reform law, new, aggressive pro-peasant state rhetoric, popular support for the Chavista party in rural areas, and oil wealth to fund agriculture development, rural dynamics have been characterized by conflict over land and a geographically and temporally uneven process of policy development in the countryside.

The Venezuelan government’s stated objectives of reversing neoliberal policy frameworks and of implementing a redistributive agrarian reform program as a central component of creating national food sovereignty, makes it a compelling case for interrogating contemporary prospects for land reform and peasant production systems—and by extension food sovereignty—in the global South. That the Chavista government has proclaimed itself as socialist, yet has also advanced a mixed economy model, raises issues around how to understand the nature of the Venezuelan state and its social economic program. Furthermore, Venezuela’s position as a petro-state brings up questions about how political economic dynamics emerging from oil-export dependency impact what mobility is possible in policy formation for South states with extractive economies.

I argue in this thesis that the agrarian reform in Venezuela has plateaued as a redistributive process. The government has initiated a number of policies in the Chavista years that supported peasant farming including land redistribution, subsidized credit and agro-inputs, training and extension services, and the promotion of agroecology. Yet despite these apparent advances for the peasant sector, when viewed as whole agricultural policy has evolved to take an increasingly productionist focus, where state-led large-scale agriculture projects, petro-chemical based production systems, and policies that reinforce the position of commercial producers are more central to the state’s strategy to ensure national food supplies. In this context, although programs that support the peasantry are still present—including a measure of land redistribution—they are relatively diminished and have moved to the periphery of agricultural policy.

This thesis seeks to explain the processes that contributed to this stagnation of the agrarian reform process. To unpack these dynamics I argue that it is necessary to analyze the reform as part of Venezuela’s broader petro-state political economy. Given this context, the central guiding questions for this thesis are:

How does the evolution of the agrarian reform reflect more generally pressures and constraints on the Venezuelan state’s processes of policy formation and implementation? Given the country’s status as an oil exporter and its mixed economy model, what are the determining factors impacting agrarian reform policy in Venezuela?

I posit that only examining the peasantry vis á vis the state is analytically limited and fails to capture the complexity of structures that have strong determining effects on policy formation and implementation in the agrarian reform sector. A number of studies have examined state-peasant relationships in Chavista Venezuela—including some of my own previous work—(Enríquez, 2013; Lavelle, 2014; Page, 2008, 2010), yet scant attention has been paid to how petro-state dynamics constrain and condition policy-making. In addition, these studies have omitted analysis of commercial agriculture’s role in the broader agro-food system, its relationships to the state and the peasantry, and how these dimensions impact policy in the reform sector.

This thesis draws these understudied components of agrarian Venezuela—petro-state dynamics and the commercial agriculture sector—into an analysis anchored on peasant-state policy relationships. It examines the complex and often contradictory objectives of state policy in the agrarian realm, and the constraints on the state that condition the possibilities and limits of restructuring socio-economic relationships in the Venezuelan countryside. This analysis posits that agricultural policy dynamics are illustrative of macro-level petro-state constraints on progressive reform, as well as tensions between political and economic development objectives of state policy.

Given these above points, a broad, multi-sectoral approach is critical to understanding dynamics in the agrarian reform sector. Figure 1 illustrates the analytical framework of this thesis. While this research is multi-sectoral by design, engagement with dynamics between sectors is focused on the study’s primary focus, the peasantry. Integrating analysis of the state, peasantry and commercial agriculture sectors creates a framework of a ‘policy triangle’ that examines dynamics between these three spheres to better understand policy formation and implementation in the agro-food system more broadly, and the position of—and prospects for—the peasantry within the agrarian reform process.

This multi-sectoral analysis helps to expand the theoretical reach of this study. As more and more countries in the global South pursue extractive industries—especially oil and gas—it becomes imperative to understand the potential dynamics of extractive-led development and its impacts on rural livelihoods. By analyzing agrarian policy as part of broader oil-state dynamics this study informs how land and food system reforms face particular constraints in countries with significant extractive industries. Examining how petro-state dynamics shape and limit government priorities and policies also allows this study to avoid analyzing the state through the reductive and normative lenses common in the literature that characterize the Venezuelan government and its policies as either socialist or neo-populist. While the political character of the state is relevant, this thesis takes the position that understanding policy processes necessitates a serious analysis of the structures of Venezuela’s oil-state political economy.

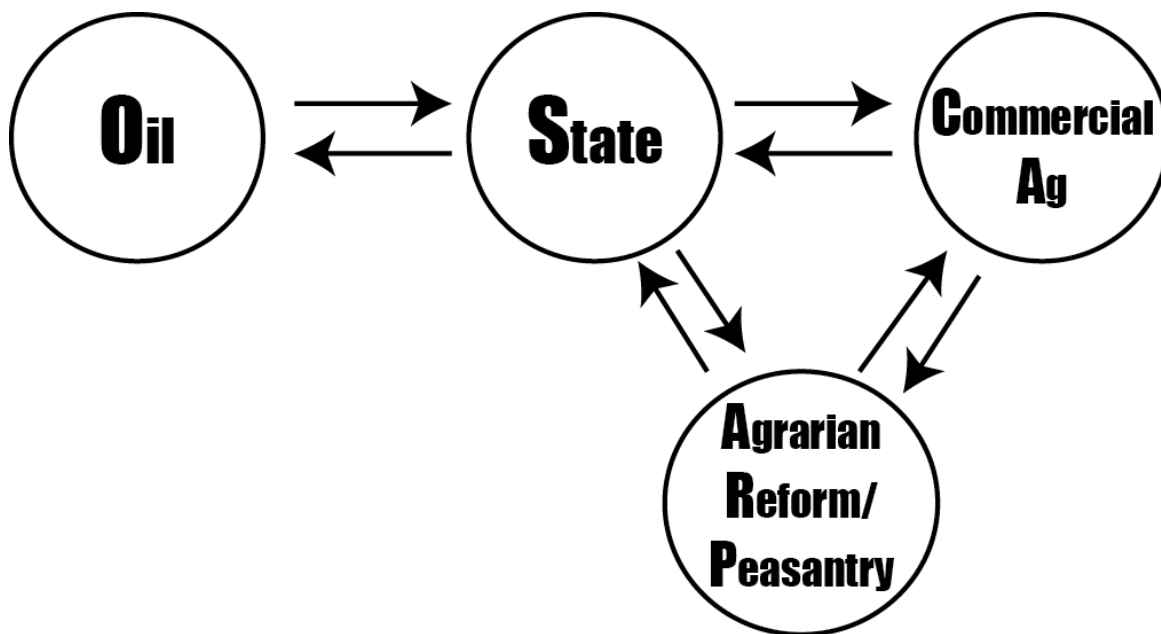


Figure 1: Political economy of agrarian reform in Venezuela. Arrows represent relationships or dynamics between different sectors in Venezuela.

As food sovereignty movements bring pressure to bear on governments to support peasant agricultural systems and communities, this approach addresses additional questions that emerge around the role of the peasantry and its relationships to the commercial agriculture sector in broader agro-food systems. Can peasant agriculture play a more central role in a national food system in contexts where commercial agriculture holds a dominant economic position, captures the majority of policy support, or is linked to international capital and export commodity production? Are there dangers that potential and actual successes of food sovereignty movements become siloed off from the center of the food system and operate primarily as social policy mitigating rural unrest on the periphery of agricultural policy?

This thesis asserts that a multi-sectoral analysis is necessary to address these interrelated questions. Within this analysis, state policy is recognized as having a dual function. It serves to both legitimate the state to different sectors of society depending on the context—for example, rural or urban residents, or international or domestic capital—and also provides for capital accumulation for the government or other sectors. This dualistic view of policy reveals a central tension within Venezuela between the government’s framing itself as a pro-poor, socialist state, and the broader political economy and production imperatives conditioned by the country’s position as a petro-state with a mixed economy. The playing out of this

tension between these two policy dimensions of legitimation and capital accumulation is evident in the agrarian reform throughout the Chavista period.

Chapter Organization

As the Venezuelan state explicitly frames its land reform and broader agricultural policy as a project building food sovereignty, Chapter 2 discusses contemporary theoretical debates around food sovereignty and agrarian reform. In particular, the chapter outlines salient questions around the role of the state in the construction of the ideological framing of food sovereignty and policies in the agro-food sector. Venezuela's largely state-led food sovereignty project raises questions on the nature of peasant participation in decision-making structures, and forms of farmer autonomy that are either created or constrained by policy, are particularly relevant to this study. Given food sovereignty's call for redistributive land reform, the chapter examines historical agrarian reform processes—primarily in Latin America—in the 20th century, as well as new debates around the role of land reform and challenges to its implementation in the context of the 21st century.

Chapter 3 explores petro-state dynamics in regards to socioeconomic development and policymaking, especially in regards to agrarian development. This chapter examines how oil dynamics create historical conditions that persist as challenges to structural change and feed into the construction of particular state policy 'needs' for agriculture, food production and agrarian reform. The chapter explores the evolution of Venezuela as an oil state in relation to agricultural development as part of exploring constraints oil development brings to state policy, both in the agrarian realm and more broadly. I propose the term 'petro-socialism' to refer to the policy dynamics emerging from the amalgam of the political economy of an oil state and the anti-neoliberal/socialist framing of the government's policies. The concept of petro-socialism connotes that the shape of state reforms in the Chavista period were inherently constrained and often contradictory in nature.

These petro-socialist dynamics have conditioned the possibilities for policy formation and implementation in Venezuela. Chapter 4 examines the evolution of agro-food policy through four distinct phases in the Chavista period. It connects developments in agro-food policy to the state's broader political and socio-economic goals framed by the government as the creation of 21st century socialism. The shape and goals—stated and unstated—of agro-food policy are reflective of shifting policy orientations at the national level.

These policy shifts impact the relationships between the state, the commercial agriculture sector and the peasantry. Chapter 5 examines the position of commercial agriculture in Chavista Venezuela. It argues that although relationships between the state and the commercial sector are often categorized as necessarily conflictive due to the government's anti-elite, pro-peasant discourse, many state policies support commercial growers and effectively shield them from land redistribution.

In the agrarian reform sector, chapter 6 analyzes peasant-state dynamics within the context of the land reform. It examines the land redistribution process and conflicts between the peasantry and the state institutions charged with implementing reform, including agencies tasked with providing credit, technical training, and marketing assistance to the smallholder sector. In particular, I examine land conflicts, the state's promotion of agroecology in the smallholder sector, impacts of government production plans on peasant producers, and new state-led participatory forms of organization in rural areas.

Research Approach

Fieldwork for this study was carried out primarily over three month periods in 2005, 2011 and 2012. Due to the variety of agrarian dynamics in Venezuela it was necessary to examine multiple areas that varied in ecological and socioeconomic dimensions. Fieldwork was concentrated in three agricultural states in Venezuela: Portuguesa, Mérida and Yaracuy, with some additional research activities taking place in Caracas.

Portuguesa

Portuguesa's characteristics made it an apt locale for studying dynamics between the commercial sector, the state, and the peasantry. The state served as the primary case study for the analysis of the commercial agriculture sector. Portuguesa is a large cereal and oilseeds producer, has a significant commercial grower presence, and serves as a nationally important agro-industrial center. Many growers in the commercial sector are vertically integrated into agro-industrial processing networks and several grower associations are located in the state. The presence of a major East-West highway in the state connects many of Portuguesa's growers to major domestic markets in Caracas, Valencia and Barquisimeto.

Portuguesa's peasant sector has a significant presence in coffee production in the state's highland areas. There are also a number of agrarian reform settlements, government-supported cooperatives, and state and co-managed agriculture enterprises located in the area.

Within Portuguesa field sites were located in three municipalities with distinct agricultural profiles: the Araure-Acarigua area—the agro-industrial center of the state and a cereal producing area, Ospino—a municipality with both commercial cereal as well as smallholder coffee and food crop production, and Guanarito—an area on the state's agrarian periphery and whose primary agricultural enterprises were extensive cattle production. Semi-structured interviews with commercial growers took place primarily in Acarigua, with government officials in Acarigua and Ospino, and with peasant producers in Ospino and Guanarito.

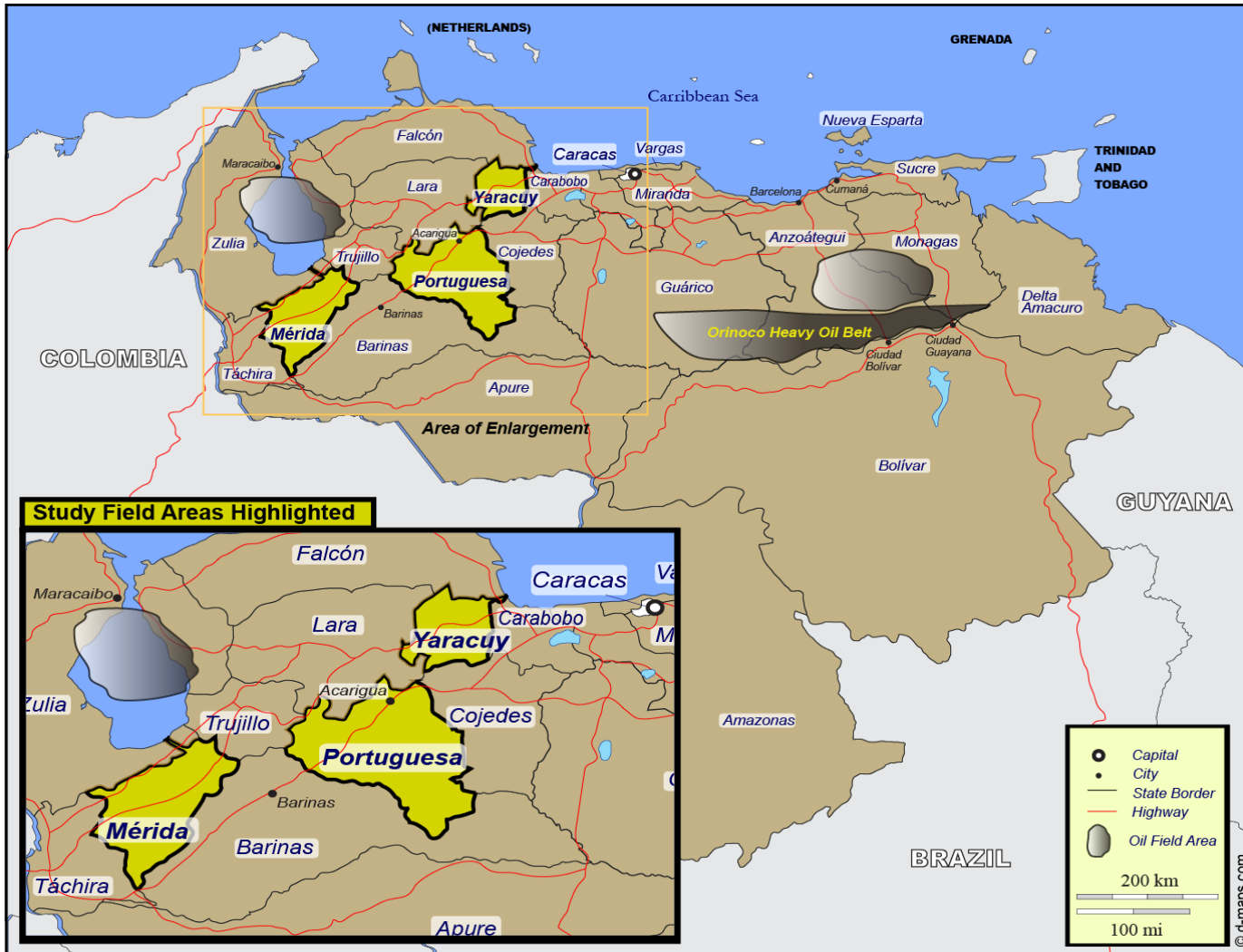


Figure 2: Map of Venezuela and research field areas.

Mérida

Mérida is an agricultural state and an important producer of garlic, potato, carrot, lettuce and other vegetable crops. There are also a number of regions in the state with small-scale coffee production. Field sites in Mérida were located primarily in the lowlands near Lake Maracaibo's southern shore (the *Sur de Lago* region) and in coffee-producing communities in the nearby slopes of the Andean foothills. Peasant interviewees in the lowlands farmed cooperatively on farms (*fundos*) recovered and redistributed by the government through the agrarian reform. Many were organized into *Fundos Zamoranos*, a type of showcase of agrarian reform settlements in the Chavista era that were models of the government's socialist agrarian development plan. *Fundos Zamoranos* were established to create diverse production cooperatives that were to link to local communities and other cooperatives, and form the base of the development of a social economy in rural areas. As such the *Fundos Zamoranos* were the focus of much of state aid in the agrarian reform sector at points of the reform process. Peasant interviewees in the foothill areas were primarily independent, small-scale producers of coffee and subsistence crops. These field sites were chosen in part to allow for comparison of policy dynamics encountered by peasants organized into government-supported cooperative structures through the agrarian reform and those that farmed individually.

Yaracuy

Field sites in Yaracuy were located in the state's narrow and fertile central valley. At the onset of the Chavista period, much of the land in the valley was held by commercial sugar estates. Yaracuy had seen conflict over land between sugar estate owners and landless peasants since the 1980s. Due in part to this history of conflict Yaracuy has a relatively well-developed and organized local peasant movement. Many historical land struggles reemerged in the Chavista era. As with the state of Portuguesa, the valley area is located along a major East-West transportation artery that connects the region to national marketing and distribution networks and places it at the center—rather than the periphery—of national agro-food networks. Yaracuy provided a comparative case of land conflict and policy dynamics in an agricultural area that was distinct from the other cases in its dominant commercial cropping system—sugarcane instead of cereals and oilseeds or cattle ranching—and its history of land conflict. Interviews with smallholders were performed primarily with peasants in agrarian reform settlements.

During fieldwork periods in Venezuela I engaged in participant observation and performed both informal and in-depth, semi-structured qualitative interviews. I performed interviews with government officials, peasant farmers, political activists, commercial growers, and representatives of grower associations. I also observed grower association meetings, regional meetings of coffee producers, state-level internal Ministry of Agriculture meetings, internal meetings on agrarian

reform cooperatives and assemblies and events on land reform settlements involving state agrarian officials and farmers. Interviews with peasants organized into collective structures on agrarian reform settlements, as well as with independent producers, provided for examination of potential variability of policy dynamics within subsectors of the peasantry. Interviews with government officials included representatives of agricultural institutions both at the state level and at central offices in Caracas. The petro-state component of this research was based primarily on a literature review and on industry reports on Venezuela's oil sector from the Venezuela government and independent sources.

Chapter 2:

Food Sovereignty and Agrarian Reform

The land reform program and the attendant policies supporting peasant agriculture in the Chavista era have been described by the Venezuelan state as a transformation of social and economic relations in the countryside that places the peasantry at the center of the country's future domestic food production. The agrarian reform has also been sold by the government as part and parcel of an explicit project of building national food sovereignty in Venezuela. The breaking of *latifundia* (large landowner) power in rural areas, the redistribution of land to smallholders, the prioritizing of credit delivery and other resources to the peasant sector, and the promotion of agroecology as the preferred model of agricultural production, have been framed as an agrarian revolution that will diminish Venezuela's economic dependence on the oil sector and reduce the need for food imports to feed the population. The Chavista government's role as the primary promoter, both discursively and through the formation of agro-food policy, makes Venezuela a salient case for examining issues of food sovereignty, especially in regards to relations between rural social movements and the state, and the role of redistributive land reform in agrarian change. This chapter examines theoretical debates around food sovereignty and agrarian reform to order to place the Venezuelan case in conversation with the literature on food sovereignty and land reform. In particular, it examines questions of relationships between the state and the peasantry, agrarian reform in the broader political economy of countries, and the implications for the creation of a more smallholder-friendly agrarian system.

The Enemy is the Model: Food Sovereignty and Agrarian Change

Food sovereignty articulates an evolving rights-based ideology that seeks to promote an alternative paradigm of agricultural development, production, and trade where peasants form the basis of both national food self-sufficiency and a challenge to the current neoliberal global food regime. There is no singular definition for what food sovereignty means or what it looks like in terms of a policy package (Patel, 2009; Windfuhr & Jonsén, 2005). First coined by the peasant organization Via Campesina in 1996 as "the right of each nation to maintain and develop its own capacity to produce the staple foods of its peoples, respecting productive and cultural diversity" (Via Campesina 1996 in Menezes, 2001), the concept of food sovereignty has evolved to make strong claims on trade policy, food as culture, and the need for ecologically sustainable production systems that privilege peasant over corporate-controlled agriculture. In the words of Via Campesina:

Food sovereignty is the right of peoples to healthy and culturally appropriate food produced through ecologically sound and sustainable methods, and their right to define their own food and agriculture systems. . . It offers a strategy to resist and dismantle the current corporate trade and food regime, and directions for food, farming, pastoral and fisheries systems determined by local producers. Food sovereignty prioritizes local and national economies and markets and empowers peasant and family farmer-driven agriculture, artisanal - fishing, pastoralist-led grazing, and food production, distribution and consumption based on environmental, social and economic sustainability. (Via Campesina, 2007)

Food sovereignty emphasizes not just a right *to* food, but also a right of farmers to produce food locally and to do so in culturally relevant terms. Social movements and theorists have employed the concept of food sovereignty in attempts to articulate a model of agriculture production, policy and trade that directly challenges the dominant modes of globalized agriculture. Again, food sovereignty is an evolving concept that can be conceptualized differently by various actors. However, most formulations retain common elements that emphasize:

- redistributive agrarian reform,
- 'localization': production of food stuffs by smallholder farmers aimed at supplying domestic markets,
- democratic control of agriculture policy,
- equitable and non-oppressive social relations,
- the exemption of the agricultural sector from trade agreements,
- the cessation of the 'dumping' of subsidized crops in South nations,
- a sustainable production model based on agroecological farming techniques.

(see Altieri, 2009; Andrée, Ayres, Bosia, & Mássicotte, 2014; Claeys, 2013; Isakson, 2009; Patel, 2009; Rosset, 2006a; Via Campesina, 2007; Windfuhr & Jonsén, 2005)

Food sovereignty's focus on trade and redistributive land reform contrasts with a food security framework often employed by international institutions, such as the Food and Agriculture Organization (FAO), concerned with hunger and poverty in the global South. Food security advocates often call for targeted investment in agriculture, including the peasant sector, to raise production, increase food supplies and nutrition-rich crop availability, and counteract rising prices (De Schutter, 2010; FAO, 2012, 2013; Gates Foundation, 2013). In addition, global and borderless food markets are seen as key to feeding the poor. Food security is not monolithic, and while some as the Gates Foundation via the Alliance for a Green Revolution in Africa have argued for an extension of green revolution technologies in Africa to boost production, others have pointed to agroecology as way to raise peasant production and address sustainability concerns (De Schutter, 2010).

Conspicuously absent from food security frameworks, however, is any serious attention to trade policy or redistributive agrarian reform¹ that address structural inequalities in the food system. Food security frameworks often seek to bring technological fixes to the peasant sector to facilitate small producers' ability to compete in broader markets while leaving unaltered uneven trade and power structures that hurt small farmers. Food security does little to question the dominant model of capital-intensive agriculture that, within a context of globalized neoliberal trade policy, weakens the position of peasant farmers, foments rural poverty and out-migration, contributes to environmental degradation, and drives further displacement of peasant agriculture in favor of large-scale, industrial farms.

While food security and food sovereignty are not theoretically incompatible, as both call for increased resources for agriculture and sustainable production, food sovereignty goes deeper to pull agricultural policy out of a technocratic, economic policy-poverty framework. The emphasis on trade within food sovereignty ideology recognizes land redistribution in isolation does not address the livelihood crises in the rural sector fomented by a globalized food system increasingly dominated by transnational capital.

Food sovereignty movements' demands for democratic and non-oppressive social and power relationships denote an understanding that while liberalized trade and a diminished state role in the direct management of agriculture were central components of neoliberal structural adjustment, reclaiming roles for the state in economic planning does not in itself address the underlying logic of technocratic, top-down policy formation. If we understand neoliberal globalization as not isolated economic policies but as a larger ideological project that is inherently exclusionary, undemocratic, and conflictive (Harvey, 2005; Margheritis & Pereira, 2007, p. 42) then it is clear that alternatives to neoliberalism require more than bringing the state back into the economic arena. Agrarian movements—and some national governments such as Venezuela—have increasingly used food sovereignty as a call for a new model of agriculture that is expressed as explicitly anti-neoliberal. As the MST has articulated, “the enemy is the model” (Rosset, 2006b) and food sovereignty rhetoric places small farmers in the global South as central agents in a local, national and international struggle to upset the status quo of global agriculture.

The Role of the State in Food and Agriculture?

A theoretical question arises concerning the relationship between the state and the farming sector when conceptualizing food sovereignty. In a context of neoliberal restructuring that saw the withdrawal of much state support to national agriculture, along with the passing of the Agreement on Agriculture within the WTO in 1995 that places a degree of supranational control over food systems, food

¹ Indeed, ensuring property rights have been cited as key to raising investment in agriculture (FAO, 2012), which, redistributive agrarian reform potentially challenges.

sovereignty movements are necessarily concerned with the need to “reclaim lost juridical ground” for the state in the food system (McMichael, 2014, p. 938). Emblematic of this general position is the Landless Workers Movement (MST) in Brazil, which adopted a strategy of organizing and activism whose central aims included pushing the state to commit to agrarian reform and redistribute land to the landless through state mechanisms.

The nature of state involvement in advancing the concept food sovereignty must be critically examined. Food sovereignty calls for increased democratic and popular control of the agro-food system, where marginalized actors in the current status quo—small farmers and the urban poor—have a greater say in the shape and function of agriculture and food policy. That the state in the global South has often been aligned with domestic and transnational agribusiness or, at the very least, presides over a policy system that favors large commercial farmers over peasant producers, makes the state an often questionable partner of reformers. Some national governments, including Bolivia and Venezuela, have created policy and legal frameworks under the explicit banner of food sovereignty that purport to shift policy focus to supporting smallholders and sustainable farming. Yet, even in supposed progressive states, what the state means by food sovereignty can differ significantly from conceptions emerging from rural actors. States may link policy to a concept of national sovereignty of food production that prioritizes commercial agriculture and Green Revolution production systems (Cockburn, 2013). Food sovereignty, thus, necessarily encapsulates a struggle for autonomy of small farmers and the peasant sector vis à vis not only transnational capital and agribusiness, but also the state. Adding in the urban poor under the broad conception of food sovereignty complicates further the questions of whom should the food system serve and what democratic governance might look like. The food sovereignty movement has moved past being only rural and farmer focused to one that is now polycentric (Alonso-Fradejas, et al, 2015). There are then, as Schiavoni (2014) argues, ‘multiple sovereignties’ at play within food sovereignty. Nevertheless, peasant calls for land reform remain of core importance in food sovereignty movements.

How this question of relationships of sovereignty within the food system is resolved in different contexts is of central importance to understanding prospects for the peasantry in the global South. Although ‘new’ agrarian movements often have transnational dimensions and bypass direct interaction with the state via alliances with international NGO’s and institutions (Edelman & Kay, 2008; Edelman, 2005; Smith, 2008), they ultimately seek to affect *state* policy. This is particularly true in terms of agrarian reform movements as the state is the necessary ultimate arbiter of land claims. As agrarian reform movements make claims on the state for resources other than land, such as credit or technical support, agrarian reform has historically brought the state more control over the peasant sector (Borras Jr, Franco, & Suárez, 2015). State control can create new dependencies for farmers where vulnerability to markets is replaced with dependency on the state. In countries like Venezuela, where the agrarian reform is largely a state-led project, a

central question for food sovereignty movements is how agrarian reform can be constructed to create systems where the state is active yet the peasant sector has a meaningful degree of autonomy.

Another core question is the agrarian reform sector's positioning within the food system vis à vis agribusiness. The commercial agriculture sector in different contexts may represent dominant domestic actors or transnational capital. In some countries the relationship to agrarian reform is stark. In Brazil and Bolivia, the economic and political power of agribusiness has been a potent barrier to land redistribution, even as Brazil has a strong and relatively successful peasant-led land reform movement in the MST and Bolivia's state-led land reform policy makes up a central component of the Morales government's broader program of economic and social transformation. As many countries in the global South rely on export agriculture for foreign exchange, disruption of the commercial agriculture sector implies economic and political costs for states with agrarian reform movements.

One question is, then, to what degree land reform movements can disrupt these power relationships and carve out meaningful space for peasant agriculture on a system level? While the transnational Via Campesina movement has been quite successful in impacting the terms of the land reform debate globally, it has had much less success in significantly altering land policies toward more peasant-friendly forms (Borras Jr., 2008). Indeed, even as the Landless Workers Movement (MST) in Brazil is widely seen as a successful case of a 'new' land reform movement, a broader view of Brazilian land policy sees redistributive land reform used by the government primarily as social policy to mitigate social unrest while economic development continues to be focused largely on agribusiness (Wright & Wolford, 2003).

Given these points, this dissertation argues that in order to understand the possibilities for agrarian reform in distinct contexts it is necessary to analyze relationships between all three components in the system, the state, the commercial agriculture sector, and the agrarian reform sector. In cases such as Venezuela, much of the scholarship is focused almost entirely on state-peasant relationships, leaving commercial agriculture largely unanalyzed in terms of how its relationships with the state and peasant sector condition possibilities for reform. Bringing in analysis of relationships between the three aforementioned sectors can help address unanswered questions around peasant agriculture within a broader food system, and how states might balance serving domestic food needs and agricultural exports. Is peasant agriculture relegated to functioning on the periphery of agricultural development alongside a more-dominant commercial sector, or can there be other forms of development where an agrarian reform sector is more central to food policy and production?

Critical is an examination of what this broader context means for forms of peasant autonomy. The global peasantry is heterogeneous with different degrees of integration into market and agro-industrial systems. That is, there is no one

conception of peasant or peasant production system. Within this heterogeneity van der Ploeg (2008) has defined the peasant condition as struggles for autonomy in agro-food systems. Peasant systems aim to create strategies of production that allow for degrees of self-management of land and production in contexts dominated by dependency relationships, which may include selective engagement with markets, development of cooperative structures, direct marketing to bypass middlemen in input and distribution flows, and non-agricultural activities that strengthen control over their resource base (ibid.). As Akram Lodhi (2015, p. 568) has noted the dominant social-property relations in which farming systems are embedded are capitalist and, thus, food sovereignty movements must exploit gaps in the dominant market structures if they seek to transform food systems. If, as in Venezuela, these gaps are opened by the state, how forms of peasant autonomy are created or diminished within these spaces is a critical question in determining the implications for peasant agriculture.

An additional complication often left out of many food sovereignty analyses is the broader context of extractive industries within countries. Across the global South, oil and gas development are increasingly central to national development strategies. In South America, the left-oriented states of Ecuador, Bolivia and Venezuela are important cases where relatively mature extractive sectors continue to dominate economic and political terrains, even as the concept of food sovereignty has been written into laws as guiding principles of agriculture. Ecuador recently announced that it pursue oil drilling in its Yasuni national park after a proposal that Global North countries pay Ecuador to keep the oil in the ground only netted 13 million of the 3.6 billion dollars sought by the Ecuadorian government (Saul, 2015). In Bolivia the government of Evo Morales continues to develop hydrocarbon resources, as well as seek political accommodations with regionally powerful agribusiness interests, diminishing the prospects for redistributive agrarian reform despite having adopted food sovereignty in its 2009 constitution (Achtenberg, 2015). "It's our right to conduct exploration in protected areas, and we're going to do it aggressively," Morales declared in reference to decrees opening national parks to oil and gas exploration (Hill, 2015). Across the global South more and more countries are developing new extractive sectors as a basis for economic development. Such extractive-based development brings a particular set of dynamics and relationships to the agrarian sector as land reform takes place in a context of not just agriculture development but of broader development within a system of capital accumulation on a global scale. These dynamics are also critical to understanding the shape and function of agriculture in the global South.

Seeds of a new model: Agrarian Reform in the 21st Century and Agroecology.

The above discussion raises a number of trenchant, but generalized, questions on the dynamics of movements for food sovereignty. It also illustrates an evolution and broadening of issues and populations encapsulated by food sovereignty. Despite that this broadening potentially reduces the question of land access for peasants, calls for land remain central in food sovereignty movements

(Borras Jr et al., 2015) and agrarian reform remains key to visions of an alternative agriculture model that includes food sovereignty. To place contemporary land reform issues in specific conversation with food sovereignty this section examines:

- outcomes of previous waves of agrarian reform in 20th century Latin America,
- the diminishment of state-led, redistributive land reform as a policy prescriptive for land hunger in the neoliberal era, and
- 20th and 21st century food sovereignty movements' calls for agrarian reform and agroecological production.

A Complicated Legacy: 20th Century Land Reform in Latin America

In the 20th century practically every Latin American country implemented a program of state-led land reform. Agrarian reforms were implemented with a diverse and often contradictory set of goals, as reform was frequently seen as a panacea for a host of problems. Reform was slated to help modernize agriculture by breaking up inefficient colonial estates, increase agricultural production, reduce rural poverty, mobilize political support for governments, and undercut potential support for armed revolutionary groups. These diverse and often contradictory goals often meant that small producers, the sector that the reforms discursively promised to aid, frequently received little long-term benefits from reforms.

Peasants in the reform sector in the 20th century often became a class of minifundistas whose land parcels were not sufficiently large to fulfill subsistence needs. Forced to seek wage labor for supplemental income, reform beneficiaries served as seasonal, semi-proletarianized labor on new, capitalistic estates that emerged from government policies supporting the modernization of plantation systems (de Janvry, 1981). Minifundista familial plots served to supplement wages of peasant labor, keeping landlords' labor costs low and contributing to the growth of capitalist estates. A small percentage of reform beneficiaries often became a new landlord class in the countryside that, once landed, frequently opposed deepening of reforms (Bossert, 1980). This new petty bourgeoisie created by agrarian reforms helped to defuse instability in the countryside and to solidify the transition to capitalistic farming.

Agrarian reforms often failed to directly challenge the power of the *latifundia* as large landowners were able to avoid expropriation by of estates. Even when large estates were broken up, the highest quality lands with access to infrastructure often remained with estate owners who then incorporated them into modern farms (de Janvry, Sadoulet, & Wolford, 1998, p. 7). The more marginal lands distributed to peasants reinforced their inability to subsist from familial farming and augmented the pressure to sell their labor to estate owners. In some countries there was little distinction between urban and rural elites and *latifundia* continued to exert much local and national power and hindered reform attempts. In the context of increasing

commercialization of agriculture, most reforms left landlords in a dominant economic position in the countryside (Thiesenhusen, 1995, p. 173).

Compounding the squeeze on the peasant sector, a “landlord bias” in agricultural policy saw the majority of government support captured by larger farmers. Commercial growers’ economic clout also provided them with more access to technology and private credit (Kay, 1998, p. 12). Limited access to resources resulted in abandonment of parcels by reform beneficiaries and reconcentration of land into large estates (Delahaye, 2003). Governments’ increasing emphasis on export crop production also undercut reform efforts. The continued reliance of many South countries on agro-exports for obtaining foreign exchange saw resources flow to capitalist estates that monopolized the best lands with capital-intensive farming. As a result, peasant producers were pushed farther into marginal areas.

An “urban bias” of cheap-food policies kept agricultural prices artificially low in order to stall upward pressures on food and wages and tamp down costs of industrialization in urban centers (Kay 1998, p. 12; Thiesenhusen 1995, pp. 176-177). This wider economic policy made investment in agriculture less attractive in general and, as the majority of credit was monopolized by larger farmers, profitable production by small producers became increasingly difficult.

Land reform was also seen as a tool to undercut rural support for armed revolutionary movements and to garner political support. Reform beneficiaries could become a dependable electoral base for political parties implementing reform and bringing peasants into the reform sector often meant their integration into the political system (Barraclough 1999, p. 16). In Venezuela, for example, agrarian unions in the 1960s-era reform sector became inextricably linked to the political party responsible for the reform and for a time served as a dominant voting block in national elections (Powell, 1971).

State-led agrarian reform in its various manifestations primarily served to foment the establishment of capitalistic agriculture in the countryside (Bernstein, 2002, p. 433; de Janvry, 1981). While some *campesinos* (peasants) benefited from reforms, complexities and contradictions in the process left the majority mired in poverty, stimulating migration to urban centers. Given the failures to produce robust and lasting pro-peasant land and food systems, historical land reform programs were, on average, not redistributive in nature. This thesis uses Borras Jr’s (2005) definition of redistributive land reform where reform changes ownership structures in two critical ways. First, control of land and resources in redistributive reform has an explicit class component where control and ownership passes from the landed class to the landless and land poor. Second, reform beneficiaries in a redistributive reform have “effective control over the nature, pace, extent and direction” of agricultural production decisions and the fate of surplus production (ibid., p. 92)

Shifting to the Market: Neoliberal Land Reform

Regardless, as neoliberal reforms gained prominence in the final decades of the 20th century state-led land reform became increasingly marginal. From the neoliberal perspective state-led land reform programs were seen to have created irregularities and inefficiencies in agricultural and land markets that hampered production and development (Borras Jr, 2003). Agricultural policy increasingly shifted from a broad state-interventionist approach to one that was directed at selectively removing the hand of the state from the agriculture sector in order to better promote export production (Thiesenhusen, 1995). Neoliberal reforms in Latin America overall functioned primarily to open up protected sectors of national economies to foreign investment by shifting the hand of the state in economic policy in order to strengthen a property rights regime that facilitated capital accumulation (Fourcade-Gourinchas & Babb, 2002; Harvey, 2005; Margheritis & Pereira, 2007; Potter, 2007). The World Trade Organization's Agreement on Agriculture limited supports for domestic production, and pried open previously closed markets to an onrush of subsidized agricultural products from the global North, further marginalizing small producers across the global South and contributing to continued de-peasantization of the countryside and swelling the ranks of the urban poor (McMichael, 2009b).

Yet, recognizing the volatility represented by continuing unrest over land issues, the World Bank and other lenders promoted market-led agrarian reform (MLAR) schemes to defuse conflict. MLAR's sought to liberalize land markets, clarify titling to improve tenure security, and to affect redistribution through market mechanisms (Bernstein, 2002; Borras Jr, 2005). Market friendly reforms, however, did not lived up to their proponents' expectations, failing to alter the latifundio-minifunido character of the countryside, and even functioning as a barrier to change (Borras Jr, 2005, 2006; Boucher, Barham, & Carter, 2005). At the heart of MLAR failures was such programs tended to remove land distribution issues from larger trade regime contexts, depoliticized processes that are fundamentally political in nature, and did not address the central question of power relations in the countryside. The food crisis of 2006-2008 further punctuated the failures of the current world food regime. Yet despite acknowledgement from the World Bank that policies that dismantled government support programs diminished the productive capacity of the agricultural sector, its solution for overcoming current problems has been further corporatization of the agriculture sector (Bello & Baviera, 2009).

The Emergence of 'New' Rural and Food Sovereignty Movements

It is within this context that many new rural social movements have emerged that reassert redistributive land reform as central to creating food sovereignty and supporting peasant agriculture. On one view, these movements can be seen as part of a Polanyian double movement that emerges in an attempt to counter the

destructive effects of policy seeking to impose an idealized self-regulating market onto more areas of society (Polanyi, 2001); in this case on the food system. However, while emerging social movements can be seen on one hand as new resistance growing out of the pains of neoliberal globalization, it is more accurate to think about them as a new stage in continuous resistance against dispossession. In other words, responses to neoliberal globalization is a framework more suited to describing the *forms* of current social resistance, rather than their origins (Yashar, 2005). Similarly, as shown above, neoliberalism in the agricultural sector is not as a phenomenon *sui generis* but rather as a new form of a continuing process of capitalist penetration into the rural sphere.

Given the failure of historical land reform process, the spread of neoliberal structural adjustment, the opening of the rural sector to transnational capital, global land grabs and the resultant undermining of smallholder agriculture, peasant agriculture appears increasingly under threat. Yet the while relative numbers of peasants have dropped, absolute numbers have remained relatively stable over the last four decades (van der Ploeg, 2008). Globally there are an estimated 65 million peasants (Toledo, Boege, & Barrera-Bassols, 2010). Despite the increasing spread of export-oriented industrial agriculture, peasant production systems continue to feed much of the planet. Globally, eighty-five percent of food is grown and consumed within national borders (ETC, 2009, p. 1). Peasant farmers continue to produce an estimated 50% of the world's food (ibid.). In Latin America, peasants grow over 40% of the food consumed in the region (Altieri, Funes-Monzote, & Petersen, 2012, p. 3)

The persistence of the peasantry as a political and productive force and current struggles over land and visions of agricultural and economic development reflect the continuing relevance of Kautsky's (1899) original agrarian question and its more contemporary formulations that seek to theorize the nature and forms of capitalist transformation of agriculture and the role (potential and actual) of the peasantry in the political realm (see Akram-Lodhi & Kay, 2012; Bernstein, 1996). The concept of food sovereignty has brought the latter issue into sharp relief, placing *campesinos* as central actors in the reframing and creation of alternative agriculture regimes, as well as articulating a new ideological framework for agrarian reform.

Agrarian Reform in the Twenty-First Century

Peasant calls for land are central in food sovereignty movements and have helped to place redistributive agrarian reform back into policy discussions on food and agriculture. Agrarian reform in the context of food sovereignty movement is often seen as a partial solution to the ecological crisis and the social dislocation and rural and poverty engendered by the globalized, industrial food system. The redistribution of land as part of building a robust and sustainable small farming sector could theoretically reduce settlement pressures in ecologically fragile frontier areas and reduce out-migration and de-peasantization from rural areas. De-

peasantization is seen not as an inevitable migration towards the pull of better job opportunities, but rather as a reflection of failed land reform, cheap food and industrialization policies that reflect the transformation of the countryside into a space serving capital accumulation.

Redistributive agrarian reform can potentially affect food production issues by supporting smaller producers. Small farms are argued to be more productive than large farms, the so-called inverse relationship (Altieri, 2009; Griffin, Khan, & Ickowitz, 2002, pp. 286–287; Thiesenhusen, 1989). While output per worker or production of a single cash-crop may be higher on a larger, more capital-intensive farm, total productivity per unit of land is higher on smaller farms. As the above discussion of food sovereignty demonstrated, effective land redistribution must be accompanied by trade policies that support local production and insulate local markets from subsidized food grown in the North. Meaningful restructuring of trade policy that protected markets for smallholders, and land redistribution to smaller producers could raise total food production, address rural and urban poverty and provide for higher average rural income levels.

The question of production levels raises the issue of what type of agricultural production is promoted by state agrarian policy. The inverse relationship assumes that production on small plots of land is greater because it is more intensively cultivated (Thiesenhusen, 1995, p. 10). However, production technique and crop selection can also affect food production. Agroecological farming, which seeks to mimic natural ecosystems and biodiversity with polyculture farms can increase total food production, provide greater yield stability in times of ecological stress and reduce the need for expensive external inputs (Altieri, 2002, 2009; Altieri, Nicholls, & Funes, 2012). Agroecology has become increasingly seen as a necessary foundation for ecological and livelihood sustainability and, thus, central to conceptualizations of food sovereignty and models of agrarian reform.

An agroecological approach places value on site-specific and ‘traditional’ peasant agricultural systems which are, theoretically, more sustainable than input-heavy, more mechanized farming. Peasant farming systems have specific, place-based forms. Yet these systems share a number of common characteristics:

- Highly biodiverse systems that provide local and global ecosystem services, are resilient to economic and environmental shocks, and, thus, reduce risk to base levels of food production
- Knowledge-intensive agro-ecosystems developed through farmer experimentation and traditional ecological knowledge systems.
- Complex, innovative systems of resource management whose principles can be used to enhance modern agro-ecosystems.

- Diversified systems that are important sources of domestic food consumption and that maintain rural livelihoods.
- Agro-ecosystems that are regulated by strong cultural identity and values.

(Koohafkan & Altieri, 2011)

Agroecology is an applied science that sees peasant agricultural systems as important sources of ecological concepts and principles that can contribute to the design of sustainable agro-ecosystems that reduce dependence of off-farm inputs, enhance biodiversity, and provide a foundation of production for rural social movements (Altieri, Nicholls, & Funes, 2012). Reduced dependency on chemical inputs means that agroecological farming is less capital intensive and therefore easier to maintain in times of economic stress, especially for smaller farmers. In the context of agrarian reform, changing the emphasis from mechanization and agrochemical-supported production to an agroecological approach could help smaller producers increase familial consumption, protect agricultural diversity by continued planting of landrace crops, and increase the domestic food supply. Agroecology has also been theorized as central to addressing ecological degradation caused by industrial monocrop farming and to protecting biodiversity in general (Altieri & Toledo, 2011). Perfecto, et al (2009) have argued that strategies that seek to protect biodiversity by conserving islands of ‘natural’ habitat across landscapes fragmented into various forms of agricultural land use is misplaced. Agroecology is key to creating “high-quality” matrices, areas where sustainable agriculture and other land-uses fuse nature and society in ways that produce more resilient and biodiverse systems (ibid.).

Agroecological farming systems in the context of food sovereignty implies a particular understanding of the meaning of production that attempts to bring the debate over agriculture out of a technocratic framework and into a conversation where culture, food and nature are inextricably linked and are whose production (and reproduction) are human rights. Put another way, production in agroecology is not about what mode of agricultural production produces the most market-exchange value—even if polycrop fields produce a higher amount of total crops—but what a system looks like that produces and reproduces a particular social and natural world. Agroecology and its re-valuation of peasant production, thus, feed into agrarian movements’ justifications for land occupation and agrarian reform.

Conclusion

Movements for food sovereignty and land reform raise a number of still unanswered questions. Especially relevant for Venezuela as a case of a push for food sovereignty are questions of relationships between the state and the smallholder sector. As there are competing sovereignties at play in how the food system is conceptualized and reformed (Schiavoni, 2014), unpacking power dynamics between the state and peasants is key to interpreting limitations and possibilities of

'pro-peasant' policies. It is also clear that analyzing state-peasant relations is an incomplete approach to understanding the agro-food system. As states have structural incentives to maintain and support commercial sectors of agriculture, an analysis of the role of the large growers in national food systems and the broader economy is also critical. Given both Venezuela's dependency on food imports and its stated goal of dismantling its *latifundia* sector, understanding relationships between state policy and the commercial agriculture sector are key to interpreting the scope of the government's food sovereignty and agrarian reform policies. Venezuela's position as a petro-state dependent on oil extraction, in addition, creates a particular political economic milieu that impacts policy formation and implementation.

This thesis's analytical framework of the multi-sector policy-triangle² addresses these interrelated dimensions of food sovereignty and land reform in Venezuela. Using this framework, this study unpacks the constraints and possibilities of state policy making in the agrarian realm and the implications for sustainable production, rural livelihoods, and forms of peasant autonomy. Restraints on reform, and spaces for peasant influence in policy outcomes at different points of the triangle, reveal the reach and limits of food sovereignty as a national project. The next chapter examines the role of Venezuela's petro-state political economy in agricultural development and reform.

² See page 3.

Chapter 3: Petro-Socialism: Oil Dynamics, Agrarian Reform and 21st Century Socialism in Venezuela

Venezuela's self-proclamation as a country implementing a 21st century socialism raises questions about how Venezuela's position as a petro-state structures possibilities for pursuing reforms in the social, political, and economic arenas. While oil wealth might temper certain capital accumulation pressures, patterns of oil dependency have historically structured political choice-making and state-citizen relationships and have introduced a trenchant number of political-economic dynamics that constrain government policy making and the nature and extent of potential and actual reform processes.

This chapter places Venezuela in a petro-state context in regards to agrarian development. The chapter has three main components:

- An examination of the approaches in the literature to analyzing the Chavista period in Venezuela. This component argues that most analyses of Chavista Venezuela are focused on the progressive or socialist nature of the state and only tangentially touch on how petro-state dynamics constrain government policy formation and implementation.
- A review of general petro-state dynamics and the impacts on the agrarian sector.
- A historical review of oil and agricultural development in Venezuela and the rise of Chavismo at the end of the 20th century.

Interpreting the Venezuelan agrarian reform requires a holistic analysis of petro-state dynamics and socio-economic relationships. Taking seriously the constraints inherent in a petro-state context reveals how the broader political economy of an oil state in the global South mediates both the shape and potential limits of progressive socio-economic reforms. A focus on Venezuela as a petro-state addresses a number of related theoretical questions:

- In what ways can Venezuela be considered a socialist state given its oil-based political economy?
- How does the nature of Venezuela as an oil state alter the shape of socialist policies?
- How do oil dynamics shape and constrain reform in agriculture, especially in regards towards policies supporting the peasant sector?

Approaches to Chavista Venezuela

Much of the literature on Venezuela in the Chavista period focuses primarily on the social and economic dynamics related to the socialist nature of the state. There are broadly two groups in this literature. One is largely critical of the Chavista government and analyzes the state in terms of what is conceived as the breakdown or weakening of institutions of liberal democracy (Álvarez, 2006; Castañeda, 2006; Corrales & Penfold, 2011; Corrales, 2011; Mayorga, 2006), including an analysis of the social spending programs of the government as primarily clientilistic and politically motivated in nature (Albertus, 2015a; Penfold-Beccerra, 2007). This literature is largely liberal or neo-liberal in its approach and sees the Chavista program as a populist or neo-populist—terms used pejoratively by the authors—project that undermines liberal democracy. This undermining is often attributed to the Chavista government's non-conformation to the precepts of an idealized Western liberal democracy where civil society and the state exist in clearly separate spheres. In this view, the Chavista social Missions and structures of endogenous development, such as cooperatives and state-managed enterprises, blur the lines between civil society and government, and function primarily to capture an electoral base by tying state resource access to populist forms of social and economic organization.

A second body of literature adopts a more sympathetic line on the Chavista government. In this view, Chavista policies are conceived as steps in a formation of an anti-neoliberal, and later socialist, project. In this progressive view of the Chavista state, liberal democracy is seen as inadequate or a hindrance to addressing the widespread social and economic marginalization of Venezuela's poor. Chavista-promoted structures of participatory democracy and cooperative or co-management production are part of the goals of Chavismo to create new progressive political forms and socio-economic bases for endogenous development (Fuentes, 2005; Hetland, 2014; Larrabure, Vieta, & Schugurensky, 2011; Motta, 2011; Piñeiro-Harnecker, 2009; Wilpert, 2006, 2007). This literature at times shares the above framing of the clientilistic tendency of Chavista organization structures in that they align social programs with the government's political program, but provides a more nuanced view of their functioning. The clientilistic functioning of participatory budgeting structures is shown to be a contested process, with an activist Chavista base pushing back against cooptation by government actors (Hetland, 2014). Failures of Chavista-era cooperatives are attributed partly to the difficulties inherent in state attempts to instill "egalitarian and solidaristic principles" (Piñeiro-Harnecker, 2009).

Most of the literature in both camps, however, gives little analytical attention to the structural aspects of the petro-state nature of the Venezuelan state and how it shapes and constrains the formation and implementation of Chavista socio-economic policies. Fernandes (2010) has advanced an analysis of the Venezuelan state as post-neoliberal in that it has created pro-poor policies yet remains subject to the constraints of global capital. Yet Fernandes' analysis is grounded in an

ethnographic study of urban social movements and leaves unpacked the policy structures of the Chavista state as well as how petro-state dynamics constrain policy formation and implementation. In the agrarian realm, recent literature examining the land reform in Venezuela only tangentially references petro-state dynamics, such as oil industry impacts on local wages (Page, 2010) or oil revenue's facilitation of government payment for land seizures (Enríquez, 2013). Critically, most literature on Venezuela treats the oil economy, the political nature of the state, and social actors as analytically distinct categories. In the literature, oil wealth, in the form of rents accruing to the state, is largely characterized as an economic input to be managed. Oil rent is channeled into clientilistic structures—for liberal writers—or new forms of anti-neoliberal socio-economic development—for progressives.

An exception to this fragmented analytical approach is Purcell's (2013) examination of social production companies in Chavista Venezuela. Social production companies are Chavista-era forms of cooperative or co-managed enterprises created by the government to serve the 'social economy' as an alternative to free-market capitalist structures.³ Social production companies participate in the social economy by selling goods domestically at a 'just price' and by fulfilling an obligation to invest a portion of profits into community projects (ibid., p. 154). Purcell argues that the functioning of cooperative and co-management structures promoted by the Chavista government is strongly linked to the material conditions engendered by the nature of the political economy of Venezuela as a rentier oil state. The government's attempt to create "new forms of non-capitalist production relations" via a redirecting of oil rents into what the government frames as 21st century socialist development and the social economy "reproduc[es] a limited and dependent form of rentier capital accumulation" (ibid: 149). Social production companies remain dependent on continued access to funds from the state in order to reproduce themselves. How the state accumulates capital—through rentier structures—both remains unaltered and also limits the accumulation potential of new socio-economic structures.

Purcell's (ibid.) examination of barriers to capital accumulation in new socio-economic forms as part and parcel of Venezuela's broader petro political economy treats the oil, political and social realms as part of an analytical whole. This dissertation builds on Purcell's approach by examining the Chavista agrarian reform program as a petro-state attempting to engender a form of socialist development. It extends Purcell's argument by going beyond an analysis of the limits of development engendered by the dynamics of capital accumulation of petro-states. This thesis, rather, analyzes policy in both capital accumulation and political legitimation terms. That is, state policy has a dual function—it serves both to legitimate the state to different sectors of society depending on the context, and also provides for capital accumulation for the government or other sectors. At different historical moments the particular array of social and economic pressures being brought to bear on the state will influence which component of policy receives the most emphasis. This

³ For further discussion on social production companies, see chapter 4, pages 63-65.

approach can reveal how Venezuela's position as a petro-state in addition to its self-proclaimed status as a socialist government constrains formation and implementation of reform in the agrarian sector and reveals structural barriers to reform.

Oil States and the Resource Curse

The so-called resource curse refers to the relatively poor performance of oil exporters and other mining-based economies in the global South. Despite the wealth generated by the petroleum sector, oil states have historically experienced only average economic growth, high levels of poverty, inequality and governmental corruption, and conflict—the so-called paradox of plenty. Broadly speaking there are two main aspects of the resource curse. First, are the negative consequences on national economies engendered by the boom and bust cycles of oil prices and the implications for economic development. Second, are the forces common to oil development that structure institutional capacity, forms of democracy, and governance within a country highly dependent on oil rents.

Much of the negative economic conditions of oil development are attributed to the 'Dutch Disease.' The Dutch Disease is caused by natural resource booms and has two major effects. First, the extractive sector's expansion draws both capital and labor away from other sectors of the economy (Ross, 2012, p. 48). Second, the rapidly growing extractive sector stimulates appreciation of the real exchange rate. As the national currency rises in value, imports become relatively cheaper, leading to domestic industries being unable to compete with less expensive foreign products (Karl, 1997). The expanding consumption facilitated by petro-dollar circulation then becomes increasingly met with imports rather than domestic production.

The oil sector largely functions as an enclave sector within the domestic economy in global South countries with few linkages to the rest of the broader economy. Areas with oil extraction experience rapidly rising costs of living as relatively highly paid oil workers contribute to local inflation of prices for goods. The capital-intensive nature of the oil industry, however, creates few long-term employment opportunities and cannot absorb labor displaced from other sectors of the economy (Watts, 1987, p. 10). Thus, while the rentier sector and nontradables—such as the service and construction sectors—expand and absorb available capital, manufacturing and agriculture become less competitive vis á vis imports and stagnate.

The difficulty of managing oil rents 'successfully' for economic growth and improving social welfare in the global South are often attributed to the political component of the resource curse. Much of the political impact emerges from how the nature of oil development structures the government as a landlord or rentier state. As the state is the owner of subsoil resources in most South nations, rent generated from oil extraction accrues directly to the state and not the private sector.

Rent is largely understood as income generated from interest-earning investments or leasing access to resources, rather than from productive enterprises. A rent-seeking or rentier state has been defined as one in which rents are paid directly to the state by foreign companies or nations and in which “only a few are engaged in the generation of this rent (wealth), the majority being only involved in the distribution or utilization of it” (Beblawi in Ross, 2001, p. 329). Through royalties and other mechanisms, the state essentially charges an access fee to foreign companies to access its mineral deposits, or participates directly in resource extraction by forming its own national oil company or by entering into joint venture or production sharing agreements with international petroleum firms. As the majority of the nation’s wealth is captured directly by the state, the government functions to redistribute oil rents in society and the broader economy in the forms of social spending, targeted investment, or subsidies for domestic consumption and production.

The rentier nature of the state has a number of impacts. As the oil sector overshadows other sectors of the economy, the increasing of rents becomes primary to state development policy. Income from oil revenue tends to substitute for—rather than supplement—other income sources for the government. As access to the nation’s central source of wealth runs through the state, economic and political power concentrates in the government. Access to the state, then, becomes the primary path for other sectors of the economy and society to capture shares of oil rents. This incentivizes both rent-seeking and state corruption as power becomes increasingly centralized at the federal level.

Oil development also impacts the state’s domestic developmental policies. Growing dependence on extractives incentivizes state policy to focus on preserving the conditions necessary for continued extraction from the oil sector as necessary to preserve its economic base. Oil is inherently international in nature and cannot be removed from global extraction and marketing networks dominated by transnational corporations. Oil revenue, in other words, does not allow the state to drop out of global capitalist relations, but rather can reinforce or augment the importance of international capital to the reproduction of state finances.

National development policy in many petro-states is based on ‘sowing the oil’ by plowing oil revenue into the domestic economy, in the form of state investment, cheap credit and an overvalued currency for importation of goods. The boom and bust nature of oil prices, however, diminishes the ability of long-term planning by the state. In addition, the non-reproducible nature of oil also lends itself to short planning horizons to invest oil income in the relatively small window that extractive resource reserves allow. To manage oil revenues quickly, state bureaucracies are incentivized to expand rapidly and to push rents into large-scale and capital-intensive projects as development strategies (Coronil, 1997; Watts, 1987, p. 11). To hit short-term development windows, oil states often borrow against future oil revenues, severely compromising state coffers in price downturns. While oil booms

allow for the expansion of social spending, in times of low prices, the state is strained to maintain social programs.

The upshot of such a political economy context has often been states with high balance of payment deficits, debt, and unable to break free of resource curse dynamics. Yet, the Dutch Disease is largely a neoclassical framing of resource curse dynamics. As Coronil (1997) has noted, however, the Dutch Disease by and large impacts extractives-dependent countries in the global South and not Northern, diversified economies. The insertion of global South countries into the world economy as exporters of primary commodities under neo-colonial relationships makes them highly vulnerable to the negative impacts of resource extraction. According to Coronil, thus, “the Dutch Disease should be renamed the third-world or neo-colonial Disease” (ibid., p. 7). That Norway does not display the same negativities related to the oil curse as South nations is indicative more of its position in the global capitalist system as an economically advanced European nation, and not its position as an oil producer.

Oil Development and Agriculture

The resource curse outlines the impacts of oil development on the agriculture sector as a whole. The booming oil and services sectors draw capital and policy attention while export agriculture declines. Currency inflation and the rising of prices for goods attendant to oil booms, creates an additional tension for policymakers between maintaining low prices on foodstuffs for the increasing urban majority and supporting domestic farmers. There are structural reasons that incentivize the resolution of this tension at the expense of agriculture. First, the growth of the oil sector can in some contexts reduce the economic power of traditional agrarian elites, making it more difficult for these elites to leverage political power and influence state policy. Elites may move into other sectors such as services, construction, or the petroleum sector itself, where profits are higher in an oil economy. Second, as money flows into the oil sector the decline of the previous export agriculture system contributes to a rural to urban migration in search of higher wages and access to oil rents. In democratic states, this demographic shift reduces the electoral importance of rural areas that, in agrarian economies, represented an important source of potential electoral support (Powell, 1971). The pressure to keep food prices low for the growing urban population—and its growing electoral weight—encourages national policies that increase imports and/or establish price controls of foodstuffs (Scherr, 1983). Both low-price strategies work against domestic producers and further erode their profitability.

The nature of oil extraction also has regional impacts on agricultural systems. As oil reserves are concentrated in areas of hydrocarbon deposits, some areas of the country experience oil as a local extractive activity with additional production-site impacts. The influx of oil industry workers in petroleum-producing regions and their relatively high wages drive local inflation of goods' prices and labor costs. There are few backward or forward linkages between agriculture and oil. The

capital intensive and specialized nature of oil extraction means the oil labor force is relatively small so a regional oil enclave does not significantly raise food demand that local producers could fulfill (Scherr, 1983). In addition, the oil industry brings little relevant infrastructure to extraction areas other than road building and communications that could benefit agricultural producers (ibid.)

Plantation agriculture is hit hardest by localized oil development. Although the oil industry's labor force is small, their higher wages drive regional wage inflation impacting commercial farms' labor costs. Those who can access oil-sector wages, even part-time are disincentivized to remain in agriculture (Page, 2010, p. 263). Combined with government cheap-food policies, producers are increasingly squeezed in oil-producing regions. Peasant systems, however, are more resilient as farmers have a subsistence base and are dependent more on family rather than wage labor (Scherr, 1983).

The persistence of agriculture in petro-states

Although the evolution of a petro-state establishes conditions for the general decline of agriculture, agriculture continues to persist or evolve in certain contexts in both the commercial and peasant sectors. Commercial agriculture can establish and maintain itself in areas primarily outside of oil-extraction zones. Where wage inflation and the rising value of the national currency critically reduce export competitiveness of commodity crops, commercial agriculture can evolve to supply domestic markets. This requires the sector to successfully capture oil rents from the central government, often in the forms of subsidized inputs, cheap credit, infrastructural investment, and the use of overvalued currency to import inputs at preferential rates. While plantation agriculture oriented towards exports tends to contract, commercial agriculture can establish sectorial dominance in areas geographically removed from the destabilizing impacts at the points of oil extraction, or via new crops, and—in some cases—agro-industrial chains oriented towards the internal market. As investment and oil rents flow into the service economy that by its nature is immune from the dynamics of Dutch Disease, commercial actors that vertically integrate into marketing and distribution can also establish a dominant *regional* economic position even in a generalized atmosphere of a relative decline of agriculture.

Well-positioned commercial interests benefit as well from oil-state redistribution in forms of agricultural investment. Rentier states are also active interveners in the economy and investment is a form of redistribution. As discussed, state development policy in petro-states often favors the planning and funding of large-scale projects. In agriculture large-scale irrigation projects are often attractive in contexts where there exist interventionist state development agencies because of their relative capital-intensive nature (Watts, 1985, p. 17). State funding of irrigation projects or other large-scale projects help to establish and maintain well-positioned and domestically-oriented commercial growers that can capture the benefits of state investment.

The peasant sector, as well, does not disappear but rather morphs production systems into forms where reproduction is possible. As Scherr (1983) has shown, the peasant sector in areas of oil production is more flexible than commercial agriculture in absorbing shifting economic conditions due to a subsistence base that maintains family reproduction even as some family members might migrate or use off-farm labor to contribute to household income. As Isakson (2009) has argued, peasants will often maintain household production for food security, identity or other reasons—even if, by strict short-term economic criteria, it is more profitable to abandon subsistence production.

The persistence of the peasantry, however, is limited. The peasant sector typically faces a triple squeeze in petro-context: 1: diminished profitability from traditional export crops, 2: low food price policies from the state that favor urban consumers over rural producers, and 3: the dominance of commercial agriculture that captures the majority of large-scale state support to agriculture, and monopolizes the most fertile soils in areas removed from oil production. The erosion of the position of peasant agriculture and the declining rural population further weakens an already marginalized rural sector. There are often both ecological and social movement implications to this decline. The disruption of peasant socio-economic systems—as well as changing diets due to urbanization and increased food imports—can contribute to a loss of traditional ecological embodied in peasant production systems. This disruption can also weaken community cohesion as out-migration and labor shifts restructure rural areas. This has implications for reforming food systems towards more peasant-friendly forms as rural disruption can hinder movement building and diminish the knowledge base of the peasantry—both which are critical components of building peasant-based food sovereignty.

Oil, Agriculture, and Chavismo in Venezuela

In 1878 the first oil company in Venezuela, *Compania Nacional Petrolia del Tachira*, was founded, and in 1914, the Mene Grande field discovery in the Maracaibo basin ushered in the era of Venezuelan oil development. Oil companies operating in Mexico, including Royal Dutch Shell and Jersey Standard moved into Venezuela, strategically shifting production away from declining Mexican oil fields and its revolutionary government that was looking for more control over the petroleum industry (Brown, 1985). Oil production in Venezuela coincided with the formation of the modern Venezuelan state and the consolidation of a politically fragmented colonial and post-colonial country into a unified nation under the 30-year dictatorship of Juan Vicente Gómez (1908-35). Foreign oil companies found a willing partner in a Gómez seeking to consolidate control over Venezuela's provinces. While Gómez raised taxes on oil concessions the state avoided any nationalistic posturing towards the oil companies, and US oil companies essentially wrote Venezuela's first hydrocarbon laws (ibid.).

By the time of Gómez's death in 1935 the Venezuelan state was inextricably linked with its role of negotiator vis á vis foreign oil companies for access to Venezuela's hydrocarbon reserves. The legitimacy of successive governments centered on increasing domestic control of oil production and on enlarging rents from oil companies by negotiating deals that gave the government a greater share of oil profits. Indeed, Venezuela is seen as being at the forefront of oil-producing South nations negotiating increasingly preferential oil deals with foreign oil companies (Margonelli, 2007: 154)

The impact of oil development on Venezuelan agriculture was dramatic. Early oil development in Venezuela coincided with a worldwide crisis in prices for the country's traditional agro-exports. In the 1920's international prices for coffee and cacao plunged. Investment in the oil sector and the growing urban industries that serviced it proved more attractive for agrarian elites. As many landowners shifted investments, and often their residences, to the urban areas near the coast, many *campesinos* also left the estates to try to work in the expanding oil fields (Howard, 1976, p. 46). Even though the petroleum sector could not absorb all the labor exiting the countryside, oil represented new possibilities outside of the declining agricultural sector and stimulated continued movement out of rural areas.

By 1926 oil revenue had taken over the Venezuelan economy, replacing the dominance of tropical agriculture in Venezuela's exports. The two primary agro-exports in Venezuela, coffee and cacao, dropped from representing 63.4% of total exports in 1921, to 20.3% in 1929, and by 1940 to a 3.2% (see Table 1). In the same time period petroleum exports went from 8.8% of total exports in 1921 to 76.4% in 1929 and to 94% by 1940. By 1957, oil profits accounted for over 70% of Venezuela's total national revenue (see Table 2).

Table 1: Major Exports in Venezuela (Percentage of value of total exports)

Year	Coffee and Cacao	Petroleum
1921	63.4	8.8
1929	20.3	76.2
1936	6.7	89
1940	3.2	94

Source: Carvallo & Ríos, 1990, p. 204.

Table 2: Contribution of Oil to total revenue of Venezuelan State

Year	Percentage of Total Revenue
1938	35
1948	79
1957	70.8

Source: *ibid.*

The oil boom brought rising food costs as higher demand raised crop prices and as production costs increased due to rural depopulation and the collapse of the export sector (Leddy, 1985, p. 34). By 1936, the inflow of petro dollars had tripled internal consumption and facilitated a transformation of local food markets into national ones (*ibid.*). With the decline of the agricultural export sector, agriculture shifted—in areas where conditions permitted profit—to feeding the domestic market.

Increasing food imports were necessary to cover shortfalls in domestic production. At the end of the 1940s, government agriculture policy under the military governments in power focused on modernizing the agricultural sector to raise domestic production to reduce import dependence. Agrarian development policies were tailored to the needs of the growing urban centers on the coast. The government directed funds towards establishing commercial agriculture in rural areas, much of it oriented towards grain production. Farming infrastructure was developed in the relatively sparsely settled interior of Venezuela to entice European immigrants into colonizing the agricultural frontier (Coles, 1995, pp. 194–195; Machado-Allison & Rivas, 2004, p. 12). The government’s construction of roads and irrigation projects benefited larger farming enterprises and supported the move to input-intensive and mechanized production systems.

One prominent example of state agriculture policy in the era was the national Rice Plan, largely centered in the state of Portuguesa. Managed by the state development institution, the plan set up private mechanized rice production and provided generous agricultural credits for new large and medium scale producers, many of them European immigrants (Bolívar, 2002).⁴ In terms of fomenting commercial agriculture and raising production the program was successful. Within 5 years, national rice production was meeting domestic consumption needs.

A portion of successful commercial agriculture ventures were able to leverage state subsidies, infrastructure construction and other production support

⁴ See chapter 4, pages 94-95.

and vertically integrate into agro-industrial chains. The agrarian economy increasingly displaced the remnants of the hacienda system and its traditional crops as production evolved towards providing inputs to the agro-industrial sector processing cotton, oilseeds and rice for the domestic market (Leddy, 1985, p. 27).

Early land Reform Efforts

Venezuela's peasant sector was neglected and marginalized by state agricultural development plans. Venezuela returned to democracy in 1959 and the new center-left ruling party, Democratic Action (*Acción Democrática*—AD) sponsored a land reform program that ostensibly aimed to address the high levels of land inequality in the countryside. The 1960 agrarian reform law called for expropriation of large, 'inefficient' estates and for redistribution to the peasantry with the stated goal of creating a productive small-farm sector. At the time the land law was passed in 1960, 1.69% of landowners controlled 74% of arable land in Venezuela (Alexander, 1974, p. 16). The reform, however, was implemented to address often contradictory conditions and needs of the new government: to maintain its rural political base, to manage reforms in a way that did not overly alienate its political rivals and business community, to continue modernizing agriculture to support industrialization (Petras & LaPorte Jr, 1971, p. 21), and to undercut support for armed revolutionary movements in rural areas.⁵ This hodgepodge of contradictory pressures and goals produced a reform process that achieved little to permanently improve the lot of the majority of *campesinos*.

Peasant unions, almost destroyed in the dictatorship era, rapidly reformed under the tutelage of AD, which had little competition in politically organizing rural residents. However, wary of alienating its political rivals, AD purged the most radical elements from its agrarian syndicates. AD's political strategy focused on maintaining a stable coalition with the political right, not with keeping the more radical left from splitting off from its alliance with AD (Collier & Collier, 2002, p. 430). The peasant unions became inextricably linked to political parties, which served to give them leverage when soliciting credit and land from the state but also locked them into a system of patronage. Peasant discontent was channeled through the unions, which functioned to blunt demands into forms that were more amenable to political leadership. The system concentrated power in syndicate leaders, who increasingly came from outside the *campesino* class, and small farmers had no direct participation in the direction of the reform (Singelmann, 1981, p. 144). Thus, the reform became less of a response to peasant pressure than a centralized and controlled process aimed at maintaining legitimacy in the eyes of the urban sectors and AD's political allies and opponents (Powell, 1971).

⁵ In Venezuela the revolutionary threat was embodied in the *Fuerzas Armadas de Liberación Nacional* (FALN) and had been defeated by the end of the 1960s.

Also working against peasants' ability to bring pressure on the state were changing demographics. Rural to urban migration continued throughout the reform period and the voting bloc represented by peasants became increasingly less important as they and their votes migrated to the growing urban areas. The urban population, which had represented only 15% of the national total in 1921, rose to 67% by 1961 (Delahaye, 2003, p. 122). Inter-party competition for votes in urban areas, however, allowed the rural vote to continue to play a significant role in elections for some time even as its relative numbers dropped. But by the 1969 election, COPEI, AD's primary political opponent, won the presidency, reflecting the permanent shift of electoral numbers to the urban sector. Subsequent governments' agricultural policies reflected this change as the policy focused on increasing low prices for urban consumers and to subsidizing labor costs within the state's import substitution and industrialization strategies (Coles, 1995, p. 197).

While agricultural production rose after the reforms,⁶ this rise occurred primarily through the extension of the agricultural frontier rather than via expropriation and redistribution of large estates (de Janvry, 1981, p. 71). The reform was largely a colonization project, and while some expropriation did occur, oil wealth allowed the government to pay above-market compensation to landowners. The low profitability of agriculture in general even led some landowners to encourage conflict on their estates in order to qualify for expropriation (Barraclough, 1999, p. 20). Even then, over half of distributed land was state-owned (Dorner, 1992, p. 48).

The 1960s era agrarian reform provided little lasting benefits to Venezuela's peasantry. The orientation of the reform to political capture of rural voters and towards land colonization limited the scope and impact of the reform process. By the 1990s, many beneficiaries had abandoned distributed land and the *latifunida* nature of the countryside remained largely unaltered (see table 3). Broader agricultural development policy remained focused on the creation of a modernized commercial sector oriented towards industrial processing of foodstuffs for agro-industrial chains (Leddy, 1985, p. 72).

Rural spaces were developed largely by the redistribution of oil rents into the countryside in development projects that served the logic of an oil economy (Carvallo & Ríos, 1990). The peasantry continued to be marginalized in this context. The 1960s era land reform program did little more than create a new class of land-poor peasants (Leddy, 1985, p. 5).

⁶ In the period of 1961-68, Venezuela and Nicaragua were the only two Latin American countries to meet the minimum growth rate set for agrarian reforms by the Alliance for Progress (Petras & LaPorte Jr, 1971, p. 397).

Table 3: Land Redistribution in Venezuela’s 1960s-era Land Reform

Venezuela: 1960s Era Land Reform				
Farm Size (ha)	Number of Farms		Hectares Controlled	
	1961	1997/98	1961	1997/98
1-20	72%	76%	1%	6%
20-1000	27%	23%	10%	48%
>1000	1%	1%	89%	46%
<i>Source: Soto (2006, p. 39).</i>				

Nationalization and the 1970s Oil Price Boom

Venezuela was an instrumental party in the 1960 creation of Organization of the Petroleum Exporting Countries (OPEC), a sea change in the geopolitical position of major oil exporting states. The increased influence of oil exporters over production levels and oil prices set the stage for growing resource nationalism of South states and the oil price booms in the 1970s. In Venezuela, the center left government of Carlos Andrés Pérez presided over the nationalization of the oil industry in 1976 as a part of a continued move towards increasing rents from the petroleum sector. Despite formal nationalization, however, foreign oil companies continued to control major profit centers of Venezuela’s petroleum sector through contracts for exploration, drilling and consultation. Some noted the contracts had even improved the foreign companies’ profitability (Ewell, 1984) as fulfilling contracts for exploration and drilling was financially less risky than direct management of the oil fields. Oil sector reforms in the early 1970s had already eroded the position of the international oil companies in contracts and the domestic market sector, making formal nationalization of the sector less a new threat to operations but more of an opportunity for foreign oil companies to pivot towards more profitable areas of the sector.

While ownership of the oil fields passed to the Venezuelan government, the management of the oil industry resided in the hands of Venezuelan nationals hand-picked for executive positions by the foreign petroleum companies (Mommer, 2003). The state’s move in the late 1960s to increase state participation in supplying the domestic market by increasing the role of the Venezuelan Petroleum Corporation (CVP)—the national oil company established in 1962—in transport, storage, retailing and other domestic market activities was also suspended upon formal nationalization and the creation of PDVSA (Boué, 1993, p. 141).

There was an immediate structural tension between the new state oil company PDVSA (*Petróleos de Venezuela*) founded in 1976, and the other sectors of the state. PDVSA was established to operate as a largely independent, entrepreneurial, and profit-oriented institution that sought to maximize the growth of the oil sector at an arm’s length from interference from other sectors of the

government (Randall, 1987, p. 43). While the Ministry of Energy and Mines was to oversee the formulation of oil policy, PDVSA was charged with creating the specific operating policies to achieve the state's broader goals (Boué 1993, p. 24). Under the framework of the nationalization law, managers and technicians of PDVSA were not public employees (ibid.).

Nationalization did, however, give the Venezuelan government increasingly control over petroleum revenue and was also an important symbolic event for Venezuela and national aspirations for development. Armed with the influx of oil rents from the era's high oil prices, president Pérez sold the public the dream of the Great Venezuela (*La Gran Venezuela*), Venezuela's second independence—this time from economic dependency on foreign governments and oil companies. In the context of the 1970s oil boom and the resultant flood of petro-dollars, economic independence now seemed possible (Coronil, 1997). In an attempt to transform the role of the state from a rent-seeker to a producer, oil money was funneled into large-scale industrial projects. As Karl (1997) argues, the logic of petro-state development, however, was only exacerbated by the boom period, with previous decision-making and rent-seeking structures becoming more, as opposed to less, entrenched as a result of the influx of torrents of petrodollars:

In the manner of a petro-state, rent seeking had become the central organizing principle of [Venezuela's] political and economic life, and the ossified political institutions in existence operated primarily to perpetuate an entrenched spoils system. Both state agencies and political parties had given up their programmatic roles to become machines for extracting rents from the public arena. (p. 184)

As Coronil (1997) notes, “the circulation of torrents of oil money not only undermined productive activity and stimulated the spread of financial speculation and corruption but also facilitated the concentration of power at the highest levels of government” (p. 11).

The large-scale investment only deepened the malaise of domestic industry as imports surged in the oil boom period. In 1976 alone, imports increased 40%, while exports rose only 3.4% (Buxton, 1999, p. 168). Borrowing against future oil revenues grew steadily and, as oil prices declined, continued in order to maintain petro-state functions. As Venezuela entered periods of increasingly sharp economic crises in the 1980s and 1990s the state moved to increase the openings of the state petroleum industry to international capital, although PDVSA was never officially privatized. By the late 1980s PDVSA functioned much like a ‘state within a state’ and operated more as a private corporation than a national one (Lander, 2005; Mommer, 2003). Beginning in the 1980s, PDVSA pursued a strategy of internationalization, pursuing vertical integration by purchasing refineries in Europe and the United States and taking over CITGO's gasoline distribution network. While the primary stated rationale for this strategy was the securing of markets and refining capacity for Venezuela's heavy crude, it also allowed state

managers of PDVSA to shield as much petroleum revenue from the state as possible via transfer pricing through its subsidiaries and refineries (Lander, 2005, p. 30).

Economic and Political Crisis and the Rise of Chávez

As economic conditions worsened in the 1980s, president Luís Herrera Campins (1979-84) moved to liberalize the economy. The government implemented a policy of 'opening' (*apertura*) of PDVSA to foreign capital and oil companies in operating agreements and joint ventures. In agricultural policy moves were made to remove a number of subsidies and other supports to the agricultural sector in line with IMF prescriptions, although many were not implemented or were reversed (Llambi & Gouveia, 1994). Amidst a worsening debt crisis the Venezuelan government devalued the national currency, the bolívar, on "Black Friday" in 1983. As the economy continued to decline, and structural adjustment cut government social welfare and other subsidies, poverty exploded. In 1980, the poverty rate was under 20%; by 1996 it had climbed to almost 70% (Márquez, 2003, p. 202). The middle class was almost cut in half, decreasing from representing 60% of the population to 34% between 1982 and 1990 (*ibid.*, p. 200).

Structural adjustment policies provoked outrage from the public and Pérez returned to the presidency in 1989 with promises to redeliver the good times of the first oil boom to Venezuela's masses. Although his first government had epitomized state-led economic investment and controls, soon after entering his second term Pérez accepted a structural adjustment plan from the International Monetary Fund. When the Pérez government's implementation of neo-liberal economic reforms resulted in an overnight tripling of bus fares in February 1989, the population exploded in a massive social protest known as the *Caracazo*, one of the first major public uprisings against neo-liberal adjustment packages in Latin America. Poverty, crime and social exclusion of the marginal classes, once seen as growing pains of modernization, had become a more permanent feature of Venezuelan society (Lander, 2005, p. 27). Two failed military coups in the 1990s, the first one led by Hugo Chávez, signaled the end of the myth of Venezuelan 'exceptionalism' after three decades of political stability and economic growth.⁷

The collapse of the national image of Venezuela as a rich oil nation on the verge of modernization set the stage for Chávez's rise. Venezuelans saw their poverty and the country's debt as direct consequences of a corrupt, unresponsive political system represented by the traditional political parties. The state was perceived as having failed in its primary task to redistribute oil rents, to *sembrar el petróleo*. The coup Chávez launched in 1992 failed to overthrow the political regime, but the attack on the old order by the charismatic Chávez turned him into a popular

⁷ Venezuelan exceptionalism refers to the 'exceptional' fact that, while the majority of governments in Latin America experienced high levels of political instability and the imposition of military dictatorships in the second half of the 20th century, Venezuelan politics saw peaceful transfer of political power for over three decades.

hero. Political reforms introduced in the 1990s aiming to relegitimize the government by making it more responsive to the public were too little too late. After being released from prison in 1994 Chávez joined the realm of 'legitimate' politics. Campaigning on promises to rewrite the Constitution and sweep away the old system, he was elected into office in 1998.

Petro-Socialism: Endogenous Development in the Chavista Era

Setting the Stage for Chavista Land Reform Policies: The Continued Weakness of Agriculture and Dominance of Oil

Over 80 years of oil development had occurred by the end of the 20th century, helping to establishing the economic and social starting conditions encountered by the Chávez government. The Chávez government inherited an economy dominated by petroleum and with an agrarian sector that played almost no role in Venezuela's export economy. Agriculture represented less than 1% of exports in 2003 (ECLA, 2005, pp. 130, 167). In 2000 agricultural production generated only 4.2% of GDP (World Bank, 2015) dropping even further in the Chavista era to 3.6% by 2014 (CIA, 2015). The pivot towards petroleum had contributed to the emptying of the countryside and Venezuela was 87.4% urbanized in 2000 (ECLA, 2005, p. 77), a figure which had risen slight to 89% by 2014 (World Bank, 2015).

The decline of agriculture contributed to a weak and marginalized agrarian sector. Venezuela remained highly dependent on food imports to meet domestic consumption needs, importing around 75% of its food (Wilpert, 2006, p. 262).⁸ The capture of peasant unions by political parties and continued rural to urban migration fragmented and weakened Venezuela's peasantry as a political bloc. Where relatively strong peasant movements remained in rural areas like the state of Yaracuy, their influence was geographically isolated and limited. The move of the commercial agriculture into agro-industrial crops such as cotton and oilseeds precipitated a changing of cropping patterns and the ecological knowledge that accompanied them (Leddy, 1985). And despite 40 years with an agrarian reform law on the books, land tenancy for small farmers at the beginning of the Chavista era was not significantly different from the early 1960s (see Table 3). Indeed, a 2002 World Bank report listed Venezuela's land distribution as one of the most unequal in all of Latin America, with a Gini index for land distribution of .90—higher than Brazil or Argentina (World Bank, 2002).

Venezuela is a relatively mature producer with a nationalized oil sector. In addition, compared with many other oil states, its large domestic market and educated and skilled labor force qualifies it as a high absorber of capital among petro-states (Coronil, 1997; Watts, 1987). Its capacity to absorb capital domestically is therefore greater than in many other oil-states. These factors remove Venezuelan

⁸ The USDA cites Venezuela as importing 70% of its food (USDA, 2013).

somewhat from neo-colonial relationships experienced by other South nations. While this indicates a potentially greater freedom of movement in state policymaking, petro dynamics and a still-limited ability to absorb petro-dollars domestically constrain possibilities for the state.

Venezuela's economy continues to be highly dependent on its oil sector. Oil accounts for 95% of Venezuela's export earnings and for 50% of government revenue (Grisanti & Arreaza, 2011). The certification of the petroleum in the Orinoco heavy oil belt in 2011 converted Venezuela into the holder of the world's largest reserves of petroleum. In 2014, Venezuela's proven reserves stood at 298 billion barrels, of which 220.5 billion were located in the Orinoco belt (US Energy Information Administration, 2014). The conditions of Venezuelan oil deposits necessitate large capital investments to maintain and expand production. The majority of Venezuela's active fields are mature and require high levels of financing to maintain their productive capacity (ibid.). In addition, the heavy and sour nature of much of Venezuela's oil in comparison with other producers requires large capital outlays and processing in specialized refineries. It has been estimated just to sustain current production levels requires an investment by PDVSA of \$3 billion annually (Alvarez & Hanson, 2009).

Chavista Oil Policy

Chávez was elected on an anti-neoliberal platform that promised to reverse the structural adjustment policies implemented by earlier administrations, especially with regards to PDVSA. Central to the Chavista program was reforming PDVSA and redirecting oil monies towards social spending. The Chavista government inherited the nominally public, but largely operationally-private, PDVSA upon taking on the presidency in the 1998 election. Given the trend of de facto privatization at PDVSA, according to Mommer (2003), if not for Chávez's election 'PDVSA would have been transformed into little more than a licensing agency, and the privatization of its subsidiaries would have been the inevitable outcome' (p. 140).

The Chávez government moved to reassert more executive control over PDVSA. PDVSA had come to function as a primary underminer of OPEC production quotas and the Chávez ministries shifted OPEC policy back to defending quotas and oil prices (Mommer, 2003). In 2001, president Chávez issued a number of laws by decree, including the Organic Law of Hydrocarbons which increased royalties paid to the state by PDVSA and other oil companies to 30%. (ibid., p. 141). The Hydrocarbon Law also declared that the Venezuelan state would receive a minimum of 50 percent of the market value of oil production in the country.

The Chávez government's reform laws of 2001 contributed to a backlash from sectors of Venezuela's elites that moved to oust Chávez from the presidency. A failed coup briefly removed Chávez from power in April of 2002 and then in December of that year an oil industry lockout sought to force Chávez out through

economic pressure. The two-month oil strike devastated the Venezuelan economy and precipitated a large drop in the nation's GDP (see Figure 3). Production fell from over three million to 250,000 barrels per day and cost the state more than seven billion dollars of revenue.

Venezuela Real GDP (seasonally-adjusted)

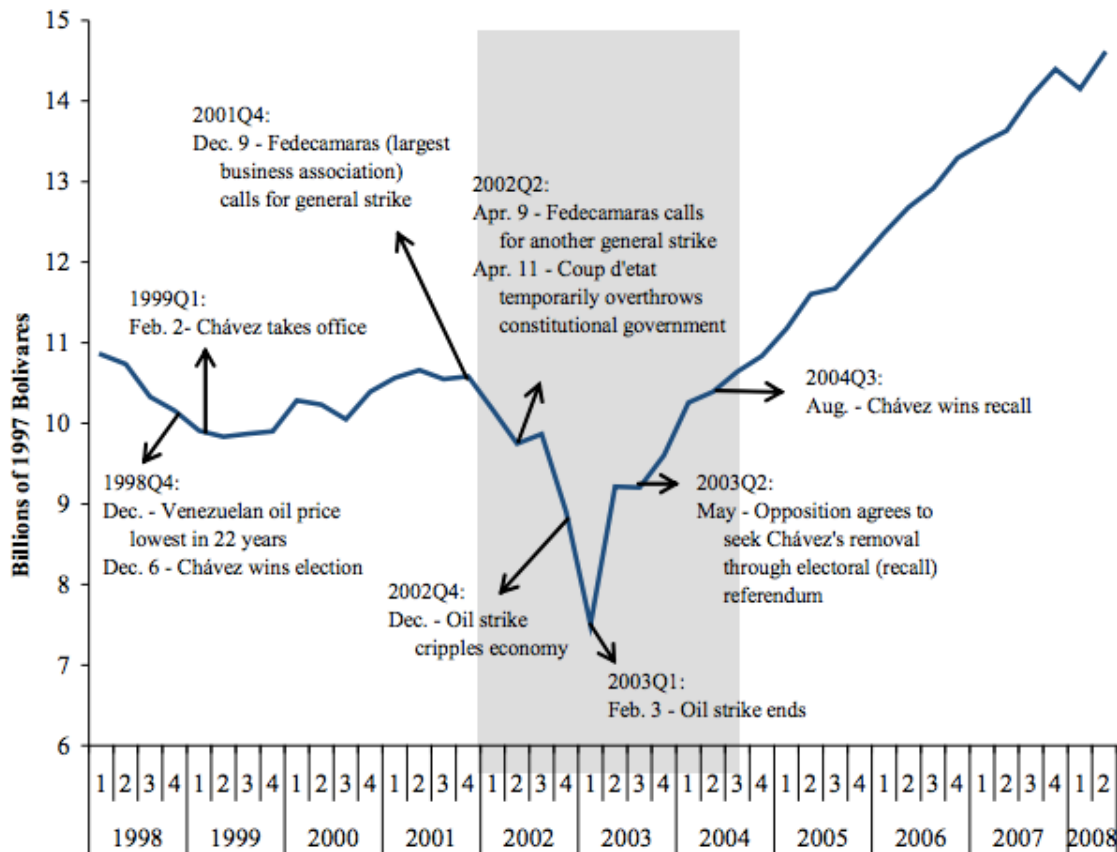


Figure 3: Venezuela Real GDP 1998 – 2008. Source: Weisbrot, (2011, p. 196).

The oil shutdown in 2002 failed in its political goals, and the resultant purges of striking managers and workers gave the Chávez government more managerial control over PDVSA. Post oil-shutdown the Chávez government continued to increase the state role in Venezuela's oil sector. The 2001 Law of Hydrocarbons had applied only to new petroleum ventures. In 2007, the government passed decrees to nationalize the oil production sites in the Orinoco belt where foreign oil companies held majority stakes, requiring PDVSA to hold at least 60% of joint ventures. Venezuela also moved to seek oil agreements with China to facilitate more flexibility in the marketing of Venezuelan crude to reduce its historical reliance on the United States, as well as attract more capital into the domestic economy and government coffers. From 2007 to 2014 China gave Venezuela around \$46 billion in loans for oil

deals (Wilson, 2014). In addition, China began building tankers, refineries and other oil-related infrastructure to handle the import of Venezuelan oil.

A central ideological tenet of the Chavista government was that more control over oil rents by creating a 'new' PDVSA could and would allow for funds to be directed to the remaking of Venezuela towards a new national, endogenous—and later socialist—development path. The slogan “PDVSA now belongs to everyone” encapsulated the ideological framing of PDVSA in the Chavista period post oil-strike. PDVSA began to fund the government’s social Missions, parallel state institutions that bypassed traditional government institutions to provide social services such as education, health care, and employment training to the populace. PDVSA delivered \$249 million to social Missions in 2003, increasing funding to \$1.24 billion in 2004 and \$13.3 billion in 2005 (Di John, 2009, p. 222). The president of PDVSA claimed that between 2001 and 2013 PDVSA contributed \$189 billion to social spending (“Pdvsa has injected USD 189.25 billion,” 2013).

Through its social spending PDVSA became more directly responsible for national social and economic development and more explicitly linked with the Chavista political movement. The government also created special funding institutions to facilitate dollar transfer to the executive branch from the oil sector. In 2004, PDVSA created the Venezuelan Fund of Economic and Social Development (FONDESPA) through which PDVSA could directly fund social spending and bypass legislation that directed PDVSA dollars through the Venezuelan central bank. In 2004, two-thirds of PDVSA’s budget was directed to social programs (Ross, 2012, p. 61). In 2005 the national assembly reformed laws governing the central bank allowing PDVSA to deposit oil dollars into the newly formed National Development Fund (FONDEN) for use by the executive (Armas, 2006). FONDEN is largely a black box of government finances and only sporadically publishes its funding data. In 2010, the last year in which funding data was published, FONDEN distributed \$2.2 billion to government projects (Ministerio del Poder Popular de Plannificacion y Finanzas, 2011). According to PDVSA, the oil company delivered \$64.9 billion into FONDEN between 2005 and 2013 (“Pdvsa has injected USD 189.25 billion,” 2013).

The increasing control over oil industry revenue streams combined with new social programs and rising oil prices facilitated increased government spending into the social arena. Total social spending increased from 12.8% of GDP in 1999 to 22.8% by 2011 (Weisbrot & Johnston, 2012, p. 11). The increased government spending had a decided impact on Venezuela’s poverty rates. Poverty rates dropped from 55% of the population in 1998 to 32% in 2013 while extreme poverty rates dropped from 20 to 9.8% over the same time period (Instituto Nacional de Estadística [INE], 2015). In addition, monies flowed through government missions, development funds and ministries into state-owned or cooperative economic structures in what the government framed as fomenting endogenous development. The concept of endogenous development was central to how the Chavista government framed its national development policies. Purcell (2010) has noted that endogenous development within Venezuela, however, did not denote a coherent set

of policies. Rather endogenous development was more of a 'rhetorical device' (ibid., p. 19) used by the government to discursively link oil rent redistribution to its positioning of itself as an anti-neoliberal state investing in marginalized sectors of the economy and society.

Interpreting Chavista Oil Policy and Social Spending

The Chavista government's stance towards PDVSA, international oil companies, and social policy points to the state taking greater control of its primary export industry in order to fund social and economic development. Hammond (2011) has argued that this new political control over the oil industry and its enabling of increased social spending has enabled Venezuela to address the resource curse. This thesis argues, however, from the analytical lens of Venezuela as a petro-state these policy developments, in and of themselves, alter little of the overall nature of Venezuela's political economy. All oil states, irrespective of their political orientation, seek to maximize the rent received from its extractive sector (Dunning, 2008). While certainly askance from neoliberal approaches to resource policy, the Chavista reassertion of state influence is based primarily on increasing rents from its oil sector, and does not represent a fundamental change in how Venezuela's oil sector functions in the broader capitalist world economy nor its capital accumulation function as the engine of the Venezuelan economy.

This is not an argument against the Chavista state as progressive per se but rather that progressive-oriented governments are constrained by the broader political economy in which they are embedded and which they must reproduce to maintain the functioning of the economy and society. The state cannot easily extricate itself from the conditions and governing structures set by the capitalist world economy. This is particularly true of the oil sector as it is capital intensive and international in character. Venezuela's nationalization of operating agreements and joint ventures in 2007 led to lawsuits in the World Bank's International Center for Settlement of Investment Disputes (ICSID) by the oil companies unwilling to accept nationalization terms. One of the holdouts to concession restructuring was Exxon-Mobil who asked for \$16.6 billion for the 41.7% stake it held in the Orinoco belt. ICSID decided the case in 2014, awarding Exxon-Mobil only \$1.6 billion in what was seen by the Venezuelan government as a victory for its nationalization policy. Although Venezuela left the ICSID in 2012—citing the court's favor towards TNCs in disputes with states—it must comply with rulings on cases brought before its exit. The government has somewhat reversed policy course in an attempt to attract foreign capital back into the heavy oil fields of the Orinoco belt, providing more flexible terms to international oil companies including Chevron and Spain's Repsol (Ulmer & Parraga, 2015). The fall of international oil prices has only reinforced the state's need to draw foreign oil companies back into Venezuela.

PDVSA in Chavista Venezuela, thus, operates largely under the same international constraints as in previous eras. The reworking of contracts to ensure

more profit and control for the state represented not removal from larger-scale petro relations, but rather better terms for the state under similar macro-level conditions.

A petro-state analysis of Chavista social spending also finds less transformation of government functioning than the state's rhetoric would imply. Marta Harnecker has argued that although the Chavista social Missions are not necessarily socialist in nature, their existence is indicative of a society attempting to fashion structures outside of the logic of free-market capitalism (Fuentes, 2005). From a petro-state perspective, however, the Missions can be seen as oil rent redistribution largely consistent with other phases of recent Venezuelan history. As Dunning (2008) points out, both the Caldera and second Perez governments attempted to implement new social services programs for poorer citizens similar to the Missions in the 1990s, yet restricted revenue—in terms of low oil prices and increased debt servicing—limited the government's ability to fund them (p. 172). The Missions' nature as state institutions that operate parallel to, as opposed to in concert with, to existing state ministries and programs, also reflect a petro-state tendency to rapidly expand the public sector during times of resource booms. The social Missions do run counter to neoliberalism's emphasis on reducing the role of the state—and levels of direct government spending—in social services. However, this can be interpreted as a petro-state response to the social disruption engendered by neoliberal policies. This is not to disparage the important role Chavista social Missions have played in improving poverty indicators, but rather to place them in a petro-state context as part of an attempt to understand their limits and implications in Venezuela's context.

The Missions, however, do not represent the whole of social or economic policy in Venezuela, but rather one part of a web of programs, institutions and policies redistributing oil rents into the domestic economy. The increased role of the state in national development has also been seen through nationalizations of key industries, including cement, steel, telecommunications and food companies. There is a distinction between social service Missions that deliver healthcare or subsidized foods in poor neighborhoods and the Missions that involve job training programs—including in agriculture—that support economic development programs. This branch of government spending is oriented, at least at the rhetorical level, towards changing the nature of capital accumulation in the domestic economy. In the agrarian reform the government has privileged cooperatives in land redistribution and access to subsidized credit and technical assistance. The state has also set up agricultural training programs for urban residents and established co-managed state farms. These public investments in economic organizational structures that fund cooperative or co-management enterprises are couched as components of endogenous development and as 21st century socialism. These policies are to support relatively small-scale enterprises functioning as elements of the solidarity 'social' economy that operate outside of strict capitalist market relationships.

However, the trend of public investment has increasingly focused on state-managed and larger-scale projects.⁹

Does Socialism Matter? Oil Dynamics, Capital Accumulation and the Nature of the State

Rentier states tend to produce particular forms of capital accumulation and state intervention in the economy that are largely independent of the political nature of the state. Grinberg and Starosta (2009) have argued that in terms of capital accumulation—in contexts where large part of national wealth emerges from a rentier sector—capital reproduces itself on a relatively small scale and is oriented towards serving domestic and not international markets (*ibid.*, p. 769). While this limited form of accumulation constrains capital's ability to compete outside of national border, the capture of oil rents allows for—and is necessary for—its domestic reproduction (*ibid.*, p. 770). In terms of state intervention in the economy redistribution policies in rentier states oriented towards supporting domestic economic sectors tend to take the forms of cheap credit, subsidized inputs, an overvalued currency to facilitate the importation of industrial inputs, and price controls to stimulate domestic consumption of goods (Grinberg, 2008). Accordingly,

different state policies, in particular, are thus not seen as an autonomous force that determines the content of the accumulation process in each national or regional space. Rather, they are considered as the political forms that mediate (without abolishing) the development of the inherently contradictory dynamics of capital accumulation on a world scale. (Grinberg and Starosta 2009, p. 771)

In this view, if Venezuelan economic policy largely remains in these rentier forms, the nature of state as progressive is largely irrelevant to how capital accumulation occurs. This is exactly what Grinberg (2010) argues has been the overarching shape of Chavista-era economic policy. While there has been an increase of social spending directed at education and poverty reduction, policies of maintaining an overvalued currency, price controls for energy and foodstuffs, and the expansion of the private sector has only reproduced the limited capital accumulation of previous eras (*ibid.*, p. 195). This challenges the view of Chavista policy as oriented towards an endogenous or social economy that shifts production out of strict capitalist relations and transforms the social relations of production. The socialist institutions of endogenous development and the social economy are the political forms that mediate how oil rent is redistributed in society, yet without fundamentally changing the functioning of the national economy. 21st century socialism in Venezuela, thus, is unlikely to overcome, in the long run, resource curse dynamics.

⁹ See chapter 4.

This is largely Purcell's (2013) argument on social production companies. For Purcell, the Venezuelan government has focused more policy attention on the social and equality aspects of Chavista-promoted forms of economic organization. The nature of accumulation in these enterprises, however, remains—as Grinberg and Starosta (2009) argue—dependent on rent capture and, thus, blocks their ability to reproduce themselves beyond a severely limited form. The only solution to these limits is the abandonment of a model of small cooperatives in the 'social economy' and to "seek concentration on a scale that can compete, if not on the world market, with private national capitals" (ibid., p. 163). Large-scale production, Purcell argues, is "the *only* material basis that can make inroads into the structure of rentier capitalism that continues to exclude the majority from the nation's oil wealth" (ibid., emphasis added).

There are number of implications from Purcell's agreement when taken into the peasant and agrarian reform sectors. The most glaring is Purcell's conclusion that large-scale production is the only path forward to transform the material limits presented by a development model based on oil rents. This dissertation argues that the shift of agrarian policy towards an increasingly productionist model—where food production concerns outweigh the social goals of agrarian policy—has contributed to a plateauing of the agrarian reform in Venezuela. The focus on production has led to the state focus more policy attention on large-scale agrarian endeavors, and has seen the state take more managerial control over decision-making components of the agrarian reform sector. The large-scale production recommended by Purcell would imply the conversion of peasant producers into wage laborers on state-owned—even if co-managed—farms. As argued in chapter 6, peasants in Venezuela have often shown a preference for the organizational forms that allow them to maintain a certain level of autonomy over land and production decisions even if this has meant a foregoing of state salaries and labor benefits.

In terms of food sovereignty, the productionist focus of large-scale agriculture endeavors also increased state control over cropping decisions. For example, the state's emphasis on increasing maize production in 2011¹⁰ directed resources more quickly to farmers producing maize. On the ground this meant peasants were encouraged to shift production to maize or face being shut out of state subsidies. Given the trajectory of agrarian policy in the Chavista era towards an increasingly productivist frame, increasing policy emphasis on large-scale projects implies fewer resources available to more independent sectors of the peasantry seeking to maintain measures of autonomy over their natural resource base.

Purcell's analysis, nonetheless, outlines a central tension in Chavista socio-economic policy between production and social goals. State policy has both capital accumulation and legitimation dimensions and the nature of the political economy

¹⁰ See chapter 6, pages 139-140.

of a petro-state shapes the limits of policy to resolve this tension between these dimensions.

Oil wealth and social conflict: Oil dynamics and the constrained implementation of Venezuela's agrarian reform.

The above discussion outlined how the forms of domestic capital accumulation in a petro-context limits the capacity of state policy to address resource curse dynamics, even in a self-proclaimed socialist state. Dunning's (2008) argument on the stabilizing impacts of oil wealth in terms of maintaining of democratic institutions demonstrates how oil dynamics can function to reduce the 'radical' nature of reform. Dunning argues that oil wealth can stabilize democracies by allowing the state to address social inequalities without threatening the private wealth held by economic elites via the redistribution oil rents. This lowers the incentives of elites to block or reverse democracy. Dunning argues much of the social conflict in the Chavista era can be explained through this dynamic. Low prices in the 1980s and 1990s and the fiscal crisis they engendered in Venezuela contributed to the collapse of the two-party, pacted democracy system that provided electoral stability since the 1960s. Chávez's election in 1998 emerged from this political and economic crisis. Continued low oil prices in Chávez's early years in office created, in Dunning's reading, a context where the Chavista redistributive political program, and in particular the agrarian reform law, appeared to poise a threat to private capital. In response elites pursued a strategy of destabilization and attempted non-democratic removal of Chávez from the presidency.

The coup of 2002 and the oil sector lockout of 2002 and 2003 that sought to force Chávez from power can, thus, be partly explained by elites' reactionary responses to redistributive policies in times of low oil prices. While Wilpert (2006) cites the 2001 agrarian reform law and its threat of expropriation of private land as one of the key policies that precipitated the coup and oil lockout, Dunning's analysis contributes to a clearer interpretation of how the level of oil rent availability contributed to the anti-democratic response to early Chavista policies. Via Dunning's analysis high prices should facilitate redistribution policies that less strongly threaten elites and blunt extra-democratic resistance to the Chavista government. In large part, this is borne out empirically. After the failed oil industry lockout the political opposition oriented itself more to political activism and sought a recall referendum for president Chávez. In the same time period the government reached out to capital and sought unofficial 'alliances' with business interests that were considered strategic to the nation's development (Ellner, 2012, p. 106). In exchange for refraining from striking, business interests were provided access to dollars for imports at preferential rates (ibid.)

The evolution of the agrarian reform program also seems to support Dunning's argument. It was not until 2003—after the coup and oil lockout—that the agrarian reform actually began to be implemented by government institutions, due in large part to the state's dealing with political challenges to its legitimacy. The

beginning of reform implementation coincided with steadily rising oil prices that reached over \$60 a barrel in 2005 to a peak of \$133 in 2008.¹¹ While couched as a ‘war on the *latifundio*’ Dunning argues that the land reform only moderately impacted elites and primarily redistributed state-owned land. In addition, many high-profile land reform nationalizations targeted foreign, not domestic, capital.

Dunning concludes that the Chavista-era land reform was more of a focus on rural poverty reduction via increased social spending than a redistributive program that broke up large private landholdings (p. 189). The availability of oil rents due to increased prices shaped the trajectory of the agrarian reform by enabling funds to flow into rural areas that—combined with the redistribution of state-owned land—reduced the imperative of the state to confront large landowners. As stated by a member of the political opposition, “socialism in a petro-state can temporarily dispense with blood and fire” (Dunning, 2008, p. 193).

While this thesis shares Dunning’s basic conclusion that the agrarian reform program represented only moderate redistribution when considered with the radical discourse that accompanied it, his analysis is limited in explaining dynamics of the land reform. Stuck at the national scale, the analysis does not sufficiently address the state’s relationship with the agrarian sector as a whole and leaves unexamined the dynamics of conflict present between peasants, landowners and the state. There has been significant elite resistance to the land reform program in areas of Venezuela in both high and low oil price periods. Between 2003 and 2011, an estimated 256 peasants were killed in land struggles (PROVEA, 2011, p. 223). Occupation of private land by peasants, in addition, has been a characteristic of the land reform.

In some ways the conflict over land is consistent with—although absent from—Dunning’s analysis. Much of the conflict has been a result of peasant activism and organization in areas of historic land struggles (Lavelle 2013) while actual state policy has, in many cases, sought a *détente* with sectors of national capital. Yet Dunning’s generalized, national-level analysis cannot explain regional variation in both conflict over land and state institutions’ willingness to confront *latifundio* interests. As this thesis explores in chapter 6, particular land conflicts in Venezuela are based in specific local histories and dynamics. So while the particular political economy of a petro-state establishes general constraints on the forms and function of social and economic policy, a detailed analysis of on-the-ground dynamics in specific contexts is necessary to interpret the nuances of differentiated *local* reactions in Venezuela’s agrarian sector. Dunning’s analysis, regardless, adds an additional structural component to understanding both government strategy in agrarian reform *and* the shape and strategy of Venezuela’s political opposition.

¹¹ After a quick and precipitous drop precipitated by the 2008 financial crisis, oil prices quickly recovered and stayed high (above \$80 a barrel) until prices crashed in 2014, falling from \$106 a barrel in June to \$35 a barrel by December 2015.

In addition, as Dunning's analysis of the petro-state is focused only on whether or not oil wealth can foster democracy it also reveals little about what structural constraints oil dynamics bring to Chavista government. Dunning does not address what the state 'needs' from the different components of the agrarian sector although it can be inferred that the agrarian reform in Dunning's analysis is primarily social in nature—the reform provides for legitimation of the government as a pro-poor reformist in the agrarian sector without fundamentally challenging capital interests in rural areas. Yet the state must also maintain domestic food production within the national economy to preserve the national network of food supplies. While the state's petro orientation privileges food imports domestic production is still an important base for food provisioning. Domestic agriculture also becomes central to a state looking to diversify its economic base as part of 'sowing the oil', that is, altering resource curse dynamics emerging from state revenue dependence on the extractive sector. The state, thus, has large incentives to maintain or expand its commercial agriculture sector even if its stated rural policy is focused more on delivering resources to the peasantry. State food and land reform policies are often at cross-purposes and contribute to contradictory policy contexts that constrain how the agrarian reform is conceptualized and implemented.

The Petro-Socialist Framework: Analyzing the Agrarian Reform in a Petro-State Context

Combining Purcell and Dunning reveals two dimensions of petro-dynamics that limit the Chavista agrarian reform program. This dissertation argues that state policy has functioned to maintain a large sector of commercial agriculture despite the government's radical rhetoric around the reform. Using Purcell's analysis, one dimension of the need of the government to maintain commercial agriculture would grow out of the limited ability of the agrarian reform sector to make up for production due to the dynamics of capital accumulation in the reform sector being based on oil rent capture for reproduction. Only through access to subsidized credit, inputs and land has the reform sector been able to reproduce itself, and only partially at that. Adding Dunning, the commercial sector is maintained because high oil prices allow for the state to redistribute oil monies in rural areas without the necessity to significantly challenge the private agricultural sector. Structural factors growing out of a petro-state political economy, thus, are fundamental to interpreting the trajectory of agrarian reform in Venezuela.

This is not to argue that the nature of the state is irrelevant in agrarian dynamics in Venezuela. This dissertation argues that understanding local dynamics around the agrarian reform requires unpacking state policy as ideologically and, in some forms, materially oriented towards changing socio-economic relationships in what the government has called Socialism for the 21st Century. The socialist or progressive nature of the state is an important factor in the on-the-ground dynamics of the agrarian reform and helps illuminate regional variation in the reform. The socialist framing of the state also to some degree requires the government to emphasize the legitimation component of agrarian reform policy. The socialist

nature of the state is central both to how the state forms agrarian policy and how peasants interact with state structures.¹² The constraints brought by Venezuela's position as a petro-state, however, limit both the formation and implementation of the agrarian reform and helps explain the plateauing of the reform process.

Venezuela, thus, can be conceptualized as a petro-socialist state. The state is petro in the sense that oil development is both fundamental to the socialist project as the source of its funding *and* in creating barriers to reform processes. Oil is also at the core of the government's framing itself as anti-neoliberal and, later, socialist. The state is socialist in the sense that its legitimation with its electoral base requires attacking neo-liberal policy structures and the redistribution of state oil rents to popular sectors of the Venezuelan population. In this way the existence of an agrarian reform process was preordained, even if its content was uncertain. Oil dynamics constrained forms of government intervention in the economy, brought limitations to capital accumulation processes in the reform sector, necessitated the continuance of large capital flows to the petroleum sector, and reinforced the historical marginalization of the nation's agricultural sectors. The term petro-socialist connotes that, from the beginning of the Chavista period, the shape of reforms were limited and often contradictory in nature.

¹² See chapter 6.

Chapter 4:

The Evolution of Chavista Venezuelan Agrarian Policy

This chapter analyzes the Venezuelan agrarian reform as part of the broader, agro-food policy regime in the Chavista era. These policies evolved throughout the Chavista government, but in general were oriented towards three stated goals: raising agricultural production, reducing rural poverty, and ensuring consistent delivery of affordable food to the population—especially in areas underserved by the inherited food system. The agrarian reform held a key discursive and, theoretically, functional role in agro-food policy. Discursively, the land reform embodied a social justice component of policy that promised to benefit marginalized social sectors. Functionally, the reform was framed as a step towards creating a broader farming base that would increase agricultural production.

Food and agriculture policy, in turn, nested within the broader Chavista socio-political project of reforming or reordering parts of the economy and, thus, reflected stages of national development and socio-economic reform strategies. The Venezuelan government framed these strategies as a process of endogenous development, to denote the use of national human and natural resources to create new socio-economic structures oriented towards replacing society's capitalist relationships with an equitable 'social' economy. Endogenous development was the discursive framework that linked social service programs targeted at previously marginalized sectors—the primary political base of Chavismo—to a vision of socialist socio-economic transformation. Endogenous development within Venezuela, however, was an amorphous and moving concept that was primarily a 'rhetorical device' that framed government social and economic programs as addressing social needs of marginalized classes, yet without having specific, formal socio-economic forms (Purcell, 2010, p. 19).

Within the endogenous development frame, new forms of economic organization were ideologically paired with the creation of novel forms of political organization. These organizational structures had the stated goals of substituting older representative democracy structures with ones that were to create a direct and participatory political system and that would redistribute funding flows from a top-down model—where monies filtered down through hierarchal levels of the bureaucracy—to direct funding from the national government to community organizations. These participatory structures were linked to endogenous development in that they provided for, at least theoretically, increased community control of social programs and economic development. The frame of endogenous development in Venezuela served to give ideological coherence to the direction of

reforms, even as their forms evolved overtime as the political and economic context changed.

This work examines the agrarian reform as part of four broad agro-food policy phases within this endogenous development frame (see Table 4). While policy phases are outlined for increased clarity of the evolution of government policy, the phases are not completely distinct from one another, meaning that there is often continuation of some institutions and policies even as others are introduced, dissolved, or replaced. Although the edges between phases are not always sharp, overall they are a useful tool for describing a trajectory of how ideological and productive strategies of the government manifested themselves in changing contexts over time.

Agro-food policy phases are presented here as containing two broad components: popular participation structures—both political and economic in nature—that were key to the government framing of policy across all sectors of society, as well as policy oriented specifically towards the food system. This illustrates an argument that underpins much of the analysis of this thesis, that understanding agrarian reform policy requires placing it both in agro-food policy more generally, *and* the broader political and economic context in which it was conceived, implemented, and operated.

Given the above points, a useful lens for understanding policy phases is recognizing and analyzing the dual capital accumulation and political legitimation functions of policy. That is, policy serves both to legitimate the state to different sectors depending on the context—for example, rural or urban residents, or international or domestic capital—and also contains a capital accumulation function for the government or other sectors. In this way the framing of endogenous development in Venezuela both legitimates the government as a pro-poor and anti-neoliberal actor as well as introduces new dynamics and economic structures in the realm of capital accumulation. In agrarian reform terms, policy is couched both as undoing exploitive relationships in the countryside and, thus, reinforces state narratives of the government as champion of the poor, and is linked to the redistribution of oil wealth to reform beneficiaries that change the material conditions of rural areas and theoretically stimulate peasant production. Said another way, all policy serves both political and economic functions, and needs to be understood as dual in nature.

Table 4: Agro-Food Policy Phases

Political Context	Main National Political-Economic Projects	Agrarian Reform Structures	Major Agro-Food Laws and Institutions
1998-2003: Election of Chávez 1998; Constitutional Assembly 2000; coup 2002; oil strike/lockout 2002-2003; presidential recall referendum 2004	Plan Bolívar		Land Law (2001); CVA
2003-2005: Rising oil prices; price controls on select foodstuffs; currency controls	Missions; cooperatives (1 st wave)	Fundo Zamoranos; cooperatives; NUDE's	INDER; INTI; FONDAFA; Mercal; CASA; Vulevan Caras; BAV; CVA; Mission Zamora (2005)
2006-2007: high oil prices	Communal councils; cooperatives (2 nd wave)	Fundos Zamoranos; EPS's; UPS's; peasant councils; cooperatives	Mission Che Guevara; PDVSA Agrícola
2007-2014: High, but fluctuating oil prices through July 2014, then large decline; nationalizations of strategic industries; food export restrictions (2008); food products scarcity; supermarket lines; death of Chávez (2013); electoral tightening post-Chávez; political protest	The Communal State; New Geometry of Power; Attempted constitutional reform (2007); First Socialist Plan for Economic and Social Development (SPESD): 2007-2013; Second SPESD: 2013-2019; Integrated Agricultural Development Plan (PIDA) 2010	EP Socialistas; UP Socialistas; NUDE Socialistas; Fundo Zamoranos; cooperatives	Food Security and Sovereignty Law (2008); INSAI; FONDAS; Fondo Zamorano; (2012); Agrarian Assemblies; Gran Mission AgroVenezuela (2010); Agrotiendas; PDVAL; Agropatria; Ley Abono Siembar Petrolera; FONDEN; Fondo Chino; Fondo Zamorano; Abastos Bicentenario; CVAL; SUNDDE

Source: adapted from (Castro Aniyar, 2013)

Phase One: 1999 – 2003

The Chávez government faced a host of social problems upon election in 1998, including a poverty rate of 70% (Márquez, 2003, p. 202). The pacted democracy arrangement of government that had provided for Venezuela's 'exceptionalism' had broken down over the previous two decades and Chávez was elected on a platform of reversing anti-neoliberal reforms and addressing the social needs of the majority of Venezuelans marginalized under the previous political system. A perceived weakness to addressing social needs was a lack of effective state capacity to deliver resources to marginalized areas. In order to address this state capacity deficiency and to bypass ineffectual inherited institutions, Plan Bolívar was created by the Chávez government in 1999 (Buxton, 2005, p. 337). Plan Bolívar was a civic-military venture that used the armed forces to implement social and infrastructure projects. Managed by the office of the Presidency and the Ministry of Defense, Plan Bolívar first delivered medicine and food in poor areas, and later expanded the types of services to include trash collection, school repair, and medical services among others (Castro Aniyar, 2013, p. 150).

The key new socio-political organizational form created in support of this phase were the Bolivarian Circles, small groups of four to five people that formed in 2000 to support and promote the government's new projects (Buxton, 2005, p. 344). In addition, the new constitution ratified at the beginning of the Chavista era provided for the creation of Local Public Planning Councils (CLPP—*Consejos Local de Planificación Pública*), modeled largely on participatory budgeting process introduced in Porto Alegre, Brazil, in 1990 (Wilpert, 2011, p. 106). The councils formed at the municipal level and included local government officials and representatives from neighborhood groups and other civil society organizations, and were to function to develop and assess community projects and government investment (ibid.). Implementation, however, was quite uneven and CLPP's were plagued by problems, including decisions vetoed at higher levels of government (ibid.).

The Land Law

It was also in this early phase that the agrarian reform law was created. Passed by decree in 2001, the Land and Agrarian Development Law (*Ley de Tierras and Desarrollo Agrario—LTDA*)¹³ called for the elimination of Venezuela's *latifundio* and the establishment of integrated and sustainable rural development. The law contained a number of mechanisms for distribution of land by the National Land Institute (INTI). Squatters on state land that had been farming for three years could have their status regularized by INTI. A 2010 reform to the LTDA established a "land to the tiller" clause that provided for distribution of land to tenant farmers although, at the time of writing, there is little evidence to suggest that this part of the reform

¹³ In this thesis I also refer to this law simply as the Land Law.

law has advanced. The state could also ‘recover’ land via the process *rescate* if property owners could not produce documentation demonstrating a chain of legal ownership dating back to 1848. If there were gaps in the chain of documentation, estates could be considered illicitly obtained and the land, even if productive, could be claimed by the state (Article 82).

Article 69 of the LTDA, in addition, gave the Venezuelan state the right to expropriate land from *latifundio* in the countryside. The LTDA’s justification for expropriation was the concept that agricultural land served both social and economic functions. If land was not completing its social or economic duties, the perceived needs of the broader society trumped the right to personal property and the land could be expropriated. Legal landowners were eligible for compensation for seized lands. In *rescate* landowners were to be paid for improvements and infrastructure on the land existing at the time of recovery by the government.

In its original form passed in 2001, the LTDA defined *latifundio* in terms of acreage and soil quality. Estates controlling over 100 hectares on land with high quality soils (1st grade) and over 5,000 hectares on lower quality land (6th and 7th grade) were subject to expropriation (Articles 7, 74). In May of 2005 the law was modified with a new definition based on estate productivity. The rewritten Article 7 classified *latifundio* as estates whose land use yields less than 80% of ideal production for the category of soils present.

Even estates deemed to be productive and legally owned, however, were not immune to seizure under the law. Article 68 of the LTDA stated all agricultural land must serve a food security¹⁴ function as defined by the central government or it could be declared as failing in its social function. Article 84 of the LTDA gave INTI the additional right to initiate expropriation on any estate if the state deemed it necessary to implement social projects. This theoretically allowed for seizure of any estate, regardless of size or level of productivity.

The law established that to initiate a land redistribution claim, *campesinos* needed to make a formal request for a parcel of land they believed to be idle or state-owned. INTI was to then inspect the disputed property to determine ownership and productivity. INTI distributed *cartas agrarias*, which granted usufruct rights to the parcel, to peasants who received a favorable ruling. Reform beneficiaries had three years in which to put the land into production, after which they could apply for a *carta de adjudicación* that allowed for permanent residence on the land. With a *carta de adjudicación* land could be inherited by beneficiaries’ families, but could not be broken up or sold to private interests. All land ultimately remained property of the state.

¹⁴ Article 305 of the Venezuelan Constitution defined food security as “the sufficient and stable availability of food throughout the nation and the timely and permanent access to said food by the public” (República Bolivariana de Venezuela, 2000).

Idle land on an estate, however, did not necessarily lead to expropriation. If a landowner's estate was declared unproductive an appeal could be made to an agrarian court and an additional inspection would be made in 60 days, a time lapse that landowners could use to occupy previous idle land with cattle, infrastructure, or crops (Sanoja, 2005). Landowners could also submit a production plan and receive certification as a *finca mejorable* (an estate in the process of becoming productive). This gave landowners two years to establish production, after which it could be classified as a productive estate (Article 49). While the LTDA still reserved the right to expropriate the land in order to establish special projects or to distribute to the landless, productivity debates provided landowners with tools that could theoretically be used to stall the expropriation process.

Critics of the land law argued that the retention of ownership by the state reinforced paternalistic structures and prohibited beneficiaries from using land as collateral to receive loans. The prohibition on sale was to prevent reconcentration of land as well as to diminish the possibility of land speculation in the reform sector, where beneficiaries sell the land for a quick profit or rent it out to others, becoming landlords themselves. However, the lack of legal right to sell redistributed land historically had not stemmed land sales. The 1960s agrarian reform also prohibited the sale of land except under exceptional circumstances, yet plots were, nevertheless, sold by reform beneficiaries on the black market (Delahaye, 2002, p. 353). Furthermore, as they were shut out of formal land markets *campesinos* enjoyed less legal and market protections and found themselves disadvantaged in land sales (*ibid.*). While abandonment of land occurred during the 1960s-era reform, reform supporters argued that the lack of profitability of land was at the source of land desertion. Land abandonment was not a titling issue, but due rather to the failure of the central government to support reform beneficiaries with needed credit, technical assistance and market support.

As part of the reform, new institutions were created to provide funding and technical support specifically to small producers and the agrarian reform sector. Insufficient government support was seen as a primary reason for eventual parcel abandonment and reconcentration in the first land reform, and increased and targeted support to marginalized rural producers would serve to both increase their productive capacity as well as visibly redistribute oil wealth to poorer, rural environs under the banner of Chavista reform. The Development Fund for Agriculture, Fishing, Forestry and Related Activities (FONDFA) was created to deliver subsidized credit to small and medium producers and land reform beneficiaries. Once cooperatives received a *carta agraria* from INTI they were eligible to receive FONDFA credit. FONDFA was liquidated and replaced with the Development Fund for Socialist Agriculture (FONDAS) in 2008. In later phases of government policy FONDAS loans were targeted towards small and medium producers that were linked to institutions of 'popular power', the communal and *campesino* councils discussed below, which demonstrates the growing, explicit discursive and policy strategy to link the productive sector to the political sector.

The Rural Development Institute (INDER) oversaw infrastructure projects such as irrigation and road building and maintenance, and in some cases provided administrative and technical capacitation services to producers. The Corporation for Agricultural Service and Supply (CASA) received foodstuffs produced with FONDAFA/FONDAS loans and distributed them through the government chain of subsidized supermarkets. Other institutions—the Institute for Educational Cooperation [INCE] and *Vuelvan Caras*—provided training and technical aid to reform beneficiaries.

The functioning in practice of the law and its related institutions is an empirical question examined in following chapters. At this juncture it is important to note the land law's early centrality in the government's framing of itself as serious reformers of inherited, inequitable socio-economic structures. A quote from president Chávez citing a conversation he had had with Pedro Carmona—who headed the largest business federation in Venezuela, FEDECAMARAS, which formed an important part of the political opposition to Chávez—before the 2002 coup illustrates the symbolism the land reform law held even early on in the imagining of Chavismo as confronting old elites and promoting social justice.

Are you going to defend the *latifundio*, Carmona? In a country like Venezuela with so much fertile land. . . . Many [landowners] don't have title to their lands, they can't show that they own it. At the Sur del Lago region in Maracaibo, hardly anyone has titles. So these are state lands . . . they're class 1 and 2 lands. The [land] law stated they couldn't have properties larger than 150 hectares. All the owners of class 1 land in the Sur del Lago had more than 150 hectares. They violated the law for 40 years. They have 10,000 hectares and they only use them for cattle, destroying the land when they should be planting plantain, cacao, or other crops apt for class 1 soils. This is about justice, about securing peace for everyone . . . (Chávez in Villegas Poljak, 2012: 43)

Despite the rhetoric around the reform, actual implementation of the LTDA in terms of land redistribution didn't begin until 2003. The immediate years following the decree of the LDTA were tumultuous political moments for the Chávez government. Chávez was briefly removed from power by a coup on April 11, 2002 before street protests and Chavista loyalists in the army returned him to the presidential palace.¹⁵ This was followed by an ultimately unsuccessful managerial oil strike/lockout aimed at forcing Chávez from power by grinding the economy to a halt via the shutting down of the oil industry. 2001-2002 were, thus, moments of pointed political and economic turmoil where the Chávez government was primarily engaged in fighting to keep elite interests from retaking control of the government. Despite the lack of official movement on the land law following its promulgation by the government, however, land petitions and occupation of land by peasants began

¹⁵ Carmona, the head of FEDECAMARAS, was sworn in as interim president during the coup.

soon after the reform's promulgation and often ended with peasants being forcibly removed from land by state security forces (Lavelle, 2014). These early land conflicts would not be resolved until later.

Phase 2: Missions and Cooperatives 2003-2005

The survival of the Chávez government from the coup and oil strike delivered the administration greater control over the oil industry and its revenue, and also delegitimized the political opposition in the eyes of many Venezuelans. In addition, the recovery of oil prices in 2004 saw increased revenues flowing to the state and the government created new institutions to provide social services to the populace. The delivery of many services from Plan Bolívar was replaced by the creation of the Missions, which were more institutionalized forms of social service provision, but continued to bypass older hierarchal institutions of the state. The Missions received funding directly from the central government, that is, funds did not filter down through traditional government ministries. By delivering social services in poor areas under the banner of Chavismo, the Missions served to legitimize the government in the run-up to the recall referendum in 2004—the next significant attempt by political opponents to remove Chávez—that Chávez won handily. Much of the funding of the Missions came directly from the state oil company, PDVSA. PDVSA's direct funding of social Missions supported the Chavista slogan that “Now PDVSA Belongs to Everyone”, as evidence that the Chávez government was redirecting state institutions away from serving elite interests to function in favor of the previously excluded. By 2012, PDVSA had channeled \$32.2 billion into the government Missions (Armas, 2012).

Early government Missions set up free health clinics in underserved urban neighborhoods and rural areas (Mission Barrio Adentro), provided literacy programs (Mission Robinson), and high school and university level classes (Missions Ribas and Sucre). Relevant to the agro-food system was the creation of Mission Mercal, small neighborhood grocery stores that sold subsidized food to residents under the stated goal of ensuring ‘food security’. Mercal had two goals, to provide a low-cost source of food for poor residents and to aid in the formation of new state-owned food distribution chains outside of the control of the private sector. The 2002-2003 oil strike had demonstrated to the government the political vulnerability represented by the existing food system. During the strike, foodstuffs in the market flowed primarily to high-price urban areas, leaving rural areas and some poorer neighborhoods with an unstable food supply (Castro Aniyar, 2013). Having a state-controlled marketing system could compensate for power the private sector held in the agro-food chain and reduce the possibility of food being used as a political weapon against the government. Mercal was largely seen as a success and was the model of a state marketing network that was later reproduced and expanded by the creation of PDVAL (Venezuelan Food Producer and Distributor) in 2008 and CVAL (Venezuelan Food Corporation) in 2009. In addition, the government implemented cheap food policies through a series of price controls on ‘strategic’ foods, including rice, maize, coffee, milk and beef, in an attempt to keep

prices of basic foodstuffs low for consumers.

One stated state goal for the agrarian reform sector was the creation of a new productive base that would supply state marketing chains. The Corporation for Agricultural Service and Supply (CASA) had been formed in the 1980s but repurposed by the government in 2003 to link more closely with the agrarian reform sector. Production from reform beneficiaries and others in the peasant sector would be purchased by CASA and then eventually distributed through Mercal and other institutions of the state marketing chain at regulated or subsidized—below the regulated rate—prices. Production from these sectors, however, did not fulfill foodstuffs requirements of state marketers, and Mercal and the other state marketers often sold imported products or goods from the domestic commercial sector.

The period of 2003-2005 also saw an explosion of new cooperatives in the domestic economy. The 1999 constitution and the Cooperative Law established a new legal framework for the creation of cooperatives that the government promoted as the base for the new 'social economy'. Government funding for cooperatives led to an initial boom of cooperative formation. The Ministry of Popular Economy (MINEP)¹⁶ was formed to serve cooperatives by delivering training programs, credit, and technical support, and by prioritizing access to state contracts (Piñeiro-Harnecker, 2009, p. 310) in an effort to subsidize the sector with the eventual goal that cooperatives would compete with the private sector in service delivery. The expansion of state attention to the sector supported a boom in cooperative formation. Growth of cooperatives rose from 877 in 1998 to between 30,000 and 60,000 by 2009 (ibid., p. 309).

The Land Law's preference for land redistribution to peasants organized in cooperatives was indicative of this government emphasis on promoting a new socio-economic base for the sector. As discussed in chapter 6, many peasants formed cooperatives as this was seen as the only viable option for joining the reform sector and accessing land, credit and other benefits from government institutions. Integrating peasants into cooperatives was part of a strategy to bring *campesinos* into organizational structures that would facilitate political education, both in terms of displacing capitalist relationships of production in the countryside, as well as integrating beneficiaries into political/electoral support networks (government official, interview, 3 August, 2011). This integration that would become more central in later policy phases with the advent of communal councils and their linkage to cooperatives in the agrarian reform.

Indicative of an early emphasis on the smallholder sector during this policy phase, almost 75% of cooperative projects approved by MINEP by 2005 were based in the agricultural sector (Piñeiro-Harnecker, 2005). Peasant cooperatives face a

¹⁶ MINEP later became the Ministry of Popular Power for the Communal Economy (MINEC), which itself was later renamed the Ministry of Popular Power for Communes and Social Movements.

distinct challenge from urban-based ones. Critics claimed that the actual pre-agrarian reform peasant class preferred doing the actual productive work of farming on individual parcels and to use cooperative structures for other parts of the system, such as obtaining inputs or the marketing of production. This preference is largely borne out empirically, especially by older peasants, although this often contingent on peasant leadership and individual histories of peasants with the government institutions and landowners in different regions in Venezuela.¹⁷ The LTDA's preference for land redistribution to younger Venezuelans aged 18-25 (Article 17.7) suggests one government strategy to facilitate the creation of cooperative consciousness was to privilege younger actors within the system and thus aid the infusion of the agrarian reform sector with the cooperative values that aligned with state strategy. A salient issue for state managers regarding cooperative formation was fighting creation of *cooperativas sin cooperativistas* (cooperatives without a membership dedicated to cooperative production structures or ideology). In general the channeling of state resources through the agrarian reform functioned to a large degree to improve immediate living standards and maintain a measure of government support in rural areas, regardless of productive or organizational difficulties.

The most advanced form of cooperatives in this policy phase were *Núcleos de Desarrollo Endógeno* (Zones of Endogenous Development—NUDE). NUDE's were 'model' cooperatives in agriculture, tourism, or industry whose economic projects were supposed to link and integrate cooperatives across state-supported sectors in order to provide for nodes of regional-based development. This would 'un-isolate' individual cooperatives and allow for leveraging of resources and shared economic linkages. In agriculture NUDE's took the form of *Fundos Zamoranos* (FZ). Originally conceptualized as SARAOS (*Sistemas de Asociaciones Rurales Auto-Organizadas*, [Self-Organized Rural Associations]), *Fundo Zamoranos* were first supposed to function as diverse production cooperatives in which a variety of crops were to be planted, animals raised, and sustainable farming practices gradually implemented (government official, interview, 18 July 2011). In later stages the government would build infrastructure for broader community needs, including housing, primary schools, Mercals, and equipment for on-site value-added production activities. FZ's were to link to local communities and other cooperatives, and provide a base for self-sufficient and decentralized development. Theoretically *Fundos Zamoranos* would reverse the historic role of agrarian reform in previous modernization strategies in which it served primarily as support for industrialization, to instead become the basis for regional development. *Fundo Zamoranos* could be formed at the time of land redistribution by the state, or agrarian reform settlements organized as cooperatives could later apply for conversion into a *Fundo Zamorano*. Between 2004 and 2006, 84 *Fundos Zamoranos* were formed and received 415,000 hectares of land, over a quarter of land in the reform sector for that period (PROVEA, 2007, p. 204).

¹⁷ See chapter 6.

Phase 3: 2006: Communal Councils and EPS's

By 2006 the initial phase of cooperative promotion was largely viewed by policymakers as a failure. While the formation of cooperatives had exploded between 2003 – 2006 (see Figure 4) it was estimated that only 15 to 34% of registered cooperatives were active by 2007 (Piñeiro-Harnecker, 2009, p. 1). Of the 38,224 cooperatives considered active, over half were in the service sector and only 9,099 (10%) were located in the production sector (see Figure 5) (Osvaldo, 2007, p. 10). Of these production cooperatives, 43% were in the agricultural sector (ibid., p. 15).

Many cooperatives dissolved soon after formation or existed only as ‘paper cooperatives’, co-ops that had been formed to access state resources flowing to the sector yet never actively pursued a productive enterprise. The failures of the cooperatives were seen as three-fold. First, there was a perceived lack of ideological consciousness in the new cooperative sector. Without the proper ideological formation it was thought that cooperative members were largely unable or unwilling to work effectively in communal management and decision-making structures. Second, as the nature of the larger economy remained decidedly capitalist, cooperatives were in the position of competing with established capitalist enterprises. A lack of efficient training and support—exacerbated by ideological ‘failings’—meant that many cooperatives were unable to generate sufficient revenue, and many cooperatives dissolved or had problems with the turnover of associates. Third, as the structure of the economy in which cooperatives were embedded was still capitalist, cooperatives essentially continued market relationships with the community at large, functioning as any other capitalist enterprise. Any profits and benefits generated by cooperatives were captured by members and not by the broader community.

Before 2005, the Venezuelan government framed its policies as a ‘third way’ of development that was neither socialist nor capitalist, but rather a mixed economy. As part of this ‘third way’, the Chávez government had sought informal alliances with private businesses, especially as a result of the 2002-2003 oil lockout, as a way to strengthen its economic and political position. Challenges faced by cooperatives, however, contributed to a reformulation of state policy that became framed as an explicit socialist revolution aimed at fundamentally transforming the economy. As will be argued, however, policy in the agrarian sector continued to be more consistent with a mixed economy model than a socialist model. Regardless, from 2005 on there was a ‘second wave’ of cooperative promotion within a new ideological framing of socialism.

Cooperatives Registered in Venezuela
1988 - 2006

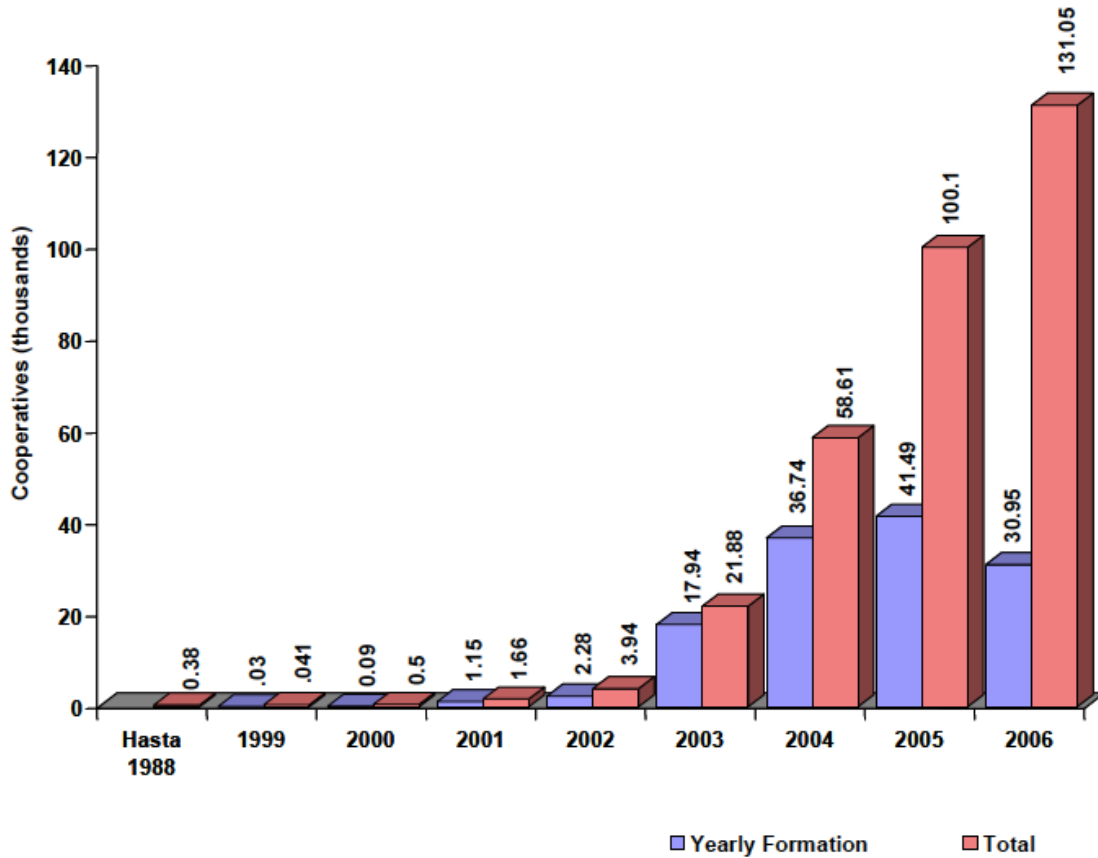


Figure 4: The ‘explosion’ of cooperative formation in Venezuela in the early Chavista period: 1988 – 2006. Source: Osvaldo (2007, p. 10).

The Political Project: Popular Power- Communal Councils

The government introduced communal councils as an organizing structure aimed at more closely integrating cooperatives with state development strategies. While partly an effort to further decentralize decision-making and provide for more direction participation of the public, communal councils were also part of a strategy to achieve greater government management over the functioning of cooperatives in order to address previous failures. Communal councils were supposed to function, in part, to plan the activities of cooperatives on a more regional level, and to integrate them into region-wide strategy of economic and social projects. Funding for social and economic projects from the central government was to flow more directly to the councils—as with the Missions—to circumvent previous top-down budgeting and decision-making structures. While more direct community control

was the stated aim of the communal councils, the councils were to be overseen by State Cooperative Councils (*Consejos Cooperativas Estadales*). State Cooperative Councils increased the role of state managers in planning in hopes of boosting production and of aligning the cooperative sector with the ‘socialist’ values of the state. This was to ensure the cooperatives functioned to provide community-level social benefits as a core mission, rather than having benefits captured solely by cooperative members. The communal councils also functioned to link participants to Chavista political and electoral campaigns. Critics argued that while Communal Councils were theoretically open to anyone, they were often aligned with Chavismo as a political movement, and served as a form of more direct political patronage and of organizing for electoral politics.

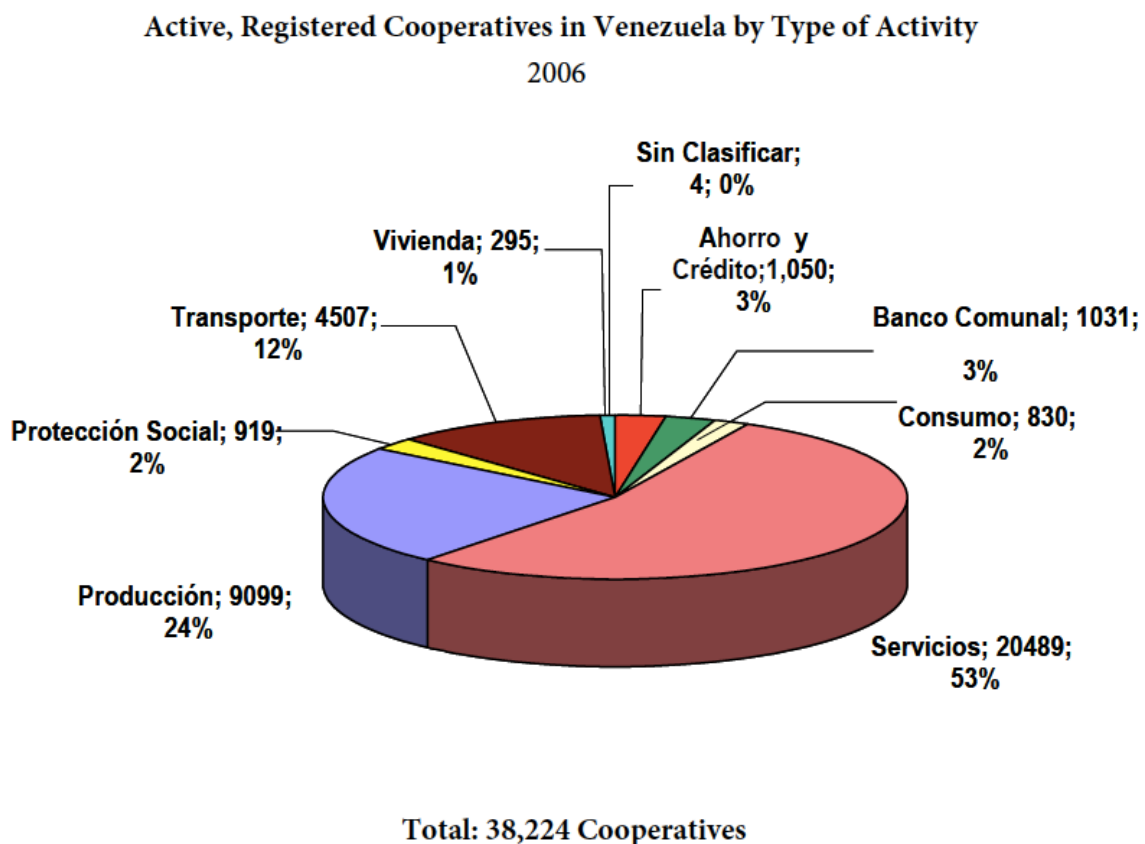


Figure 5: Active cooperatives in Venezuela in 2006. Source: Osvaldo (2007, p. 14).

The functioning of communal councils highlights a central tension with endogenous development within Venezuela: the simultaneous promotion of decentralized, participatory structures receiving direct federal revenue, and a trend to increase integration of such structures into broader political institutions with a national agenda. In terms of the agrarian reform, training and resources flowed to

the smallholder sector but difficulties with profit and production often translated into increased dependency on the state with little spaces for actual farmer autonomy. On this general point of cooperative development, Purcell (2014) has critiqued the potential of the Venezuelan model of cooperative development as functioning largely to address the problems of poverty and unemployment in Venezuela via short-term solutions to that were more ideological than material. To put this point in the terms of this paper, cooperative development primarily served a legitimation function rather than independent or autonomous accumulation function for marginalized groups. As conduits for resource redistribution cooperatives and co-managed enterprises delivered resources to the community yet largely failed to deliver sustainable accumulation and, thus, remained dependent on government largess.

Indicative of the changing government emphasis on socialist ideals, the Mission Vuelvan Caras, which had provided organizational and technical training for potential cooperative members, was replaced by Mission Che Guevara. Government policymakers saw the lack of social education and cooperative consciousness to be the greatest driver of cooperative underperformance (Purcell, 2010, p. 164). Mission Che Guevara was formulated partly to deepen ideological formation, as well as to provide “the necessary tools to create productive and sustainable paired with revolutionary moral and ethic consciousness” (Ministerio de Poder Popular para Relaciones Exteriores, n.d.). The stated objective was to shift the policy emphasis away from earlier phases that sought primarily to address the historic lack of government services in poorer areas through the provision of new social services. As many of the social Missions were now well established, policy was now more centrally focused on growing the productive base of the public sector in line with socialist principles that would have new economic sectors act in solidarity with broader society. Theoretically this had been an aim of state policy from early on, but, as discussed, the early failures of cooperatives and the perceived lack of ideological formation as the primary deficiency, highlighted to government policymakers the need for new strategies. With the declared form of the state as now socialist, the government emphasized that policy would be create relationships between the state, workers, communities and markets that were non-exploitative and link state enterprises with the communities in which they were embedded.

The government created or morphed a number of related enterprise forms that were to implement these new relationships. Social Production Companies (*Empresas de Producción Social*—EPS) were introduced in 2005. EPS’s differed from cooperatives in that they were, in most cases, directly owned by the state. EPS operations were designed to be co-managed via worker’s councils and state representatives, theoretically giving workers a central role in business decisions and workplace functioning. EPS’s were considered a next step in the construction endogenous development. According to Rafael Ramírez, the Minister of Energy and Petroleum, “the purpose of the Social Production Companies [was] to break down, once and for all, the economic model that tended to consolidate monopolies designed to create ongoing technological and economic dependency on foreign

capital” (PDVSA, 2006, pp. 55–56).

EPS’s were to overcome the lack of links between communities and enterprises by designating a portion of profits to funding projects in nearby communities. To connect with community decision-making structures, these funds were often slated to be managed by communal councils. The idea was this funneling of funds to the community would diminish the view of cooperatives as islands of equality that functioned as *petit bourgeoisie* outside of the factory walls. Relatedly, EPS’ were to offer goods and services to the community at a *precio justo* (just price). Ideally the *precio justo* would be decided collectively, taking into account both the labor involved in production, but also the ability of purchasers to pay (El Troudi & Mondero, 2006: 100). There were 321 EPS’s operating in Venezuela by 2008 (Nakatani & Herrera, 2008, p. 298).

Similar to EPS’s were Units of Social Production (Unidades de Producción Social—UPS) which functioned largely as EPS’s under a different name. In the agriculture sector, UPS had two forms, direct and indirect. Direct UPS’s were similar to *Fundos Zamoranos* but were co-managed with the state. Indirect UPS’s were co-managed by workers and the state institutions that oversaw them but were officially state-owned.¹⁸ As in the majority of EPS’s, workers in indirect UPS’s earned a salary that was independent on the generation of profits from the enterprise.

With the increasing emphasis on new socialist values, many enterprise forms were rebranded. UPS became Units of Socialist Production, EPS became Socialist Production Companies, and NUDEs became NUDES, (Zones of Socialist Development). The function of these enterprise forms, though, remained largely unchanged. What is particularly relevant to this study, however, is that EPS and UPS promotion reflected a growing trend of government to address perceived production and ideological failures by more actively managing the forms and function of new socio-economic structures. Consequences of increased state management however, brought its own sets of complications. State managers often wielded more power in EPS’s and UPS’s (Añez & Melean, 2011) and other state-owned enterprises that incorporated the concept of co-management. Given that the government had broader strategies in promoting new economic productive forms that linked to other ‘popular power’ organizations, co-management functioned downstream from the creation of policy. Policy articulated at the presidential level was to filter down through EPS’s and other ‘new’ state-owned firms. This process often turned on the placing key leaders in co-management positions by government institutions who would be instrumental in shaping new socialist values (Purcell, 2010).

Keeping EPS’ working in line with boarder strategy reinforced a tendency for decision-making power to lie with these key leaders, at the expense of greater

¹⁸ UPS’s are overseen by different government institutions depending on the context and type of project. La Productora in Portuguesa, which is an agricultural production UPS, is managed by PDVAL.

autonomy for worker councils. This management disparity between state managers and workers and the legal ownership of the means of production in EPS's by the state largely reproduced employee-owner relationships of capitalism in a form of state capitalism (Vera Colina, 2006). In agriculture the implications are especially pointed as the introduction of direct UPS's and EPS's can alter to the nature of the agrarian reform sector. While co-management potentially leaves some measure of autonomy in the hands of peasants, farmers essentially become farmhands in exchange for salaried positions.

Phase 4: 2007-2014: The Communal State and State-led Food Sovereignty

The last broad phase of government agro-food policy grew out of continued recognition of policy failures. Despite the creation of new forms of organization in the productive sector, land redistribution, new government institutions aimed at supporting and expanding the smallholder sector and controlling some parts of the agro-food chain, productive gains were unimpressive, rising inflation contributed to rapidly increasing food prices, and the food system was still highly dependent on imports to meet growing consumption. In the face of these issues, the government sought new strategies to more radically transform the food system. The state continued to expand intervention into the agro-food system, broadly moving from the creation of parallel state institutions to fill shortcomings of the private sector to more direct expropriation of private industries in key components of the food system. The discursive focus of the government had also shifted from food security to a framing of food sovereignty. Broadly, policy aimed at creating food sovereignty had two related prongs: raising domestic production of 'strategic' products—cereals, oilseeds, vegetables and tropical fruits among others—and deepening direct state control of marketing via creation of new state institutions and expropriation of select private sector agro-food processors and marketers.

The Political Context: The New Geometry of Power and the Communal State

New agro-food policy was shaped by the broader policy orientation towards creating and deepening a Venezuelan model of socialism. The Chávez government released a framework under the 2007-2013 First Socialist Plan for Social and Economic Development. The 2007-2013 plan envisioned the development of a 'socialist production mode' via growth of the social economy—in particular EPS's—that would strategically crowd out and replace a significant portion of the private, capitalist sector as a basis for the new social economy (see Figure 6). The Plan marked the emergent discursive frame of food sovereignty claiming the government sought to consolidate gains made towards food security *and* increase Venezuela's food sovereignty (Section IV, 2.2). In agriculture the plan called for increased preferential lending to the sector, consolidation of the agrarian reform and continued focus on the elimination of Venezuela's *latifundio* class (Section IV, 3.7, 3.8).

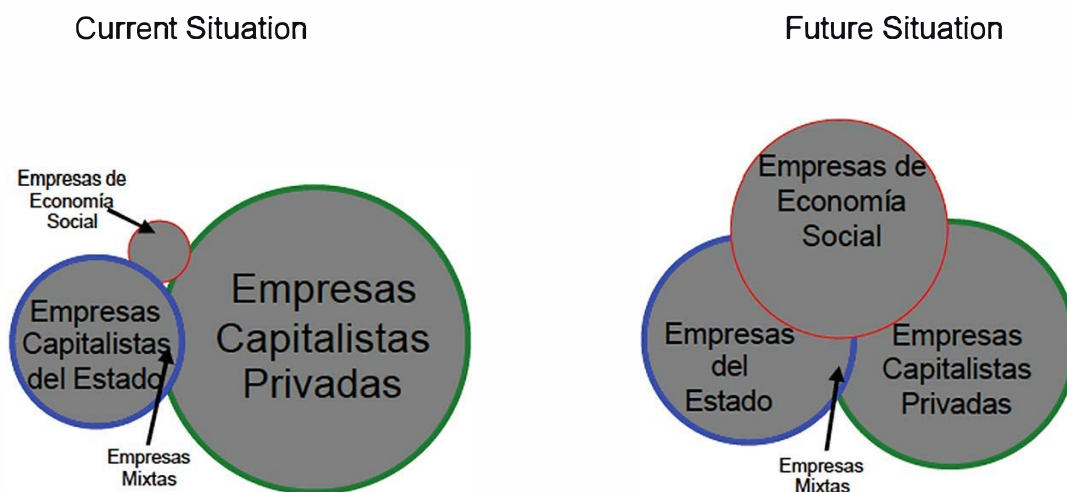


Figure 6: Visualization of Growth of the Social Economy (2007-2013 Plan). Source: República Bolivariana de Venezuela (2007).

The plan also outlined a process of new political territorialization. The Chávez government argued that the country's internal political borders had grown out of colonial and neo-colonial dependency relationships. These relationships had organized Venezuela's states and regions to serve as extractive enclaves for export of raw materials via coastal ports or for the direction of resources to urban areas where the majority of oil rent was captured at the expense of rural areas (Section V: 29). This socio-economic subordination of rural to urban areas was seen as having produced regional inequalities and social and environmental problems. In order to ensure the 'rational use of resources and territory' the 2007-2013 Plan envisioned decision-making structures and investment to be oriented along axes of development that took into consideration the particular geological, economic and social characteristics of regions (ibid.).

This concept became known as the New Geometry of Power and was one of a slate of reforms defeated in the 2007 referendum on changes to Venezuela's constitution. The reform would have provided the presidency with the power to create new political borders and appoint vice-presidents to manage them. The mechanism to connect new territorialization with the state's discourse of popular power in Venezuela was outlined in Chávez's call for the creation of the Communal State. Ideas on the communal state was reportedly heavily influenced by Mészáros's *Beyond Capital* and the principle that executive power must be delegated to the citizenry as a basis for socialist revolution (Bellamy Foster, 2015). As a first step, the creation of communal councils circumvented earlier hierarchal forms of municipal budgeting, in a strategy that claimed to devolve decision-making to the community level. The Commune Law passed in 2006 further expanded and institutionalized the

role of communal councils in Venezuela. Groups of communal councils would become organized under communes that would integrate the councils into regional decision-making and budgeting in order to fund larger projects. It was hoped this regional integration would also strengthen EPS's and other new forms of the 'social economy' by linking individual EPS's into a broader network.

By 2013, four years after the creation of the Commune Ministry, 1,150 communes had been registered in Venezuela (Robertson, 2013). Opponents of communes argued that, like the communal councils, direct funding of communes was designed to fiscally starve local municipalities held by opposition politicians by redirecting oil revenues to parallel governing structures. In addition, critics complained redirecting the flow of oil rent created new avenues for political patronage networks and corruption that excluded citizens aligned with the political opposition and thus entrenched the power of the executive. Others, however, have argued that the communes represented more run-of-the-mill participatory budgeting already common in Latin America (COHA, 2010).

While officials used participatory budgeting structures in some contexts to establish new clientilistic relationships, in Venezuela this has been a contested process (Hetland, 2014). In some cases activists pushed back against the co-option of communal decision-making in a process that led to more robust participatory budgeting in communities (ibid.). Theoretically, under the New Geometry of Power, communes could contribute to a significant redrawing of political lines in Venezuela. Regardless, the project of the communal state further illustrates the aforementioned tension in Chavista Venezuela, the expansion of participatory democratic structures that also potentially strengthen the hand of the executive to direct resources and wield political power.

Food Security and Sovereignty Law

In 2008 the government passed the Food Security and Sovereignty Law. The law defined food sovereignty as "the inalienable right of a nation to define and develop food and agriculture policy appropriate to its specific circumstances, through domestic production that respects conservation of productive and cultural biodiversity, prioritizes food self-sufficiency, and guarantees sufficient access to food for all of society" (Article 4).

[Food Sovereignty is achieved through]

- 1: Privileging domestic production via promotion of sustainable agriculture as a strategic base of integrated rural development.
- 2: The transformation of exchange and marketing relationships through co-management where all actors in the agricultural sector participate in decision-making

...

- 4: Implementing policy that guarantees the protection, supervision, prosperity and welfare of domestic producers

5. Supervision and control of the productive cycle in order to support national producers, prioritizing financing and other benefits for those that produce in organizational forms that are collective or are of 'social character'. (Article 4)

Thus, at least in juridical terms, food sovereignty was largely defined as food self-sufficiency, albeit with a familiar emphasis in the Chavista context on 'integrated' rural development and an institutional preference for collective forms of production. Food Security, for its part, was defined in the law as "securing the distribution of national agro-food production to satisfy the basic needs of population" (Article 5).

The law outlined participatory structures for producers via the creation of Agrarian Assemblies that in theory created avenues for two-way communication between the local and federal levels of agrarian policy making. Peasant councils represented decision-making at the local level, which then sent representatives to regional and then national-level Agrarian Assemblies (Articles 43-49). The idea was that Agrarian Assemblies could coordinate the specific needs of a region or a crop sector and integrate these needs with the development of national agricultural policy. In this vein, the Assemblies represented the agrarian component of the so-called 'New Geometry of Power' represented by the Communal State, the attempted constitutional reform of 2007 and the subsequent enabling laws, that sought to reshape geographical units of decision-making outside of historic provincial municipality structures deemed to be inefficient and barriers to socialist transformation.

The law also outlined, albeit briefly, the role of the commercial agro-industrial sector in the nation's food sovereignty/security process as satisfying internal consumption (Articles 52, 53). Given the perceived vulnerability of the state to a commercial boycott, the law established penalties for theft of—or sabotage of—food supplies (Articles 119, 120) as well as limited the ability to export crops (Article 20). While not formally excluded from Agrarian Assemblies, discussion of the commercial agriculture sector was largely absent from the law's articles concerning participation.

Despite defining small and medium producers as the base of integrated rural development (Article 16) the formal juridical shape of the law was largely disarticulated from the agrarian reform sector in terms of the autonomy of peasants. That is, the law deemphasized the provisioning of the food system with domestic production, and concentrated on participatory structures as means of integrating small and medium producers into the policy-making process. Stated goals continued to focus on reliable access to food *not* the autonomy of *campesinos* within this system. This is indicative of a component of the basic argument of this thesis, that agrarian reform policy became subordinated to the goal of food provisioning.

Price Inflation and Food Shortages

The government's concern for food sovereignty in this policy phase was heightened by a context of rising inflation. Price inflation became increasingly problematic, running at 20 to 30% annual increases from 2003 until 2013 and 2014, where inflation reached 45 and 53% respectively. As seen in Figure 7, inflation of food prices for the period was higher than general inflation (54% in 2013, 87% in 2014) underlining the growing political vulnerability that the food system presented to the government. Inflationary issues were compounded by persistent shortages of some food items as of 2007 and continuing to the time of writing. At the beginning of 2010 the scarcity index was at 14.8% (Banco Central de Venezuela, 2012a), while by April 2013 it registered 21.3% (INE, 2013). A scarcity rate of 21%, however, did not signify complete absence of certain products within the country but rather that, on average, any given store would not have available 21% of basic consumer goods (Smilde & Sánchez Montañés, 2013).

Production had not risen as fast as consumption and scarcity was undoubtedly impacted by inflation and the growing gap between the controlled price of goods and their price on the black market. Therefore, consumers had an incentive to overbuy and stockpile goods when available, and there existed strong incentives for goods to be diverted from formal to black markets, exacerbating scarcity in surveyed stores. Additionally, increased consumption of food contributed to scarcity and price inflation rather than a drop of food production or imports. Consumption of foodstuffs grew by 45% from 2003 to 2009 (PROVEA, 2012: x). The relative success of increasing food distribution via state intervention received recognition from FAO in 2013 for halving the number of Venezuela's undernourished ("UN: Stronger Food Sovereignty Battling Hunger in Venezuela," 2015). Rising scarcity meant that increased consumption paradoxically became increasingly paired with lines outside of markets.

The government attempted to address scarcity and food inflation through a number of mechanisms. The government continued to increase food imports, including using oil for food agreements with friendly states to increase food flows. In 2014 the government instituted the Law of Just Prices that limited profit margins for business transactions to 30% and added stronger prison sentences for hoarding and speculation (Ellner, 2014). The government also increased state intervention in food distribution, and redoubled efforts to stimulate domestic production, including increased financing to agriculture and nationalizing much of the agro-input sector.

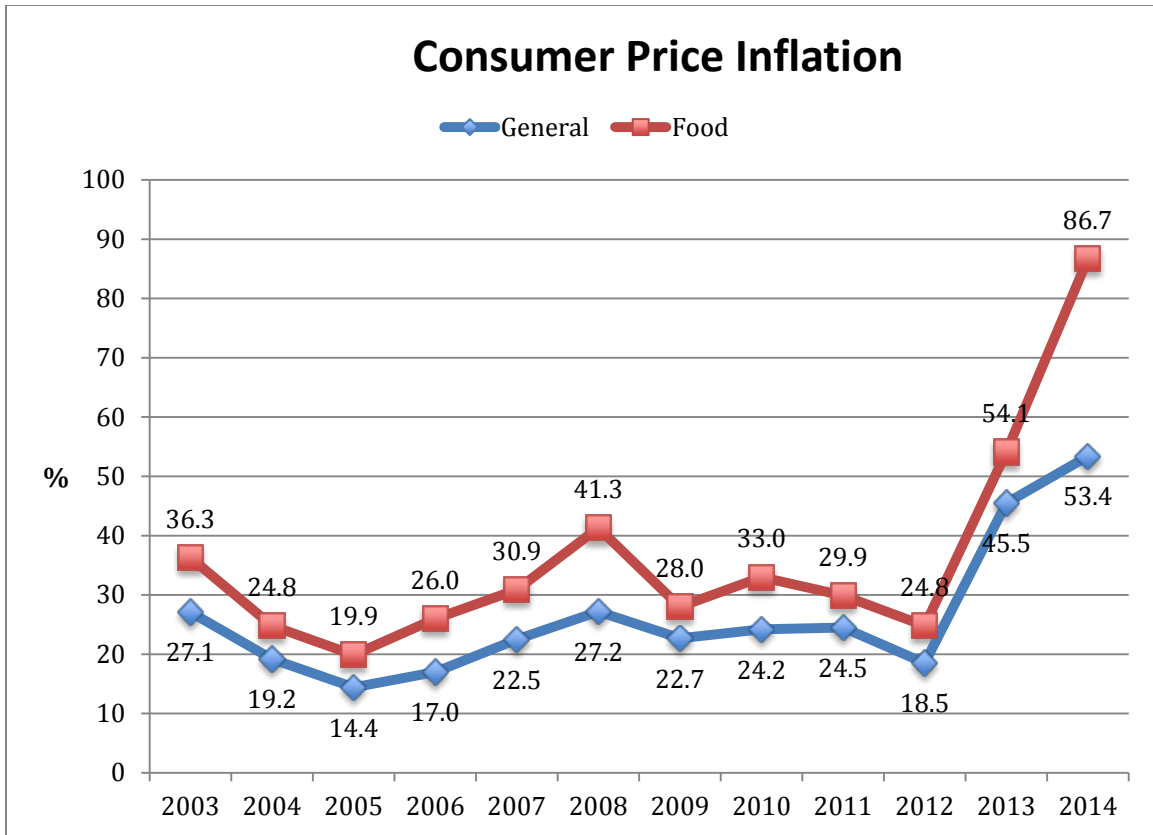


Figure 7: Consumer price inflation 2003 – 2014. Source: Banco Central de Venezuela (2015).

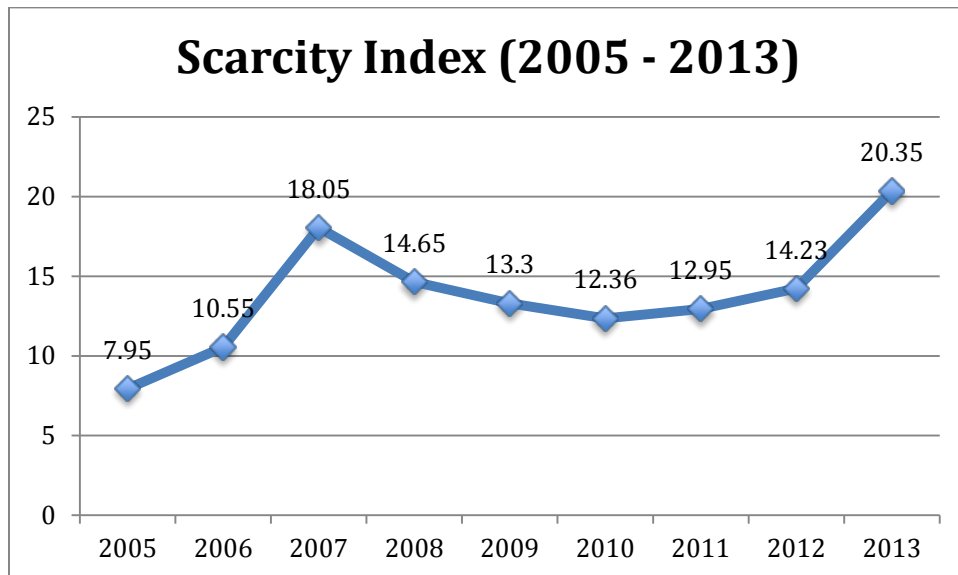


Figure 8: Scarcity index: 2005 – 2013. Source: Banco Central de Venezuela (2015).

Securing the Food Supply: Marketing and Distribution

Given price inflation of goods one major prong of agro-food policy development post 2007 involved expansion of state-managed food distribution networks to ensure availability of food to consumers. Central to this strategy was an expansion of locales marketing price-controlled and subsidized foodstuffs. Rapid inflation of food prices exacerbated the gap between the controlled price of products and the price they commanded in informal markets. The Chávez government perceived that speculation and diversion of food to informal markets continued to be a key political and economic weakness. Government discourse focused on ‘disloyal’ sectors of the commercial food system as driving scarcity by hoarding goods and diverting foodstuffs to the black market, as well as selling products above their controlled prices.

To combat food system disruptions created by the ‘disloyal’ elements in the food system, the government moved to create further avenues of food distribution outside the control of the private sector, especially in food marketing. The government created the Venezuelan Food Corporation (CVAL) in 2009. Like CASA, CVAL bought production directly from producers, especially in the smallholder sector, although field data suggest the institution did not work smoothly with producers.¹⁹ In terms of distribution, CVAL functioned largely as a wholesaler to supply subsidized and controlled foodstuffs to government-managed markets.

PDVAL (Venezuelan Food Producer and Distributor) was formed in 2008 and managed by the state oil company, PDVSA, to create additional state-managed food markets. PDVAL was the first marketing institution created by the government in this policy phase for the discursively explicit project of ‘food sovereignty’ (Castro Aniyar, 2013, p. 179). While Mercal was designed as a supplement to private markets in order to serve poorer areas, PDVAL was initially created to compete with the private sector and reach middle class Venezuelans in areas already served by private supermarket chains (ibid., p. 371). Accordingly, while Mercal sold subsidized food products at deep discounts from even controlled prices, PDVAL sold food at higher regulated prices, partly to ensure that food at controlled prices was available via the state network, but also to pressure private markets via competition to adhere to price controls.

As a direct arm of the oil industry when formed, PDVAL had distinct relationships to food provisioning. Unlike Mercal, which had a double mission of marketing foodstuffs as well as buying product from the small farming sector to promote increased production, PDVAL functioned as a major importer of food, largely bypassing domestic producers. Additionally, PDVSA documents for 2010 showed that goods were sold to the public through PDVAL at the identical price at which they were imported, indicating a large subsidy covered by PDVSA and, thus, directly by the oil sector (Castro Aniyar, 2013, p. 180). As the national oil company,

¹⁹ For discussion on state marketing structures see chapter 6, pages 146-149.

PDVSA's direct availability of dollars for import via oil sales facilitated large imports of foodstuffs. However, indicative of the lack of integration between government institutions in the agro-food system, lack of consistent access to marketing networks outside of PDVAL caused bottlenecks in distribution. In 2010, the Venezuelan Intelligence Agency (SEBIN) discovered 36,000 tons of food products spoiling in 1,197 containers in the port of Puerto Cabello (Álvarez Itriago, 2014, p. 128). The optics of food rotting in the ports, for a government claiming it was developing food sovereignty, were obviously problematic. The resultant scandal resulted in control of PDVAL moving to the Food Ministry (MINPPAL) in an attempt to integrate PDVAL with other distribution and marketing chains. The passage of control to MINPPAL, reorganized PDVAL's mission away from its original goal of market competition with private supermarkets and to serving as an additional source of food for poorer Venezuelans.

Apart from the creation of new institutions, the government also used direct intervention in the private sector to expand state control of food marketing. In 2010 the government nationalized the private supermarket chain Éxito owned by the French company Casino. The supermarket network was then rebranded and reopened as *Abasto Bicentenario*, which was to serve as a state-controlled marketer of goods sold at controlled prices. More recently, in 2015 president Maduro announced the nationalization of Día a Día supermarkets, whose network of 32 stores were to be managed by PDVAL ("Maduro ordena expropiar 'de forma inmediata'," 2015). This wide scale policy attention to the marketing end of the agro-food chain reflected the centrality of government concern to ensure food provisioning, and—as nationalized supermarket networks were primarily in urban areas—a strategy to shore up food supplies for urban residents.

Securing the Food Supply: The Productive Sector

Beyond new marketing strategies, growing shortages contributed to renewed pushes by the government to raise domestic agricultural production. The government began to deepen attention to components of the upstream, productive sectors of the agro-food system, including new agro-industrial development. In early 2008, citing food shortages, president Chávez announced increased flows of low-interest credit to the agricultural sector generally as well as a large increase in the controlled price for milk—from .345 to 1.5 bolívars per liter (FEDEAGRO, 2015)—as partial remedies to “raise national production of meat and milk” and to “transform Venezuela into a true superpower in food production” (Carlson, 2008). The proposed projects included a ‘socialist’ milk processing plant bought from the transnational corporation, Parmalat, which was to be supplied from the agrarian reform sector producing on newly redistributed land (ibid.). In March of 2008, the government increased its control of milk processing and distribution by expropriating dairy products producer Lacteos de Los Andes in order to “ensure food sovereignty” (“Cronología de nacionalizaciones y expropiaciones,” 2010) effectively bringing 50 percent of milk production under state control (Olivares, 2015).

As can be seen in Figure 9, nationalizations of private companies in the food sector accelerated sharply in 2009 and 2010 over previous years. The state continued to expand its reach into agro-industrial projects. In 2009, the government nationalized Fama de America and Café Madrid, Venezuela’s major coffee processors and distributors. It also invested 30 million bolívares into the Vuelvan Caras Agro-industrial Complex in Turen, Portuguesa, a complex that included a pasta processing factory, a tractor assembly plant, and the Socialist Agrotienda Turen which supplied agricultural inputs to farmers (Farias, 2009).

Nationalized Companies by Sector 2005-2010

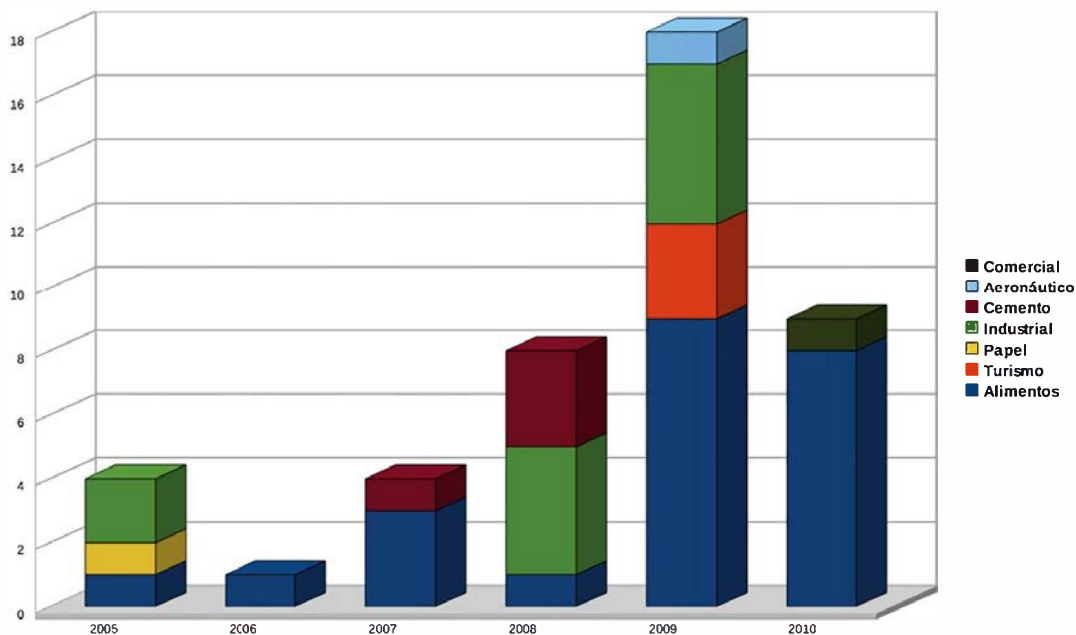


Figure 9: Companies nationalized by the Venezuelan government by sector: 2005-2010. Source: Ministerio Del Poder Popular Para El Comercio (2012).

Securing the Food Supply: Agricultural Financing

Also indicative of the government’s increasing general focus on agriculture, and on large agro-industrial projects specifically, were the investments of the National Development Fund (FONDEN) and the China Venezuela Fund. FONDEN was created in 2005, and functioned largely as a black box of government funding as it received monies directly from PDVSA and only sporadically published holdings or funding data. For 2010, the last year in which complete funding data was published, 977 million dollars of 2.2 billion distributed in the country as a whole, comprising 31 of 82 total projects, was directed towards state agricultural projects, most large-scale in nature (Ministerio del Poder Popular de Plannificacion y Finanzas, 2011). In the same year, 44% of 2.2 billion dollars invested by the China Venezuela Fund—most of which originating from the Chinese Development Bank but controlled by

Venezuelan managers—went to agricultural projects (Morgado, 2011). Additionally, the government announced that between 2010 and 2012 it would further invest 20 billion dollars from the Chinese Development Bank into nine large-scale projects of ‘socialist’ agricultural development (Ministerio del Poder Popular para la Banca y Finanzas, 2010).

The increase of state policy attention to larger producers was indicative of focus shifting to ensuring foodstuffs production from the agro-food system as a whole and not just the agrarian reform and peasant sectors. In addition to large-scale development schemes the state furthered the provision of agricultural credit to all sectors of agriculture. The state delivered credit to small producers and the agrarian reform sector primarily through FONDAS (previously FONDAFA). FONDAS loans carried low interest rates (@3%) and in 2013, FONDAS financed almost 19,000 loans worth 3 billion bolívares (PROVEA, 2014, p. 233). The state also created the Venezuelan Agrarian Bank (BAV)—which began lending in 2008—in order to provide more loans to producers of all sizes. Overseen by the Agriculture Ministry, BAV was designed to facilitate the injection of public funds into agriculture as a supplement to the commercial banking sector, which was perceived by the government as delivering only minimal funds to the sector. In parallel with expanding state credit sources, a series of policy measures by the Chávez government sought to increase private bank funding to agriculture. Private banks were mandated by the state to deliver a percentage of loans—which fluctuated month to month from between 17 and 24%—to the agriculture sector. In addition, a 2008 presidential decree capped loans to the agricultural sector at 13% interest. As interest rates to other sectors could be as high as 24% this represented a considerable subsidy for producers. BAV loans carried the same mandated interest rates as the private banks, and, thus, did not represent an additional direct subsidy to the sector, but rather a state-controlled tool to inject further funding into agriculture.

Apart from the BAV and FONDAS, there was a large array of additional state funding sources at the national, regional, and local levels. The Venezuelan Industrial Bank (BIV) delivered a small amount—5% in 2009—of its lending portfolio to agriculture production, processing and marketing (Giacalone, Hernández, & Zerpa, 2010: 180). The Ministry of Popular Power for the Communal Economy (MINEC) financed microcredits delivered to producers via the Microfinance Development Fund (FONDEMI) and INDER. A leading regional form of state financing was delivered from the Andes Regional Promotion Bank (BANFOANDES)—18% of agriculture-related lending in 2009 (*ibid.*). The public Bank of Economic and Social Development (BANDES), created in 2001, financed projects oriented towards economic decentralization at a regional level as part of attempts to stimulate private investment (*ibid.*, p. 181). At the local level funds also flowed through Communal Banks, which in 2009 were transformed into Community Administrative and Financial Units, and also through communal councils. Indirectly, money for agriculture training was provided by Mission Che Guevara, although the funds were not directly represented in MPPAT financing summaries.

Not surprisingly, the proliferation of entities providing agriculture financing created problems of coordination of funds. Many agrarian reform beneficiaries received funding from multiple sources, often simultaneously, or due to lateness of credit delivery, used state credit to pay off private loans. In 2015, the government announced it would integrate and centralize the main state sources of agriculture credit, BAV and FONDAS to address some of the coordination issues. The empirical impacts of credit in the commercial and peasant sectors are explored in chapters 5 and 6 respectively.

Private lending to agriculture came primarily through commercial banks, regional producer associations, and, at times, commercial distributors of agro inputs or machinery that extended credit to clients for purchases. Although technically outlawed with the revision of the agrarian reform law in 2010, another 'traditional' source of private credit for agricultural production was through sharecropping arrangements where tenant farmers would receive financing from landowners.

Looking only at the banking sector, private financing of agriculture is larger than the state share. Of over 98,161,171,000 bolívares of credits flowing to agriculture through the banking system in 2013, 66,121,337,000 or 67% was from private banks (FEDEAGRO, 2015; SUDEBAN, 2014; author's calculations). That this figure did not include FONDAS credit—reported at over 3,000,000,000 bolívares for 2013 (PROVEA, 2014, p. 241)—or non-bank avenues of credit for the sector such as producer associations or credit received through non-bank state institutions such as INDER, etc., complicates arriving at an exact figure for private versus state financing. Given, however, that FONDAS was the primary vehicle for delivering state credit to small and medium producers, it is likely that still over half of all agricultural credit emerged from the private banking system even if FONDAS and other non-bank credit were added to the total.

In total, investment in agriculture has increased steadily in the Chavista era (see Figure 10) although high inflation has reduced the rate of growth in real terms. MPPAT reported a 79% increase of state financing for 2011 over 2010 levels, a period where general inflation was 24% (see Figure 7). While this still leaves a 55% increase for that year, as inflation accelerated in following years a real negative rate of growth was possible. In 2013, financing to agriculture increased only 26% over 2012 levels while inflation ran 45.5%, resulting in a drop in real terms of credit extended to the sector.

AgroVenezuela

Increasing state management of the agriculture sector was furthered by the creation of Mission AgroVenezuela in 2010. AgroVenezuela grew out of the context of a general re-evaluation in 2010 under the Bicentenario 'reimpulso' or new push of government policies oriented toward non-petroleum productive sectors of the domestic economy. The government considered that shortcomings from previous

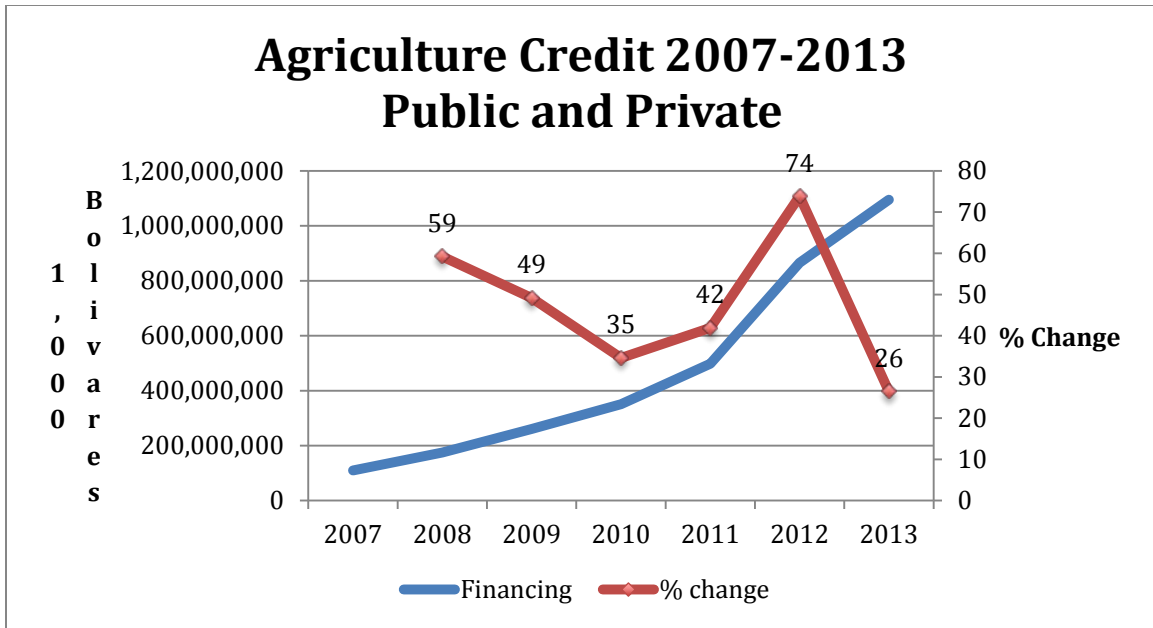


Figure 10: Public and private credit to agriculture 2007 – 2013. Source: FEDEAGRO (2015).

state attempts to increase agricultural production grew from inefficient and uncoordinated state investments, high inflation, rising imports, and the continued resistance of the private sector to working in concert with government strategy (Castro Aniyar, 2013). As the lack of private capital flowing into the sector was considered a primary deficiency, government policy moved towards increasing state support to the sector as a whole in order to stimulate production and growth. To support AgroVenezuela the government created the Ezequiel Zamora Fund to direct state funding to registered agricultural producers.

AgroVenezuela was further representative of the shift in agricultural policy emphasis towards larger producers. While the majority of previous state projects into agriculture had been primarily focused on small and medium producers—in line with the discursive context of the government as champion of marginalized sectors—AgroVenezuela sought to register producers of all sizes. One goal was to create a central registry of domestic producers of a number of ‘strategic’ domestic crops that would receive increased and streamlined state support. Registration with AgroVenezuela facilitated the delivery of public credit, inputs, technical and logistical support, and access to machinery.

The increased integration of large producers into state agricultural policy illustrated the increasing governmental concern over food availability and price issues as well as the strategy of the state to seek strategic alliances with the commercial sector. State rhetoric around increasing production situated large commercial growers as important actors in the discursive frame of food sovereignty for the nation. As the head of AgroPatria in Apure stated: “[AgroVenezuela] won’t

reject any producer large, medium or small. The only requirement is an identity card and the intention to produce food that Venezuela, and the whole world, needs” (“Estado Apure inicia registro,” 2011).

AgroVenezuela represented one aspect of the playing out of tension between the productive and socio-political goals of agrarian policy. While the land law defined *latifundia* from early on in terms of productivity, the general governmental discourse framing the land reform had been broadly anti-elite and focused on the ‘revolutionary’ dismantling of unequal power relations in rural ambits. There was an unresolved question on the role of large commercial growers who produced significant amounts of Venezuela’s cereals and other crops.²⁰ Even as the commercial sector—as represented by the national grower’s federation, FEDEAGRO—continued to form part of the political opposition, the productive shortcomings in the agrarian reform sector meant commercial production was increasingly important to the domestic food supply. AgroVenezuela’s formal drawing of large producers into state institutions was indicative of the shifting of the weight of state agro-food policy towards ensuring the productive base over reformulating social relations in the countryside. This is not to claim that the shift was absolute but rather that productive aspects of policy receive *relatively* more attention than social components.

In one view, AgroVenezuela represented an increasingly centralizing approach to state agricultural management. However, as initially conceived by policymakers, AgroVenezuela did not directly impact production decisions, but was rather a centralized credit and input distribution system. As put by one Chavista agronomist, AgroVenezuela worked from the assumption that “the producer knows how to grow best, [the government] just puts the money” (interview, 24 July 2011). As long as producers were producing some of the array of ‘strategic’ crops, which due to generalized lack of export-oriented agriculture covered most producers, existing production would fit into AgroVenezuela’s broad goals. Theoretically then, AgroVenezuela, in and of itself, preserved much preexisting farmer autonomy in terms of decision-making. As credit and inputs flowed increasingly through state-controlled networks, however, many producers, especially smaller producers with limited access to private credit, continued to be dependent on state institutions throughout the growing system *and* on government agencies’ promotion of specific crops for streamlined access to resources.²¹

AgroVenezuela also represented a centralized system to quickly inject increasing funds into the agricultural sector beyond already existing institutions. Via registration with AgroVenezuela, production projects of farmers could quickly receive credit, often with little oversight on the use of funds. In petro-state terms, by increasing and streamlining subsidized credit delivery, and as part of a policy

²⁰ The national association of commercial producers, FEDEAGRO, claimed 85% of national agriculture production was produced by the commercial sector (Parilli, 2015).

²¹ See chapter 6.

framework that sought to increase investment in agriculture across the board, AgroVenezuela was part of state attempts to increase the absorptive capacity of oil rents in the domestic economy. This increased injection of funds overseen by AgroVenezuela served both capital accumulation and political legitimation functions for the state. More oil monies flowing to the agricultural sector sought to stimulate production to foster production and accumulation in the agriculture sector in both commercial and land reform sectors. By tying the funds to a state institution, the government could point to AgroVenezuela as indicative that rural communities were central to government plans for food sovereignty. In addition, the concrete and material support flowing to rural areas contributed to maintaining living standards in rural communities and served to legitimize the government with popular sectors.

Securing the Food Supply: Upstream

State attention also moved towards the upstream components of the agro-food system in order to ensure flows of inputs to the productive sector. In 2009 the government created Socialist Agriculture Markets (*AgroTiendas Socialistas*), a network of state-owned agricultural input distribution stores. Concerned that high prices of inputs in private distributors weakened agricultural production *AgroTiendas* sold deeply discounted inputs including seeds, machinery and agro-chemicals. *AgroTiendas* were also oriented towards providing a source of biological inputs produced by the National Institute of Agricultural Research (INIA) for agroecological production (Castro Aniyar, 2013, p. 195).

Initial success with *AgroTiendas* in terms of profitability helped prompt the government to expropriate Venezuela's largest private agricultural input company, Agroisleña, in 2010 in order to further expand state control of the sector (ibid., p. 196). Agroisleña was accused by the government of charging small producers high interest rates on credit used to purchase inputs, and of importing materials with cheap dollars from the central bank and then charging overly high prices in country (Reardon, 2010). In addition, in line with state discourse of sustainability and agroecology, when announcing the expropriation president Chávez cited that Agroisleña's promotion and sale of chemical inputs deteriorated the nation's soils and caused long-term damage to the environment (ibid.). Ironically perhaps, the rebranded Agroisleña, AgroPatria, continued to sell the same chemical inputs, including preexisting stocks of red and yellow label agro-chemicals restricted in Europe (Castro Aniyar, 2013, p. 197), at reduced prices, effectively opening the door for increased petro-chemical use. This apparent contradiction stemmed from the higher priority goal of stimulating production levels via lowering input prices, which in turn would theoretically provide for cheaper food at market. By subsidizing inputs, the government hoped to maintain low controlled prices for foodstuffs and relieve upward pressure on non-controlled food prices. *AgroTiendas* and *AgroPatria* were, thus, as much of a strategy to keep food prices low for urban consumers as it was to broaden access to agricultural inputs in the productive sector.

As Agroisleña controlled nearly 70% of the domestic market of inputs, its expropriation, combined with *AgroTiendas*, gave the government a high degree of control over input distribution for both the commercial and state sectors (Centro de Investigacion Agroalimentaria, 2011). Producers registered with AgroVenezuela could access agro-inputs at 'just' prices from 40 to 60 percent cheaper than prices found in private distributors (Ministerio del Poder Popular para la Agricultura y Tierras [MPPAT], 2010). In 2013, the Agriculture minister stated that AgroPatria had increased agro-input provision, distributing over 600,000 tons of fertilizer and serving 400,000 producers, while claiming that Agroisleña delivered only 80,000 tons annually ("Más de 600.000 toneladas de fertilizantes," 2013). The government even announced that AgroPatria had begun to export agrochemicals to Mercosur countries in 2013 (ibid.).

Ostensibly AgroPatria lowered production costs for commercial producers whose industrial production systems were heavily reliant on large quantities of chemical inputs. However, producer associations asserted that supply and quality problems of AgroPatria complicated crop production. Growers reported that following nationalization inputs were often unavailable at the needed time in the growing cycle, or that there wasn't sufficient quantity of available inputs from AgroPatria, a claim repeated by peasant producers as well. In 2015, FEDEAGRO reported that AgroPatria had only supplied 50% of white maize seeds, 22% of yellow maize seeds and only 18% of agro-chemicals requested by producers for the growing season (Instituto de Políticas Agrícolas de Fedegro, 2015).

PDVSA Agrícola

Indicative of the state's growing focus on agro-industry in the fourth policy phase was the formation of PDVSA Agrícola (PA) in 2007. Affiliated directly with PDVSA, PA worked outside of the purview of the Agriculture Ministry in development of a number of relatively large-scale agro-industrial projects aimed at strategic crops and including biofuel production. In a 2008 agreement with Argentina to contract for technical assistance and technology transfer, PA sought to develop 25,000 hectares of soy, 10,000 of sorghum and 15,000 of maize in three states in Venezuela, as well as develop pork and chicken processing projects (PDVSA Agrícola, 2009). PA developed CADCA (*Complejo Agroindustrial de Derivados de Caña de Azúcar*) a national scale sugarcane processing project across ten states in Venezuela oriented towards developing state-run ethanol and sugar processing centers supplied by domestic producers. The strategy was to link to small sugarcane producers who would contract with PA in return for technical assistance, machinery rental, and financing. As it did not coordinate with the agriculture ministry, PA directly provided inputs and credits to producers that contracted with the institution. In this way PA represented a direct pipeline of oil subsidies into the agricultural sector and was an additional route for the state to increase absorption of oil revenue in the agricultural sector.

PA officials state that the institution had no mission to produce profit but rather to increase food production and processing (interview, 19 July 2012). PA credit terms were even more generous than FONDAS loans, carrying no interest for producers, although PA officials declared their credit requirements were stricter than other state credit sources (ibid.). While still developing in 2012, a PA project in Portuguesa was producing 40 percent of all sugar production in the state with contracts with 341 producers as well as directly managing production on 666 hectares (ibid.). A number of producers in Portuguesa, however, complained that PA payment for crops have not been received on time (peasant, interview, 22 July 2012).

A number of key points are illustrated by PDVSA Agrícola:

- State strategy towards the agro-food system increasingly targeted agro-industrial processing.
- More state investment oriented towards large-scale projects.
- The state tendency to create new, parallel institutions to implement government policy.
- As in PDVAL, the use of the oil sector to directly manage parts of the agro-food chain, outside of both traditional ministries and even new parallel state institutions such as the missions.
- The use of oil sector institutions to provide larger subsidies to producers than even other subsidized sources
- Continued incorporation of small and medium producers into state agro-food structures, in the case of CADCA as contract farmers and as wage laborers farming directly controlled PA acreage.

Land Reform: Deepening or stagnation?

So what of claims made by the government of 'deepening' and consolidating the agrarian reform in this policy phase? The government did introduce new institutions to support the sector. The liquidation of FONDAFA and its conversion to FONDAS was discussed above. Another significant development included the 2009 introduction of the Training and Innovation Foundation for Rural Development (CIARA) that was formed to focus support on smallholders. CIARA provided assistance to the peasant sector as a whole, but was also tasked with specifically supporting the *Fundos Zamoranos* in the agrarian reform sector. CIARA provided, in different areas of Venezuela, technical training, access to inputs and funding, and support for small-scale infrastructure projects.

In terms of land redistribution in the reform, the general scarcity or unreliability of data makes it difficult to be exact when quantifying the level of land redistribution in Venezuela. Until 2008 few, if any, official figures of land redistribution were published by the government. Until then, statistics of land redistribution were gleaned largely from public declarations from INTI or MPPAT

representatives. Further complicating the matter was that INTI and MPPAT statistics for land redistribution for some years were not consistent across institutions for the same time frame, or were often incomplete. For example, the total number of hectares cited as ‘recovered’ (*rescatadas*) by MPPAT from 2003-2008 was 5.3 million, while INTI for the same time period listed 1.9 million hectares (PROVEA, 2010, p. 209).

Data released by MPPAT—which has become the primary public source for land reform statistics as part of semi-annual reports of Ministry activities—listed recovered land for some years, but not others. Released data, in addition, were not disaggregated by state or municipality, soil quality, estate size or previous ownership structure, metrics that would add explanatory power to gross land redistribution numbers. Regardless, using available data and fieldwork a downward trend in land recovery was apparent.

In the first seven years of the reform 5,363,788 hectares were recovered by the state via *rescate*, the category of land seizure that include lands claimed by private interests, while significant less acreage, 983,590 hectares, were recovered in the last six years (2008-2013) for which data was available as this was written.²² Thus, as seen in Table 5 while land recovery continued throughout the Chavista era, a general decline after 2007/2008 was apparent, although a strong increase was recorded from 2011 (214,726 ha) to 2012 (550,494) before declining again in 2013. In addition, there were large numbers of hectares that had been regularized by INTI. But, according to INTI officials, this was largely a formalization of titling and did indicate land redistribution (interview, 27 July 2012), and, thus, was not a good measure of state intervention in privately claimed land.

Table 5: Hectares Recovered by Government

Total hectares <i>rescatadas</i>	
2003-2007	5,363,788.52
2008	no data
2009	no data
2010	174,749.43
2011	214,726.05
2012	550,494.57
2013	43,620.22
TOTAL	983,590.27

Source: MPPAT (2010); PROVEA (2014); author's calculations.

²² Released data indicate that no land was recovered in 2008 and 2009. However, this figure seems unlikely as in 2009 the agriculture minister announced the government had already recovered 250,000 hectares that year (“Gobierno venezolano prevé ‘rescatar’ 300.000 hectáreas de tierras en 2009,” 2009).

Also relevant is the type of estates recovered by the government. State intervention in private land holdings, i.e. *latifundia*, was concentrated in large-scale, extensive, ranching areas. From 2003-2008 INTI reported that of a total of 3,276,057 hectares recovered by the state (again a figure inconsistent with data later released by MPPAT), the vast majority, 2,877,844 hectares, were from extensive cattle estates (PROVEA, 2010, p. 208).²³ In addition, data from 2012—the year that registered a spike of hectares recovered—show that almost 80% of the land recovered by INTI that year was from a single estate in Bolívar state, an area whose agricultural production was primarily ranching in savanna areas (PROVEA, 2014, p. 235). In 2013—a year with much lower reported total recovered acreage—half came from just two cattle ranching states, Guárico and Apure (ibid.). As described further in chapter 5, this supports an argument that government seizures of land largely avoided commercial cereal estates, which generally had better soils, infrastructure, access to markets, and established links to agro-industry.

In addition, the data showed little change in land ownership in terms of small and medium versus large estates (see Table 6). In 1998 small producers (less than 20 hectares) controlled 6% of agricultural land, medium producers (20-1,000 hectares) 48%, and large producers 46%. According to the last national agrarian census, by 2008, the numbers remained largely the same, small producers controlled 5% medium 54%, and large 40%. The downward trend in land recovery cited earlier suggests that it is unlikely that land ownership trends have significantly changed in the years since 2008. The data also show a decline of 2,990,440 hectares dedicated to agriculture from 2003-2010 with the majority of loss coming from large estates (2,974,646 ha) with only medium sized holdings showed increased acreage (238,638 ha). The smallholder sector actually saw a drop (254,396 ha), a decline greater than the increase of the medium sector. Thus, land actually put into production by the reform has been small despite redistribution, suggesting a degree of land abandonment over time.

Table 6: Distribution of Land Ownership: 1998 and 2007/2008

Size (ha)	Distribution of Land Ownership 1998, 2007/2008					
	Number of Farms		Area%		Area Hectares	
	1998	2007/ 2008	1998	2007/ 2008	1998	2007/ 2008
< 20	76%	70%	6%	5%	1,699,014	1,444,619
20 - 1,000	23%	29%	48%	54%	14,432,243	14,670,881
> 1,000	1%	1%	46%	40%	13,393,026	10,958,380
Total	100	100	100	100	29,524,283	27,073,880

Source: PROVEA, (2011, p. 205); Soto, (2006).

²³ Indicative of problems with government data, this amount of recovered acreage is significantly less than the 5,363,780 hectares reported by MPPAT for the same period.

Regardless of general trends of redistribution, this thesis argues that data concerning total hectares is relatively unilluminative of how the reform is actually functioning on the ground. The large numbers of hectares redistributed in the first agrarian reform begun in the 1960s masked the general marginalization of the peasant sector in the pre-Chavista era. Therefore, while numbers and policy trends give us a macro view of the agricultural sector, the implications for livelihoods and social relations in the smallholder sector must be examined empirically.

Fourth Agro-Food Policy Stage Summary

The fourth stage of agro-food policy was marked by expansion of state intervention into further areas of the agro-food system, most notably in downstream marketing and input provision, along with the creation of new institutions and laws to attempt to increase production and secure food supplies for consumers. State policy moved further into developing agro-industry and the financing of large-scale projects. An additional policy trend was the shift of agriculture policy from targeting small and medium farmers and the public sector to a focus that sought to include large-scale commercial growers and the private sector in policies aimed at increasing agricultural production.

Despite further resources flowing to the agricultural sector under the state rubric of food sovereignty—that, as discussed, was oriented largely towards food self-sufficiency—food imports continued to increase (see Figure 11). The state increased oil for food deals, primarily through PetroCaribe, where member states received oil shipments under preferential terms, including payment in kind of foodstuffs. Oil for food exchanges increased by 64% from 2010 to 2011 (Contreras, 2012). In addition, as can be seen in Figure 12, state food purchases by the Food Ministry were increasing sourced from foreign, rather than domestic suppliers.

In addition, food production did not live up to policymakers' expectations. In the same time period production gains were moderate and often short-lived. From its peak in 2008, largely due to a sharp increase of maize production, cereal production has experienced a slow decline (see Figures 13, 14). As seen in Figures 15 and 16 vegetable and fruit production demonstrated increases from 2009/2010 yet by 2012 began to drop again.

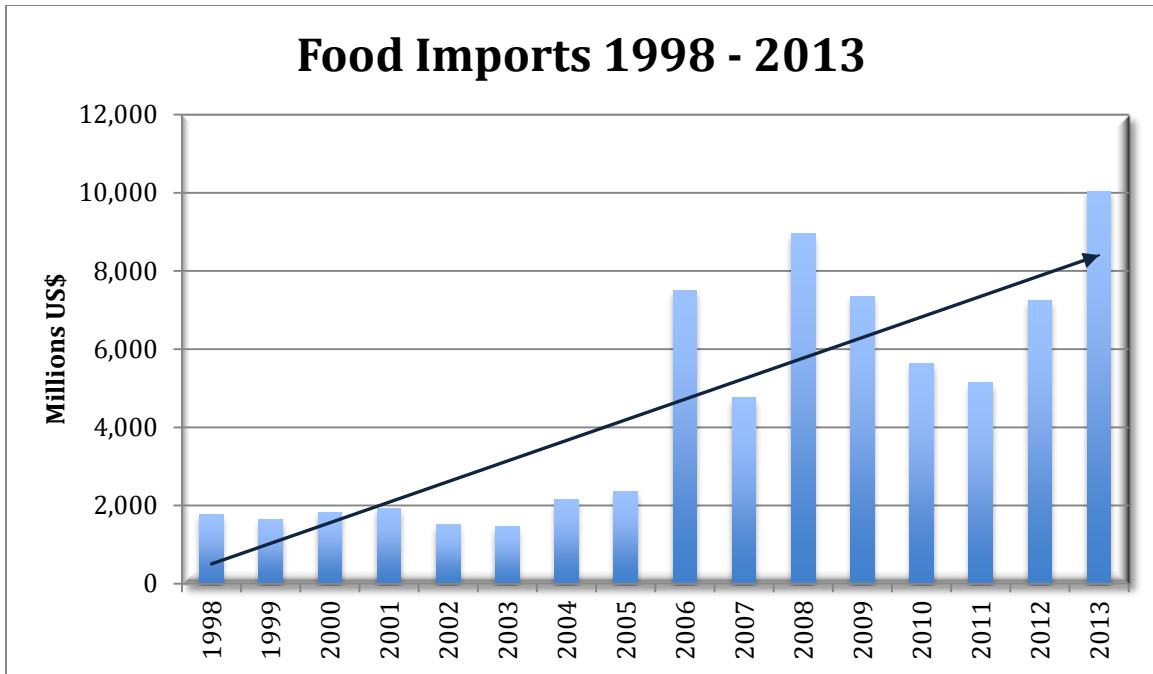


Figure 11: Food imports: 1998 – 2013. Source: INE (2015); author's calculations.

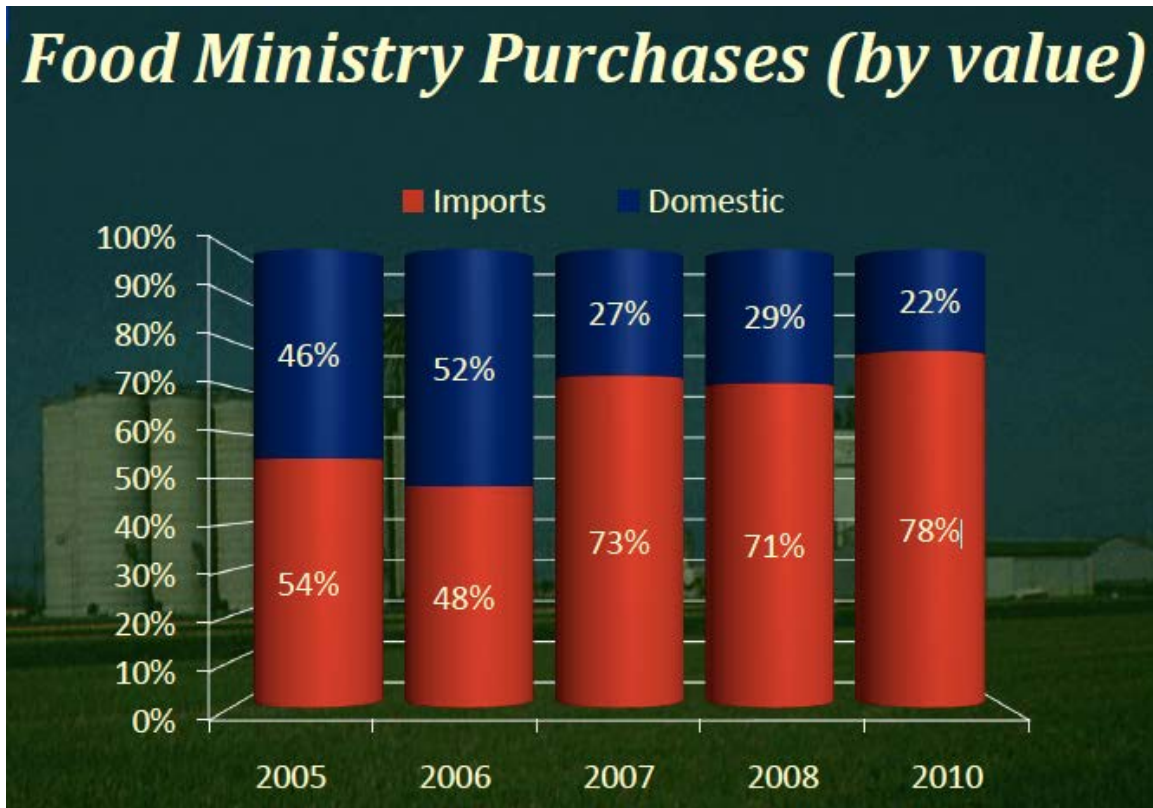


Figure 12: Source of food purchases by the Venezuelan Food Ministry: 2005-2010. Source: Centro de Investigacion Agroalimentaria (2011).

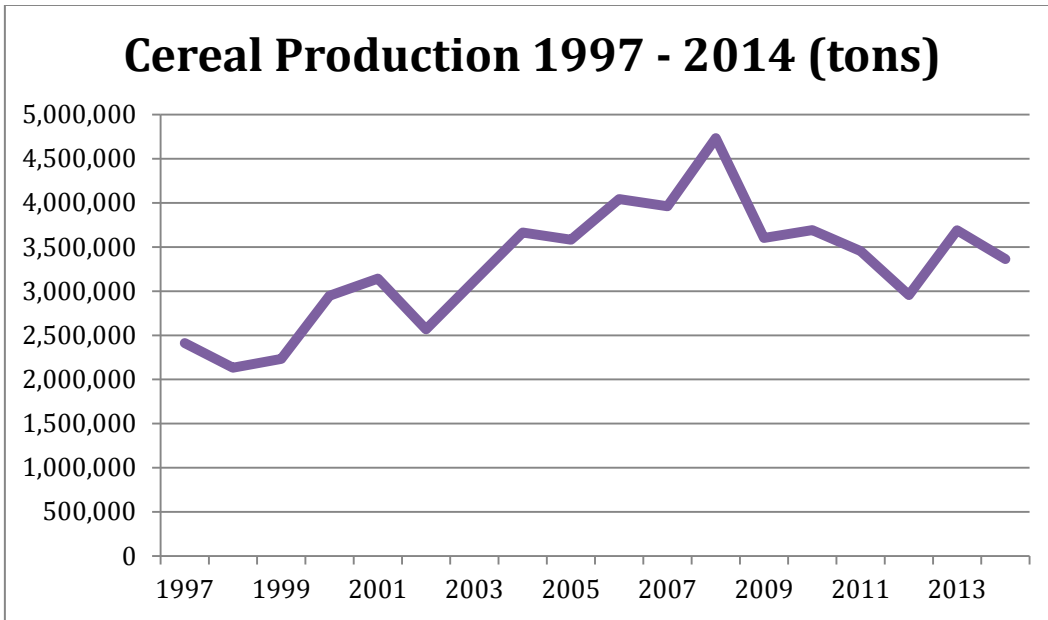


Figure 13: Cereal Production 1997 - 2014 (tons). Source: (FEDEAGRO, 2015).

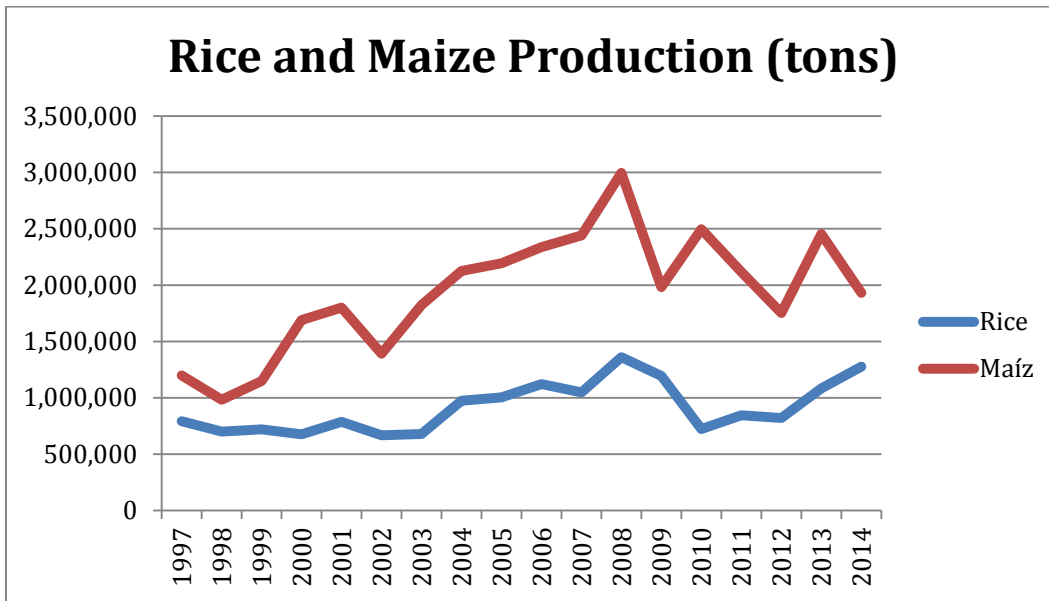


Figure 14: Rice and Maize Production 1997 - 2014 (tons). Source: (FEDEAGRO, 2015).

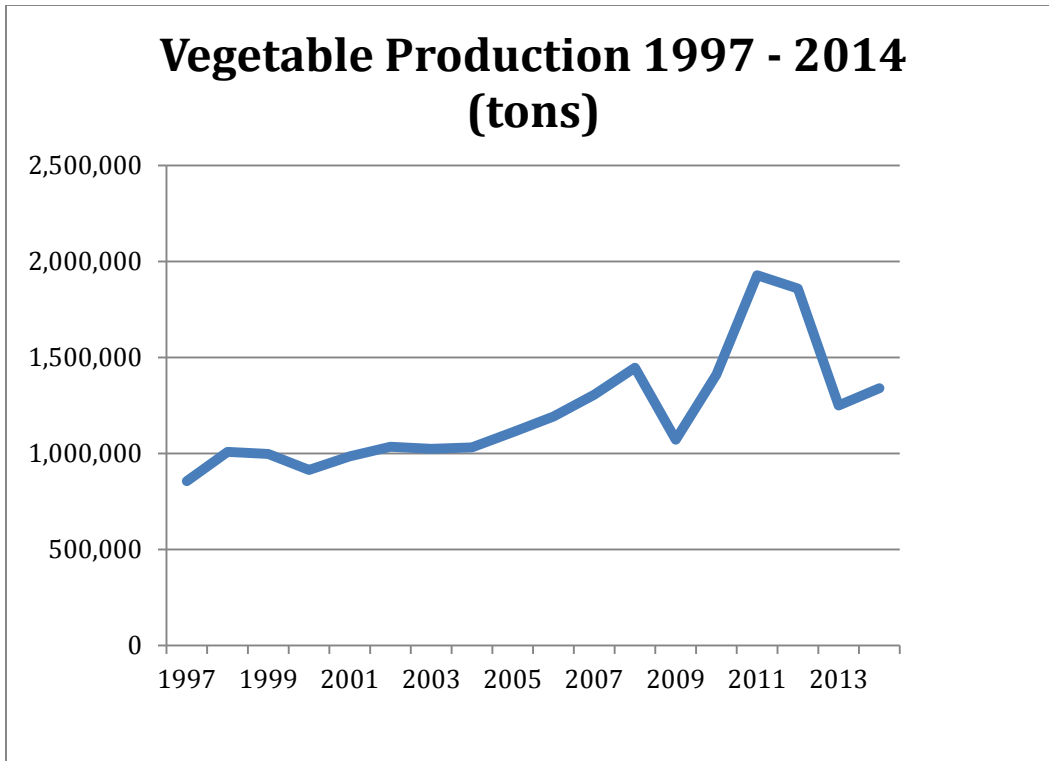


Figure 15: Vegetable Production 1997 - 2014 (tons). Source: FEDEAGRO (2015).

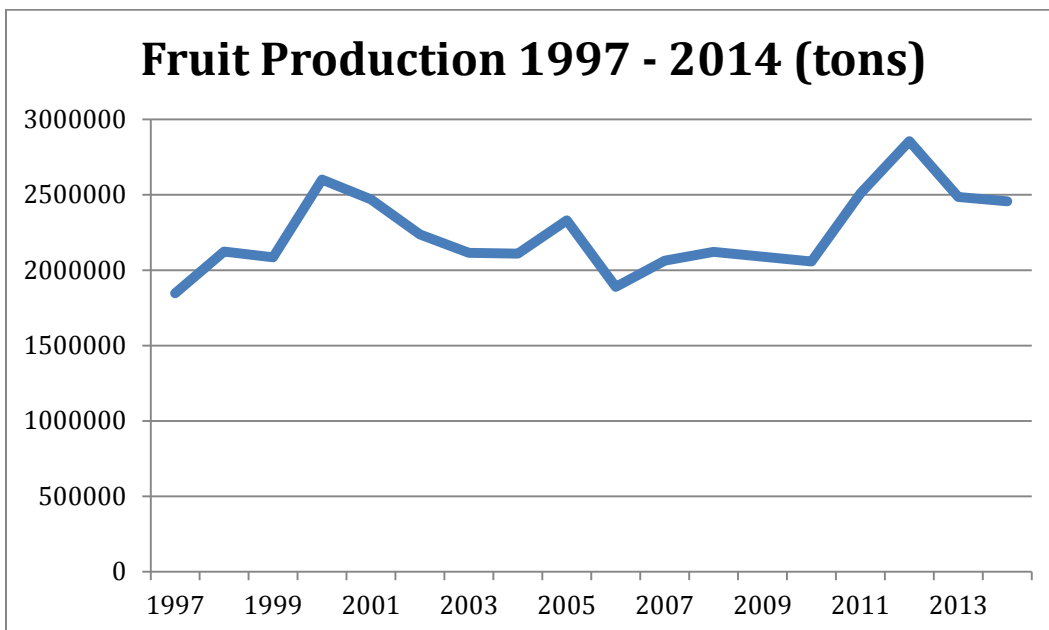


Figure 16: Fruit Production 1997 - 2014 (tons). Source: FEDEAGRO (2015).

Conclusion

Agro-food policy in Chavista Venezuela follows a clear trajectory towards increasingly intervention and management of the agro-food system, of which the agrarran reform law was only a single component. While the land reform maintained a rhetorically central role in government policy of rural development, perceived early policy failures and the increasing specter of shortages contributed to, on one hand, a growing focus on large-scale projects and investments into creating a state-managed agro-industrial sector, and on the other hand, the direction of more state support to agriculture to producers of all sizes. While resources continued to flow to the farm-level reform sector, government policy shifted towards stimulating production in all sectors of agriculture while expanding state control of select processing and distribution components of the agro-food system. Combined with increasing food imports and many government attempts to control food prices and availability, state policy demonstrated an 'urban bias' to agro-food policy where securing urban food supplies and keeping market prices low became increasingly the main goal of policy.

While a clear evolution of the trajectory of government agro-food policy is apparent, the management of the agro-food system experienced a number of large fluctuations with the rapid proliferation of new institutions—or reconfiguration or dissolution of existing institutions—dealing with the varied components of the system, with oftentimes overlapping missions. The flux of government agro-food policy can be read in two ways. First, the state's reconfiguration and constant creation of new institutions were strategies to deal with emergent contradictions inherent to developing a model of socialist and/or endogenous development *within* a largely capitalist national economy (as well as an economy that functioned globally within the reality of a global capitalist system). Second, rapid policy change can be read as indicative of a petro-state dealing with challenges of oil-led development.

In the first view, the rapid change in government institutions and policy reflect reform after internal criticism of policy errors and failures by the government and allied popular sectors. Both presidents Chávez and Maduro have cited auto-criticism as an essential part of the Venezuelan socialist project. "Auto-criticism should serve to revise, correct and continue to propel the revolution from within" (Chávez in Pérez Ozoria, 2014). This highlights a rationale of the government to explain policy failures as part and parcel of progress towards socialism, as well as a government strategy to draw a distinction between internal, 'revolutionary' criticism of the government and 'disloyal' criticism emerging from the political opposition within Venezuela. According to Chávez: "criticism from the people, and self-criticism, doesn't hurt the [revolutionary] process, it helps it. But we have to be critical with loyalty to the process and to its principles." (Chávez in Venezolana de Televisión, 2011)

Secondly, in petro-state terms, rapid policy change stems in part from dynamics engendered by the government functioning as the 'landlord' of oil resources in a rentier state. As landlord, the state receives large fiscal resources independent from production and taxation of other sectors of the domestic economy. As discussed in chapter 3, processes of capital accumulation in the domestic economy—in both the state and private sectors—are largely dependent on the nature of state redistribution of oil rents. Large inflows of petroleum revenue to the state, especially in times of high oil prices, cannot always be absorbed effectively by the domestic economy. New large-scale projects and funding streams to agriculture partly reflect a petro-state attempting to deal with the inability of the domestic economy to absorb the high quantities of oil rent flowing into government coffers. The advent of new state projects is, additionally, a strategy to rapidly abandon 'failed' attempts at rent redistribution into the economy in search of more effective and productive development strategy. As state revenue is largely decoupled from profitability of state enterprises, the state is both free to create new projects and institutions as well as to subsidize losses.

The position of this thesis is that Venezuela represents an amalgamation of these two positions. This is encapsulated within this thesis's broader argument that Chavista Venezuela can be conceptualized as a petro-socialist state.²⁴ The nature of oil development creates particular relationships with both the domestic economy as landlord of oil resources and its attendant revenue, and with the world economy as a primary exporter of extractives. As a self-proclaimed socialist state the particular forms of intervention into the economy are conditioned by the need to politically legitimate the government through its responses to social marginalization and inequality. Therefore policy processes and their complications must be understood as reflective of both the contradictions of oil redistribution as well as a stated project of socialism in a particular historical context. Yet the term 'socialist' must also be problematized in this context. Venezuela's mixed economy model established that the private sector was never meant to be shut out of development strategies but would continue to be of strategic importance to Venezuela's new economic landscape. Given the Chavista government's explicit mixed economy model, 'socialism' in Venezuela's case must be understood as having a particular form embedded in—and constrained by—the larger political economy of an oil state.

This nature of the Venezuelan state affects policy possibilities and priorities. The goals of fashioning a national economic sector that functioned in line with structures of popular participation and that delivered social goods to the public often blunted the productive goals of the sector. Purcell (2013) has argued that government emphasis on the 'social' aspects of the social economy contributed to productive and profitability shortcomings in the state sector. The nature of rentier capitalism creates a central contradiction in the Venezuelan political economy where the government can respond to social exclusion with redistributive measures

²⁴ See chapter 3, pages 48-49.

but cannot overcome the structural conditions that produce marginalization (ibid.). Government measures to produce a socialist productive base founded on a social economy redirect oil rent to popular sectors yet tend to form and reinforce dependent rather autonomous relationships in the productive sector. Ultimately, Purcell argues, the state privileges social justice components of policy over ensuring reproducible accumulation in the 'socialist' sector.

This thesis takes this argument further in two ways. First, this thesis argues that while the contradictions in the agrarian reform sector between social and productive goals match Purcell's basic argument, taking a broader view of policy sees that agro-food policy in general seeks to 'make-up' for productive failures—as measured by gross production levels and especially by food price inflation and shortages—in the public sector both by increasing government control over the food system *and* by strategic reconciliation with segments of the commercial productive sector. That is, even if social aspects of policy are important in particular policy areas, the state actively attempts to bypass productive failures with policies in other sectors that may have little to nothing to do with the 'social' economy. This strategic reconciliation with the commercial agriculture sector is analyzed in the following chapter.

Second, as state redistribution addresses the sharpest edges of social inequalities in the agrarian sector, the political stability this helps create also blunts the actual need, from the point of view of the government, to fully transform the productive sector to one that is radically pro-peasant. That is, social programs tied to a discourse of socialism provide for the legitimation of the state as pro-poor, while the simplest strategies to provide a measure of continued stability in the food supply are maintaining the majority of the commercial agriculture sector and the increasing the import of foodstuffs. As these policy measures address rising consumption, they also undermine imperatives to transform material relations in the countryside. So while Purcell states the state *cannot* address contradictions of socialist development via redistribution of oil wealth, this thesis argues that the redistribution of oil wealth also serves to reduce the imperative of the government to address these contradictions in the agrarian reform sector. That is, the state doesn't *need* to address productive contradictions in the agrarian reform sector to still reap some benefits in the form of popular support. This is not to say that policy attempts to raise production in the smallholder sector are disingenuous or only aimed at maintaining political support, but rather that the structure of state intervention as landlord of an oil economy lends itself to policy forms where contradictions are largely maintained, rather than challenged.

The above discussion further fleshes out the concept of petro-socialism in this context; petro in the sense that oil rents flowing through the government lend themselves to an interventionist, state-led development model that sees larger investments in agriculture in the peasant sector, but also in the large-scale, agro-industrial, and commercial spheres; socialist in the sense that legitimation of the government rests on redistribution that fits a discursive frame of pro-poor, anti-

neoliberalism, and anti-elitism. In the amalgam that is petro-socialism, redistributive efforts can become largely decoupled from productive concerns.

In the agro-food sector we can read growing state intervention into both the downstream and upstream ends of the food system as attempts to circumvent difficulties in the productive sector of agriculture. As productive challenges emerged in cooperatives the state response was to create forms of organization with more state control, effectively constraining autonomy of producers. While state resources continued to flow to the peasant sector, more funds were directed into larger-scale agro-industrial projects. The state also implemented policies that, as will be shown in the following chapter, were captured primarily by the commercial sector. This policy regime produces a type of stability to the agro-food system that the state has an incentive to maintain, even if it hinders a more significant change of social and material relationships in rural areas.

Chapter 5: Commercial Agriculture and the Venezuelan State

While the relationship between the commercial agriculture sector and the Venezuelan state is often oppositional and conflictive, this chapter argues that sectors of commercial agriculture also benefit from government policies. This policy capture allows commercial farms to reproduce themselves and largely maintain their socio-economic position. Reading commercial agriculture and state relationships as conflictive, therefore, is incomplete and leaves relatively unpacked an important sector of Venezuela's overall agro-food system. Specific relationships between the state and the commercial sector and the implications for reform of the smallholder sector are largely absent from contemporary analyses of the Venezuelan agrarian reform process that tend to focus almost exclusively on state-peasant relationships.

This chapter addresses this analytical gap by considering relationships between the state, commercial agriculture, and the peasant sector. A more relational look between commercial agriculture and the Venezuelan state can also help problematize literature that characterizes the Chavista state as socialist in intention, if imperfect and incomplete in its implementation. The dynamics of commercial agriculture in the agro-food system reveals how agricultural policy in Venezuela's petro-socialist context actively maintains commercial growers, the often-discursive 'enemies' of the agrarian reform. The state's emphasis on raising production to maintain food availability in the face of scarcity and to reduce dependence of food imports, shapes policy in ways that help to reinforce the position of commercial agriculture, even as its stated policy emphasis is promotion of the smallholder sector and a reordering of agrarian social relations.

The Necessity of Conflict? Commercial Agriculture and the Chavista State

The alignment of the major agribusiness federation FEDEAGRO—as well as FEDENAGA the cattle ranchers' association—with the political opposition to the government, a number of high-profile fights over state land seizures, nationalizations of supermarket and agricultural input firms, and violence against peasants active in the agrarian reform process would seem to paint an overwhelmingly contentious picture of relations between commercial agriculture interests and the Venezuelan state. Indeed, landowners and commercial elites have stymied reform efforts through legal challenges, by wielding influence in local networks or regional institutions involved in agrarian reform, and by using violence against peasants involved in the agrarian reform process. The land reform's perceived attack on private property rights and the supposed failures of

government intervention in the food system figure prominently in opposition critiques of the state.

These oppositional aspects of the commercial sector vis á vis the state have often been portrayed in the literature on Venezuela as indicative of class conflict in a period of socialist transformation and representative of barriers to implementation of state policy (Enríquez, 2013; Harnecker, 2015; Larrabure, Vieta, & Schugurensky, 2011; Motta, 2011; Wilpert, 2006). For example, Enríquez (2013) argues that roadblocks to reform in Venezuela's land reform sector are in large part due to the functioning of 'dual power' in Venezuela, where Venezuela's landed elite struggle to maintain their class position in a reform process that seeks to wrest control of the agricultural system and remake it privilege other actors and production systems. Enríquez argues the 'old regime' has been able to fight reform in the context of 'brown areas' (O'Donnell, 1993), geographical, economic, political, or ideological spaces where old systems remain outside the control of the reformist state. These brown areas afford agricultural elites possibilities to block implementation of reforms that challenges their interests. In this reading, the Chavista government has been unable to completely capture state institutions in order to remake them to function for new, 'socialist' goals, or state institutions have failed to break landowner influence in specific areas of Venezuela.

Harnecker's (2015) analysis of the 'revolutionary' states of Venezuela, Bolivia and Ecuador argues that an old state and an emerging, more progressive state coexist in a 'relationship of complementarity' during a transition to socialism (p. 140). Harnecker argues that the 'bureaucraticism' of the old state can impede progress towards development of the socialist state via persistent 'excessive centralization' (p. 185). If we apply Harnecker's frame to the agrarian reform, the continued hold on prime agricultural land by commercial producers in Venezuela is explained primarily by reform policies being bogged down in the bureaucratic morass of state institutions charged with their implementation. In this reading, Venezuela is characterized as a state transitioning to socialism whose revolutionary goals are being blocked by barriers emerging from this amalgamation of an 'old' and 'new' state.

This dissertation, however, argues that a simple oppositional/class conflict role in agrarian relations between the landed class and state and agrarian reform sectors, and the related assumption that a socialist economy is the primary goal of state policy-making, is incomplete. Harnecker's (2015) vision of an old versus new state can leave unexamined relations between the state and the capitalist sector that can inform how reformist/revolutionary states engage with this sector in strategies that balance economic and political needs. Enríquez's (2013) argument that incomplete control over institutions and territories by socialist actors impedes the transformation of rural social relations does not address the state's relationships with the commercial agriculture sector nor the broader political economy dynamics of a petro-state and how they shape both policy formation and implementation.

By engaging with structural and policy dynamics between the capitalist commercial agriculture sector and the state, this chapter seeks to firstly, bring in the capitalist sector into an analysis of state agro-food policy in order to understand Venezuela's greater agrarian political economy, while avoiding overly facile characterizations of relationships between the state, commercial agriculture, and the peasant sector as necessarily conflictive. Secondly, this chapter links this broader agro-food policy analysis to political economic dynamics of Venezuela as a petro-state. This is not to argue that class conflict between agrarian elites and the state is not central to agrarian dynamics. Class conflict does indeed permeate the agrarian reform. Rather I argue that understanding commercial agriculture's relationship to the state from a more critical perspective illuminates constraints on policy formation and implementation in Venezuela as a reformist state pursuing a mixed-economy model in an extractive industry context.

This chapter draws on the state of Portuguesa as a case study to illustrate the dynamics of commercial agriculture and Chavista agro-food policy. Portuguesa is one of the most important agricultural centers within Venezuela, especially in cereal and oilseed production and related agro-industry. In 2001, Portuguesa produced over half of the country's rice and 90% of its sesame (FUDECO 2004: 21). Indicative of its influence in agriculture circles, the president of FEDEAGRO is a grower from Portuguesa, who also heads ASOPORTUGUESA, an important local grower association. This chapter is arranged in three parts. Part one examines the historical formation of agrarian relations in Portuguesa and charts the state's development of a vertically-integrated agro-industrial sector. Part two analyzes contemporary agricultural policy and relationships between the state and commercial agriculture within Portuguesa. Part three places these agrarian dynamics within the broader political economy of Venezuela as a petro-socialist state and its orientation towards a mixed economy in its agriculture sector.

The Historical Formation of Agrarian Relations in Portuguesa

Portuguesa, especially the agro-industrial center of Acarigua-Araure, is at the core of Venezuela's breadbasket. Prior to the 1940s, however, the area around Acarigua was a thinly populated area of tropical forest mixed with savanna whose economy was based primarily in exploitation of forests for lumber, cattle ranching, and whose peasantry grew some staple crops as well as serving as occasional labor in sawmills (Bolívar, 2002). Portuguesa was, thus, not central to the agrarian economy in the pre-oil era that was based on plantation production of coffee and cacao for export. The transformation into Venezuela's premier agro-industrial area grew out of centralized state development programs that restructured agrarian relations and land ownership patterns, mobilized state capital for the development of mechanized and largely capital intensive agriculture, and subordinated the 1960s agrarian reform program to serving the labor and raw material needs of the emerging commercial growers (Figueroa, 1990). The eventual result was the formation of a vertically integrated, commercial agrarian elite that dominated the socio-economic life of the region.

By the 1940s, rising GDP from the expansion of oil production and rapid urbanization in Venezuela created a growing demand for agricultural products that outstripped domestic production capacity. In response, policymakers sought to modernize the agricultural sector to raise production to meet national food needs. Efforts to modernize the agriculture sector by the military governments ruling Venezuela in the 1940s and 50s saw the Portuguesa economy transform into a principal crop producer in the nation.

The Venezuelan state was instrumental in the establishment of a production system oriented towards larger-scale mechanization of commodity crops that displaced the previous agricultural systems. The 1940s national Rice Plan (*Plan Arrocero*) established Portuguesa as the center of agriculture policy in Venezuela (Bolívar 2002: 65). Managed by the state institution the Venezuelan Public Works Corporation (CVF), the Rice Plan established mechanized rice production by distributing parcels of up to 200 hectares—the minimum size deemed necessary for the successful introduction of mechanization—and generous agricultural credits (Bolívar, 2002). Resistance to land redistribution by larger landowners and smallholders who used state land for pasturing, was broken by the state governor who seized estates and removed landowners and smaller-scale traditional users (Llambi & Cousins, 1989).

The Rice Plan was developed to provision growing domestic, rather than export markets. Within five years of the program's initiation, Venezuela was producing enough rice to cover domestic consumption. Yet the growth of the sector required expansion from the existing savanna areas into Portuguesa's adjacent tropical forests driving deforestation. While cleared forests areas initially provided higher yields, putting forested land into production required larger capital outlays, and producers adopted a strategy of diversified production, planting sesame in the dry season—rice being grown in the rainy season—and eventually integrated maize and sorghum and sugarcane into production systems (Bolívar, 2002; Llambi & Cousins, 1989). These dynamics drove increased mechanization and continued intensification of land use in the region.

Alongside the national Rice Plan in Portuguesa was an agrarian colonization scheme that brought in and distributed land to European immigrants primarily from Germany and Italy. As part of the Venezuelan agrarian reform program peasants were settled next to European colonists in the colony of Turén under the assumption that they would learn 'modern' and 'rational' cultivation techniques from the Europeans (Bolívar 2002: 89). Agrarian reform beneficiaries, however, received smaller parcels and insufficient state credit support compared to the European colonists, leading to eventually abandonment of many plots with the now landless peasants migrating to urban areas or becoming farm workers on the more successful estates (Llambi & Cousins, 1989). Like in the Acarigua-Araure center, agricultural expansion displaced traditional land users and drove the replacement of tropical forests with plowed fields. The more successful Turén farmers sought to

diversify production to cope with price and yield fluctuations and also expanded into new areas to counter the loss of soil fertility the increasing chemical-dependent production system engendered (Llambi, 1990). By 1990, the original colony had expanded from 15,000 to 250,000 hectares and had established a production system of rice, maize, sesame and sorghum, crops favorable to mechanization and that could feed into the agro-industrial system (ibid.).

Agricultural development, and the resultant growth in production of cereals and oilseeds, in Portuguesa between 1949-69 was considered a national agriculture 'miracle' as the government invested resources into irrigation projects, roads, windbreaks, housing and a rice processing plant that helped to solidify the new class of farmers in the area (Bolívar, 2002, p. 65; Figueroa, 1990). However, while grower strategies of expansion and diversification were important for commercial farmers in Portuguesa, outcomes in the state varied. Successful commercial farmers in the Acarigua-Araure center grouped together in producer associations and used alternative sources of capital investment to expand into more profitable areas of the agroindustrial chain by developing processing plants for oilseed and cotton refining (Llambi & Cousins, 1989). This facilitated their ultimate development into regionally dominant agribusiness players.

Unlike the Acarigua- Araure growers, however, Turén producers didn't have access to alternative financing to enable vertical integration, and although were able to expand and diversify production, became largely subordinated to the more powerful agro-industry sector as they assumed a role as producers of raw materials for processing centers (ibid.). This dynamic intensified in the late 1970s and early 1980s as Venezuelan agriculture entered a crisis. A confluence of factors including reduced government subsidies and private investment in the sector, stagnant prices, and the rapid increase of food imports contributed to a squeeze on the nation's producers (Hernández, 1988). By 1983 vegetable production was 15% below 1977 levels, and the area under cultivation had fallen 25% (ibid., p. 143). In the same time period, food imports rose from 35% to 65% of national consumption (ibid., p. 144). Much of the disruption to the agriculture sector was due to OPEC's—and by extension Venezuela's—successful efforts to raise oil prices. The resultant influx of petro-dollars to Venezuela's newly nationalized oil sector drove currency appreciation, which facilitated increased food imports and reduced the competitiveness of domestic producers.²⁵ The crisis drove further mechanization and intensification in Portuguesa's agricultural sector, as the state's commercial elite saw increasing production as the solution to a context of stagnant prices coupled with rapidly rising costs of production (Figueroa, 1990).

The agrarian malaise reflected the general political and economic crisis of the 1980s as oil prices dropped. The Venezuelan government implemented reforms to boost agricultural production, including deregulating controlled food prices, issuing of low-interest loans, increasing fertilizer subsidies, and mandating that commercial

²⁵ See chapter 3, pages 35-36.

banks lend to a portion of their reserves to farmers (Llambi, 1994). The policy prescriptions fed the so-called Venezuelan 'agricultural miracle' of 1983-87 that saw strong sectoral growth and production rises in a number of key crops. Maize, sorghum and cotton production levels doubled over 1983 levels (Hernández, 1988). Continuing macroeconomic woes however pressured subsequent governments to accept orthodox conditionalities of the International Monetary Fund that began to restructure the economy at large and largely dismantled policies aimed at food self-sufficiency by reducing agricultural price supports and input subsidies. The implementation of structural adjustment policies, however, resulted in severe social upheaval, including the 1989 Caracazo. The upswell of protest from Venezuela's citizenry opened political space for the government to reinstate some subsidies to the agricultural sector.

In sum, as the 20th century closed Portuguesa had been transformed into dominant agrarian player, with a vertically-integrated commercial agricultural sector. With Acarigua-Araure serving as the agro-industrial core and as an important regional market for seeds, machinery and agricultural services in the state, Portuguesa functioned practically as an agrarian enclave economy as it became the premier agro-industrial center in the country (Figueroa, 1990, pp. 99, 107). The success of the commercial sector was predicated on interventionist state policy that broke up landowner power, provided credit, input subsidies, infrastructure and technical support, and maintained government-protected, domestic markets (Llambi & Cousins, 1989, p. 113). The emergent agro-industrial sector had little connection to the earlier agricultural export sector of coffee and cacao, although some traditional *latifundio* interests did evolve into commercial elite.

The agrarian reform sector near agro-industrial commercial development was subordinated to the accumulation needs of the commercial sector. While commercial agriculture established itself in areas with well-developed and largely government-financed infrastructure much of the state remained largely untransformed. Agrarian development established two coexisting production systems: an agro-industrial model centered in the municipalities of Páez, Araure, Esteller, Turén and Ospino; and areas of continued peasant production, especially prevalent in Guanare, Guanarito and Sucre (Figueroa, 1990). The peasant sector in the immediate geographical path of commercial agriculture had been displaced and sometimes absorbed into the new industrial sector as labor, or had continued to function largely as before in areas further afield from Portuguesa's agro-industrial corridors.

Commercial Agriculture in the Chavista Era

Portuguesa's commercial sector is concentrated along the number 5 highway, the major transportation artery in the area that links Portuguesa to the important commercial cities of Barquisimeto, Valencia and Caracas. Agro-industrial crop production is focused near the main transportation corridors while mostly

small-scale coffee production is located primarily in the highland areas of Sucre, Ospino and Monseñor José Vicente de Unda municipalities. Cattle ranching—primarily for milk production—remains in some savanna areas, particularly in low-laying lands that seasonally flood and remain relatively far from infrastructure networks in Guanarito and Papelón. In 2001 Portuguesa accounted for 90.5% of domestic sesame production, 51% of rice, 41% of sorghum, 40% of corn and over 30% of sugarcane (see Table 7). In 2013, Portuguesa accounted for over half of all maize production in the country, producing 1,031,765 tons (Burgo, 2013).

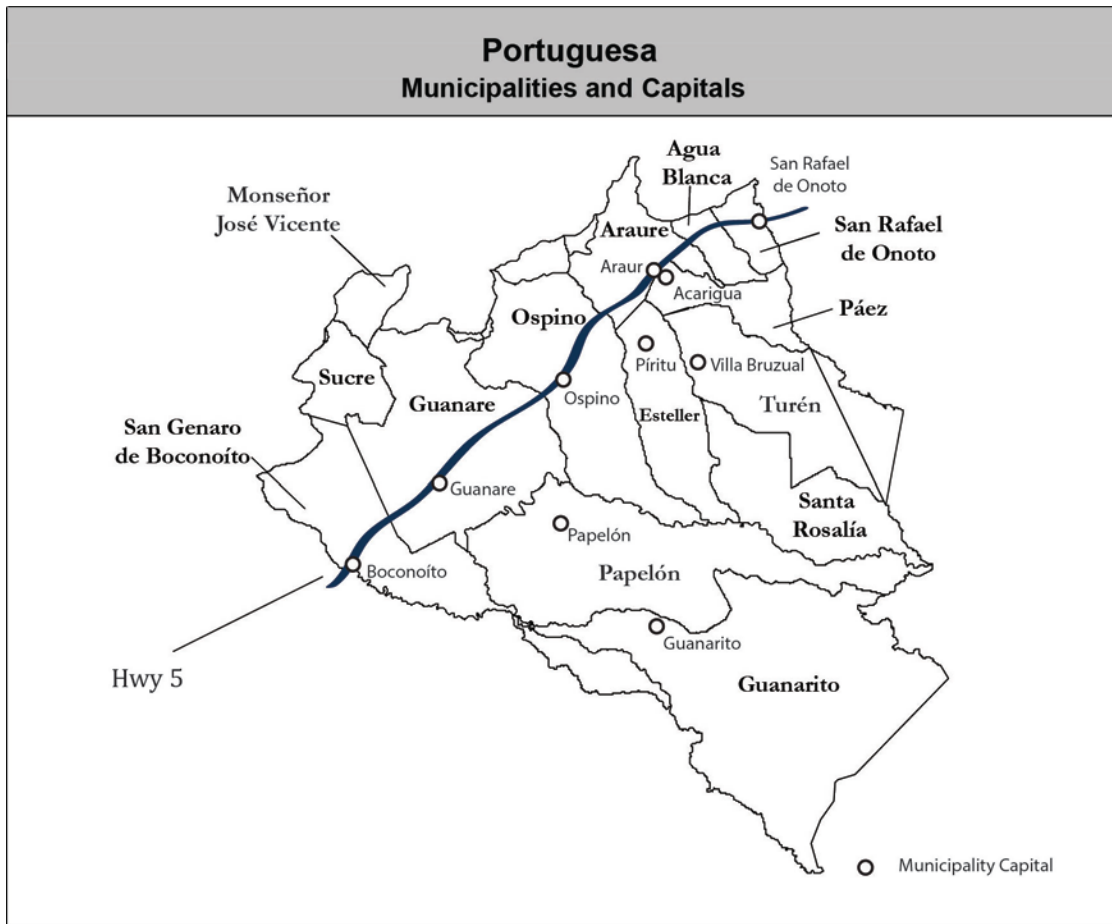


Figure 17: Portuguesa state map with municipalities. Source: adapted from FUDECO (2004).

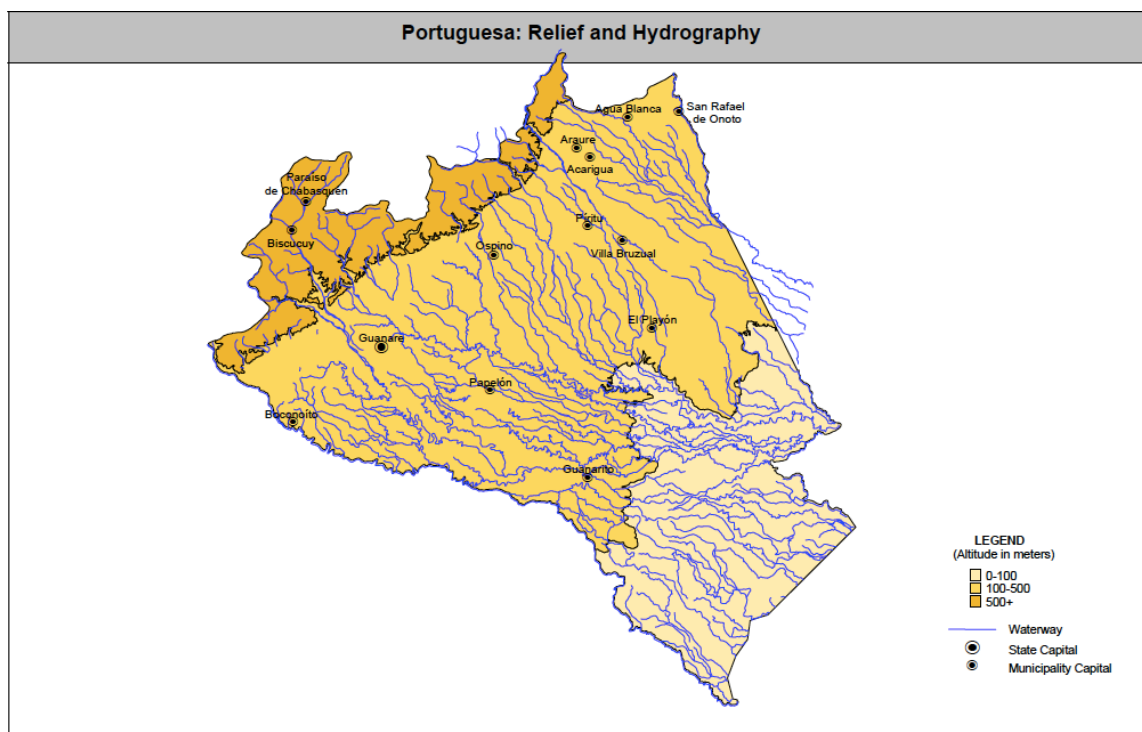


Figure 18: Portuguesa relief and hydrography. Source: adapted from FUDECO (2004).

Table 7: Portuguesa: Area Planted and Agricultural Production 2001

Crops	Area Planted (ha)			Production (tons)		
	State	Venezuela	% of National Total	State	Venezuela	% of National Total
Sesame	5,915	10,538	56.1	4,982	5,502	90.5
Rice	71,995	137,255	52.5	358,691	700,611	51.2
Sorghum	133,828	287,190	46.6	247,269	599,652	41.2
Maize	185,339	436,300	42.5	606,440	1,504,800	40.3
Sugarcane	44,902	137,832	32.6	3,081,895	8,865,082	34.8
Coffee	41,200	208,443	19.8	14,608	81,887	17.8
Yucca	5,812	38,416	15.1	63,418	490,277	12.9
Bean	1,180	14,406	8.2	1,121	11,125	10.1
Black Bean	980	11,826	8.3	902	9,649	9.3
Melon	1,480	11,163	13.3	17,760	191,810	9.3
Tomato	590	8,289	7.1	9,145	168,484	5.4
Cotton	146	13,860	1.1	119	12,952	0.9

Source: FUDECO (2004, p. 21).

Portuguesa is not a site of petroleum production or processing. Of theoretical note is that in the oil curse literature, oil development displaces agriculture in terms of share of national GDP, contributes to Dutch disease dynamics that favor imports over national production, and—at a regional level—can displace agriculture at

specific sites of production.²⁶ Yet, Portuguesa demonstrates—in areas with favorable conditions—agriculture can become a regionally dominant sector in particular historical contexts. According to Grinberg and Starosta (2009), capitalist sectors in oil states are limited in their capital accumulation process by the nature of oil rent redistribution. While the capture oil rent allows for their reproduction on a domestic scale they are generally unable to compete in international markets (*ibid.*). In Venezuela, a contingent of Portuguesa growers were successful in consolidating a dominant position in supplying domestic markets. Part of this success was also based in expanding vertically in domestic agro-industrial chains, and using smaller producers to help feed the local processing and packaging enterprises they now controlled.

The issues of land reform and domestic food production have been prominent controversies within Venezuela in the Chavista period. The intense reaction of commercial grower associations to the 2001 Land Reform Law and its explicit calls for the elimination of Venezuela's *latifundia* established an early context of conflict between agriculture elites and the state. The perceived attack on private property rights codified in the Land Reform Law has been cited as one of the primary drivers of sharpening opposition resistance to the Chavista government and of contributing to the 2002 *coup de tat* that briefly removed Chávez from power (Wilpert, 2006). The government's anti-*latifundia* rhetoric was portrayed by government critics as generating class conflict, violence and sense of lawlessness in rural areas (Romero, 2007).

Agriculture, food and land reform policies have, thus, served as important points of conflict between the Chavista government and its political opposition and cannot be separated from broader social conflict over the Chavista-era 'revolutionary' program. However, conceptualizations of dynamics between the state and the commercial agriculture sector as primarily conflictive mask a set of policy relationships that are more ambivalent. A closer examination of policy dynamics reveal that state policies often support sectors of commercial agriculture and reinforce agribusiness socio-economic position in rural areas.

Land Redistribution: The Rhetoric and Reality of Land Expropriation

Perhaps most salient issue in terms of conflict between commercial agriculture and the state is the threat of confiscation of land via the Land Reform Law. Indeed, the law was one of the most controversial components of the government's 2001 reform package (Wilpert, 2006). Through 2013, 6,897,872 hectares have been recovered, and 11,901,752 hectares have been regularized by

²⁶ For discussion on oil dynamics and agriculture see chapter 3.

Agriculture Infrastructure



Figure 19: Areas of crop production in Portuguesa, Venezuela. Source: adapted from (Ministerio del Poder Popular para la Planificación y Finanzas, n.d.).

the state under the Land Reform Law (PROVEA, 2014, p. 236; author's calculations).²⁷ Despite the quantity of land recovered by the state and political controversy and violence connected to the agrarian reform, the process of land expropriation has largely bypassed producers in much of the commercial agriculture sector. The relatively low land seizure pressure on commercial producers in Portuguesa results from government negotiations with estate owners, dynamics between state institutions and producers at the local level, and an increasing policy trend focused on maintaining agricultural production levels rather than on addressing levels of land inequality.

It is difficult to ascertain how much land was seized by the government from private interests, especially on the level of individual states. At the time of writing, government data on land recovery and redistribution released by the MPPAT and INTI were national totals and did not break down numbers by individual states or municipalities. There were no available, reliable data on how many private estates in Portuguesa had been subject to recovery by the state or had been occupied by peasant groups. Commercial growers in Portuguesa, however, stated that the threat of expropriation was a central incentive to continue production in the face of low prices and other productive or profitability challenges (interviews, growers, 17 July 2012, 29 July 2012). In Portuguesa, growers cited the cases of the 2,276 hectare Dos Caminos and the 1,779 hectare Palo Gordo estates recovered in 2012 by INTI as emblematic cases of seizures from landowners in the region.

A number of elements, however, diminished the actual threat of seizure of private estates by the government in the agrarian reform. In many cases in Venezuela more broadly, the government had adopted a strategy of negotiation with landowners that left portions of the estate with former landowners. As stated by president Chávez:

You, *Perico de los Palotes* [so-and-so], you have 20,000 hectares and only 500 head of cattle . . . you're breaking the law. We're going to negotiate. . . You have 20,000 hectares. Give me 10,000, sign here. (Ministerio del Poder Popular para la Comunicación y la Información [MINCI], 2004)

Negotiation with landowners for partial redistribution is often attractive for policymakers as it theoretically speeds up land redistribution and avoids drawn-out legal process and appeals. It also potentially diminishes opposition to reforms as landowners can receive payment for lands lying idle on estates, as under the Land Reform Law estate owners are entitled to compensation for seized lands. Oil revenue theoretically allows the government to pay market rates for seizures, giving it an advantage over more cash-poor countries attempting an agrarian reform that compensates landholders. It is unclear, however, to what degree compensation has

²⁷ See chapter 4, pages 53-57 for technical details of the Land Law, and page 81 for notes on unreliability of official land reform data.

been paid in the Venezuela land reform. A high-profile expropriation case involving estates owned by the British Vestey Group was resolved with the government and the company negotiating the transfer of two estates to the government in exchange for the retention of 8 other estates and a payment of £2.4 million (Arie, 2006). Yet there is no clear data on whether or not payment was delivered to landowners in the majority of cases of land recovery. Some seizures of sugar plantations in the state of Yaracuy, for example, were ultimately implemented under the rationale that private land titles were invalid due to the area being designated as an indigenous reserve before the establishment of the plantations (Lavelle, 2014). As the plantations occupied technically state land no indemnity was paid. Regardless, a strategy of negotiation with landowners by the state in policy implementation has implications for the nature of the reform. As in the case of many historical land reforms the division of estates with property owners can often leave the most productive land—with better soils and well-developed infrastructure—in the hands of landowners, which solidifies their relative position in the agriculture system even as it may diminish the size of absolute holdings.

Redistribution pressure on private interests in the agrarian sector was also dependent on changing relationships between government institutions and commercial interests. In early periods of the reform government positions at the state or municipal level in some areas were in the hands of politicians that opposed the Land Reform Law. In Yaracuy and Cojedes states early land occupations by peasants were removed violently by state police forces under the control of opposition governors (Lavelle, 2014). The subsequent election of Chavista politicians to state-level offices was an important shift in local conditions that allowed peasant groups to re-occupy estates with a greatly reduced—although not entirely eliminated—threat of removal by state security forces (*ibid.*). The control of key local offices by Chavista politicians or functionaries, however, did not ensure an even approach to policy implementation. Growers in Portuguesa cited that the changing of directors of MPPAT and INTI at the state level impacted how aggressively redistribution was promoted by the government. The Chavista governor of Portuguesa Antonio Muñoz (2004-2008) reportedly stopped land invasions and maintained good relationships with grower associations in the state (interview, ASOPORTUGUESA member, 27 July 2012). Under Muñoz's successor, Wilmar Castro, growers and state officials reported that land invasions by peasants and state intervention on estates increased (*ibid.*; interview, Portuguesa INTI official, 27 July 2012). In general, however, producer associations stated that they maintained non-conflictive working relations with state institutions (interview, ASOPORTUGUESA president, 1 August 2012; interview, Caracas FEDEAGRO official, 15 August 2012). ASOPORTUGUESA, for example, collaborated on a number of seed and crop research programs with the National Institute of Agricultural Research (INIA) throughout the Chavista period.

More importantly, broader agro-food policy continued to evolve in the Chavista period in a way that tended to shield a large number of commercial growers from expropriation. As the government became increasingly concerned

about food availability it largely avoided intervention in commercial cereal or oilseeds producers. INTI officials in Portuguesa stated that as a matter of policy, productive farms were not targets for redistribution in order to ensure agricultural production (interview, Portuguesa INTI official, 27 July 2012). Even some activist peasants in the reform sector articulated a similar position that if land was in production *campesinos* considered it off the table for occupation. In Yaracuy state, for example, where conflict over land has been particularly pointed and conflictive, one peasant leader who himself had helped to occupy an estate said large landowners who were productive were ‘welcome’ (interview, 24 July, 2011).

Expropriation in the Broader Agro-Food System

Through the Chavista period, state agro-food policy became increasingly focused on maintaining the productive base for domestic provisioning and distribution of foodstuffs and less on the breaking up of historic land relations in rural areas. Where the state has accelerated and widened its intervention in the agriculture sector has been primarily in marketing and distribution components of the food system or in particular crops such as coffee. Figure 20 shows acceleration of expropriation in the food sector beginning in 2009. These expropriations, however, can be read as part of a broader state strategy to ensure agricultural production and food distribution chains, rather than attempts to dismantle landholder power. The Venezuelan government, for example, nationalized major coffee companies Fama de America and Café Madrid in 2009 as part of a strategy to increase control over the distribution and processing of coffee and ensure its availability in state food distribution networks. Expropriations of the supermarket chains Éxito and Cada, and of agro-chemical company AgroIsla, targeted not landowners, but up and downstream components of the agro-food system to support production at the farm level of all sectors of agriculture and, again, food availability at the market level. In addition, since 2003 the Chavista government sought strategic, unofficial ‘alliances’ with business interests that were considered important to the nation’s economic development (Ellner, 2012, p. 106). After the 2002-2003 oil strike promoted by FEDECAMARAS, the Chávez government declared it would favor non-striking business interests by providing them with access to dollars for imports at preferential rates (ibid.) Such concessions demonstrate a strategy of reconciliation between the capitalist sectors and the state in order to ensure macroeconomic stability.

State Intervention in Land in Portuguesa

In Portuguesa, patterns of land occupation by peasants and government intervention in estates by and large circumvented the major cereal and oilseeds producers that formed the backbone of the state’s agricultural economy. Growers did state, however, that as a preventative measure to land occupation by peasants they often planted ‘holding crops’ on land that were not harvested due to their general unprofitability—such as beans (*frijol*) (interview, grower, 28 July 2012). An INTI representative in Portuguesa stated that when land occupations on estates did

occur, the local INTI office declared them as illegitimate and withheld support from the occupiers including inspections and any granting of official rights to remain on the land (interview, 27 July 2012).

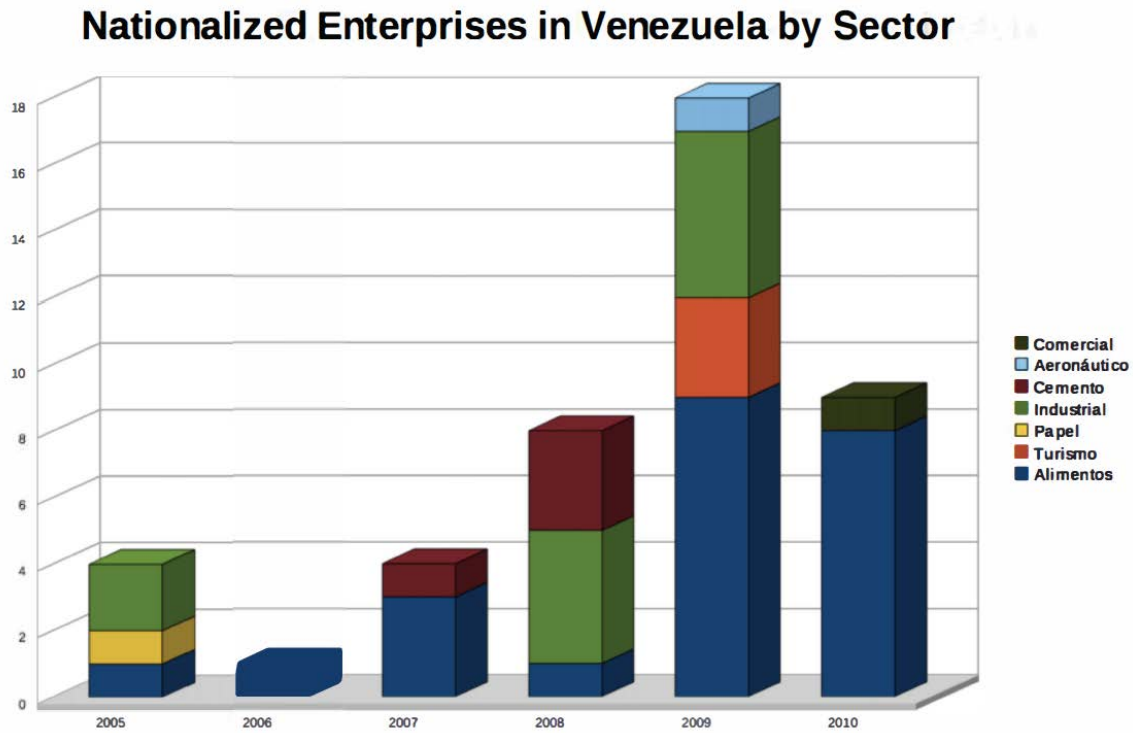


Figure 20: Acceleration of nationalizations in Venezuela by sector. Source: Ministerio Del Poder Popular Para El Comercio (2012).

Where there was significant state intervention in private estates it was primarily related to continued conflict over timber plantations owned by the transnational packaging corporation Smurfit and in areas devoted principally to extensive cattle ranching. Most peasant occupations in Portuguesa during this study's field periods were concentrated in these tree farms near the agro-industrial core and in cattle ranching areas that were located more on the state's agrarian periphery. The peripheral lands—such as in the municipality of Guanarito—were relatively distant from major infrastructure, had inferior soils to those in the agribusiness core, were less likely to have mechanized production systems, and were less integrated into agro-food processing chains. Parcels in Guanarito were more likely to be perceived as idle and, thus, scenes of peasant occupation and state intervention. The Dos Caminos estate seized by INTI—one of the cases cited by local growers as indicative of government pressure on productive, private land in the state—was primarily involved in cattle and dairy operations, not cereal or oilseeds production (Tribunal Supremo de Justicia, 2013).

The state has also ruled in favor of landowners in land disputes in Portuguesa. A land occupation at the San Rafael de Onote estate was ruled illegal in 2012 on the grounds that the estate was productive due to its maize and porcine production (interview, Portuguesa INTI official, 27 July 2012). That same year the Supreme Court reversed an initial ruling against the owners of the Palo Gordo estate after it was declared to be productive. These cases reinforce the argument that cereal producers were not subject to significant land expropriation pressures. In a general policy climate of ensuring staple foods, the agro-industrial core of cereal and oilseeds producers appeared to be under relatively little threat of land seizure from the government. This is not to disregard the role of peasant pressure in influencing targets of government intervention in land and the shape and pace of land redistribution²⁸ but rather to suggest that the major thrust of land redistribution has not been directed at sectors of commercial producers even in areas where they control a majority of the best and most productive lands.

Landowner Power

Landowners have used violence and intimidation in the reform period to fight against the agrarian reform. According to peasant groups, between 2003 and 2011, an estimated 256 *campesinos* were killed (PROVEA, 2011, p. 223), likely by hired gunmen. According to *campesino* groups, no one has been convicted of any of the killings (Suggett, 2010). That no landowner has been convicted of a peasant murder demonstrates the persistence of *latifundio* influence both regionally and in the judicial system where the deaths are investigated and prosecuted. This is despite nominal control of the judiciary by the Chavista political party, PSUV.

Peasant groups have, thus, had to contend with the threat of violence when organizing for land. Land reform-related violence against peasants—as can be seen in Table 8—has largely been concentrated in four or five states within Venezuela. Portuguesa ranks as the state with the 4th highest number of peasant murders. Relevant to this dissertation's argument, deaths were not common in the main agro-industrial areas of Portuguesa. The bulk of killings in Portuguesa occurred in Guanare and Guanarito municipalities ("Listado Preliminar de *Campesinos* Victimas," 2012). Guanarito, as discussed, is an area home to relatively extensive dairy farmers that held more idle land than other areas where cereal and oilseeds production is integrated into agro-industrial chains. Peasant occupations that occurred primarily in Guanarito and nearby geographically and economically isolated areas engendered more violent responses. That commercial farmers in the agro-industrial corridor faced less occupation pressure underscores their relatively 'safer' position in terms of land redistribution pressures.

Landed interests can also leverage their position as employers in land conflicts to blunt and fragment peasant pressure for state intervention. The case of Smurfit Kappa is an instructive example. Beginning in the 1980s, Smurfit began to

²⁸ See chapter 6.

acquire and operate tree plantations eventually totaling 31,000 hectares of Caribbean Pine and Eucalyptus in Portuguesa and Lara states (Global Forest Watch, 2002). Smurfit's expansion precipitated conflicts with peasants as farmers lost land or retained only limited access to areas that were surrounded by newly fenced tree plantations. In addition, there were a series of conflicts between managers and workers over working conditions and benefits.

Table 8: Peasant Deaths in Land Struggles: 1999 – 2012

State	Peasant Deaths
Zulia	48
Barinas	37
Apure	20
Portuguesa	16
Miranda	12
Carabobo	9
Mérida	7
Yaracuy	7
Cojedes	6
Aragua	5
Tachira	5
Bolívar	4
Guarico	4
Lara	3
Anzoategui	1
Falcon	1
Monagas	1
Sucre	1
TOTAL²⁹	187

Source: Listado Preliminar de *Campesinos Victimas*" (2012)

Conflict between Smurfit and peasants has continued throughout the Chavista era and has been heightened by the redistributive possibilities represented by the 2001 Land Law and increasing petitions for land and peasant occupations of some tree plantation areas. Relations between Smurfit, the state, and peasant groups that this conflict has engendered is explored more thoroughly in the following chapter. The relevant point at this juncture is the dual strategy Smurfit has

²⁹ Note that this source, obtained from a peasant leader, lists 187 deaths while another source previously cited estimated 256 peasant deaths related to the agrarian reform (PROVEA, 2011, p. 223).

taken in order to diminish historical and resurgent peasant pressure. On one hand Smurfit has ceded certain parcels that INTI has classified as apt for crop production to the state in exchange for retaining ownership of other plantation areas. This includes pre-Chavista negotiation where Smurfit gave up the 2,000 ha estate La Productora—which later became a co-managed Unit of Socialist Production in 2008—as well as more recent acquiescing to INTI inspections and redistribution of land to agrarian reform groups under the understanding Smurfit would be able harvest the timber before ceding control as well as receive indemnification from the state (interview, Portuguesa INTI official, 27 July 2012; interview, peasant leader, 9 August 2012).

On the other hand, over time Smurfit improved pay and benefits for workers, including providing scholarships to families of estate employees, which have become important subsidies for local households (interview, Smurfit union president, 6 August 2012). Much of these benefits were won by workers after violent labor struggles that predate the Chavista era. These historical gains in labor conditions have contributed to Smurfit workers opposing peasant groups occupying Smurfit plantation areas, although both groups actively identify as government supporters. In 2012, I saw signs placed by Smurfit's workers' union along Portuguesa's main highway reading "We are not exploited" and "We are also the revolution" to counter arguments that the seizure of Smurfit's plantations would address exploitative labor relations as part of the Chavista socialist revolution.

Smurfit workers saw peasant calls for land as threatening their relatively well-paid jobs whose benefits they obtained via hard-fought labor struggles. As part of the agrarian reform union members had been offered land they currently worked on as Smurfit employees, but stated that as laborers they received greater and more secure benefits than they could obtain as farmers on recovered plantation land (interview, Smurfit union member, 8 August 2012). Workers cited an impression of general unproductivity of agrarian reform settlements in the area, as well as the unreliability of state institutions that provided support to settlements (ibid.). In response to threats of nationalization, the union negotiated its own proposal with Smurfit to cede certain parcels to the state in exchange for retention of core lands and then delivered the proposal itself to INTI officials (interview, Smurfit union president, 6 August 2012). Essentially, the Chavista workers' union negotiated with the state on Smurfit's behest in order to constrain peasant land claims. This effectively fragmented the Chavista base's stated position on land reform in the area.

The Ambivalence of Conflict

Reading dynamics between the state and the commercial sector as uniformly antagonistic and combative glosses over a series of more ambivalent relations. Violence against peasants, although significant, has largely been isolated to a relatively few areas of historical land conflict where peasant organizations have pushed for occupation of estates. State expropriation of land holdings has primarily

been limited to areas of extensive cattle ranching rather than commercial commodity crop production (Giacalone et al., 2010, p. 170). And while expropriations of supermarkets and large cattle estates have been featured in media headlines, these nationalizations have often targeted foreign, not domestic capital—the supermarket chain *Éxito*, for example, was owned by a French company—and land seizures are often negotiated with landowners, leaving large parts of estates, most likely the most productive and profitable areas, with the previous owners. In addition, commercial cereal producers in Portuguesa have faced relatively little risk of land redistribution even in areas that are highly Chavista. State intervention and peasant pressure in Portuguesa has instead been concentrated in cattle ranching areas on the peripheries of the state or in areas with foreign-owned tree plantations.

As issues of food prices and availability in supermarkets serve as salient electoral weaknesses of the ruling party, combative rhetoric and threats of intervention of food processors take place in a wider policy context that seeks to incentivize production in all sectors of agriculture. I now move to discuss how certain Chavista agro-food policies contribute to accumulation in the commercial agriculture sector, even as state rhetoric maintains a pro-poor and pro-peasant character.

The Capture of Agricultural Credit and Currency Policies

To support agricultural production, the Chavista government in 2001 reasserted lending requirements of commercial banks to the agriculture sector. The Ministry of Agriculture and the Ministry of Finance are tasked with setting the percentage that commercial banks must lend to agriculture each year or face sanction. The amount required is set by the central government through the Committee for Monitoring the Agrarian Portfolio (*Comité de Seguimiento de la Cartera Agraria*). The mandated percentage fluctuates from month to month but in general there is a 20-25% target, with a ceiling of 30% (Banco Central de Venezuela, 2012b, p. 83).

Table 9: Minimum Requirements (percentage of portfolio) for Bank Lending to Agriculture 2009 - 2012

	2012	2011	2010	2009
Average per Month (%)	23	23	22	18

Source: Banco Central de Venezuela (2012, p. 83).

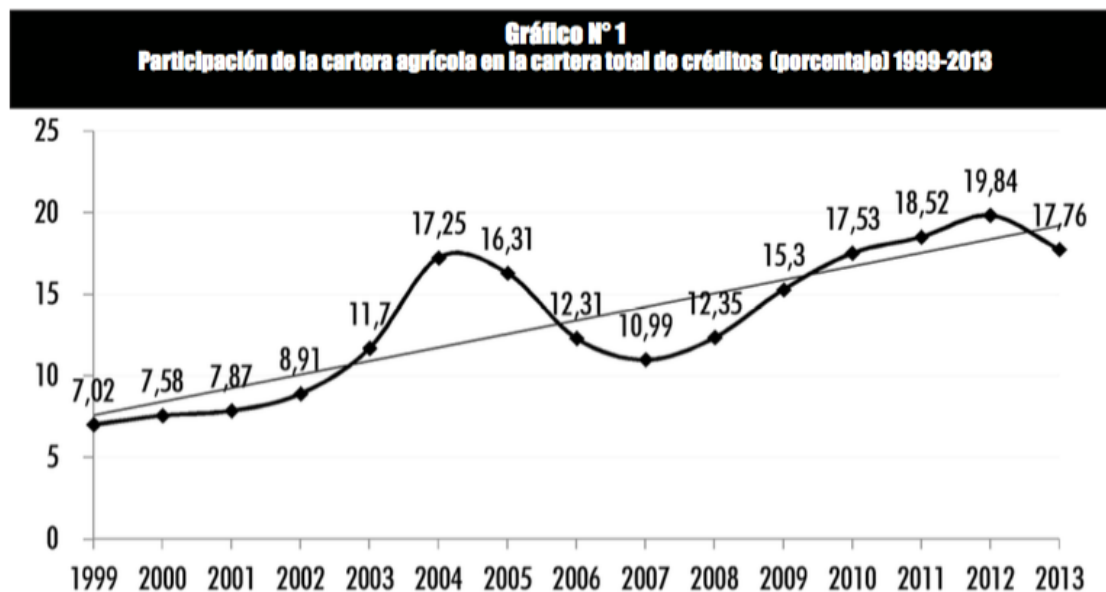
Commercial banks have largely failed to meet the mandated lending targets (see Figure 21). Given this, financial institutions have come under governmental pressure to comply with banking regulations. In 2012 Chávez publically threatened banks in non-compliance with nationalization. In 2015, the Superintendent of the

Table 10: Bank Lending to Agriculture Sector 2007 - 2013

Cuadro N° 7 Evolución anual de la Cartera Agrícola 2007-2013 (miles de bolívars)							
Institución	2007	2008	2009	2010	2011	2012	2013
Bancaribe	4.635.784	6.029.549	9.533.190	13.967.356	21.633.673	33.217.492	48.676.976
Banco Agrícola de Venezuela	0	6.361.945	23.766.136	32.776.980	29.805.369	55.669.696	45.974.926
Banesco	13.822.250	26.582.026	39.244.959	54.997.137	73.576.840	121.803.533	161.368.133
Corp Banca	2.843.906	5.282.294	8.849.714	14.902.925	20.525.303	24.681.736	22.934.440
Exterior	4.961.480	7.979.536	10.631.139	17.130.861	25.400.967	37.284.720	54.255.292
Mercantil	18.854.542	24.865.532	33.722.565	48.419.021	70.149.741	112.706.950	155.793.157
BOD	5.632.512	8.922.032	14.542.947	23.879.401	33.838.720	45.069.342	61.278.391
Otros	33.053.293	47.243.702	61.680.585	68.019.663	99.219.196	152.419.711	205.469.719
Provincial	13.070.515	21.254.701	32.481.200	44.478.602	62.884.495	90.181.494	139.823.410
Venezuela	12.869.381	20.218.475	26.176.802	32.240.698	60.840.941	125.643.030	199.301.642
TOTAL	109.743.663	174.739.792	260.629.237	350.812.644	497.875.245	865.616.284	1.094.876.086

Fuente: Fedea y Sudeban(*). A partir de julio de 2009, el Banco de Venezuela, debido a su nacionalización, se registra como Banco del Estado¹⁵.

Source: PROVEA (2014, p. 242).



Fuente: Elaboración propia con información de Fedea y Sudeban.

Figure 21: Percentage of loans going to agricultural sector: 1999 – 2013. Source: PROVEA (2014, p. 243).

Banking Sector of Venezuela (SUDEBAN) fined BancoCaribe bank 280 million bolívares (BsF) for failing to fulfill agricultural lending requirements in parts of 2014 ("Sancionan a Bancaribe" 2015).

The percentage of lending to the agriculture sector by private banks has risen since 2001 and has resulted in large increases in absolute amounts of credit delivered to the sector. Bank lending to agriculture had risen 114% from January 2014 to January 2015 ("El año comenzó con alza" 2015). High annual inflation, however, greatly reduces the amount of real increase of credit levels and in some years eclipses it entirely. In 2014, agriculture financing increased 26% over 2013 funds but was essentially erased in real terms by a 53.4% inflation rate (Banco Central de Venezuela, 2015).

Banks also must provide said loans to the sector at a preferential interest rate. As of July 2008 a government decree³⁰ mandated that agriculture loans be lent out at a 13% interest rate. By way of comparison, bank loans to other sectors can carry an almost doubled interest rate of 24% (Banco de Venezuela, 2016). Although 13% is significantly higher than agriculture credits provided by some government institutions to small producers, where rates can be low as 3% and are often forgiven in case of non-repayment, low rates provide an important source of operating funds to commercial agriculture.

Lending to agriculture from commercial banks effectively functions as a subsidy to the operation of commercial agriculture ventures, which capture a majority of these loans as opposed to smaller, less credit-worthy producers who rely on the state for financing. Agrarian reform beneficiaries do not receive transferable title to land in order to avoid sales and reconcentration of land and therefore have no collateral to offer private sector banks. As this policy operates at the expense of commercial banks, it is unlikely that it would survive the passing of ruling control to an opposition government with a position of re-liberalizing segments of the economy.

Policies that mandate private bank lending to agriculture create possibilities for high profits that are relatively unrelated to productive activities for well-positioned growers, and incentivizes commercial farmers without actual need for credit to seek loans (interview, ASOPORTUGUESA member, 27 July 2012). While the stated goal of commercial bank lending requirements to agriculture is to stimulate production, loans often go largely into servicing old debt ("El año comenzó con alza" 2015). High inflation effectively erases debt for producers allowing profit to be made by continuously taking out loans at each growing cycle. One commercial producer stated that by constantly taking out loans he made as much as a 10% profit from the funds as by the time repayment occurred the bolívar denominated debt has disappeared in real terms (interview, grower, 15 August 2012). Funds from

³⁰ Decreto N° 6,240, con Rango, Valor y Fuerza de Ley de Beneficios y Facilidades de Pago para las Deudas Agrícolas y Rubros Estratégicos para la Seguridad y Soberanía Alimentaria, (31 July 2008).

loans can also be re-loaned out by recipients themselves into non-controlled channels where interest rates are higher. Thus, a cycle of taking private loans year to year—an activity unavailable to the peasant sector—maintains the commercial grower sector even within a context of low, controlled prices.

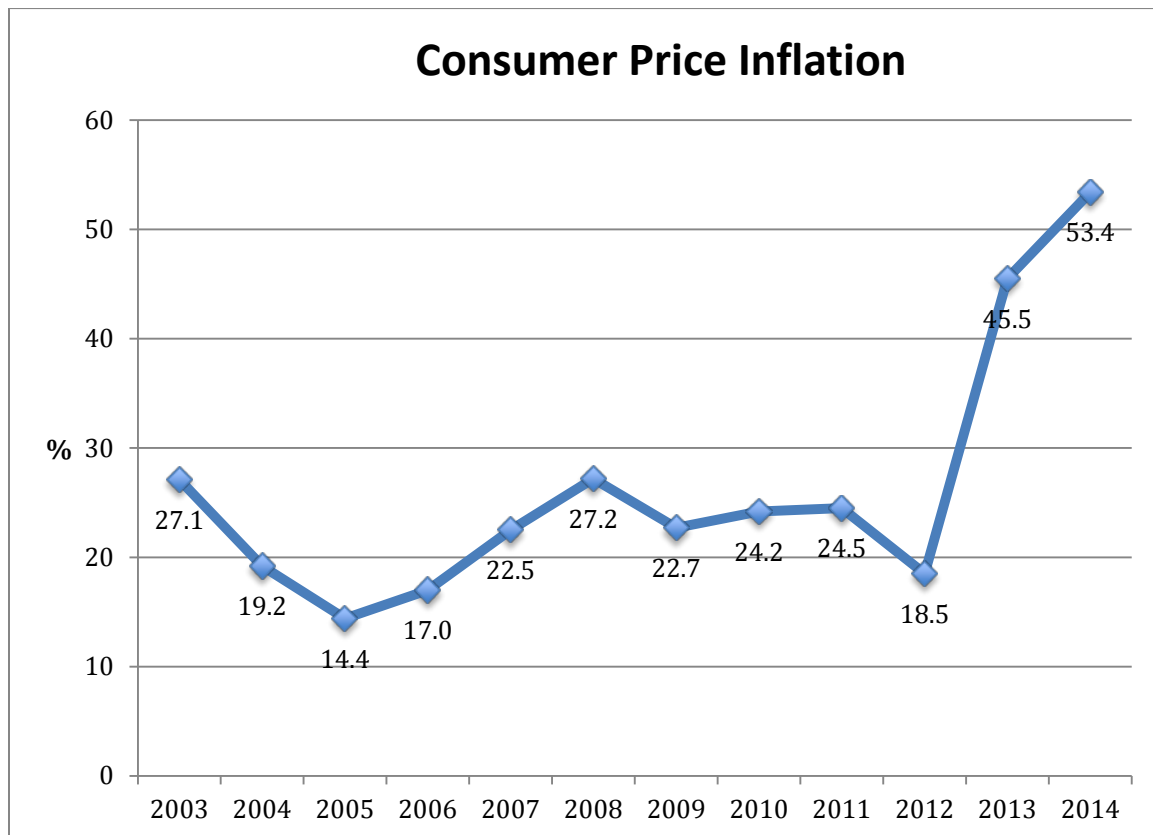


Figure 22: Consumer price inflation 2003 – 2014. Source: Banco Central de Venezuela (2015).

The Venezuelan government’s currency controls are also an avenue through which the commercial sector benefits from state policy. Venezuela has a three-tier exchange rate where dollars can only be purchased through the central bank for importation of goods and industrial inputs or for foreign travel. The cheapest rate for dollars, CONCOEX—6.3 BsF per dollar—is reserved for imports of food and medicine, underlining the importance for the government of securing food supplies.³¹ Access to official dollars essentially functions as a largely hidden subsidy to middle-class and other well-positioned actors in Venezuela with the wherewithal to travel abroad and own businesses requiring foreign goods and inputs. Foreign currency purchases at all official exchange rates are well below the black market

³¹ Official exchange rates in early November 2015 were: CENCOEX – 6.3; SICAD – 13.5; SIMADI – 199.97 BsF per USD (Banco Central de Venezuela, 2015).

rate for dollars, which at writing was at 1,100 BsF per dollar. Dollars obtained through the central bank can be traded on the black market back into bolívares for many times their official value which can then be used for consumption or servicing debt. In one striking example, in 2013 international flights from Venezuela were booked months in advance yet were reported to be leaving half empty from the airport (Gupta & Cawthorne, 2013). Dollar advances obtained for travel combined with credit card scams where phantom purchases were placed cards with travel dollar allotments that were then paid out in cash, provided dollars that could be converted back into bolívares at black market rates.

The gap in the official and black market rates meant that purchasing international plane tickets was in many cases a transaction made only to secure travel funds for black market exchange. In off the record interviews, medium-sized importers of consumption goods admitted to me that both travel and phantom import orders had been used to access dollars. While the government has increased control over the exchange system to try to limit forms of currency arbitrage, and although growers interviewed were understandably reluctant to admit to engaging this illegal behavior, given the integration of grower associations and agro-industrial processors with access to food commodity imports, it is likely that many commercial farmers could avail themselves of parts of this system.

Input Subsidies

Commercial agriculture also benefits from general agricultural subsidies for some agro-inputs (especially urea fertilizer) and fuel that target producers at all levels of agriculture. Venezuela has a relatively well-developed national petro-chemical industry that developed alongside its petroleum sector. Pequiven, the state petro-chemical company, manufactures urea and other fertilizers and supplies the national market with product below international prices for fertilizers. According to FEDEAGRO, Venezuelan urea is 5-6 times cheaper than foreign sources, in 2012 costing 19 BsF per 50 kilogram sack, versus 100 BsF price for non-subsidized urea (interview, FEDEAGRO president, 8 August 2012).

To bring more of the agro-chemical sector under state control the Venezuelan government nationalized of the largely Spanish-owned agro-chemical company Agroisleña in 2011. Agroisleña was transformed into AgroPatria, a state-owned enterprise that supplies pesticides and herbicides and other agrochemicals at below market prices to both commercial and peasant producers. Agroisleña controlled around 70% of agro-chemical and seed distribution in Venezuela and its nationalization was oriented towards ensuring a low-cost supply of inputs to the agriculture sector in order to boost production (Centro de Investigación Agroalimentaria, 2011). There were also a number of other state-owned *AgroTiendas* that sold inputs at subsidized prices. Producers registering with AgroVenezuela were to receive streamlined access to state-managed agro-inputs at 'just' prices. Ostensibly, this lowered production costs for commercial producers whose industrial production systems were heavily reliant on large quantities of

chemical inputs. However, producer associations asserted that supply and quality problems of AgroPatria complicated crop production. Growers reported that followed nationalization inputs were often unavailable at the needed time in the growing cycle, or that there wasn't sufficient quantity of available inputs from AgroPatria (interview, grower, 28 July 2012), incidentally a claim repeated in interviews by peasant producers as well. In 2015 FEDEAGRO reported that AgroPatria had only supplied 50% of white maize seeds, 22% of yellow maize seeds and only 18% of agro-chemicals requested by producers for the season (Instituto de Políticas Agrícolas de Fedeaagro, 2015, p. 9).

Critics cited reduced production after Agroisleña's nationalization and increased diversion of inputs from AgroPatria to the black market where inputs commanded higher prices, often three to four times above the market price (Parilli, 2015). This contributed to lack of sufficient input availability in AgroPatria for both commercial growers and smallholders. FEDEAGRO complained that the MPPAT's policy was to allot equal proportions of state-controlled inputs to the commercial and state sectors, even though FEDEAGRO claimed that the private sector was responsible for 85% of national agriculture production and, thus, required more inputs (ibid.). FEDEAGRO argued that over-allotment to the state sector of inputs fed diversion into the black market and increased scarcity at subsidized prices (ibid).

Although agricultural inputs were reportedly not reliably available in new, state stores, they could often be found from private distributors or on the black market. Yet the high prices for inputs charged at these outlets largely defeated the stated purpose of AgroPatria of low-price input distribution. Commercial growers could more easily utilize private agro-chemical distributors than smallholders due to greater capitalization and access to private credit. This allowed commercial growers to both benefit from lower input prices at state *AgroTiendas* for a portion of input costs, and maintain flexibility in face of disruptions to state-managed distribution chains. However, private input providers couldn't compete with AgroPatria's below market prices, and were, thus, often ill-positioned to fill shortfalls when they emerged. In addition, growers claimed that some agrochemicals were of inferior quality post-nationalization (interview, grower, 28 July 2012). Agroisleña had bought active chemical ingredients of inputs and mixed them in-country, while due to production difficulties, AgroPatria often imported some pre-mixed, and lower quality, chemicals (interview, ASOPORTUGUESA president, 1 August 2012).

Availability issues were complicated by new purchasing policies at AgroPatria. After nationalization, commercial growers had to pay upfront for input orders by making cash deposits with AgroPatria, while with Agroisleña grower associations would purchase on credit and service their debt after selling crops, reducing the amount of pre-harvest capital needed at the beginning of crop cycles. Grower associations were also able to leverage bulk input purchases for its members to access discounted rates on inputs bought from Agroisleña, which they could warehouse and distribute to members as needed. The need to go to

AgroPatria, cash in hand, combined with the difficulty of obtaining sufficient inputs of sufficient quality in the correct time frame, disrupted commercial accumulation processes even as some degree of cheaper inputs helped to reduce production costs.

Price controls and Export Restrictions

The chief complaint of commercial growers in regards to state agricultural policy was the regime of price controls on many agricultural and food products. With the rise of oil prices and increased rent circulation in Venezuela, persistent high inflation pushed prices of consumer goods higher. To combat high inflation of food prices and perceived 'unjust' prices offered by merchants the Venezuelan government began to set maximum prices in 2004 on a number of basic food items that made up the 'food basket' of the Venezuelan public. This included sugar, rice, grains, corn flour, chicken, sardines, pork, steak, cooking oils, milk and others (Castro Aniyar, 2013, p. 163).

Prices are regulated by the National Superintendent for the Defense of Social Economic Rights (SUNDDE) which sets maximum prices for producers, wholesalers and consumers, effectively regulating the farmgate and market price. Low controlled prices are a common complaint among both commercial and some peasant growers, especially in the coffee sector where there are many small producers. Growers contend that prices are often below production prices, which is exacerbated by input and labor costs rising faster than adjustments to crop prices. Coffee producers claimed that production costs in 2014 for a quintal of coffee (46 kilograms) was between 5,400 and 6,500 BsF in Portuguesa, over double the controlled price at the time of 2.657 BsF ("Costo de producción del café" 2014). Coffee prices were raised in September 2014 to 4,500 BsF to close the gap yet remained below the stated production prices.³² The price of rice was last raised in October 2014 from 8.6 to 23.6 BsF per kilo (see tables 11 and 12), a figure significantly lower than the 38.74 BsF per kilo requested by the Venezuelan Association of Rice Processors (ASOVEMA) ("Piden ajustar el precio" 2015).

Growers also contend that SUNDDE's price adjustments are often irregular in timing. Price uncertainty causes many headaches for growers who argue that not only are prices too low for many crops, delays in price adjustment, especially in the face of inflation, mean that farmers may have to plant crops without knowing what the controlled price will be at harvest time. While price uncertainty is, of course, present in open markets and dealt with in part through contracts and hedging, controlled prices could be theoretically set before plantings by the government.

³² There are a number of distinct prices for coffee depending on the grading of the bean. Stated prices are the highest available prices obtained by coffee at the highest classification (Lavado Bueno "A").

Regulated prices contribute to the diversion of food from controlled into informal markets where they command higher prices. According to rice processors and producers only 30% of rice consumed in country is sold at the regulated price while the rest is sold on the black market. Food manufacturers also avoid price controls by processing controlled crops into other, non-controlled forms, such as processing rice or milk (price controlled products) into flavored rice or cheese (non-controlled). As a partial response to this strategy of price evasion through processing, SUNDDE set a policy that flavored rice could only be sold at 25% above the controlled price for rice (“Sundde aumenta en 163% los precios,” 2014), limiting manufacturers’ ability to avoid price controls.

Table 11: Controlled prices for Rice October 2014

N°	RUBRO	CANTIDAD	MEDIDA	PMVPI	PMVDMA	PMVP
				(Bs.)	(Bs.)	(Bs.)
1	ARROZ BLANCO DE MESA TIPO I (1% A 10% GRANOS PARTIDOS)	1	Kg	23,56	24,27	25,00
2	ARROZ BLANCO DE MESA TIPO II (MAYOR DE 10% HASTA 18% GRANOS PARTIDOS)	1	Kg	21,90	22,55	23,23
3	ARROZ BLANCO DE MESA TIPO III (MAYOR DE 18% HASTA 25% GRANOS PARTIDOS)	1	Kg	20,74	21,36	22,00

Note: PMVPI = price paid to producer or importer; PMVDA = price paid to wholesaler; PMVP = price for consumer. *Source:* SUNDDE (2014b)

Table 12: Controlled prices for Rice September 2014

N°	RUBRO	CANTIDAD	MEDIDA	PMVPI
				(Bs.)
1	Arroz Paddy Húmedo “ Tipo A” (pagado al productor primario, puesto en los sitios de recepción habitual)	1	Kg	8,6
2	Arroz Paddy Húmedo “ Tipo B” (pagado al productor primario, puesto en los sitios de recepción habitual)	1	Kg	8,5

Source: SUNDDE (2014a).

In 2008 the Food Security and Sovereignty Law³³ enacted export restrictions of items that were now considered strategic to the basic diet of Venezuelans (see Table 13). No exports of these crops are permitted unless the Ministry of Popular Power for Nutrition certifies that internal demand has been satisfied (Article 20: 9). Figures 23 and 24 illustrate strong drops in cereal exports in the Chavista era after the passage of export restrictions.

Table 13: Foods Under Export Restriction

Export-Restricted Foods (2014)		
Cooking oil (corn, soy, sunflower, palm)	Animal feed	Eggs
Mayonnaise and Ketchup	Rice	Sugar
Coffee	Grains	Mortadela
Beef, Pork and Chicken	Tuna and Sardines	Salt
Flour (corn, soy, wheat, sunflower)	Butter and Margarine	Potatoes
Milk (liquid and powered)	Pasta	Tomatoes
Corn (yellow and white)		

Source: Republica Bolivariana de Venezuela (2014)

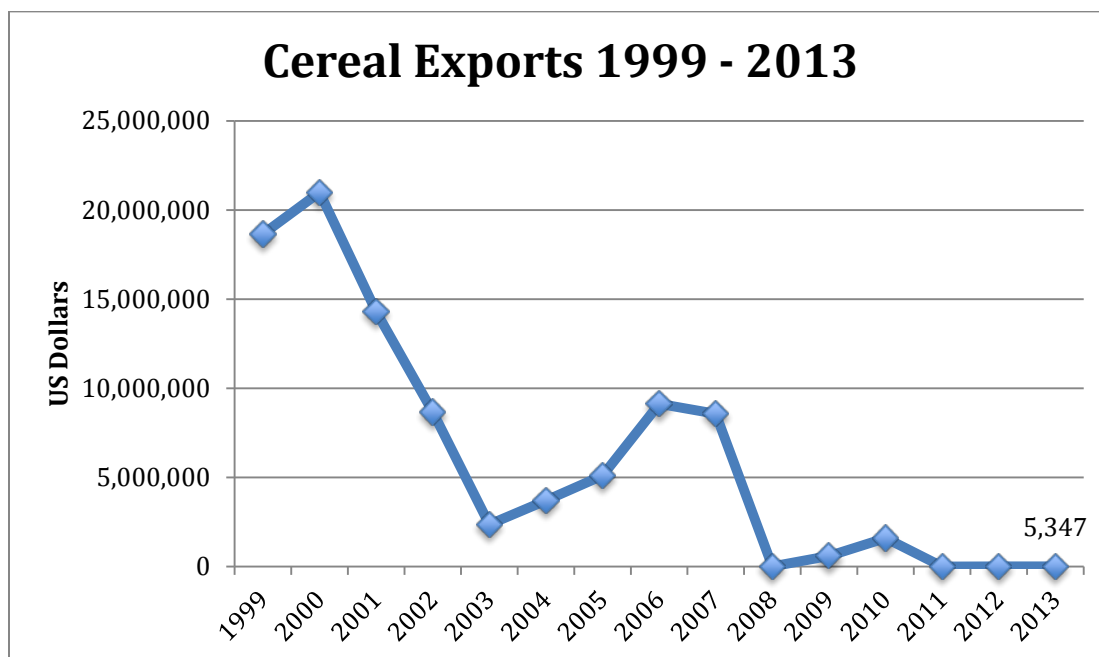


Figure 23: Venezuelan cereal exports 1999 – 2013 in USD. Source: INE (2015).

³³ See chapter 4, pages 67-68.

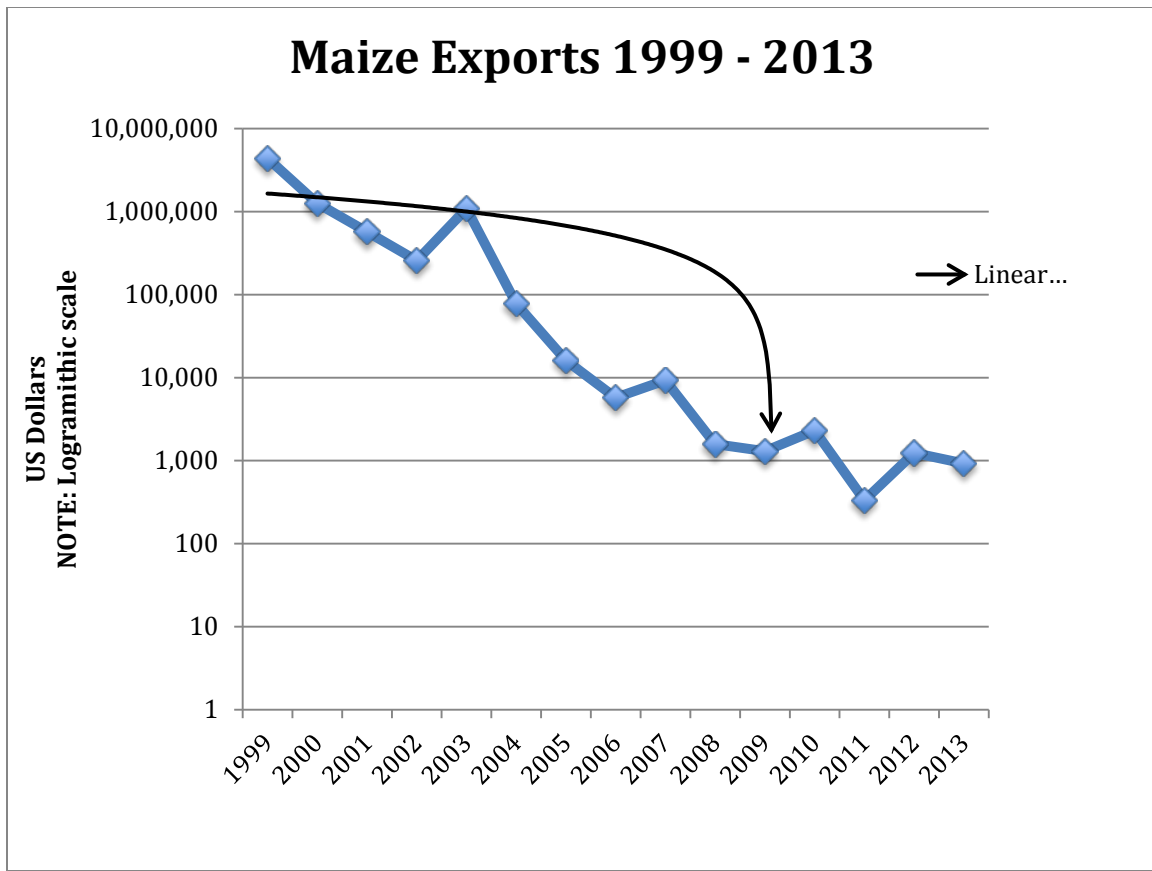


Figure 24: Venezuelan maize exports in USD 1999 – 2013. Note that USD axis is in logarithmic scale. Source: INE (2015).

Export restrictions mean that growers cannot easily move crops into export commodity chains in search of higher prices, which, as was the policy’s intention, keeps production in country. Growers did export sesame in some years—which is grown between rice plantings—as its price was not controlled (interview, ASOPORTUGUESA president, 1 August 2012). Yet, switching to non-controlled crops is often impractical for commercial growers as commercial and oilseeds producers evolved to primarily serve internal markets. Grower associations own a network of cereal and oilseeds storage and processing facilities that are reliant on continued grower production. This direct integration into national food processing and distribution reduces the commercial sector’s need to export crops in order to reproduce itself, and also requires that growers continue to supply their own processors. As government policy and oil rent redistribution programs have raised domestic demand for foodstuffs, commercial producers are well-linked to large internal markets. Due to the historical internal market focus of most commercial growers and the integration into agro-food processing chains, the sector benefits less from indirect subsidies from port and trade infrastructure than typically received by commercial agriculture in global South countries with strong agro-export sectors.

Imports and Prices

The issue of prices for producers is also highlighted by the dynamics of food importation in Venezuela. Food imports in Venezuela have been steadily increasing since 2005 (see Figure 25), partly as a government strategy to address rising consumption levels, food shortages and food price inflation. Although some food imports are attached to oil for food agreements with PetroCaribe countries, food imports from other trading partners are largely paid for at market rates. This means that the Venezuelan government theoretically delivers higher prices to foreign growers than to domestic ones for some price-controlled crops, although prices paid by government importers is not made public. For example, in March of 2011, the international price for coffee reached a maximum price of 1,247 – 1,376 BsF (290 – 320 dollars) per quintal depending on quality. The controlled price paid to domestic producers for the same time frame was almost half, at 595 – 747 BsF (Contreras, 2011b).

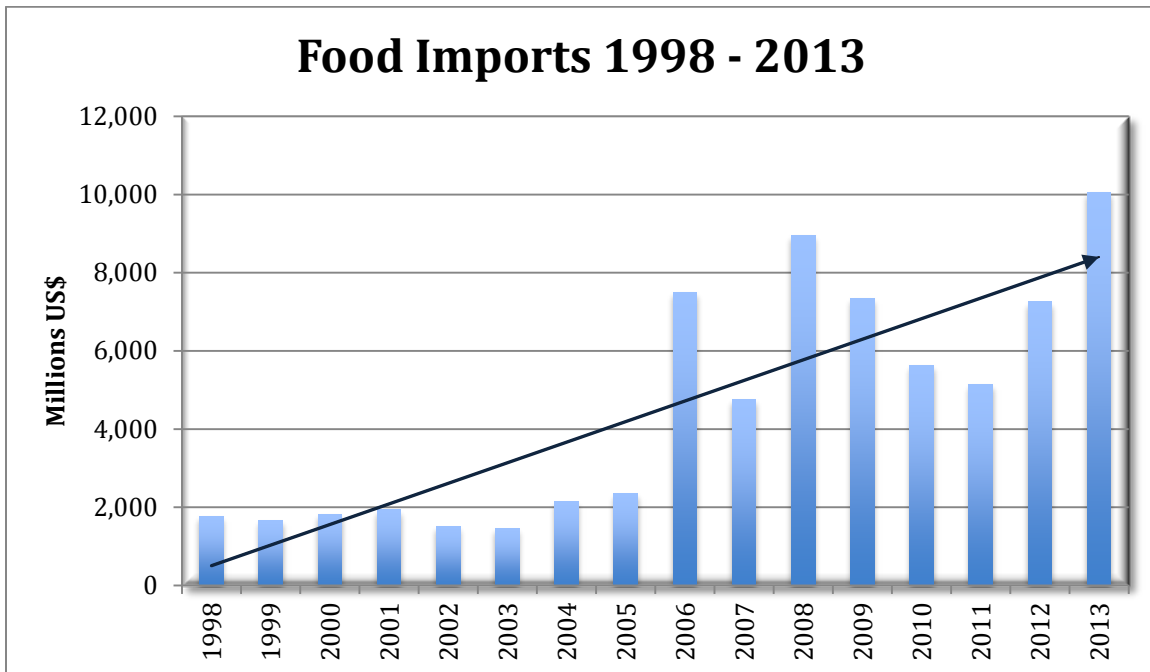


Figure 25: Food imports in Venezuela: 1998 – 2013. Source: INE (2015); author's calculations.

A 2015 scandal concerning rice imports also uncovered even *above* market rates for crops being paid for by government importers. While the international price index was \$407 per ton price for rice, reporters uncovered Venezuela was importing Argentine rice at \$606.5 per ton from some suppliers (Longoni, 2014). The opposite, however, can also be true. As food imports are bought with preferential dollars at the 6.3 BsF exchange rate, they can often be imported far below the domestic price. For example, in June 2015 a 501 kilogram bull imported

from Brazil into Venezuela cost \$1,450, which at the official exchange rate of 6.3 BsF is 9,135, BsF, or 18.23 BsF per kilogram (“La competencia desleal del ganado gordo,” 2015). A domestically produced bull sold at the controlled price of 82 BsF per kilogram would cost 41,082 BsF, over three times as much (ibid.). Profit from cheaper food imports through these mechanisms are captured by *importers*, not producers.

The price dynamics of food imports illustrate that government policy to keep food prices low and increase availability incentivizes imports over domestic production. Yet benefits to the public from imports are limited. As foodstuffs are sold at the controlled price, not below, consumers receive no price relief from this class of imports. Food imported with dollars obtained from the central bank at the most preferential rate of 6.3 bolívares also creates incentives for food diversion to Colombia or to the black market where the products command prices high above controlled prices found in official markets (Parilli, 2015). This contributes to scarcity of food items in supermarkets.

Conclusion

The Chavista government has always advanced an economic framework that is explicitly a mixed-economy model, even if the state’s discursive focus is on the socialist aspects of policy. This highlights a fallacy in literature on Venezuela that conceptualizes the limits of state reform as primarily indicative of class conflict or bureaucratic growing pains of socialist revolution. Taking into account the socio-economic realities of Venezuela’s mixed economy, the maintenance of the commercial agriculture sector emerges as a feature, not a bug, of economic policy.

The Venezuelan’s government focus on raising production levels as a principal goal in the agrarian sector has contributed to the implementation of a number of policies whose benefits are largely captured by commercial producers. This focus on productivity is both politically strategic and structural. Given the state’s emphasis on food sovereignty, the optics of supermarket queues and food shortages are particularly problematic for the government. Ensuring the productive capacity of the agro-food system—especially the flow of raw inputs into agro-industry—is of key importance for the government. The productionist slant to state policy has provided a buffer for the commercial agriculture sector from the redistributive aspects of the agrarian reform. The commercial sector has been relatively strengthened vis á vis the peasantry despite the agrarian reform sector’s continued centrality to the rhetoric of socialist revolution and of agricultural policy.

The issues of food price inflation and scarcity continue to play a central role in opposition-government debates over socio-economic policy. State interventions in land and other links of the agro-food chain are cited by agricultural interests as the principal drivers of scarcity and the high growth rate of food prices. High volumes of food imports are characterized by government critics as symptomatic of

agricultural policy failure and general mismanagement of an economy headed towards fiscal and productive collapse (Noticias 24, 2013; The Guardian, 2013).

Government supporters counter that scarcity is a product of 'economic warfare' where commercial interests withhold products from the formal market as a tool of political leverage or divert price-controlled goods to the black market or to neighboring countries where they command far higher prices ("Economic War in Venezuela," 2016). This frame of an economic war reinforces the anti-elite discourse of the Chavista government. As Gates (2010) argues, the anti-capitalist rhetoric of Chavismo contributes to the complaints of business elites over government intervention in the capitalist sector being perceived by the base as a keeping of promises made by a socialist government. Gates notes that Chávez came to power in 1988 largely due to an anti-business discourse that was more popular than even his anti-poverty and anti-neoliberalism rhetoric. The deep public mistrust of business leaders and their perceived corrupt access to the state meant that commercial elites' hostility to the Chavista government demonstrated to supporters that Chavismo was fulfilling promises to upend corrupt collusion between the government and powerful economic actors (ibid.)

Food shortages play into the government's political narrative where elites are strategically destabilizing the economy. However, Venezuela's worsening macroeconomic woes are, at the time of this writing, increasingly testing this line of state discourse. The tight electoral climate and its implications for continued popular support at the polls, which has long been central to the rhetorical framing of the revolution's legitimacy, reinforces the government's incentive to both focus agro-food policy on production and maintain the commercial agro-food sector.

It is instructive here to raise Block's (1977) argument that policy makers in capitalist states tend to accommodate the long-term needs of capital—even as some policies attack short-term interests of the business sector—in order to ensure macroeconomic stability critical to the maintenance of political power. Block argues that economic stability is necessary for the state to reproduce itself as the government relies on taxation from the capitalist sector to finance expenditures. Apart from the revenue to states originating in the capitalist sector, governments are electorally vulnerable to the social fallout of disruption to the economy (ibid.). Public support for the ruling party will suffer in times of economic decline, reinforcing the state's incentives to maintain the long-term stability of elite business sectors.

Venezuela's context of petro-socialism expands Block's (ibid.) argument. Block was writing about capitalist states, but the concepts continue to fit with Venezuela's mixed-economy model. As a petro-state, tax revenue is relatively inconsequential to reproduction of the state as government finances stem from rent from the state-owned oil reserves. Yet this does not free the state from reliance on its capitalist sector. Although nationalized, the national oil industry continues to

operate as a state-capitalist sector and requires much of the capital it produces to be reinvested in petroleum operations.

In the agro-food sector, the almost nil contribution of agriculture to Venezuela's export sector (<1%) or GDP (3.6%), illustrates an additional petro-state twist to the argument on the necessity of states working in the interests of capital. Maintaining agricultural export revenue for foreign exchange is not a concern for Venezuela as it was and is in other cases of land reform in the global South where economies were dependent on the agro-export sector for foreign exchange. Yet, this does not necessarily translate to the easing of overall barriers for agrarian reform. In the agro-food sector, the need to maintain a measure of stability in the food system contributes to state policy that reproduces, rather than replaces, commercial agriculture. The dominance of oil in Venezuela's economy and the state's reliance on agro-imports to meet domestic consumption needs reinforce incentives to avoid any serious disruption of relations of production that support commercial agriculture.

In terms of short-term disruption to the capitalist sector, the persistent issue of prices in both commercial growers and peasants³⁴ is indicative of a classic 'urban bias' problem. The goal of providing low food prices for urban consumers, where the majority of industry and votes for governing officials are located, squeezes rural producers. As Bates (1981) argued about postcolonial African states, food and agricultural policy is a byproduct of political relations. That is, governments intervene in markets to secure a mix of social, economic and political goals, or to use the terminology of this thesis, policy processes have both capital accumulation and political legitimation functions. The need to maintain accessible food in urban sectors creates incentives to clamp down on prices, even though low prices hurt agricultural producers. States employ non-price strategies that compensate producers for low price policies including subsidized credit, cheap inputs, and access to land (*ibid.*). In Bates' reading this support is captured by larger, well-connected farmers who then often evolve into sectoral elites (*ibid.*, p. 55).

Many of these non-price policies have been used by the Venezuelan government in attempts to simultaneously boost agricultural production and provide cheap food to the populace. Arrays of these policies impact both the commercial and the agrarian reform sectors. This dual farm-support/cheap food strategy is especially attractive to policymakers in a petro-state context, as oil revenue facilitates significant rent redistribution into both the agrarian reform and commercial agriculture sectors. The nature of oil rent distribution shapes state intervention in the economy. The redistribution of rent into the domestic economy tends to take the forms of cheap credit, overvalued currency to facilitate purchase of foreign inputs, price controls to stimulate domestic consumption, and market protections for domestic industry (Grinberg, 2008). Chavista agrarian policy largely follows this oil-rent distribution model. The state mandates that commercial banks deliver below market rates to the agricultural sector. An overvalued bolívar

³⁴ Impacts of crop prices on the peasant sector are discussed in chapter 6.

facilitates the importation of machinery and inputs, and access to preferential dollars subsidizes production and consumption. The commercial sector's ability to accumulate capital partly through oil rent capture demonstrates that even in a context of agricultural policies that increase resource flows to the peasantry, historical socioeconomic relations can persist.

Through these lenses, the contradictions of state policy towards commercial agriculture become clear. State policymakers 'need' to minimize disruption to agricultural production, even as agrarian reform is necessary to secure an important form of legitimation for a 'socialist', pro-poor state. The perceived failures of the agrarian reform sector in productive terms, reinforces the state's need to maintain the commercial agriculture sector, as the output of the reform sector cannot displace commercial production. Their strategic importance for the state means that large commercial producers are largely shielded from the redistributive aspect of the agrarian reform.

Accommodations with the commercial sector can be interpreted in this light. Government policies provide for the reproduction of sectors of commercial agriculture—even if they are openly aligned with the political opposition—in order to maintain a measure of stability in the food system and to ensure that goods reach markets. This is true even though some state policies work against the short-term interests of the sector. So while price controls tend to hurt commercial producers, cheap credit (whose debt servicing in turn is largely erased by inflation) and other policies prop up producers and allow for medium to long-term reproduction of the commercial sector.

As the structure of oil rent dynamics facilitate continued accumulation of commercial producers, the sector is relatively strengthened vis á vis the agrarian reform and peasant sector. That is, the commercial sector captures 'benefits' from the structural nature of 'sowing the oil', impeding other proclaimed government goals of breaking landowner power and establishing the agrarian reform sector as the basis for agricultural development. Even though commercial agriculture is not important in terms of the country's GDP or foreign exchange earnings, and has little direct political power, the petro-nature of the state impedes transformation of agrarian relations. What emerges then, is a contradictory process that seeks to consolidate a mixed economy, where an agrarian reform sector coexists alongside a commercial one, while being limited by the dynamics of oil rent redistribution in the agro-food system.

This reading of agrarian dynamics challenges readings such as Harnecker's (2015) that the Venezuelan state's primary tumbling block to structural reform is the persistent top-down 'bureaucraticism' left over from the previous political era that smothers Venezuela's new forms of production and community-based decision-making. While it could be argued that a mixed economy is a necessary challenge to overcome on a road towards eventually more socialist socio-economic forms, it is relevant to consider how the former potentially, and perhaps fatally, diminishes the

latter. There is a critical distinction between creating a mixed economy and breaking landlord power and the contradictions in Venezuela's process speak to constraints on policy formation and implementation that promotes peasant agriculture as the basis for some sort of socialist agrarian development.

Chapter 6:

Peasant State Relationships in Venezuela:

This chapter analyzes the relationships between the state and the peasant sector in Chavista Venezuela. The Venezuelan state has rhetorically placed smallholders at the center of agrarian policy, declaring that it is focused on developing an agricultural regime that is tropical, sustainable, agroecological, and socialist, and that will guarantee national food sovereignty (interview, government official, 18 July 2011). A centerpiece of the government's agricultural policies is the land reform program that purports to place smallholders at the core of this agrarian transformation. The reform redistributes both state land as well as, in what the late president Chávez declared as a "war on the *latifundio*" ("Chávez pide acelerar," 2005), estates from large landowners to the landless. This chapter explores a central problematic in the peasantry sector. Despite an apparently positive policy context, aggressive pro-*campesino* state rhetoric, popular support for Chavismo in rural areas and oil wealth to fund agriculture development, rural dynamics have been characterized by conflict over land and a geographically and temporally uneven process of policy development in rural areas.

This chapter examines how the agrarian reform has played out on the ground in Venezuela. It examines a number of dimensions of the land reform process in terms of state and peasant relations:

- The **land redistribution** process and **conflicts** between the land-hungry in Venezuela and the state institutions charged with implementing the reform.
- State **credit** provision to smallholders.
- **Technical assistance**, particularly the state's promotion of agroecology as a basis for smallholder production
- **Marketing** of production by smallholders.
- New **participatory and cooperative forms of organization** in the peasant sector in the Chavista period.
- **Peasant coffee producers** as an example of individual, as opposed to cooperatively-organized, producers.
- High levels of **rural support** for Chavismo despite the shortcomings of state support for the peasant sector and the contributions of non-agriculture state social services to rural livelihoods.
- Finally, outlining a number of key indicators, I develop an assessment of the Venezuelan agrarian reform process with a focus on spaces created that contribute to, or restrict, producer autonomy.

Field Sites: Mérida, Portuguesa and Yaracuy

The field sites in Mérida were located primarily in the lowlands near Lake Maracaibo's southern shore (the *Sur de Lago* region) and in coffee-producing communities in the nearby slopes of the Andean foothills. Peasant interviewees in the lowlands farmed cooperatively on farms (*Fundos*) recovered and redistributed by the government through the agrarian reform. Many were organized into *Fundos Zamoranos*, a type of showcase of agrarian reform settlements in the Chavista era that were to serve as models of socialist agrarian development. *Fundo Zamoranos* were designed as diverse production cooperatives in which a variety of crops were to be planted, animals raised, and sustainable farming practices gradually implemented, all with technical and funding assistance from the state. *Fundo Zamoranos* usually included plans for the construction of housing and schools and the introduction of on-site value-added production, such as producing cheese or jam. In the eyes of policymakers, the *Fundos Zamoranos* were to create linkages to local communities and other cooperatives, and form the base of the development of a social economy in rural areas. As such the *Fundo Zamoranos* were the focus of much of state aid in the agrarian reform sector.

Portuguesa is the country's top cereal producer and is an important agro-industrial center. In Portuguesa field sites were located in three municipalities with distinct agricultural characteristics: the Araure area—the agro-industrial center of the state and a cereal producing area, Ospino—an area with both cereal as well as smallholder coffee production, and Guanarito—an area more on the state's agrarian periphery and historically dominated by extensive cattle production. In terms of relations with the state Portuguesa's smallholders are in a context where the state-level economy is dominated by large, vertically integrated agricultural interests that form an important source of domestic food production.

Field sites in Yaracuy were located in Yaracuy's narrow and fertile central valley. Much of the valley had been dominated by sugar estates since the middle of the 20th century. This area had seen conflict over land between sugar estate owners and landless peasants since the 1980s, land struggles that reemerged in the Chavista era.

Land Access: Peasant Pressure and Government Institutions

This section examines processes of how peasants make demands on state institutions for redistribution of privately claimed land. Throughout the reform period the making of land claims by peasants has been a conflictive and uneven process. Peasants have encountered a fragmented state response that see some government institutions supporting land reform movements with others opposing—or slowing—the process of redistribution. Faced with at times with an unresponsive state, peasants in different regions of Venezuela have used land occupation to push for land claims from the Land Institute (INTI). This study shows that experiences of peasants show that despite the pro-peasant framing of the land

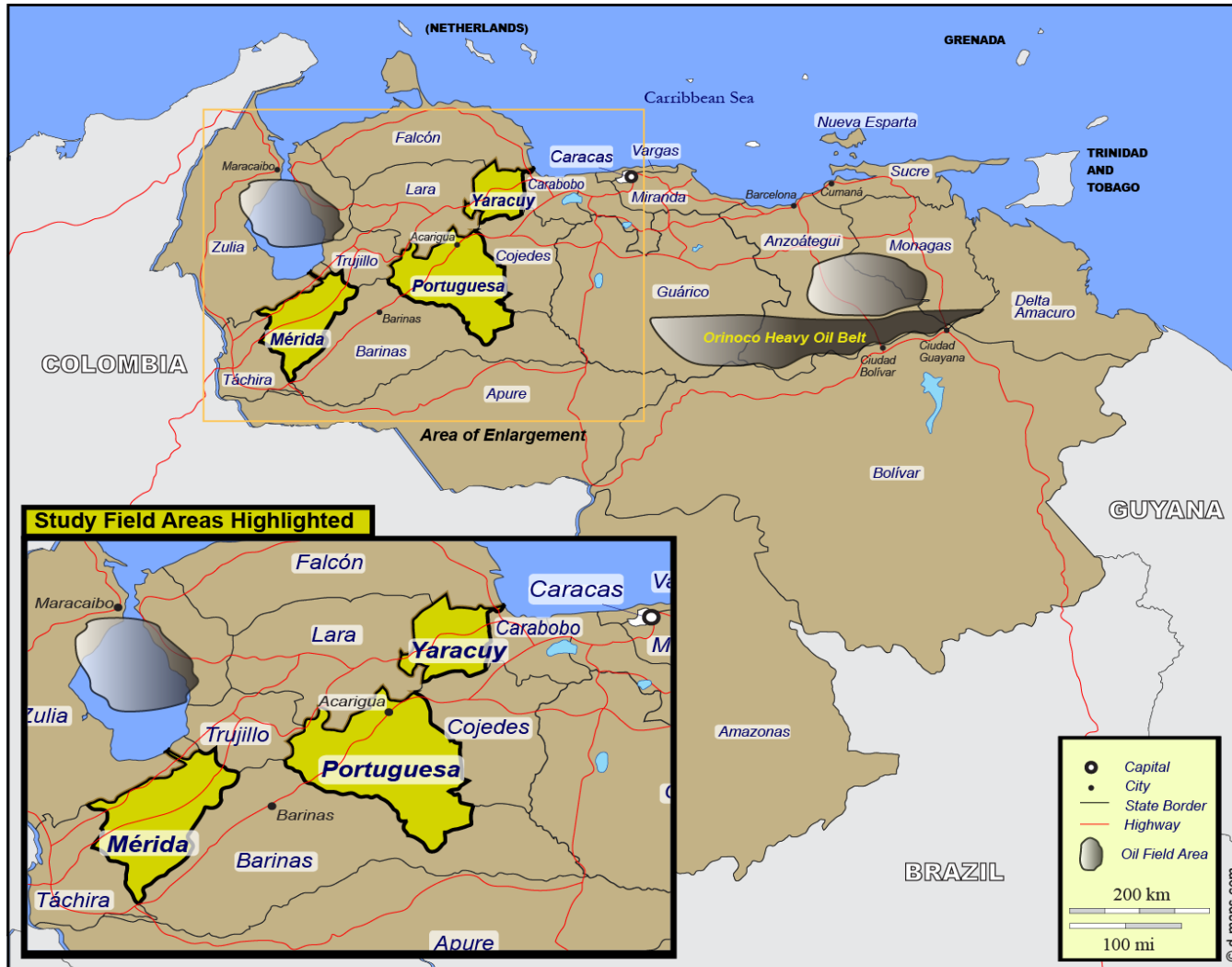


Figure 26: Map of Venezuela and research field areas.

reform law, occupation has continued to be a central characteristic of the reform. This has brought peasants into conflicts not just with landowners but also with ostensibly pro-peasant institutions of the state and, at times, government security and police forces. While there exists some regional variation in state-peasant dynamics, land occupation continues to be part and parcel of the reform process and not an outlier. This dissertation argues that this is not just due to Enríquez's (2013) 'brown areas' where Chavista land policy and laws do not function because of incomplete penetration of revolutionary policy, although this is indeed a factor, but conflict is also indicative of larger contradictions between the state's need to maintain certain the commercial agricultural sector in an attempt to stabilize domestic food supplies.

The Importance of Peasant Pressure in Agrarian Reform

The response of the state towards land petitions by peasants is vital to the agrarian reform process. The capacity for peasants to put pressure on the state to push forward often controversial and politically difficult land redistribution is key (Barraclough, 1999, p. 26). That many historical redistributive land reform programs left landowners in dominant economic positions (Thiesenhusen, 1995, p. 173) indicates that redistributive reform must confront agrarian power structures directly as a necessary step towards achieving progressive, pro-peasant reform.

Figures released by government institutions indicate that since 2003 the state has recovered (*rescatada*) around 6,900,000 hectares of land claimed by private actors (PROVEA, 2014, p. 236; author's calculations). No official number, however, has been made public to date and figures released at points by the agriculture ministry and the land institute have often been inconsistent with one another making this figure problematic.³⁵ Regardless, given that Venezuela's 1960s era land reform program indicated a large number of redistributed hectares yet resulted in minimal overall gains to smallholders over the reform period, this dissertation argues that distribution figures are not a particularly illuminative yardstick to measure the depth and nature of the agrarian reform process. It is more useful to analyze the dynamics of land redistribution between the peasant sector and state institutions in order to better gauge the reach and process of redistribution.

Despite the rhetorical framing of the land reform as part of a process of dismantling the country's large landowners (*latifundia*), the increasingly problematic issue of food scarcity for the state and the continued importance of domestic production for the food supply have contributed to large commercial growers being shielded from serious redistributive pressures.³⁶ That is, in some areas, agricultural elites have not had their dominant economic position in regional economies challenged by the redistributive aspect of the agrarian reform. Given this,

³⁵ See chapter 4, page 81.

³⁶ See chapter 5.

how peasant movements put pressure on the state in Venezuela to push the agrarian reform process forward is key in understanding the nature of the reform. Faced with slow land redistribution peasant groups have used different forms of land occupation to pressure the Venezuelan government to act on land claims.

The Rules of the Game: Land Petitions and Occupation

Land access through the Land Law requires individuals or groups of peasants to file a formal petition with INTI for a parcel of land that is either unused (or underutilized)³⁷ or state-owned and therefore available for redistribution. INTI then undertakes a formal inspection of the land claim to make a ruling on its productive status, ownership claims, and, in some cases, completes a technical report on its aptness for agricultural production. Although not explicit in the law, peasants, thus, play an important *de facto* role in identifying land for institutional intervention. One general exception to this state of affairs is cooperatives organized via Mission Che Guevara (previously Mission Vuelvan Caras) where after going through the Mission's training course are supposed to be given land identified by INTI.³⁸ Even in Mission Che Guevara, cooperative members have sometimes enrolled in the mission with the explicit goal of obtaining parcels they themselves have identified. The ultimate decision lies with government agencies, however, specifically INTI. There have been cases where cooperative members finished training courses but were still waiting for INTI to grant a *carta agraria* for a parcel on which the cooperative could begin production (field notes, 18, July 2011).

The *carta agraria* granted by INTI is the key initial documentation for land reform beneficiaries. Without a *carta agraria* reform beneficiaries are technically ineligible for credit via FONDAS and other government services aimed at the reform sector. INTI is, therefore, the key legal institution in terms of land redistribution. Relationships between INTI and landless peasants, however, have often been conflictive and in some zones peasants see INTI itself as a barrier to reform.

Article 89 of the 2001 Land Law gave peasants the right to preemptively occupy land (*ocupación previa*) while their land claim went through INTI. However, the Venezuelan Supreme Court annulled Article 89 in 2002 declaring that *ocupación previa* was inconsistent with the constitutional protection of private property. *Campesinos*, thus, lost a vital tool for pushing the agrarian reform forward and the legal position of peasant groups that occupied land was made uncertain. Despite this, the occupation of land has continued to be a central characteristic of the reform.

³⁷ Article 7 of the Land Law classified *latifundio* as estates whose land use yields less than 80% of ideal production for the category of soils present. See chapter 4, pages 53-57 for details of the Land Law.

³⁸ For an analysis of the Venezuelan state's attempt to 'create *campesinos*' from urban residents via Mission Vuelvan Caras see Page (2010).

This study shows that peasant discontent with INTI was one primary driver of land occupations. In many cases, INTI's slow or incomplete response to land claims contributed to peasants' views that INTI was overly bureaucratic or that the institution's functionaries were not true 'revolutionaries'. Peasants used land occupation as a tactic to push INTI to act on land claims, or in some cases, to bypass the institution completely.

Occupation in Yaracuy

In Yaracuy state, the slow movement of INTI to process land claims contributed to a spate of land occupations in early phases of the land reform by peasant groups soliciting land. Even before the passage of the Land Law in 2001, peasant organizations had denounced a number of privately held estates (*Fundos*) in Yaracuy as having been obtained illegally by sugar plantation owners. A number of parcels were occupied by peasant groups, including Santa Lucía and Aracal estates, two land occupations that would eventually become *Fundo Zamoranos*. Even though preemptive occupation was not ruled unconstitutional until 2002, the occupiers were removed violently by state police as ordered by the then opposition-aligned state governor (Lavelle, 2014). While Aracal and Santa Lucía each eventually obtained *carta agrarias* and successfully reoccupied the land, other land distributions by INTI have been overturned in Venezuelan courts (PROVEA, 2004, p. 227).

While some requests for land in Yaracuy eventually met with an initial measure of success—the cooperatives Santa Lucía and Aracal received *cartas agrarias* in 2003 and 2004 respectively—overall movement on land claims by INTI was slow in the area through the years following the Land Law's passage. Recognizing the sluggish pace of reform in the state, a new Chavista governor elected in 2004, created a technical commission to determine the status of disputed *Fundos* and to initiate their recovery by the state. The commission declared that the disputed land was technically state-owned and should be redistributed to the peasant groups soliciting the parcels. Despite the commission's finding, INTI declared that the cooperatives would not receive *cartas agrarias* until all legal processes were complete. The lack of a right to preemptive occupation meant that cooperatives soliciting parcels had no legal recourse but to wait until the appeal process available to the landowners was exhausted.

In June 2005, a number of cooperatives, some having submitted the required paperwork six months earlier, were unwilling to continue waiting and occupied the disputed estates. Rather than risk reversals of land distributions in the courts—which had occurred earlier in the reform—Yaracuy's INTI office condemned the occupations and declared that *campesinos* must accept other, undefined, parcels until the courts made the final decision on disputed lands.

INTI saw land occupations as illegal and declared occupiers would lose rights to *carta agrarias* via occupation. For INTI, the tactic of occupation undermined

reform processes regardless of the legitimacy of land claims. Commenting on an occupation in Yaracuy in 2005 the regional director of INTI declared, “we know that this land is for the . . . cooperatives, but we do not support the seizure of the hectares in this way; they are making a grave mistake” (Espinoza, 2005).

Without a *carta agraria* peasants could not access FONDAS funds, support that was critical to maintaining land reform settlements.³⁹ Other state institutions in Yaracuy, however, supported the occupations. Among others, Yaracuy’s Secretary of Land and Food Security—a state-level institution created by Yaracuy’s Chavista governor to oversee the land reform—provided key material support for occupations as well as lobbied INTI in favor of the peasant groups.

Occupation in Portuguesa

The aversion to land occupations by INTI was also clear in Portuguesa. INTI functionaries stated that in July of 2012 there were at least seven private where groups of peasants had occupied land without documentation from estates INTI and had begun to plant crops (interview, 27 July 2012). According to local INTI officials before 2010 land occupations in Portuguesa were rare, due largely to the fact that the National Guard would remove occupiers from disputed parcels (ibid.). By 2012, however, land occupations had increased and groups of peasants would submit a petition to INTI and occupy and plant the land before receiving a *carta agraria*. The National Guard had reportedly stopped removing peasants from disputed parcels, which according to officials had led to the increase of land occupations (government official, interview, 28 July 2012).

As in Yaracuy, peasants that pre-emptively occupied land saw INTI as slow and unresponsive to land claims. One issue impacting the pace of redistribution in Portuguesa was that leadership of INTI often changed and reduced the speed and continuity of policy implementation. This leadership turnover in INTI was a both a response to perceived slow action of INTI at higher levels of the government, but also contributed to further delays as land petitions were not acted on as local offices waited for policy changes implemented by new directors (interviews, government officials, 18 July 2011, 28 July 2012). For example, the legal director of the Portuguesa office of INTI stated that in six years, INTI in Portuguesa had had three different directors (interview, 27 July 2012). This implied a large turnover of high-ranking staff as well, as new directors often replaced staff upon arrival (ibid.). This was due both to the reshuffling of ministers at the national level, and at times, peasant discontent with INTI. Victor Piedra, the Portuguesa director of INTI in 2012, had only recently replaced the former director, Eliseo Vasquez, after new leadership was installed at the national level and after protest by groups of *campesinos* that INTI continued to lag on land claims (interview, government official, 28 July 2012).

³⁹ FONDAS (The Socialist Agrarian Development Fund)—previously FONDAFA—was the primary state institution charged with providing agricultural credit to the agrarian reform sector. See chapter 4, pages 55, 74-75.

The leadership change had not reduced peasant pressure, however, as soon after the new director was installed a group of *campesinos* occupied Portuguesa's INTI office, camping in the building's foyer for two months.

As in Yaracuy, pre-emptive occupations faced the threat that they would not be granted *cartas agrarias* and, thus, be unable to access credit from FONDAS and other state support. Also similar to the situation in Yaracuy in 2005, alternate state institutions were also important sources of support on land occupations in Portuguesa that were not supported by INTI. A number of occupations in Portuguesa were supported and organized by peasant councils in Portuguesa.⁴⁰ As peasant councils received funding directly from the central government they were able to funnel funds into land occupations that were often organized by the council's members. These funds were used for inputs or to rent machinery to establish an initial planting of crops quickly after occupying the land. This support for planting for crops was central to the occupation as under the state's emphasize on raising food production putting the land into agricultural production was a key strategy for making claims to the land. Material and logistical aid from peasant councils allowed the peasant groups to bypass INTI entirely, at least in the initial stages.

Thus, in both the cases of Yaracuy and Portuguesa, the perception that INTI was overly slow in processing and supporting land claims contributed to peasant occupation of land. It was clear that INTI saw peasant occupation as anathema to the land reform process. Peasant groups in both areas bypassed INTI and relied on other government institutions to support occupation and force the redistribution of land. In Yaracuy's case the governor's technical commission and also the state-level Secretary of Land and Food Security, provided key initial support for occupations that eventually received *cartas agrarias*. In Portuguesa, peasant councils used funds from the executive branch to support occupations in instances where INTI did not support land claims.

Recognition of the slow pace of the INTI inspection and redistribution process contributed to the centralization of INTI's operations in 2007. Final decisions on land distribution were now decided in Caracas (Albertus, 2015a). In addition, INTI began in 2008 to use a new processing system in order to streamline land inspections. According to INTI, this has sped up the process, although Portuguesa INTI officials admitted that the process was still taking at least five months in best-case scenarios (interview, 27 July 2012).

Variation of relations with INTI

While INTI's slowness to process land claims was a primary factor in occupations, not all land reform groups reported negative relationships with INTI nor did many choose a strategy of pre-emptive occupation. In both Portuguesa and

⁴⁰ Peasant councils are communal councils in rural areas. See chapter 4 page 68, and the section of this chapter on peasant organization for further discussion.

Mérida, a number of peasant groups reported that INTI had provided key and active support for their land claims.

In Portuguesa some peasants were concerned that pre-emptive occupation would result in an eventual rejection of land claims by authorities. In many cases, groups of peasants used a softer form of occupation where they would set up an occupation camp outside of the entry gate to the disputed *Fundo* but would not enter or plant until granted a *carta agraria* by INTI. This type of occupation did not carry the same legal risks of a more complete occupation of disputed land while still allowing for a visible point of mobilization for peasant organizations.

This was the case with the land reform settlement at La Yaguara in Ospino, Portuguesa. Members of Socialist Peasant Council La Yaguara set up a staging area outside a parcel of tree plantations owned by the Smurfit corporation while their petition worked its way through INTI.⁴¹ In this case, members of the peasant council reported that process with INTI functioned smoothly and that INTI had actively encouraged their organization and land petition. INTI performed a technical study of the territory and declared that the areas apt for agriculture would be granted to the council with the acreage suitable only for forestry would remain with the corporation. In 2011, the council received 526 hectares to be managed collectively (interview, peasant leader, 8 August 2012). In addition, another 462 hectares were allotted for each family to receive two hectares as individuals for subsistence production. Council members stated that the process had been fair and that the acreage INTI assigned to remain with Smurfit was indeed, not apt for agriculture. In fact, as part of INTI's technical inspection land requested by peasants in another area of Smurfit's plantations, El Pastoreño, was declared to be only apt for forestry production and so the council agreed with INTI to include these peasants in an expanded land grant added to the council's parcel. While the council had received logistical and material support from Ospino's mayoral office, as well as other government institutions, in this case INTI was not seen as a stumbling block in the process.

On *Fundos* in Mérida, relationships with INTI were also characterized as relatively positive. INTI had supported three peasant groups in northern Mérida state in the *Sur de Lago* region, granting *cartas agrarias* in 2003 and then aiding the cooperatives with technical assistance. INTI had also pushed cooperative farming by encouraging group to form *Fundo Zamoranos*. This was the case with *Fundo Zamorano Campana Admirable*. The *carta agraria* had originally been granted to 41 families of which 19 chose to join the *Fundo* and farm collectively (interview, *Fundo* member, 6 July 2012). Members reported that INTI had provided critical support after the *Fundo's* founding, including by recovering additional land from private interests around the *Fundo* in order to create a passage from the *Fundo* to the closest road (ibid). INTI has also supported *Fundo Zamorano Campana Admirable* from further land occupations from other peasants. Members reported that INTI had

⁴¹ Land disputes between Smurfit, peasants and plantation workers were discussed in chapter 5.

aided them when other peasant groups had occupied parts of the *Fundo* by coordinating with local police to have them removed (ibid).

The Contestation of Productivity and Land Claims

The variation of the responsive of INTI to land claims in different regions in Venezuela illustrated a central tension in the land reform project. On one hand the social goals of agrarian policy were framed as dismantling Venezuela's *latifundia* as a necessary step towards positioning the smallholder sector at the center of agrarian development. On the other hand the productive goals of the state sought to maintain—and increase—domestic food supplies. As the Land Law defined *latifundia* in terms of productivity, large commercial farmers—especially cereal producers—were shielded from serious risk of expropriation. While this was consistent with the increasingly productive focus of agrarian policy it left many large landholders, and the pre-Chavista power economic power structures they represented, intact in rural areas.

On land that was clearly idle the state could be relatively efficient in moving forward with redistribution. In Mérida, the *Fundos* in the study area that received *cartas agrarias* were on land that was uncultivated. Under the rubric of productivity under the land law, the parcels were available for recovery and redistribution by the state. That the land was idle contributed to land petitions being approved relatively quickly and with less conflict when compared to Yaracuy and Portuguesa. While the land claims were still controversial as the owners of the land opposed the peasant groups' petitions, INTI ruled against the landowners.

While the experience of Mérida indicates that the state had been relatively efficient at distributing land that was unplanted or farther out on the agricultural frontier, when disputed land was well-positioned in terms of infrastructure, markets and high quality soil—land that was more likely to be actively planted—the process was slow, conflictive, and, at times, nonexistent. This spatial distribution of land pressure and redistribution is key to an interpretation of land recovery and regularization data in Venezuela. Land distribution data reflected largely state-owned land, or private land that was recovered was primarily in either extensive, large-scale cattle areas or other locales where agriculture productivity was low or less connected to markets, infrastructure and agro-industrial networks.

The Contestation of Productivity in Portuguesa

Portuguesa is indicative of INTI's tendency to grant *cartas agrarias* in more marginal agricultural areas. According to officials in Portuguesa's INTI office, institutional policy was to not pursue land claims against productive estates, regardless of the amount of acreage controlled by commercial producers (interview, 27 July 2012). This effectively shielded the large cereal producers that had dominated Portuguesa's agrarian economy since the middle of the 20th century from land expropriation. The majority of state recovery and redistribution of land in

Portuguesa was in areas outside of the agro-industrial core where there were larger extensions of land in the municipalities of Guanare, Guanarito and Papelón (ibid.). These municipalities contained estates farther from major roads and infrastructure. Soil quality and seasonal flooding in these areas made the land better suited for cattle production and not agro-industrial crops. Less closely linked to agro-industrial networks, this land was likely to be unplanted and classified as idle and, thus, relatively straightforward to recover.

Fieldwork revealed, however, that the majority of peasant occupation was not occurring in these areas. Occupations were more prominent on tree plantations near the major transport arteries of Portuguesa or other areas relatively well-positioned in terms of road and infrastructure access and proximity to urban areas. In general, while state land redistribution was concentrated in one area, peasant pressure on land via occupation was occurring elsewhere. As land in Portuguesa became more valuable in terms of connectivity to the broader economy, land redistribution was slowed, and more peasant occupation emerged to pressure INTI for land.

Although land productivity could shield commercial producers from land redistribution, peasants also strategically contested productivity claims of landowners to push for land redistribution and to challenge local power structures. In Portuguesa many land occupations targeted active tree plantations owned and operated by the transnational corporation Smurfit. While the corporation's estates were intensively planted with mature trees, peasant groups claimed that the lands were not technically productive if the land possessed high quality soils. Employing the government's own framework of the strategic nature of food production for Venezuela, peasant groups argued that these higher quality soils were an inappropriate use of land and therefore should be redistributed via the agrarian reform. The peasant occupations—the majority of them the 'softer' type of occupations outside of estate grounds—effectively pressured INTI to initiate technical inspections of the land. During the fieldwork period, INTI inspections had ruled in favor of a number of peasant groups and granted *carta agrarias* for higher quality land while Smurfit retained possession of areas with lower quality soils.

Peasants also used the tactic of pre-emptive occupation and the quick planting of crops on disputed estates as a tactic to avoid removal by authorities. In areas of Portuguesa where peasant groups were not supported by INTI, however, peasant preemptively occupied estate land and planted it with the assistance of peasant councils. This initial planting of land by peasants was important for establishing land claims. "If they're producing, we can't touch them," stated an INTI official in Portuguesa, "even though they lose all rights in our eyes" (interview, 27 July 2012).

The Contestation of Productivity in Yaracuy

Peasants also contested productivity claims of estates in Yaracuy. Much of disputed land in Yaracuy was on rich soil that was densely planted by sugarcane plantations. Landowners of Yaracuy's sugar estates declared that the lands were productive, contributed to the national economy, and provided jobs to local families (Espinoza, 2005). But for peasants in Yaracuy, the determination of whether or not the fields of sugarcane were productive was not conceived in a fallow-versus-planted logic. Peasants claimed that much of the land was badly planted and the sugarcane was only planted in order to occupy the land with a 'false' production and keep it from being expropriated (interview, peasant, 22 July 2005). Even if it sugarcane was well-planted, *campesinos* argued that the mere presence of sugarcane meant that the land was under-productive. According to INTI officials, much of the disputed land at the Yaracuy occupations was of first or second quality and was apt for all types of food production, while sugarcane can be cultivated in lower quality soils (interview, 27 July 2005). The occupying peasants were well aware of this fact. "These lands are first category," one peasant told me. "This land could be growing food. Just the fact that there's sugarcane here is a crime against the Constitution." (interview, 15 July 2005)

Campesinos adopted the rhetoric of the Chavista government's focus on domestic food production as strategic to the to bolster their claims to disputed land. While the sugarcane estates were clearly producing agricultural commodities peasants emphasized food crop production should take priority. When speaking to their roles as farmers in Venezuela, many emphasized food production as an act of solidarity. "We going to produce for the country," a *campesino* at a land occupation said, "good quality food at low prices for the nation" (interview, 14 July 2005). "This is our [*campesinos*] role in the revolution," said another, "to produce food" (interview, 17 July 2005).

While peasants in Yaracuy initially occupied sugar estates without removing the sugarcane, they eventually burned and stripped the fields and planted maize and yucca. This was both a symbolic and strategic act. Cutting the sugarcane removed the supposed owner's crops and, thus, his or her claims to productivity. Replacing the sugarcane with crops materially occupied the land on another level beyond the physical presence of the peasants, and made a statement of what 'appropriate' productivity on the land in the context of food sovereignty. This 'appropriate' production had two dimensions. One, given the strategic nature of food in Venezuela, food crops were more appropriate use of the land on high quality soils. Two, as peasant groups saw themselves as agents of the Chavista revolution, food should be grown by peasants in place of the plantation agriculture system—represented by sugar estates—that reduced peasants to hired labor. For the peasants of Yaracuy, these two dimensions usurped landowner claims to land and justified technically illegal occupations of estates if state institutions did not initiate land recovery.

Conclusions on Land Access: Peasant Pressure and Government Institutions

In sum, the state's policy and rhetorical focus on land productivity both hindered the dismantling of certain sectors of agricultural elites yet it also provided peasants with openings to assert their own productivity claims to land. Peasants used occupation and the planting of crops strategically, dependent on the historical forces at play, and whether or not INTI was seen as an ally or a hindrance to land redistribution. In Yaracuy, INTI was perceived as slow to respond to land claims and overly influenced by local latifundia interests. Peasant groups actively occupied land without INTI's authorization and cleared land of sugarcane. In Portuguesa, where INTI was considered an ally, as in La Yaguara, peasants only occupied land *outside* of estates and did not plant crops before receiving *cartas agrarias*. In other areas of Portuguesa, however, peasant groups who were unsupported by INTI preemptively occupied and planted estate land to buttress land claims.

Land redistribution throughout the reform period has been conflictive and has often relied on peasant pressure to push the reform forward, especially in areas where land is relatively valuable. This is despite the favorable policy context and a relatively weak—in terms of the domestic economy—commercial agriculture sector. While productivity of the commercial sector has often shielded large agro-business interests from land seizure, peasants have also contested estate productivity in many cases, employing the state's rhetoric of food sovereignty and food security to push for land claims.

Credit for Whom? Peasant Experiences with State Credit Institutions

From the beginning one central component of the agrarian reform was the provision of credit to the peasant sector. Venezuela's first agrarian reform saw much land distributed to small farmers that was later reabsorbed by larger and medium producers, in large part because of the lack of resources delivered to the smallholder sector. To help avoid reconcentration of land the Chavista government created or reinvented a number of state support systems for the smallholder sector. State agricultural credit programs injected important funds into the smallholder sector. Credit provision continued to be problematic for peasants as funds often arrived late, were tied to specific crops selected by government institutions, or were not approved.

The Multiplication of Institutions: The Petro-State and Agricultural Credit

There was a large array of government institutions providing credit to the agricultural sector. The most important state credit institutions were FONDAS (The Socialist Agrarian Development Fund), which was the primary supplier of credit to the smallholder sector, and the BAV (Venezuelan Agrarian Bank). There were also a number of institutions that functioned at the state or regional level. In Portuguesa, for example, credit sources other than FONDAS and BAV included the Institute for

the Promotion and Strengthening of the Communal Economy of Portuguesa (INPROFEC), the Rural Development Institute (INDER), PDVSA Agrícola, Arroz de Alba (a joint venture between the Cuba and Venezuelan governments supporting rice production), local municipal governments, and communal and peasant councils. In Mérida state Enríquez (2013, p. 13) lists seven government entities providing agricultural credit, including FONDAS and BAV.

The multiplicity of credit institutions contributed to a lack of coordination between state providers of credit. BAV and FONDAS did not officially coordinate their loans, although the government announced in 2015 that it was unifying BAV's and FONDAS' credit systems. Peasants would often use new credit from one institution to payback another institution or private credit that they had taken while waiting for approval for subsidized funds. In other cases outstanding credit to cooperatives was cleared by the relevant ministries if it was deemed it was not possible to repay it.

As Enríquez (*ibid.*) mentions the sizable number of institutions are indicative of the relatively large amount of government funds with outlets in the agrarian sector. It was also indicative of the trend in Venezuela, and of petro-states in general, to create new state institutions and avenues of funding outside of traditional ministries. Instead of tasking existing institutions with new functions it was easier from the view of the state to simply form new ones. This bypasses existing bureaucracies as well as would allow for an ideological alignment of functionaries with the 'new' peasant-friendly focus of state policy. In petro-state terms in Venezuela, the multiple funding sources performed two functions. One it allowed for increased absorption of oil rent in the domestic economy. Multiple institutions could inject funds quickly into rural areas on multiple fronts. Two, it increased penetration of state legitimation and accumulation structures in the rural sector. This was especially true of the communal and peasant councils, which used direct federal funds in a framework of participatory budgeting. In addition, FONDAS promoted cooperative structures and other ideological priorities of the government through prioritizing credit towards cooperatives. Government credit linked the peasant sector materially to the Chavista political networks.

Complications for Peasants and State Credit: Credit Timing

One major issue for peasant producers in the agrarian reform was that state credit institutions often did not deliver credit to the sector on time for the growing season. At the beginning of the reform period, the Chávez government created FONDAFA (Development Fund for Agriculture, Fishing, Forestry, and Related Activities), which was tasked with the delivery of subsidized credit to smallholders. FONDAFA's record with the peasant sector, however, was uneven. Fieldwork in Yaracuy state in 2005 revealed that many land reform beneficiaries had indeed received credit from FONDAFA, but that it had often arrived too late to be useful. In order to plant crops before the rains on several land reform settlements reform

beneficiaries were forced to take out private loans to obtain the necessary seeds and inputs, loans which carried higher interest rates than FONDAFA's subsidized rates (Lavelle, 2014). While government loans could be used to repay private loans when they arrived, this inserted extra risk and uncertainty into the growing process for beneficiaries. In addition to distribution problems of credit, the lack of reliable earnings on cooperatives associated with the reform translated into low repayment record of loans for FONDAFA.

Partly due to these problems, FONDAFA was dissolved in 2008 and replaced by FONDAS (the Development Fund for Socialist Agriculture), which largely fulfilled the same role as FONDAFA. In the same time period the Agrarian Bank (BAV) was also created provide state credit to growers. The BAV, however, was tasked with credit provision to growers of all sizes. Its interest rates were capped at the same rate as private banks for agricultural loans, 13%, significantly lower than the 24% interest rate for loans to other sectors, but significantly higher than the low interest rates charged by FONDAS, which in 2011 and 2012 charged only 3% interest on loans.

Despite the institutional changes, many peasants in Portuguesa and Mérida reported similar problems in 2011 and 2012 with FONDAS as Yaracuy's small farmers in 2005.⁴² In many cases credit was approved by FONDAS but arrived after the optimal time for planting. In some cases farmers would plant using private credit if they were able to obtain it, or if not, simply waited for the state credit to arrive. However, waiting often resulted in smaller yields as production was shifted out of the optimal window for the growing season. Others reported that credit had arrived in earlier phases of the agrarian reform but after 2008 saw credit approval by FONDAS become more sporadic or dry up altogether. This was true at *Fundo Campana Admirable* in Mérida, who reported that credit had not been approved by FONDAS over the last four years (interview, peasant, 6 July 2012). The *Fundo's* lack of ability to take out public or private loans had contributed to the *Fundo* entering a emergency plan where they had to sell off cattle in order to make ends meet (ibid.).

The record of BAV with smallholders was also mixed. The BAV was not tasked with supporting the agrarian reform sector to the degree that FONDAS was, evidenced by the much higher interest rates that it charged on loans. Although the BAV functioned more to inject additional funding to agriculture as a whole, its close ties to other government agricultural institutions and programs (especially AgroVenezuela) did provide additional access to funding for smallholders in the reform sector. In particular, the new state cooperative structures of the *Fundo Zamoranos*, as relatively well-integrated into state agrarian political networks,

⁴² This was not always the case, as Enríquez (2103) reported that the Beveree cooperative in Mérida no longer depended on state credit for their normally growing cycle. Yet interviews for this study would indicate that the Beveree cooperative was an exception to the general rule of both producers' dependency on state credit and the lack of access or lack of timely credit provision by the government.

received BAV funding. In Turén, Portuguesa, where a BAV office was located, BAV provided significant support to local *Fundos*, including *Fundos* Jose Marti and Juan Guillermo Iribarren (field notes, 3 Aug 2012). In Mérida, as well, two *fundos* had received trucks through BAV financing (interviews, peasants, 6 July 2012, 8 July 2012). Both *Fundos* reported that they had possession and use of the trucks although the paperwork and title had not arrived and so were not making any payments on the credit owed to BAV.

Credit Dependency, Peasant Decision-Making and State Agricultural Goals

Another issue with credit provision for smallholders was that government agrarian institutions were making a push to fund specific, strategic crops that were considered by state policymakers as relatively easy—in technical terms—to expand and increase production levels. This illustrated the state’s policy emphasis in the reform sector on productionist issues. While the crop-specific targeting of credit facilitated the delivery of funds to producers of particular crops and production systems, peasants growing other crops or soliciting credit for agroecological production were often excluded from subsidized credit.

One prominent example of this was government promotion of maize in the smallholder sector. FONDAFA allocated 79% of its credits in the 2004 Planting Plan to maize (CAF & FAO, 2009: 30). Maize production jumped sharply in the following years from 1,800,00 tons in 2003 to a peak of 2,995,000 tons in 2008 (FEDEAGRO, 2015). Maize continued to be central crop for government planners, who announced for 2011 a target of 50% growth of production and an 44% expansion of acreage planted for the crop⁴³ (Contreras, 2011a). During this time period, peasants reported that credit was quickly delivered for maize production with financing for other crops arrived late or not at all, and was even discouraged in some cases. A number of small producers stated they had not taken out government credit in this time period due to barriers to receiving funds. A *campesino* in Ospino, Portuguesa with one hectare of mixed fruit tree production (banana, guayaba, limes and avocado) stated that state credits for these crops had too many requirements and were to difficult to obtain. “My neighbors with maize received everything quickly,” he stated (interview, 27 July 2012).

The linking of access to timely government subsidized credit to particular crops effectively moved a large degree of decision-making around crop selection from the peasant class to government institutions. Production plans in the agrarian reform sector often needed to be approved by government officials and were frequently tied to on-site inspections of land on reform settlements. One rationalization for government institutions was that such inspections and approval

⁴³ Maize production actually dropped in 2011 (2,117,000 tons), and 2012 (1,752,000 tons) when compared with 2010 (2,496,000 tons) production levels before recovering to 2010 levels in 2013 (FEDEAGRO, 2015).

of production plans was a form of technical support to *campesinos* that would ensure a successful growing season and *Fundo* success (interview, government official, 18 July 2012). This was hoped to provide a more stable productive base for reform beneficiaries. One result is that at some stages of the agrarian reform many reform beneficiaries were essentially planting mono-crops of maize as their credits were tied to an institutional-approved production plan focused on raising maize production.

Structurally, the state focus on maize production increased farmer dependency on the state and reduced farmer autonomy in crop production. Apart from tying beneficiaries to state institutions at the level of inputs and technical support, it also reduced the relative autonomy of decision-making in the peasant sector. While credits were not only given for maize, the ease in which credits were obtained relative to other crops made them a more attractive option for many peasants in the reform sector. Persistent problems of timely credit provision from the state to the peasant sector compounded pressure to seek out credit that was more easily obtained. Other peasants reported that credit applications for other crops went unanswered. One peasant in Portuguesa received a credit from FONDAS for two hectares of maize, yet was denied credit to develop the parts of his land that was producing bananas and citrus (interview, peasant, 25 July 2012).

A maize focus also tied beneficiaries to a price-controlled crop and largely precluded them from crop selection that might have either provided a chance of increased profit or easier integration into local markets. The delivery of credits also often locked peasants into a chemical input based production system despite the government's statements of promoting agroecology in rural areas. One small farmer and agroecology advocate stated that although he had received a five-year credit plan from FONDAS for agroecological production he received only the first year of credit and then was told by FONDAS that they were now promoting maize (interview, 1 August 2012). Other farmers soliciting loans for agroecology were also denied credit from FONDAS (field notes, 28 July 2012).

The Push for Production: State Production Plans and Credit Delivery

Shifting priorities and plans at the higher levels of policy decision-making, however, could quickly change the dynamic of credit-delivery. With the advent of the Gran Mission AgroVenezuela in 2010, increasing the injection of funds into the agriculture sector was part of a push for increased production across the board of a wide variety of strategic crops.⁴⁴ AgroVenezuela was conceived to do two related goals, incentivize registration of producers of all sizes with government institutions

⁴⁴ The government classified many crops as 'strategic'. **Vegetables:** Maize (white and yellow), rice, soy, sunflower, tomato, onion, carrot, potato, sugarcane, coffee, cacao. **Meat:** chicken, eggs, pork, milk, beef. **Fish and seafood:** tuna, shrimp, aquaculture. (MPPAT, 2011)

into a broader program aimed at raising food production, and provide for quicker and more efficient flow of government resources into agriculture.⁴⁵ Fieldwork, however, showed that despite the facilitation of increased funds to agriculture via AgroVenezuela, many peasant producers continued to find it difficult to obtain timely credit.

To receive credit via Mission AgroVenezuela individual or cooperative producers needed to register their production plan with the Mission. Via its registration of producers into a centralized government program AgroVenezuela would have appeared to be representative of increasing centralization and control over management decisions of farmers. Indeed, some have argued that AgroVenezuela represented a large-scale attempt to increase the central management of the agriculture sector (Centro de Investigacion Agroalimentaria, 2011). However, in reality it functioned largely as an attempt to inject large amounts of resources into the agrarian sector over a short period of time with often little actual oversight of production.

AgroVenezuela facilitated a number of dynamics in the provision of credit. For one, individuals could often receive funding for ‘paper’ projects. Paper projects were proposals for production of strategic crops that were never implemented by producers. Funds were instead diverted to non-agricultural endeavors or used for personal consumption. For example, one interviewee in Portuguesa had received government credit for a business plan for small-scale chicken production, but had instead used the funds to purchase stereo equipment in order to open a business in town providing music for events (interview, 14 July 2012). Another said his cousin had been able to use AgroVenezuela credit to purchase a motorcycle and had started a moto-taxi business. As this type of fund diversion was illegal it was difficult to obtain data other than anecdotal on this point. However, other sources in the study areas confirmed that they knew of cases where government funds slated for agriculture had been diverted into non-agricultural activities, suggesting that diversion of state agricultural credits was, if not widespread, at least not an uncommon occurrence.

While this would indicate that funds flowed relatively freely into rural areas, many producers in Portuguesa reported that even after enrolling in AgroVenezuela they did not receive credit. This was especially true of peasants who were not organized into *Fundo Zamoranos* or other cooperative structures. Of twelve individual peasants, (those farming individual parcels and not members of a cooperative) only one had received funds through AgroVenezuela, (for two hectares of maize). Those organized into cooperative structures reported more mixed results. Members of the cooperative Socialist Peasant Council La Yaguara had received credit via AgroVenezuela for 50 hectares of production (although only for maize). Yet the *Fundo Batalla de Ospino* had not received any credit via AgroVenezuela in

⁴⁵ See chapter 4, pages 75-78, for further discussion on AgroVenezuela.

2011 or 2012, despite being enrolled in the Mission and being registered as a *Fundo Zamorano* (interview, peasant, 7 July 2012).

The AgroVenezuela process in 2012, thus, was marked by a contradiction. On one hand the flow of money facilitated a measure of eased access to funds for some producers, monies which, at times, flowed into non-agricultural activities. On the other hand, many smallholders who were not organized into cooperative structures still found themselves largely shut out of credit support unless they were moving into maize production. Even producers organized in *Fundo Zamoranos* reported that AgroVenezuela had failed to fulfill its promises of credit to their cooperatives.

In sum, the record of state credit delivery to the smallholder sector during the Chavista era has been highly mixed. A number of new government institutions have been created to target the smallholder sector with subsidized credit. The organization of peasant producers into government sanctioned cooperative structures has also provided additional avenues to obtain credit. Yet credit delivery has been inconsistent throughout the Chavista period. While many peasants and cooperatives have received low cost credit, loans have often arrived late or not at all, diminishing the productivity of smallholders.

State Assistance and the Decline of Agroecology

In addition to state institutions providing credit there were also a large number of state institutions designed to provide technical assistance, infrastructure support and other assistance to the agrarian reform sector. One stated aim of technical assistance to the smallholder sector was the promotion of agroecology as part of the state's framing of socialist agricultural being both ecologically sustainable and based on tropical cropping systems, rather than cereal production systems emerging from Northern countries. Agroecological farming is central to movements for food sovereignty and represents a pro-peasant agricultural model by directly challenging the ideals of mono-cropped, chemical-dependent production represented by industrial agro-systems. As such, agroecology fit nicely with the Chavista state's rhetorical and policy framing of a pro-peasant agriculture. There was a wide gulf, however, between the state's promotion of agroecology and the reality of how state support to agriculture manifested itself in practice. While agroecology was supported by a subset of state actors and institutions, apart for initial openings for agroecology, state policy emphasis was focused more on conventional, petro-chemical production systems.

State Promotion of Agroecology

The historical marginalization of agriculture growing out of Venezuela's transformation from an agrarian economy into a petro-state in the first half of the 20th century meant that relatively few peasants, as compared with other Latin American countries, maintained peasant systems of production. There was a relative

deficit of human capital in terms of having of base of producers that already practiced components of agroecology. This relative weakness of the peasant sector also implied a weakness of a peasant movement. Along with the context of the state, especially the executive branch, having a dominant historical role in directing development strategies, this made the role of the state in promoting agroecology in Venezuela central to the agrarian reform process.

The Venezuelan government wrote sustainability and food sovereignty into a number of national laws and also implemented projects and training programs to promote agroecology. In particular, the 2008 Law of Integrated Agricultural Health installed agroecology as a fundamental percept for agricultural development with a goal of national food sovereignty. Article 49 of the law stated:

In order to transform the social and economic model of the country, [the state] . . . will apply agroecology as a scientific base of an agriculture that is tropical and sustainable . . . and will promote education of agroecology for agricultural producers and others in order to create food security and sovereignty. (República Bolivariana de Venezuela, 2008)

To address the lack of local technical knowledge of agroecology the Bolivarian University of Venezuela—a higher education body formed in the Chavista period—created agroecology programs in a number of states.⁴⁶ The Agroecological Institute of Latin America (IALA)—created in 2008 and run initially by Via Campesina but funded by the Venezuelan government—also had training programs, although the IALA was an international school for agroecology and had a primarily international and not domestic agenda. To serve smallholders the National Institute of Agricultural Research (INIA) and the National Institute of Integral Agricultural Health (INSAI) were charged with the creation of biological inputs to replace chemical inputs in the agrarian reform sector. In addition, Cuban agricultural technicians worked with agrarian reform settlements establishing organic gardens through the *Campo Adentro* program, although in some areas Cuban advisors have reportedly promoted the use of agro-chemicals (agroecology advocate, interview, 19 July 2011; peasant, interview, 21 July 2011).

Beginning in 2004 the state instituted credits specifically for agroecology to be delivered primarily through FONDAFA (later FONDAS). By 2006, agroecology credits had been issued to approximately 1,600 families (Nuñez, 2013, p. 14). A National Plan for Agroecology created by agroecology advocates with connections to the state called for a pilot program of 18,000 hectares across seven states to be converted to agroecological production by 2008 with aid from state institutions

⁴⁶ Many states, however, did not have agroecology programs in UBV. UBV in Mérida state, for example, did not have an agroecology program as of 2011 (interview, agroecology advocate, 30 July 2011).

(ibid.). Advocates hoped this program for agroecology would become a proving ground for a further expansion of agroecology on a large scale in Venezuela.

There was, then, a general opening for agroecology in Venezuela that seemed to be accelerating by 2008. Yet, by 2012, much of momentum behind agroecology promotion had stalled and more state resources and policy attention continued to flow to conventional agriculture.

Roadblocks to Agroecology Promotion and Adoption

A number of structural roadblocks hindered the spread of agroecology in Venezuela. The historical marginalization of agriculture in Venezuela and its relatively weak peasant movement was a factor in the prospects for agroecology. The fragmented peasant movement in Venezuela did not have a strong grassroots agroecology movement. As shown by Rosset, et al (2011) a grassroots farmer-to-farmer movement was key in the success of the spread of agroecology in Cuba. Without such a movement, the spread and promotion of agroecological techniques and ideology in the smallholder sector was centered strongly on the state.

That the state was the principal force in implementing agroecology was problematic. As agroecology was new in terms of its institutional promotion there was a lack of capacity in state institutions. For example, INIA was unable to produce and deliver sufficient biological inputs to peasants in the reform sector. In Mérida state, *Fundos* Antonio Muñoz Tebar and Campana Admirable both reported that INIA had failed to reliably supply them with the biological inputs whose use that INIA itself had promoted on the *Fundos* (interviews, 6 July 2012, 28 June 2012). *Fundo* Antonio Muñoz Tebar stated that INIA had stopped delivering organic insecticide to the *Fundo* (interview, 28 June 2012). At *Fundo* Campana Admirable, members stated that INIA had provided organic insecticide but it was expired when it arrived and didn't work properly (interview, 6 July 2012). As their supply of both biological and chemical inputs was tenuous, members used both organic and chemical inputs on their crops (ibid.).

Critically, while state rhetoric focused on agroecology and ecological sustainability the majority of resources and policy attention increasingly flowed to large-scale agricultural projects and chemical-based production. Partly this was due to a lack of ideological commitment to agroecology in many key sectors of the government. According to the director of IALA, Miguel Angel Nuñez—who also previously served in the office of the President—while agroecology had initially expanded in Venezuela through lobbying by advocates, at the higher levels of government agroecology had few allies (interview, 30 July 2011). Agroecology advocates also cited that FONDAS technicians were focused on funding conventional technical packages that they believed would best ensure high production levels—and loan repayment (interview, agroecologist, 28 July 2012). Enríquez (2013) has also noted that there was an ideological struggle in INIA between conventionally trained agronomists and agroecologists.

Structurally, the state's increasing focus on raising production in order to combat food scarcity reinforced conventional production over agroecology. At the ministry level agroecology was seen as a side project and not as a base for expansion of food production. While agroecological polycultures can theoretically produce more food calories per hectare than conventional monoculture systems, conventional production is less labor and knowledge intensive. Throughout the state apparatus, conventionally-trained agricultural extension agents also saw agro-chemical inputs as a more efficient path towards ensuring food production. For a petro-state with oil dollars to facilitate machinery and agro-chemical imports, and whose agronomists were overwhelmingly trained in conventional systems, conventional production was seen as a less perilous path to ensuring food supplies.

Chemical Dependency and Agroecology Promotion

The tendency of the state to promote conventional production while its rhetoric focuses on agroecology is evidenced by the institutions of the Great Mission AgroPatria and AgroVenezuela. The nationalization of agrochemical company Agroisleña, which became state-owned AgroPatria in October 2010, was part of a government strategy to raise agricultural production by controlling distribution of key inputs. With its advent, AgroPatria became the largest distributor of agrochemicals in Venezuela, both importing and formulating agrochemicals (field notes, 24 July 2012). Agroecology promoters in Venezuela have referred to AgroPatria as a "Chavista Agroisleña" referring to the institution's continued dedication to a petrochemical-based agriculture giving the state a key role in the delivery of agrochemicals to producers in both the commercial and peasant sectors (Schiavoni, 2014, p. 9).

The dominance of agro-chemicals was reinforced by the advent of AgroVenezuela in 2010. AgroVenezuela grew out a general policy reorientation towards agriculture. The state considered the lack of private capital flowing into the agriculture was a primary cause of the lack of growth of agricultural production. Government policy moved towards increasing state financial support to the sector as a whole in order to overcome production deficiencies. Registration with AgroVenezuela facilitated producer access to AgroPatria stocks of agrochemicals. Producers registered with AgroVenezuela could access agro-inputs at 'just' prices from 40 to 60% cheaper than prices charged by private distributors (MPPAT, 2010). In 2013, the agriculture minister stated that AgroPatria had increased agro-input provision, distributing over 600,000 tons of fertilizer and serving 400,000 producers, claiming that Agroisleña delivered only 80,000 tons annually ("Más de 600.000 toneladas de fertilizantes," 2013).

The Decline of State Agroecology Credits

The state credit system also mirrored AgroVenezuela's de facto support of conventional agriculture. Producers seeking to find support for agroecological production reported that AgroVenezuela declined to grant credit for their

production plans that used agroecological techniques instead of agrochemicals (interview, peasant, 25 July 2012).

FONDAS credits for agroecological production plans for smallholders who requested them were not forthcoming. In many cases credit via FONDAS came bundled with an agrochemical 'package'. FONDAS credit was often not hard cash, but an official approval that beneficiaries could take to AgroPatria and receive inputs. This tied beneficiaries to both state-approved production plans as well as the chemical system deigned by officials as most effective to ensure plan success. One cooperative in Portuguesa—La Garcita—was using agroecological production until FONDAS shifted their production to agrochemicals in 2010 as a pre-requisite to obtain credit, as well as to receive technical assistance from CVAL (interview, agroecologist, 24 July 2011). Production on the farm actually fell after the switch to chemicals (ibid.).

Agroecology loans that had been granted by FONDAS in the first years of the creation of agroecology-specific credits dried up or were not renewed by FONDAS. A cooperative in Vargas state had obtained a four-year credit from FONDAS in 2007 (interview, agroecologist, 4 August 2011). Yearly renewals, however, saw diminishing funds released so that by 2011 less than of quarter of the original credit amount had reached the cooperative (ibid.). Igancio Birelli, a small farmer and agroecology advocate in Barinas state, was granted a five-year credit plan by FONDAS for agroecological production. Yet only the first year of credit was delivered (interview, 1 August 2012).

In sum, initial openings for agroecology promotion in Venezuela had stalled as government policy focused increasingly on quickly raising production in the agricultural sector. This policy shift occurred while the government continued to support agroecology rhetorically but also as it continued to install it and concepts of sustainable production and biodiversity conservation into new laws. This is not to argue that a preference for agroecological production was disingenuous on the part of the Chavista government. Rather this argument shows that there were significant structural barriers to the adoption of agroecology in Venezuela that shaped policy formation and implementation. Despite whatever intentionality can be placed on the government from the pro-agroecology legal frameworks it installed, empirically agroecology has been tangential at best in the context of a broader agriculture policy regime increasingly prioritizing increased food production.

Marketing

To address the marketing of agricultural production from the smallholder sector the Chavista government counted on a number of institutions. The Corporation for Agricultural Service and Supply (CASA), a pre-Chavista institution, was linked to FONDAFA loans. CASA received production from the agrarian reform sector, repaid producers' loans to FONDAFA from the proceeds, and delivered the surplus profits to producers. The government also created the Venezuela Food

Corporation (CVAL) in 2009, which functioned to manage food imports and was supposed to take on the primary role of buying from the agrarian reform sector. In addition, a number of other federal level institutions functioned to purchase smallholder production in different sectors. PDVSA Agrícola—an institution under the control of the state oil company—had contracts with sugarcane producers they financed to receive production for state-operated sugar mills. Institutions associated with Plan Café—the government’s broad plan for the coffee sector—were directed to buy directly from producers to supply newly nationalized coffee roasters and processors.

Before the advent of CVAL, producers reported that CASA inconsistently bought their production. In Yzacuy, for example, cooperatives stated that they were still owed money from CASA from previous years’ harvest and strategically shunted much of production to private intermediary buyers because they were more reliable, both in terms of purchasing and in delivering payment (interview, peasant, 15 July 2005).

CVAL and PDVSA Agrícola brought little improvement to the marketing situation for *campesinos* in the years after their founding. *Campesinos* reported a number of problems: that state institutions didn’t reliably arrive to farms to buy production, had overly stringent quality requirements, and—in the cases where institutions did buy crops—often paid late. These continued problems with government purchasing and with late payments led many cooperatives to rely on intermediaries for the marketing of production.

The weakness of government marketing institutions had two important impacts. Firstly, for peasant producers their continued reliance on intermediaries to purchase crops meant they sometimes had to accept lower prices for crops than would be offered by government buyers. This hurt the profitability of peasant systems. Secondly, for the increasingly government-managed marketing and distribution chains, that crops moved through intermediaries diverted production from price-regulated markets as middleman sought higher prices in the black market.

On the first point, peasants in Portuguesa and Mérida reported they often sold at lower price to middlemen because it was often difficult to sell to CVAL or Plan Café (interviews, peasants, 14 July 2012, 22 July 2012). One issue with government marketing institutions was that CVAL and others did not reliably come to *Fundos* to purchase crops at harvest times. Due to this, many *Fundos* had decided they could not rely on CVAL for purchasing and instead sold to intermediaries or, when possible, direct to the public. “CVAL doesn’t always come out here [to where we farm],” a *Fundo* member stated in Portuguesa, “but the intermediaries come out to the *Fundo* to buy from us” (interview, 22 July 2012). At *Fundo* Antonio Muñoz Tebar in Mérida members also reported that although they had had meetings with CVAL, the institution did not show up consistently to these meetings and was unreliable at harvest time (interview, 28 June 2012). Others reported that they had

in the past sold some production to CVAL, but had come to rely on private buyers as CVAL had more requirements in terms of product uniformity and only purchased a specific size or weight of products (interview, peasant, 6 July 2012).

Compounding the reliance on private middlemen, government buyers—including PDVSA Agricola—often paid late for crops that they did buy. Middlemen, by contrast, showed up more reliably and paid immediately for production allowing them to offer a lower than regulated price. Producers accepted the lower price for convenience of payment and to have funds at necessary times throughout the year.

On this point, middlemen, however, at times paid *above* the regulated price for goods. *Fundo* Batalla de Ospino in Portuguesa reported that intermediaries paid them more than the official price for milk at times of high demand or low supply of milk (interview, peasant, 7 July 2012). Intermediaries could offer higher prices by diverting production to processors producing non-regulated sectors of the market or the black market where goods commanded higher prices. For example, rice could be processed into flavored or other value-added forms as a strategy of avoiding price controls. Black beans and coffee were two crops that government officials admitted often were diverted by producers out of state marketing channels to intermediaries that sold them in either the black market or smuggled them over the border with Colombia where market prices were much higher (interview, government official, 19 July 2012). This diversion of production limited the state's ability to keep domestic supplies of price-controlled crops available for state distribution networks.

Apart from selling to middlemen another strategy of peasants in the face of government buying capacity was farm diversification. On agrarian reform settlements in early stages of the reform planting emphasis was given to putting recovered land into production as quickly as possible to lay and maintain claim to the land. In 2005, peasants in Yaracuy saw the quickest method to plant was planting primarily monocrops of corn on recovered land. By 2007, many *Fundos* in Yaracuy grew a variety of crops. Both *Fundos Zamoranos* Aracal and Santa Lucia had replaced a significant portion of their cornfields with a number of different crops including tomatoes and bananas as well as cattle (field notes, 18 December 2007). This was an active strategy of diversification to seek stability of income via ensuring income from different sources. As a central complaint was that government agencies at the time were often not reliable in terms of buying production or paying for goods, some crops were grown for subsistence. *Fundo* members also sought out alternative marketing schemes through farmstands at nearby towns, and also implemented the production of value-added products, such as cheese, in the search of higher returns from the *Fundo's* labor.

In sum, the marketing of production continued to be one of the more salient issues with state support for the smallholder sector. Due to the state buyers' absence, late payments or high requirements for products many peasant producers chose to continue to deal with private intermediaries even though, in some cases,

this meant receiving lower prices for products. Producers who were able, often sought to diversify production or find alternative marketing opportunities to compensate for government and private marketing deficiencies.

State Organizational and Participation Structures in Rural Areas

During the Chavista era the government introduced and promoted a number of new organizational and participatory structures in rural areas linked to the agrarian reform. These new forms of organization had two broad goals. First, they were to substitute direct and participatory democracy structures for traditional structures of representative democracy. Second, they would redistribute funding flows from a top-down model to direct funding from the national government to community organizations. These new structures were to form the basis of the new social economy that provided for, at least theoretically, community control of much of the decision-making around economic development. Rural spaces were integrated into political networks of Chavismo by linking access to state resources with organizational forms aligned with broader socio-economic policy. Organizational structures functioned to both legitimate the government as pro-poor and socialist, and to provide new forms of accumulation in the rural sector.

There was tension, however, between the government's promotion of participatory and co-management structures and the tendency of the state to manage these structures to ensure alignment with broader state policy. Although many of these participation structures were conceived as bottom-up organizations, rural organizations experienced a generalized lack of effective autonomy. As van der Ploeg (2008) has asserted, the 'peasant condition' is a struggle for forms of autonomy in the context of dependency relationships with the market or state. That is, peasant producers strategically engage with the state and market in order to maintain their productive system. Using this framework, this section examines the varied forms of 'socialist' rural organization and the degree to which they constrained or provided opportunities for autonomy of peasant groups.

Forms of Rural Organization and Increased State Management of Smallholder Systems

State promoted forms of organization of ownership and production in rural reflected a trend of increased direct government management in the agrarian reform sector. While in early stages of the agrarian reform the state had focused primarily on promoting cooperatives in rural areas, the perceived failures of cooperatives led to the state to alter its strategy. Cooperatives were viewed to have failed due to lack of ideological training of members and their relative isolation from other community and state economic and social networks. As part of a reorientation of its promotion of cooperative structures the government introduced a number of new management forms.

Social Production Companies (EPS) were introduced in 2005.⁴⁷ EPS' were to offer goods and services to the community at a fair price (*precio justo*). They were to overcome the lack of links between communities and enterprises by providing a portion of profits to funds designated for projects in nearby communities. These funds were to be run by communal councils and, thus, link EPS's to broader Chavista economic and political networks. EPS's differed from cooperatives in that they were directly owned by the state. EPS operations were designed to be co-managed between worker's councils and state managers, theoretically giving workers a central role in business decisions and workplace functioning.

In addition, the state also created Units of Social Production (UPS). UPS's had two forms, direct and indirect. An indirect UPS functioned the same as an EPS. It was managed by state-appointed directors in tandem with a workers' council under a rubric of co-management (*co-gestion*). Indirect UPS's members were essentially salaried employees of the state. One example was UPS La Productora in Portuguesa, which was managed by CVAL. La Productora had a worker council that participated in management decisions, but the land and machinery belonged to CVAL. Any profits accrued to CVAL, although profit-sharing was a possibility if the workers and state managers chose to implement it.⁴⁸ Workers received a set benefit package and salary independent of the UPS' profitability. In contrast, in a direct UPS, members managed the day-to-day operations of the farm and did not receive a salary from the state.

What is particularly relevant to this study, is that EPS and UPS promotion by the state reflected a growing trend of the Chavista government to address perceived production and ideological failures by more actively managing the forms and function of new socio-economic structures. In the case of indirect UPS's and EPS's, this essentially meant the conversion of peasants into employees rather than producers. While the UPS's were structured to run under a rubric of co-management between state managers and workers, data have shown that state managers often wielded more power in decision-making (Añez & Melean, 2011). The structure of EPS's and UPS's contributed to this tendency. The government's view was that EPS's and UPS's should function to implement government socio-economic strategies formed at the executive level. To ensure that management was in line with broader, nation-wide policy structures, national level institutions chose and placed institutional representatives in key management positions in EPS's (Purcell, 2010). The day to day management, or co-management, of EPS's and UPS's took place downstream from actual policy creation. This reinforced the tendency for decision-making power to rest with government managers at the expense of worker-managers and often engendered conflict between workers and state managers (*ibid.*). This has played out at the UPS La Productora as well. In June of 2012, state

⁴⁷ See chapter 4, pages 63-65.

⁴⁸ A government official said that as La Productora was not profitable, profit-sharing was not an issue (interview, 14 July 2012).

managers locked workers out of the UPS's facilities in a labor dispute over benefits (field notes, 3 July 2012).

Many peasants, however, rather than become state employees in an EPS or indirect UPS, preferred to maintain a measure of independent production. For example, in Portuguesa, the Socialist Peasant Council La Yaguara had been granted land via the agrarian reform. The Peasant Council planned to become a direct UPS—where land would be managed collectively—but importantly for the members, the model allowed for the allotment of 2 hectares of land to each member. Members explained that this promise of having access to an individual parcel was key in their preference for the direct UPS form, even though there was no guaranteed salary (interview, 8 August 2012).

Other groups of peasants in Portuguesa with individual parcels chose a strategy to engage with state-promoted organizational structures in ways that maintained their control over production on their land. One group was petitioning to form an EPS where they would become state employees.⁴⁹ However, the EPS was proposed as only for processing and marketing of the members' production. The peasants envisioned that the EPS would purchase production from members at a 'fair price' and they would process it into value added products such as juice or chocolate (field notes, 18 July 2012). Although they would be employees of the EPS and receive a salary and other benefits, they would continue to farm individually on their parcels.

Participation Framework for Fundos Zamoranos

Fundos Zamoranos (FZ) were to provide a vital base for production in rural areas and serve as an example of the social economy model promoted by the central government. FZ's were organized into self-managed cooperatives but also were required to link to the community via 'socialist exchange', where they share resources or production to surrounding communities. After 2010 FZ's were also to participate in a multi-level participation structure that was supposed to serve as a government model for decentralizing decision-making in the agrarian reform sector. So did these participation structures provide FZ's with input into state policy-making? Did FZ's benefit materially or politically from participation with the state?

Every two weeks at *Fundos* there was a Local Command (*Comando Local*) meeting where representatives from local state institutions met with individual *Fundos*. The idea behind Command meetings was that there would be regular and direct contact between the *Fundos* and government agencies, as well as it would aid coordination between institutions. In addition, the Command meetings were structured to bring state institutions to the site of *Fundos* instead of requiring *Fundo* members to travel to the local offices of institutions. Ideally, the Command meetings would aid in the targeted provision of government assistance to the *Fundos* by

⁴⁹ Members both referred to it as an EPS and an UPS (indirect). Both forms function identically.

working more closely with *Fundos* on an individual basis. From the government's view, meetings would increase efficiency by tailoring aid to each specific site that might have different needs or challenges, as well as reduce the duplication of credit or other assistance to *Fundos* that occurred without coordination between institutions.

Table 14: State Participation Structures for *Fundo Zamoranos*

Name	Organizational Level
Local Command meetings	On individual <i>Fundos Zamoranos</i>
Socialist Regional Agricultural Command (CRAS)	State*
Socialist Agrarian Poles	Regional
Socialist National Command of <i>Fundos Zamoranos</i>	National
* At times other peasant organizations participated in CRAS.	

At the level of each state, representatives from the state's *Fundos* and government institutions attended meetings of the Socialist Regional Agricultural Command (CRAS - *Comando Regional Agrario Socialista*). CRAS sought to further integrate peasant movements into state agrarian decision-making structures by providing spaces for the identification of problems faced by the agrarian reform sector and to facilitate coordination of government support. CRAS in Portuguesa did not form until 2011 (interview, government official, July 12, 2012).

Also established in 2011, but not functioning until 2012 were Socialist Agrarian Poles (PAS - *Polos Agrarios Socialistas*) that organized CRAS at a regional level. Portuguesa *Fundos* would participate in a monthly PAS that represented both Portuguesa and neighboring Barinas state. PAS were institutional structures that only *Fundo Zamoranos* had access to. For example, peasants in the Socialist Peasant Council La Yaguara in Portuguesa were able to participate in the local CRAS at the state level, but were excluded from the regional PAS (interview, peasant, 8 August 2012).

At the national level, *Polos Agrarios Socialistas* were integrated into the National Socialist Command of the *Fundos Zamoranos* (*Comando Nacional Socialista de los Fondos Zamoranos*). As of 2012 there were ten PAS that would meet at these national meetings, with one *Fundo* member elected from each PAS as representative to the national level meeting. At each level of participation, projects were to be proposed and voted on, and if approved, would work their way up to the national level meeting in a stated attempt to reduce the top-down nature of government agriculture planning.

Fundos Zamoranos' experiences with Local Command Meetings

As *Polos Agrarios Socialistas* had only just formed at the time of fieldwork it is beyond the scope of this thesis to analyze their effectiveness in addressing their stated goals. It is instructive, however, to look at how Local Commands and CRAS had been operating in Portuguesa since their formation in 2011. *Fundo* Batalla de Ospino had been participating in its Local Command and CRAS for almost a year by July of 2012. The Command meetings occurred on the *Fundo* regularly and were attended by two representatives from CIARA (Training and Innovation Foundation for Rural Development)⁵⁰, INDER, INTI, and BAV, although *Fundo* members complained that BAV often showed up late to meetings, or failed to arrive at all (field notes, 7 July 2012).

Local Command meetings were supposed to outline goals, accomplishments and difficulties of *Fundos* and to work out an institutional plan to address shortcomings. Institutions presented themselves as coming to communicate with and aid the *Fundo*, but Command meetings also appeared to function as a measure to hold *Fundos* accountable to state institutions. For example, at one commando meeting at *Fundo* Batalla de Ospino, CIARA representatives inquired about what the *Fundo* had done to fulfill its 'socialist exchange' (*intercambio socialista*) requirement with the surrounding community. *Fundo* members said they had previously donated some fertilizer and lent out tractors and tilling instruments to neighbors but that the tilling instruments had been damaged by users, and thus, they were now wary of loaning out equipment. Most of the meeting continued to involve officials questioning *Fundo* members on whether or not progress had been made on points raised from previous meetings including advancement on raising milk production on the *Fundo*. *Fundo* members declared that no progress had been made on *any* points raised by officials (field notes, 7 July 2012).

No government official present at this Local Command meeting ever directly asked the *Fundo* members what their perceived needs were, although *Fundo* members themselves outlined questions of financing and support that they needed from many government institutions. Many of these appeals raised by *Fundo* members, however, were framed by the officials present as purview of other institutions that were not in attendance at the meeting. For example, *Fundo* members had been trying for a number of months to get funding from INSOPESCA (Socialist Institute for Fishing and Aquaculture) to finish a half-complete project to raise fish in tanks. CIARA representatives said that INSOPESCA had to first receive money from FONDAS or BAV to designate to the project. The CIARA representative then asked *Fundo* members what FONDAS had told them about the project, even though the CRAs and Local Command meetings were supposedly designed to facilitate coordination between government institutions, and FONDAS, (the most important source of government funding in the agrarian reform sector) was absent from the meetings. Officials seemed aware that inter-institutional coordination was

⁵⁰ See chapter 4, page 80.

technically difficult, and that personality squabbles between institutions was impacting assistance to *Fundos*. One official, when asked by *Fundo* members why credit for the fish tank project had stalled, stated that in this and other cases in Portuguesa, an official at one institution had a personal disagreement with an official at a separate institution and so had held up the project (field notes, 7 July 2012).

Local Command meetings, thus, had provided little material benefit to *Fundo* Batalla de Ospino. *Fundo* members also expressed frustration at the functioning of the CRAS and *Polos Agrarios* that their representative attended. “*Polos* are for presenting problems and advances, but it is the same thing every time and nothing really changes. We’ve gone to 20 meetings with the same information and there are no advances,” stated one *Fundo* member after the meeting (interview, 7 July 2012). However, other members did cite that the regional *Polos Agrarios* were an improvement in terms of communication with government institutions. “Before,” one member stated, “we could only talk to a Minister if they visited the *Fundo*” (ibid.) In addition, the *Fundo* member who represented the *Fundo* at its regional *Polo Agrario* meetings also said they allowed him to share experiences with *Fundos* in other states, and discuss solutions to shared problems (ibid.).

Not all in the agrarian reform sector reported negative experiences with state organizing structures. In Yaracuy state, Page (2008) reported that Yaracuy’s Unified Regional Agricultural Command (CRAU), which later became a CRAS, had been able to at least begin to address some marketing issues faced by agrarian reform beneficiaries after meetings. Yaracuy was, however, a state with a strong historical peasant movement and indicative of the relative strength and organization of Yaracuy’s peasant movement, CRAU was up and running by 2007, years before the CRAS in Portuguesa (ibid.).

The Dual Function of Organization and Participatory Structures

Both EPS/UPS structures and the CRAS and its related organizations at different levels served to legitimate the government in rural areas, as well as provided for potential increased resource access for participants. In terms of state legitimation, CRAS meetings created forums where grievances could be expressed and projects proposed in a model that suggested planning in a bottom-up, participatory process. The meeting structures mirrored the broader structures of participatory democracy that was a stated aim of the Venezuelan government as indicative of a socialist transformation of both the economy and of democratic structures. They, thus, further linked the agrarian reform sector with the broader framework of new state participatory structures that was represented nationwide by the creation of communal and peasant councils. The structure of EPS’s/UPS’s also functioned to legitimate the state in rural areas. They both provided employment for rural residents and reinforced a view of the state as the builder of a non-exploitative ‘social’ economy.

In terms of capital accumulation in rural areas, these organizational structures also held out the promise of access to more state resources. Problems with membership retention, lack of profitability and production concerns undermined the state's ability to point to the *Fundos* as indicative of successful endogenous development in rural areas. Participation structures were part of state capital accumulation strategy to address profitability and production failures on *Fundos* as well as link *Fundos* regionally into broader state economic networks, even if many *Fundos* reported little immediate changes in the level or the efficiency of delivery of material support. EPS's as well linked rural residents into broader state networks. They also provided for a state salary disconnected from the profitability of the enterprise, but at the expense self-management.

These dual functions of organizational structures illustrate a tension between the social, political and economic goals of agrarian policy. This tension manifested itself in the government's promotion of participatory and co-management structures that theoretically allowed for more decision-making power to be in the hands of peasants. Yet the state's management of these structures was also designed to ensure alignment with broader state policy. Although structured as bottom up, participatory organizations, CRAS and communal councils struggled to have effective autonomy from the central government. The reality on the ground is that participatory structures have been used to establish new clientilistic relationships (Hetland, 2014).

However, as Hetland (ibid.) has shown in urban areas this was a contested process and grassroots activists had, in some cases, pushed back against the co-optation of communal decision-making to establish a more robust participatory process. In rural areas, peasants as well, used openings provided by new participatory and organizational structures to push policy implementation to align more with its peasant-friendly rhetoric. Although participatory structures often failed to deliver material benefits to *Fundos Zamoranos*, at times—as evidenced by peasants in Yaracuy—peasant groups were able to successfully use them to address state deficiencies. Peasant groups also engaged strategically with EPS's and other organizational forms in order to maintain a degree of autonomy over their land base.

Peasants outside of the cooperative agrarian reform sector: Coffee in Venezuela

This section examines a sub sector of Venezuela's peasantry, smallholder coffee producers. As many coffee producers at the time of the study were not formally organized into new cooperative structures, the sector provides a clearer view of impacts of state policy in broader parts of the peasant sector. This component of the study is based largely on interviews with coffee producers in the states of Portuguesa and Mérida.

In Portuguesa, many small-scale producers produced coffee in the highlands relatively removed from the agrarian center of Portuguesa dominated by cereal producers. The national Plan Café (Coffee Plan) was supposedly designed to provide credit and technical support to small coffee growers through the state institutions of MINCEP, MPPAT, INTI, CVA and FONDAS. Despite the injection of funds into the coffee sector through Plan Café, small producers reported that credit was largely not extended to them. This contributed to some coffee producers abandoning their coffee parcels in the hills in order to move into other areas of Portuguesa to seek avenues of state support.

Campesinos moved into the lowlands to escape what was seen as increasingly negative prospects for making a livelihood off of coffee. In addition, the prospect of land in lower areas represented an opportunity to receive new land for farming and also to access more networks of state support from government institutions. The agrarian reform process and its promise of land served as a sort of safety valve in coffee areas. “There’s no future in coffee,” said one *campesino* on a land occupation, “here we will be able to get more support from the government” (interview, 13 July 2012). These ex-coffee producers believed that moving into the agrarian reform sector would facilitate more government aid, including obtaining FONDAS funding and technical assistance from CIARA. I spoke with *campesinos* on three separate land occupations of Smurfit tree plantations that had left family coffee plots in order to attempt to access land that thought could be won via the agrarian reform. Observers also noted that access to new land in reform areas was also a form of land speculation. Although, agrarian reform beneficiaries could not legally sell off acreage obtained through INTI, control of a parcel opened up the possibility of renting out land to other producers.

Many also cited the low prices they received for coffee as an impetus for moving into other crops. In addition, FONDAS did not have enough extension agents to support coffee producers in Ospino. One year there were reportedly only 4 FONDAS extension agents for 4,000 producers of coffee in Ospino (interview, university professor, 20 July 2012). Although by 2012 there were 15 extension agents, according to FEDEAGRO’s director of coffee, there should not be more than 100 producers per extension agent (interview, 5 August 2012).

While this movement of some peasant coffee producers in Portuguesa is significant this did not necessarily represent a widespread exodus from coffee areas. For one, many older coffee producers in Mérida stated that despite problems they would not leave their land. “I was born a coffee producer,” said a coffee producer in Mérida, “and I will happily die one” (interview, 2 July 2012). Thus, their identity as *campesinos* was tied closely to their history as producers of coffee regardless of continued challenges.

Secondly, in coffee producing communities in Portuguesa, many residents stated that, although issues remained with coffee profitability, living conditions

were improved from pre-Chavista years, citing improvements in government services since 1989. “Thanks to the government, now we have a Mercal [access to subsidized food], health care [through a nearby Barrio Adentro station] and better transportation,” said a resident in Ospino’s coffee hills (interview, 10 August 2012). Residents also stated that soon the government would be building new housing for them in their community. So, greater non-agricultural social service delivery in the area, had improved living conditions for residents even though the material conditions and profitability of production of their primary crop had not significantly changed.

Many community members had also been able to supplement their farming income through enrollment in government training programs offered by various government missions. Enrolling in education and training programs meant that participants received a living stipend while they were going through the programs and, in some cases, after training was complete, they would be first in line for additional funding from the state. For example, interviews with 12 participants from coffee-producing areas that had enrolled in a Mission Saber y Trabajo (Knowledge and Work) course in Ospino revealed that the course’s stipend, and the possibility of forming a EPS to market their goods while receiving a state salary had been strong factors in their decision to enroll. The leader of the course confirmed that most of the participants were coffee farmers and that this training program was partly aimed at reducing the abandonment of land by coffee producers in the area (interview, 18 July 2012). According to Saber y Trabajo officials they saw that small coffee producers were overly dependent on coffee and needed to diversify production, and so were instituting programs to train participants to grow papaya, plantain and cacao. Officials hoped this would provide for more steady income and stem the abandonment of land in coffee areas.

This was a tacit admission by government officials that state investment into coffee production under Plan Café that promised to revitalize the sector had largely failed in terms of providing meaningful productive support to coffee producers. Plan Café’s intent was to increase production both for internal consumption but also to reestablish coffee as an export crop (interview, government official, 20 July 2012). Part of this strategy was to place the coffee sector under increasing state-control. The government nationalized coffee companies Fama de America and Café Madrid in 2009 and converted them into mixed enterprises with the state holding a majority stake in operations. According to FEDEAGRO’s head of coffee, between these and other state-run coffee companies the government purchased over 70% of national production and controlled a similar amount of coffee marketing in Venezuela (interview, 5 August 2012). As shown in figures 27 and 28, however, coffee production and area planted continued to decline in the Chavista years.

In understanding the continued drop of coffee production, the largest complaint from coffee producers was controlled prices. In interviews in 2012, coffee producers stated that the controlled price for coffee of 1,600 bolívares per quintal (46 kilograms) did not always cover production costs (interviews, 6 July 2012, 8 July

2012). In 2014 coffee producers in Portuguesa claimed they faced a production cost of between 5,400 and 6,500 bolívares per quintal over double the controlled price of 2,657 bolívares (“Costo de producción del café,” 2014). Coffee prices were raised in September 2014 to 4,500 bolívares, a large increase from the previous price, yet still below the quoted production price for Portuguesa.⁵¹

The importance of price control by the state is also notable in government’s response to the coffee production issue. While the government could have raised prices paid to producers, it instead pursued a strategy focused on keeping prices low to consumers. That is, coffee policy illustrated an ‘urban bias’ where state policy privileged the tamping down of supermarket prices, primarily for urban consumers, at the relative expense of farmers. Production and acreage planted continued to decline as a result. Rural living standards in peasant coffee areas of Portuguesa and Mérida were supported by other, largely non-agricultural services in rural areas. Residents in these communities cited new sources of subsidized food, education programs and other government services had been implemented in the Chavista years.

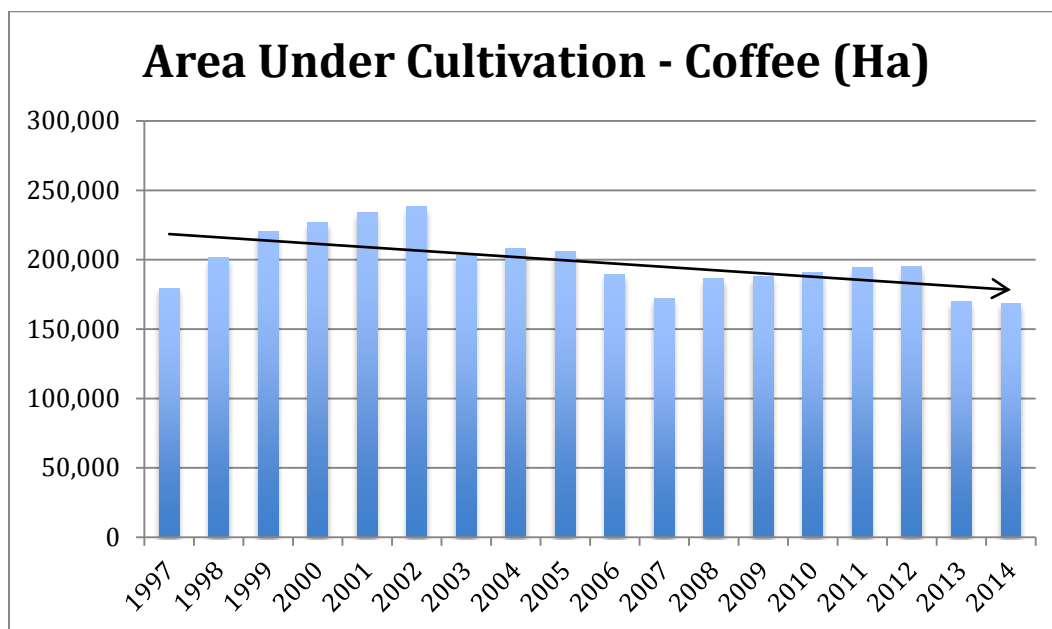


Figure 27: Number of hectares of coffee cultivation in Venezuela: 1997 – 2014. Source: FEDEAGRO (2015).

⁵¹ As discussed in chapter 5, there are a number of distinct prices for coffee depending on the grading of the bean. Stated prices are the highest available prices. obtained by coffee at the highest classification (Lavado Bueno "A").

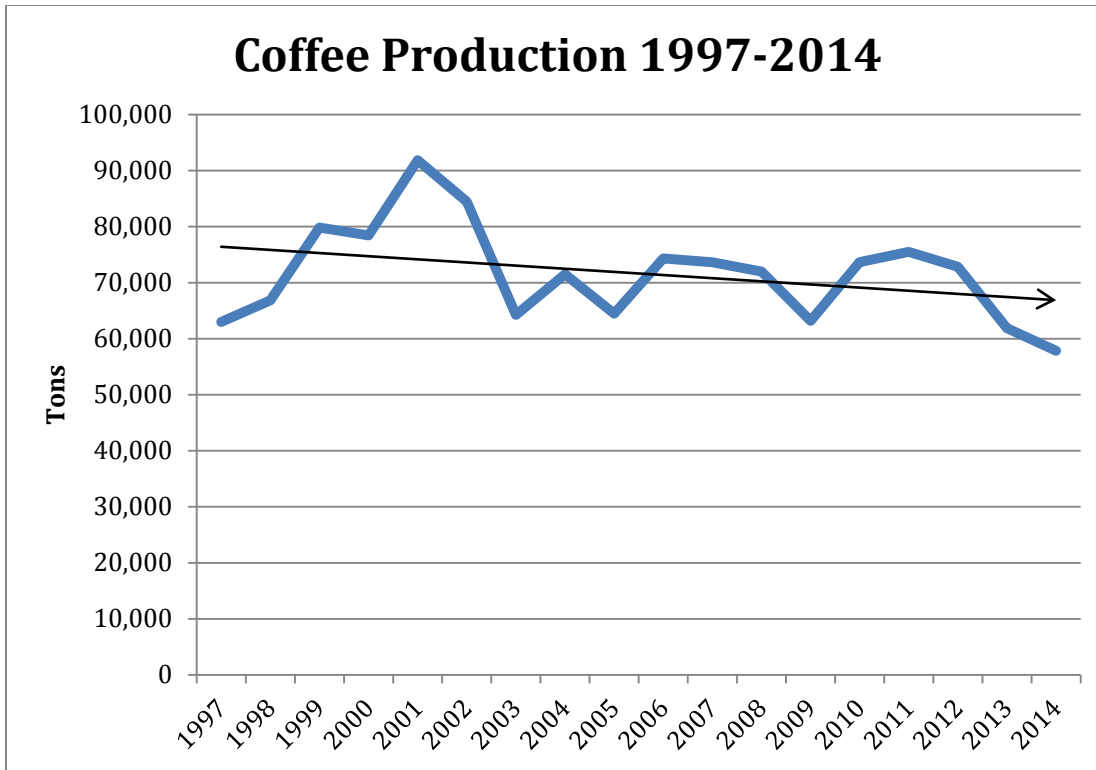


Figure 28: Coffee production (tons) in Venezuela: 1997 – 2014.
Source: FEDEAGRO (2015).

Rural perspectives on Chavismo and the Agrarian Reform

Despite problems experienced by peasants vis á vis the state, support for the Chavista government in rural areas has remained high throughout the Chavista period. Indeed, even as the political opposition made strong inroads in many of Venezuela’s larger cities in elections after the death of Chávez in 2013, rural areas continued to be the strongest base of Chavista electoral support. (“El Chavismo sacó mas votos,” 2013). Indicative of this is the parish of La Estación in the municipality of Ospino in Portuguesa. La Estación is a highland (500-1000 meters) coffee growing area and home to many smallholders who reported significant issues with government agricultural support. Yet, as seen in Table 15, voting records in national elections in La Estación shows high and continued support for Chavismo.

Given the problematic peasant experiences with the agrarian reform the question arises why was there continued high level of support for the Chavista government in rural areas? First, peasants largely measured policy advances and problems not against the smooth fulfillment of government promises of a pro-peasant agrarian transformation, but rather compared their current situation with the historical situation they had faced in earlier, pre-Chavista governments. While peasants did not shy away from outlining the litany of shortcomings they faced in

transforming the material conditions of their agricultural production systems, they simultaneously acknowledged their relative betterment from past years. At *Fundo Batalla de Ospino*, members stated that despite problems with profitability and the effective delivery of services from state institutions that their lives were demonstrably better. “Now we are our own bosses, and we have a tractor and some cattle and land,” said one member. “All of this we didn’t have before with other governments.” (interview, 7 July 2012) This held true in Mérida as well. At *Fundo Antonio Muñoz Tebar* members cited that the government had built them houses (although many remained incomplete), a water tank for irrigation, and had received a truck through a BAV loan (interview, 28 June 2012).

Table 15: Percentage of Votes for Chavismo

	Parish of La Estación	Portuguesa	National Vote
2006 Presidential election	86%	77%	63%
2009 Constitutional reform	89%	72%	55%
2012 Presidential election	84%	71%	51%
2013 Presidential election	81%	65%	54%
2015 National Assembly election	75%	60%*	n.a.**
* Share of vote Chavista candidate received in state of Ospino, Venezuela.			
** In total the opposition won 112 seats in the National Assembly, versus 55 for the PSUV (Chavista).			
<i>Source:</i> Consejo Nacional Electoral (2016); Kronick, (2013)			

For many peasants the greatest advance was to be on the land at all. Reform beneficiaries that had received redistributed land all stated that having access to land was a major change from previous eras. This was especially true in areas where land relations had been historically conflictive. One *campesino* stated that his father had occupied the same parcel of land that his cooperatives were now occupying. “He died without ever getting land. I’m proud to be here, in the same place where he died. Without Chávez, this would have been impossible” (interview, 17 July 2012).

This access to land and that the conflict surrounding it contributed to a sentiment in field sites that the Chavista government, despite deficiencies, was confronting Venezuela’s *latifundio* on the side of the peasants. Given this, peasants often did not see the continued regional dominance of the commercial sector as contradictory to a pro-peasant nature of the state. The increased focus on production as the basis for ensuring national food security and sovereignty had become the determining factor for classification as *latifundio*. If a company was

producing food, by definition, it was not *latifundio*. On one land occupation in Yaracuy a peasant leader—who had received death threats for his activism and support of peasant occupation of privately-claimed land—clearly expressed this idea. When asked his opinion about extensions of land continuing to be held by large, private interests he stated, “If they’re productive, they are welcome in the revolution” (interview, 24 July 2011). In this context the persistence of commercial elites did not necessarily call into question the state’s pro-peasant credentials.

Peasants also overwhelmingly placed the blame for difficulties with government institutions not on President Chávez but on ‘false revolutionaries’ within the state. According to peasants, institutional problems were products of corrupt bureaucrats that retained the mentality of the *la cuarta república* (the pre-Chavista political regime), and ‘false’ Chavistas in the government. “They put on a red t-shirt but do the same things that they did in previous governments,” stated a peasant in Yaracuy (interview, 11 July 2005).⁵² “The reason you can’t rely on institutions is that there’s too many corrupt actors just looking to make a buck” said another (interview, 17 July 2012). “[Government officials] have Chávez deceived,” stated a reform beneficiary, “. . . Chávez is with the *campesinos* but he gives orders and many in the government do not follow through with them” (interview, 11 July 2005). The responsibility for institutional failings, thus, was placed not at the level of the executive but rather blamed on endemic corruption at lower levels of the government.

Additionally, the impacts of Chavista socio-economic policies is not limited to institutional support to producers. Critically, many non-agricultural Missions brought many social services into previously underserved rural areas. Many Mercals had been opened in rural communities providing a source of subsidized groceries. New Barrio Adentro clinics delivered free medical care for residents in zones without health clinics. Additionally, education missions provided literacy training and the equivalent of high school diplomas to residents. Some rural communities in Portuguesa and Maracay had also received new bus service from municipal governments to make up for the lack of private transportation in some relatively isolated areas (field notes, 3 August 2011). As seen in Figure 29, there has also been a strong general reduction in poverty rates in Venezuela in the Chavista period, at least until 2013.

⁵² The color red is associated with Chavismo in Venezuela.

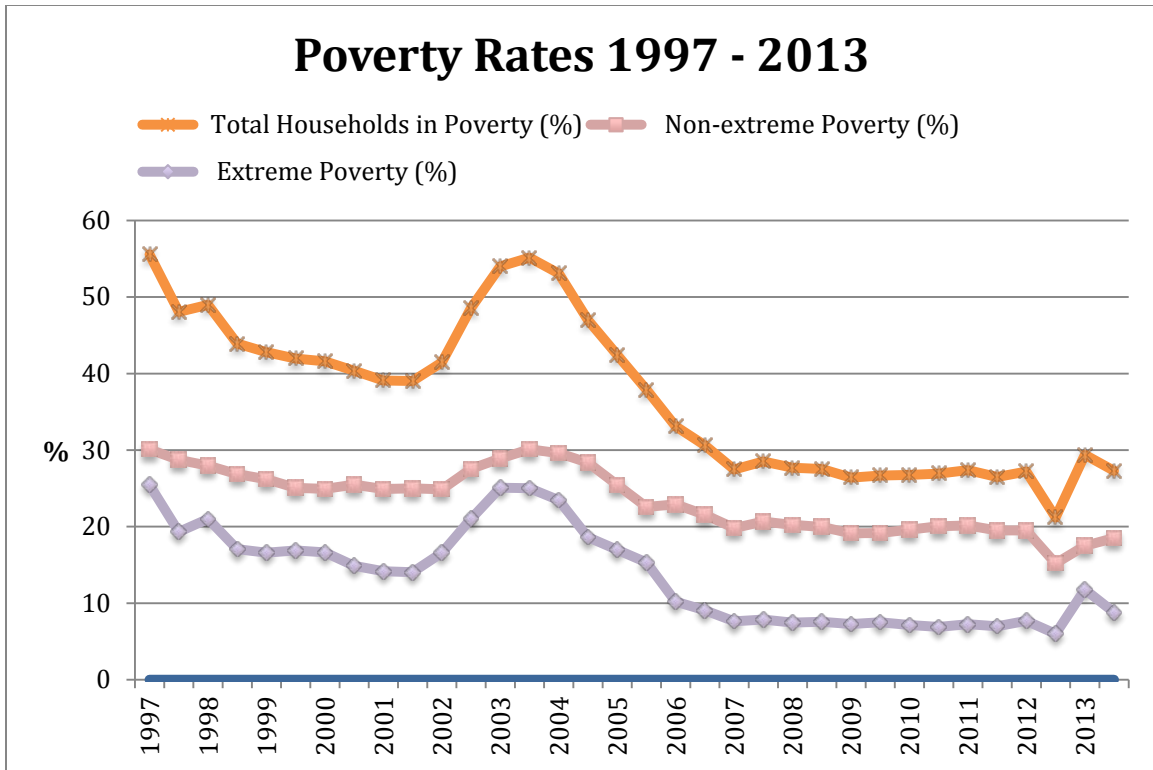


Figure 29: Poverty rates 1997 – 2013. Source: INE (2015b).

Many rural residents in study areas had enrolled in vocational Missions linked to the government’s strategy of endogenous development. For example, many enrollees in programs in Ospino’s Saber y Trabajo Mission were small coffee farmers and were receiving training that incentivized them to form a cooperative when the course ended. Training programs carried stipends for participants. For participants these stipends were important sources of economic support in areas of high unemployment and where small-scale agricultural production did not provide for subsistence. At the end of the course Saber y Trabajo either offered trainees work in state enterprises or participants could submit a plan for a cooperative project, which was supposed to receive preferential funding from government institutions (field notes, 18 July 2012). Participants interviewed in one Saber y Trabajo course stated they eventually would propose a plan to produce value-added agricultural products from members’ individual production including processed coffee, chocolate and packaged fish (ibid.). Significantly, participants cited the difficulty of obtaining individual credit as a primary motivation for joining the mission and forming a cooperative. “You don’t have any influence, and you can’t receive credit if you don’t belong to an organization,” a participant stated (interview, 18 July 2012a). Yet participants were also critical of how cooperatives often formed for primarily rent-seeking purposes. “Here a cooperative forms, five members steal the money and the cooperative disappears. It’s easier [to collect some credit] and sit in the shade than work out under the sun” (interview, 18 July 2012b).

In sum, the Chavista era had seen a significant rise in the provision of social services to rural areas, primarily through the new state institutions of the missions. Of note was that many of these were not linked to agricultural production, including health, transportation, subsidized food stores, and some educational programs. Despite struggles in the agrarian reform sector in terms of profitability, productivity and fragmented state support, these services have improved living conditions for many rural communities compared to previous stages of Venezuelan political and economic history. Using the premise that the rise of rural living standards and access to educational opportunities and popular participation constitute a form of rural development, the impact of these policies cannot be overlooked in assessing rural dynamics in the Chavista era. That improvements in rural areas are closely linked to Chavista policies and programs, especially the Missions, coupled with the political opposition's failure to formulate a credible alternative to Chavismo's endogenous development model, does much to explain continued rural support for Chavismo even in the light of perceived difficulties in the productive systems in the agrarian reform.

Assessing the Agrarian Reform

Given the above discussion, this section outlines a number of indicators to assess the agrarian reform from the position of the peasantry. This assessment creates an amoeba representation that employs a modified version of the MESMIS evaluation methodology, an interdisciplinary framework for sustainability assessment of natural resource management systems (López-Ridaura, Masera, & Astier, 2002). The MESMIS framework uses seven general components of sustainability:

1. productivity
2. stability
3. reliability
4. resilience
5. adaptability
6. equity
7. self reliance

The MESMIS framework is ideally used as a comparison tool between different types of agricultural systems and creates indicators for each component with the participation of the rural communities involved. A complete MESMIS evaluation of the Venezuelan system was beyond the scope of this thesis. In addition, some of the general components of sustainability outlined by the MESMIS framework are only tangential to this study's analysis and so have been omitted or altered for conceptual precision. However, using its concepts can be a useful way of illustrating in a more holistic way changes in the condition of Venezuelan peasants in the Chavista era.

In this assessment this thesis draws on van der Ploeg's (2008) assertion of the peasant condition as strategically creating spaces in natural resource management systems for autonomy in a generalized context of dependency relationships (especially with the market). This study, then, looks at components of the Venezuelan agrarian reform and scores them on a scale of 1-5 (with one being a low, or non-peasant-friendly score), especially in regards to farmer autonomy. The scores are then graphed collectively in an amoeba diagram. This visual representation allows for an assessment that is not graded solely as on some spectrum of sustainability, but rather shows each indicator as a part of a whole.

Ameoba Indicators (out of a score of 5 with 5 being most pro-peasant)

Access to Land (3)

Score Explanation: The 2001 Law Land has been an important catalyst for increased access to land for the land-poor in Venezuela. The state has regularized tenancy for many producers without previous title to parcels, has redistributed much state-owned land, and, to a lesser degree, has recovered privately-held or privately-claimed land for redistribution. However, land recovery and redistribution has been an uneven process with the Land Institute receiving much criticism from peasants for slow responses to land petitions as well as at times being seen as corrupt or, at the least, undedicated to the principles of land redistribution set by the executive branch. In addition, large commercial cereal producers have largely been untouched by land redistribution policies, maintaining much of their regional dominance of fertile and well-positioned land. Peasants have used land occupation as a strategic tool in different contexts to pressure government institutions, especially the Land Institute to support redistribution of land in the face of landowner resistance or institutional reluctance.

Dependency on State Institutions (1)

Score Explanation: A theoretical clarification is important here. That the smallholder sector receives large amounts of support from the state via multiple institutions is not a stand-in for state dependency. State support for smallholders, especially in a context of increasingly globalized agriculture and national agricultures based primarily on the export of agricultural commodities, is a vital component of building resilient peasant systems. The important issue is the degree and shape of state support and whether or not state support to smallholders fosters producer autonomy or creates new dependency relationships. Government agriculture policy for smallholders largely was structured to put state resources into the sector as it had been historically marginalized. The state sought to add more services and, thus, replace smallholder reliance on private and market forces that underserved small producers.

As noted in the section on crop dependency/subsistence production government support has facilitated a measure of increased crop diversity in many *Fundo Zamoranos*. Indeed, that cooperatives choose diverse production is both a measure of the type of government support but also indicates a strategy by cooperatives of reducing dependency on both markets and government. However, overall, the evidence suggests that agricultural cooperatives, and in general smallholders, are strongly dependent on government institutions.

This dependency takes a number of forms. Smallholders are dependent on state institutions for credit as well as inputs. That credit provision has been uneven and often unreliable has at times caused producers to sell off productive resources such as cattle to maintain operations. The nationalization of Agroisleña and its conversion of to state-operated AgroPatria has only increased reliance on the state for agro-chemical inputs. State support for biological inputs has come through a number of state institutions including Mission Campo Adentro that utilizes Cuban agricultural extension workers, yet this has been limited, small-scale, and generally not sufficient for a significant replacement of agro-chemicals.

Smallholders, however, have contested the functioning of government institutions responsible for forming and implementing agrarian policy. Peasants have pushed for access to land and other resources through strategic conflict with state institutions, and by using participation structures to push a more peasant-friendly policy agenda. In addition, smallholders have selectively used engagement with the market to fill gaps of marketing and input provision. However, dependency on state institutions for many resources, the tying of some support to crops selected by the agricultural ministry, as well as the tendency for resources to flow more quickly through state-managed organizational forms such as *Fundo Zamoranos* have continued to deepen reliance on the state and diminished avenues for producer autonomy.

Market Dependency (2/3)

Score Explanation: Marketing was a key deficiency in the peasant sector in study areas. State marketing institutions such as CVAL were not reliable purchasers of smallholder production. Many producers, thus, relied heavily on private intermediaries that often paid below controlled prices for products. Market dependency was somewhat offset by *Fundos* selling directly to the public when possible in farmstands in town or on *Fundos*.

Crop Diversity, Subsistence Production (4)

Score Explanation: While an increasing focus on national food provisioning and production levels had seen some shift in government policy towards supporting specific crops in the smallholder sector such as maize, many cooperatives and

Fundos had achieved an important measure of crop diversity. Especially on *Fundo Zamoranos* that had received technical support and funding for a diversity of crops, *Fundo* members counted on a variety of crops. While marketing issues, organic input availability and price concerns often limited the profitability of such production (and contributed to membership loss), most *Fundos* reported that members had rights to production for consumption before delivering surplus to market. This improved food availability for cooperative members. However, many smallholders outside of cooperative structures reported that it was often difficult to obtain government support for crops other than maize, although most still maintained their other crops.

Dependency on External Inputs (2)

Score Explanation: The majority of producers in this study continued to be dependent on external inputs, especially agro-chemicals, for their production systems. As noted, the provision and promotion of biological inputs has been supported by various government agencies, yet has not received the same amount of resources and policy attention as chemical-based inputs.

Profitability (1)

Score Explanation: Profitability in the peasant sector has been a large issue for producers throughout the reform period. Many *Fundo Zamoranos* have reported member loss at different stages of *Fundo* history as there is little profit to support members. Peasants in the coffee sector also reported low profitability for coffee production due to low prices and a general lack of holistic support for the sector despite the government's Plan Café that has directed resources into coffee production, processing and marketing. This contributed to some abandonment of land by coffee producers.

Equity (4)

Score Explanation: The increased access to land for the landless and the promotion and funding of cooperative farming structures provided for an increase of socioeconomic equity in rural areas over previous eras. In Yaracuy, the land reform dismantled land ownership patterns that had been characterized by a few large landowners holding the majority of agricultural land and redistributed parcels to a larger number of historically marginalized beneficiaries. Cooperative structures provided for relatively high levels of equity in the land reform sector. The state's promotion of 'socialist exchange' facilitated the sharing of some resources between the reform sector and surrounding communities. As a counterpoint, individual peasants not organized into cooperative structures at times had difficulty accessing

state resources. In addition, in areas like Portuguesa the continued economic dominance of many commercial elites maintained unequal land distribution.

Social Service (non-agricultural) Access (5)

Score Explanation: This indicator is included—although it is not directly related to agricultural production—because the increased provision of social services in the Chavista period has been an important change in rural livelihoods in Venezuela. Increased access to education, health and subsidized food programs, among others, were highly cited by rural residents as increasing the standard of living compared with the pre-Chavista era.

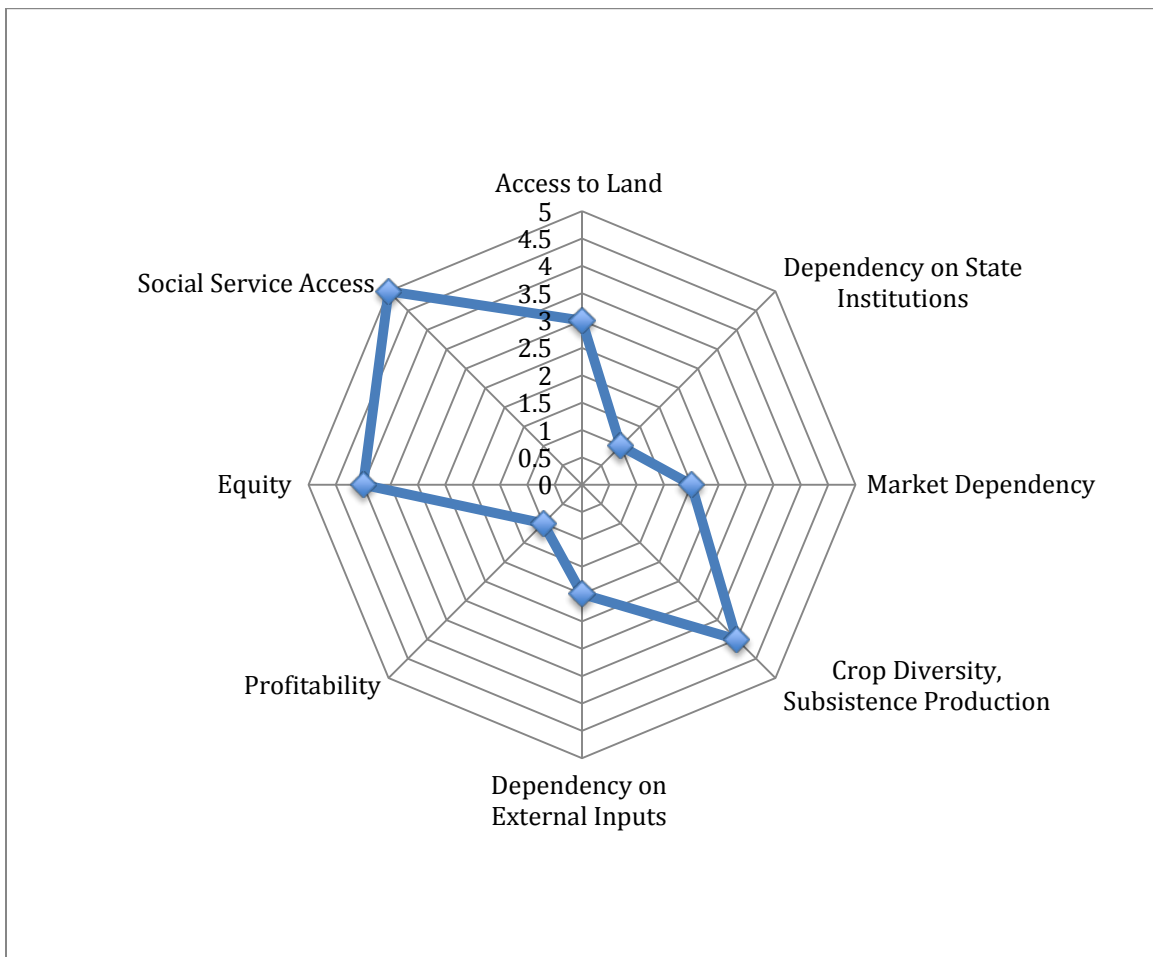


Figure 30: Assessment of Venezuela's agrarian reform.

Conclusions

The above assessment shows that despite gains in certain aspects of the peasant sector government policy has presented significant difficulties in the facilitation of the formation of an autonomous and sustainable peasant sector. The agrarian reform sector, thus, remains highly vulnerable to stresses. The form of rural development engendered by Chavista-era policy—in terms of raised living standards and access to services—has largely not been coupled with a sustainable transformation of the material relations of production in the peasant sector. The Venezuelan context has produced a form of rural development without rural transformation. This raises significant questions in terms of the capacity of rural sector to absorb potential macroeconomic and policy changes as the Chavista era writ more broadly enters a precarious phase of declining of political power and with low oil prices.

That rural support for the government has not been predicated on a continuous acceleration or depending of the agrarian reform, has contributed to the agrarian reform increasingly functioning as social policy more than productive policy in the countryside. The agrarian reform—coupled with increased delivery of social services in rural areas—functions to legitimize the Chavista government as a champion of the marginalized and as a confronter of old elites, even as *Fundo Zamoranos* and other agrarian reform structures struggle to achieve productive sustainability.

There is a theoretical distinction, however, on the nature of the agrarian reform serving a strong legitimacy function for the state. Albertus (2015a, 2015b) has critiqued the agrarian reform as being a calculated tool of political patronage that shrewdly delivers land to political supporters and then uses the fact that land ultimately remains state property as a form of coercion to ensure electoral support. Albertus shows that in land distribution data from 2007 to 2009, government supporters are more likely to receive land from INTI than government opponents. This dissertation, while acknowledging the importance of the land reform as a legitimacy-building tool for Chavismo, does not share the bluntness of this interpretation.

For one, Albertus categorizes the retention of state ownership of distributed land—beneficiaries cannot sell land obtained through the agrarian reform—as an overt tactic to ensure that beneficiaries vote for Chavismo under a threat of land loss. Yet, while the form of titling for land reform beneficiaries was designed to prohibit the selling of redistributed land—although it could be passed on to descendants—this was a policy strategy to prevent land reconcentration and land speculation by beneficiaries.⁵³ The state retention of technical land ownership also explicitly tied the land to the productivity framework of the Land Law. Given that a

⁵³ Land reconcentration occurred in Venezuela's first agrarian reform as beneficiaries often abandoned or resold parcels of land.

rise of agricultural production was an explicit goal of the state, if land fell out of production the state reserved the right to revoke land rights from beneficiaries. This technocratic logic of land tenure management in the historical context of Venezuela is not acknowledged by Albertus (ibid.).

Secondly, Albertus (2015a) does not control for the government's promotion of cooperative structures in the reform sector. The Land Law gives preference to organized peasants for land redistribution. If it is reasonable to assume that if Chavistas were more likely to participate in Missions and other government programs promoting forms of cooperativism as part and parcel of a socialist revolution, this could also contribute to high rates of land beneficiaries being Chavista. As shown by this study, peasants organized into state sanctioned cooperative forms—either endogenously or by the state—have often had preferential access to resources.

Thirdly, the land reform program is explicitly political in nature. As the agrarian reform functions in the broader framework of endogenous development and 21st century socialism, it is not surprising that it is charged with the politics of its milieu. The land reform program cannot be delinked from the broader ideological/policy focus of the state on addressing historic marginalization of the peasant sector. The entrance of Chavismo in Venezuela corresponded to a context of a highly unequal society amidst a political and economic crisis. A strong legitimating component and anti-elite framing of policy is a necessary reaction to this context in terms of social mobilization. Land reform is never a simple technocratic policy exercise but a process of political will and struggle. One can accept the findings of Albertus (2015a) in terms of the political nature of land redistribution without accepting his unpacked assertion of the program functioning as simplistic electoral coercion.

Finally, Albertus leaves unexamined what forms of agency is held by peasant actors in the land reform system. While some scholarship has suggested that social missions and participatory budgeting structures have established new clientilistic relationships (Hetland, 2014; Penfold-Beccerra, 2007) this has often been a contested process. The agrarian reform is evidence of a complex terrain where peasants have used the openings of Chavista policy to attempt to push reforms into more peasant-friendly directions and have confronted government agrarian institutions responsible for implementation of policy. Peasants have used peasant councils and other state institutions to organize and aid land occupations that other institutions, including INTI, have been reluctant to support. Reform beneficiaries have also employed a number of strategies to maintain a land base given difficulties with profitability and government support. Peasants have relied on solidarity networks with local communities and other land reform settlements, and established alternative marketing channels in attempts to maintain presence on the land despite profitability issues. Peasants have also used political pressure in the form of marches that target agrarian institutions. That is, peasants have confronted the very same government that has framed itself as a champion of the peasant class.

This grassroots pressure on the state is responsible for much of the gains for the peasantry in areas where landowner resistance to the reform has been strong.

Thus, while clientilistic and dependency relationships have been established by the agrarian reform in the rural sector, it is overly simplistic to paint reform beneficiaries as mere government clients that have largely acquiesced to these dependencies. As continued peasant occupation of land has shown, peasants have used the frames of Bolivarian Socialism to push for land claims and government support. As such, many peasants see themselves as foot soldiers in the Chavista revolution and actively seek to align the reality in rural areas to the pro-peasant food sovereignty framework of government policy and rhetoric.

Petro-Socialism and the Construction of Agrarian Reform

The nature of Venezuela's political economy as a petro-state is also critical to an interpretation of the agrarian reform. Venezuela's insertion into the world economy as a primary exporter of oil and its fiscal dependency on the petroleum sector necessitates a prioritization of the maintenance of its primary source of foreign exchange. This implies both a capture of state oil revenues by the oil sector itself in order to reproduce itself, as well as, necessary conciliations with foreign capital.⁵⁴ In terms of agriculture, the historical conditions engendered by oil dependency created a particular agricultural and food context. The general decline of agriculture as an export sector of any consequence established a commercial agriculture sector oriented towards domestic markets and—coupled with the increased importing capacity brought by the flow of petro-dollars into national coffers—a domestic food system highly reliant imports to meet national consumption needs.

The nature of rent distribution from oil revenue flowing to the state shapes state intervention in the economy. Given the role of the Venezuela state as owner or 'landlord' of national oil resources, the primary flows of capital accrue to the state via rent. The state then functions as the primary redistributor of national wealth as it redistributes rent into the domestic economy. In terms of agricultural and food policy in oil states the redistribution of oil rent tends to take particular forms. Chief among these are cheap credit for producers, an overvalued currency to ease purchase of foreign inputs, price controls to stimulate and subsidize domestic consumption, and market protections for national industries (Grinberg, 2008). These policies can also be interpreted as general strategies of oil-states to increase the limited domestic absorption of capital in a petro-economy.

The political nature of the state is also critical to interpret Chavista agrarian policy. As a self-proclaimed socialist state the particular forms of intervention into the economy were also conditioned by the need to politically legitimate the

⁵⁴ In Venezuela, this is especially true in regards to the development of the extra-heavy crude of the Orinoco Belt that represents the future of national oil production.

government's responses to the endemic social marginalization and inequality faced by Venezuela at the end of the 20th century. In the agrarian reform sector, government policy was necessarily framed as a dismantling of agro-elites—*latifundio*—and had a strong focus on the integration of the sector into cooperative and 'socialist' forms of organization promoted by the state. Food production concerns, however, also had a central role in Venezuela's highly polarized political context. With agro-industry in control of key components of the food system, raising food production and control of food network were strategic necessities to keep food availability and price inflation from becoming political weaknesses for the state. Much of the failure of state policy to address material and capital accumulation issues in rural areas grow out of the policy tensions between maintaining agricultural production levels and the focus on the social aspects of reform policies that seek to promote cooperative or state-managed organizational structures linked to broader government development policy.

This thesis has argued that Venezuela, thus, can be understood as a petro-socialist state: petro in the sense that oil rents flowing through the government lend themselves to an interventionist, state-led development model that sees oil rent redistribution directed into the peasant sector, but also in the large-scale, agro-industrial, and commercial spheres; socialist in the sense that legitimation of the government rests on redistribution that fits a discursive frame of pro-poor, anti-neoliberalism, and anti-elitism. The dual nature of the Venezuelan state affects policy possibilities and priorities in rural areas. Policy processes and their complications, therefore, must be understood as reflective of both the contradictions of oil redistribution as well as a state-led project of socialism in a particular historical context.

The primary tension in government policy in the agrarian reform sector was between the social and productive goals of policy. The goals of fashioning a national economic sector that functioned as part of a new 'social economy' blunted the productive goals of the sector. As Purcell (2013) has argued, emphasis on the 'social' aspects of the social economy in Chavista Venezuela fostered productive and profitability shortcomings in the state sector. Government measures to produce a productive base founded on a social economy redirected oil rent to popular sectors yet tended to form and reinforce dependent rather autonomous relationships in the peasant sector.

The lack of sustainability in the peasant sector, however, is not indicative of disingenuous policy ideology or, as Enríquez (2013) has argued, primarily due to brown areas where state policy implementation is incomplete or in hands of opposition faction. The structural tensions between social and productive goals of policy, rather, hold more explanatory power. The agrarian reform was only one component of Chavista agro-food policy. Productive 'failures' in the reform sector could be compensated for by other components of policy. To ensure food availability the government sought to increase control over downstream parts of the food system by implementing price controls on food goods and by nationalizing

distribution outlets. In terms of supply, the state both increased food imports throughout the Chavista period as well as engaged in strategic reconciliation with segments of the commercial sector.⁵⁵ These 'fixes' of the food supply, however, privileged both urban consumers and the commercial agriculture sector over the agrarian reform sector.

State provision of non-agricultural social service provision addressed the sharpest edges of social inequalities in rural areas despite material difficulties in the production systems of peasants. As shown by rural voting patterns, this contributed to a strong base of support in rural areas. Structurally, this softened the imperative of the government to deepen the agrarian reform process. Social programs tied to a discourse of socialism provided for the legitimation of the state as pro-poor, while the need to provide a measure of stability pushed food policy towards maintaining the commercial sector, investment in larger scale projects, and increased food imports. Rural projects such as the agrarian reform and the promotion of agroecology, by comparison, faced a plateauing—or decline—in terms of policy emphasis.

⁵⁵ See chapter 5.

Conclusion

This thesis has explored the evolution of the Venezuelan agrarian reform process as a window into interpreting the possibilities for—and constraints on—land reform and peasant production systems, and also how petro-state dynamics in Venezuela have shaped and limited state mobility in its ‘socialist’ agro-food policy. In order to understand agrarian reform dynamics, I moved beyond the relatively narrow focus on state-peasant dynamics pursued by much of the literature on land reform. My analytical framework incorporated components of the larger food system—specifically the role of commercial agriculture—as well as placed the agro-food system in the context of Venezuela’s petro-state political economy and the government’s strategy of pursuing a mixed economy model.

I have argued that Venezuela can be conceptualized as a petro-socialist state. This is in response to a theoretical question of how to understand the Venezuelan state in the Chavista period. State policy was framed by the Chavista government as a form of 21st century socialism. 21st century socialism has no specific, agreed upon forms, but was posited in Venezuela as democratic, participatory, and—in economic terms—following a flexible mixed economy model where the private sector would continue to play a fundamental role in the economy alongside new state and cooperative forms of economic organization. While the Chávez government eventually proclaimed itself to be socialist in nature, what did this mean in terms of policy dynamics given the state’s explicit mixed economy model, its position of maintaining the oil sector as the base of national development, and the country’s insertion into the world economy as an oil exporter?

In the agricultural sector, the constraints inherent in Venezuela’s petro-socialist model limited the ability of the state, regardless of its intentions, to form and implement policies to undo old elite structures and to support a sustainable and robust peasant sector. The term petro-socialist connotes that, from the beginning of the Chavista period, the shape of socialist reforms were limited and contradictory in nature. The Chavista state is a petro one in that oil development was and is fundamental to the government both as the source of its funding *and* in creating barriers to reform processes. While rhetorically the state aimed to diminish the dependency of the economy on petroleum, the maintenance and expansion of the oil sector—with all its attendant ecological costs—continued to be central to state policymaking. Oil was also at the core of the government’s framing itself as anti-neoliberal and, later, as socialist. The slogan, “PDVSA [the state oil company] now belongs to everyone” illustrates the government’s claim that the recovery of national control over oil resources and the redistribution of oil rents to marginalized sectors of society was the basis for Venezuela’s revolution.

The term petro-socialist indicates that Chavista socialist policies, quite apart from how they might have been intended, were structurally constrained by petro-state dynamics that brought contradictions to their formation and implementation. As outlined in chapter 3, these oil dynamics included constrained forms of government intervention in the economy and limitations on capital accumulation processes that were related to the rentier nature of the state, the continuing large capital needs of the petroleum sector, and historical macroeconomic factors that had marginalized—relative to oil—the industrial and agriculture sectors in the economy. These conditions contributed to the state’s path of a mixed economy as the strategy for creating 21st century socialism.

Venezuela’s mixed economy model established that the commercial sector was never meant to be shut out of development strategies but would continue to be of strategic importance to Venezuela’s new economic landscape. This is true despite the strong anti-neoliberal, anti-elite discourse of the state. This thesis has *not* argued that this is due to a disingenuous nature of the Chavista state or that its policies are nakedly clientilistic, as many critiques of Chavismo have maintained.⁵⁶ Nor have I taken the position common in the (relatively) pro-Chavista literature that attributes challenges to socio-economic reform as primarily emerging from class conflict or the bureaucratic growing pains of a socialist revolution. Rather this thesis demonstrates that constraints on progressive policy-making were structural in nature and—from the beginning—represented potent barriers to reform *regardless* of the political orientation of the state. In this view, in the agrarian realm, the maintenance of commercial agriculture despite increased rhetorical and material support to the peasant sector represents a feature, not a bug, of socio-economic policy.

The Limited Nature of Chavista Agrarian Change: Rural Development Without Rural Transformation

The land reform program has served as a central part of a process of rural development without rural transformation in the Chavista era. Increased social services, land redistribution, and access to state petro-dollars through training programs and other state structures have been sources for important increases in living standards in rural areas. This improvement of material conditions in the countryside has helped to maintain a high level of rural support for Chavismo and supported impressions in peasant areas that the government is attempting to fulfill its pro-poor rhetoric.

The changes engendered by Chavista-era policy, however, have not been coupled with a sustainable transformation of the material relations of production in the peasant sector. While some novel forms of productive and organizational relations have been introduced, the core of commercial agriculture remains intact.

⁵⁶ See chapter 3, page 24.

Moreover the peasant sector is often increasingly dependent on the state—and by extension the flow of oil monies made scarcer by falling prices—in order to reproduce itself. In the agrarian reform sector many cooperatives have confronted low profitability, loss of membership, erratic and inadequate state support and continued dependence on intermediaries.

The Chavista land reform program has largely plateaued as a redistributive process. As discussed in chapter 4 this is in part due to the evolution of Chavista agro-food policy towards a more productionist focus. The agrarian reform process was from the beginning framed as both productionist and social in nature, where land redistribution would both dismantle unequal social relations in the countryside and would transform idle parcels into new, productive peasant farms. Over time, however, the increasing political vulnerability of the ruling party to rapid food price inflation and scarcity of some food products have contributed to policy focus moving towards ensuring the productive capacity of the domestic food production and marketing system rather than on transforming rural power relations and socio-economic structures. While state rhetoric around reforming agriculture and land tenure relationships as part of a socialist revolution have remained largely unaltered, the lack of sustainable production in the reform sector and the government's perception of the deficiencies of cooperative structures have shifted the focus of policy formation and implementation.

This policy trend towards a largely productionist model, where food production concerns capture increasingly large shares of resources and policy attention, have meant that the stated social goals of pro-poor agrarian policy and the transformation of rural productive relations—although still present—are relatively diminished. That is, while political and resource investment in agrarian reform, peasant production, and agroecology programs remain part of the Venezuelan agrarian landscape, state-driven large-scale agriculture projects, green revolution research and development, and policies that bolster commercial agriculture sector are increasingly more central to agriculture policy.

As overall agro-food policy has become more productionist, agrarian reform policy has shifted to serve primarily as social policy. The rhetorical framing of the land reform as confronting and dismantling the structures of power of agrarian elites functions to help legitimate the state as socialist—or at the very least as privileging the poor over economic elites—to both the urban and rural poor who had been marginalized in previous governments. Land redistribution, even in the limited form it has taken in Venezuela, along with new forms and levels of service provision in rural areas have successfully legitimated the Chavista government as pro-peasant even as production and profitability (accumulation) in the reform sector has lagged, and even as the commercial growers that represent regional economic elites have largely maintained their position.

The Structural Constraints of Sowing the Oil: Petro-Socialism and Agriculture

Oil development contributed to a number of 'starting conditions' that hampered the government's land reform and agro-food policies. At the time Chávez took office the agriculture sector had been shaped during 80 years of oil development. Agriculture barely registered in Venezuela's export sector: it represented less than 1% of exports in 2003 (ECLA, 2005, pp. 130, 167) and generated only 4.2% of GDP in 2000 (World Bank, 2015). The country was one of Latin America's most urbanized, with 87.4% of the population living in cities in 2000 (ECLA, 2005, p. 77). Venezuela was highly dependent on food imports to feed this urbanized population, importing around 75% of its food (Wilpert, 2006, p. 262). The country's peasant movement was weak and fractured and often geographically isolated.

Revitalizing agriculture in this context would require moving domestic agriculture from the economic periphery closer to the center of Venezuela's development strategy. Land hunger, rural poverty, and the anti-elite discourse of the Chavista government placed an imperative on the government to address in some way land and social inequality represented by the established agro-food system. Land reform was conceptualized and marketed as part of a strategy to 'sow the oil', produce more food, and diversify the petro-dependent economy, as well as part of an overthrow the exploitative relationships in rural areas.

Yet additional barriers to transformation faced in the peasant sector were linked to the broader political economy of an oil-state. To understand policy processes in agro-food systems it is necessary to place those processes in context with broader state economic and social policy that reflect Venezuela's position as an oil producer. While it was a self-declared socialist state engaged in a project that purported to reverse neoliberal policies and invest in endogenous and sustainable development, the state could not simply withdraw from the context of its function in the global economy as an oil-exporter and the relationships inherent in such a role.

In terms of capital accumulation and political legitimation, oil policy had to balance establishing to the general population that the state was recovering a degree of national sovereignty over its principal resource base and redistributing oil monies to the poor, with maintaining production in—and capital flows to—the petroleum sector. The specific characteristics of Venezuelan crude—and especially of the extra-heavy reserves in the Orinoco oil belt that represent the future of the country's oil production—necessitated the continued involvement of the expertise and capital of international oil companies. In addition, the rewriting of oil policy was entirely consistent with any petro-state seeking to capture more rents from its petroleum sector, whether it is socialist or any other type of state. This is not to say that Venezuela's attempts in the Chavista era seeking more favorable terms in oil exploration, production and other agreements with oil corporations were necessarily insignificant. Rather, such policy moves were limited in nature due to

the particular capital and knowledge requirements that stem from Venezuela's extra-heavy and extra-sour crude.

State policy was necessarily—and from the very beginning of the Chavista era—tensioned between capital accumulation and legitimation goals. This tension is reflected in the state's increasingly implicit—and often explicit—productionist emphasis in agro-food policy the middle and later years of the Chavista period. Perceived failures of production and efficiency in state-promoted cooperative structures spurred government efforts to shift policy emphasis towards promoting forms of co-managed or state-owned enterprises. In these newer structures the state took a more prominent role in management decisions and in ensuring that structures of endogenous development functioned in line with broader state social and economic objectives. State management of enterprises tilted agriculture policy in the state sector towards augmenting production levels of foodstuffs. Increasing scarcity of certain food items and long lines at supermarkets forming to purchase price-controlled goods reinforced the government's vulnerability to food production issues. This pushed the state to widen the number of crops regulated by price controls, to continue to increase food imports to cover shortfalls in domestic production, and to increase investment in all sectors of agriculture—not just the smallholder sector.

Productionism and the Continued Dominance of Commercial Agriculture

Although there exists a perception of a generally combative relationship between commercial agriculture and the Chavista state—especially due to political conflict over the agrarian reform program—much of state agricultural policy contributes to maintaining the viability of many commercial agriculture operations and, thus, reinforces their local dominant economic position. The productionist tilt to policy reinforced the dominant position of much of the commercial agriculture sector despite continued government rhetoric about both privileging smallholders in receiving state investment and the elimination of Venezuela's *latifundio* as part and parcel of the agrarian component of the socialist process.

Far from being eliminated in favor of small-scale farmers, the commercial sector has continued to play a central role in the Chavista agro-food system. The commercial agricultural sector producing grain, oilseeds and other agro-industrial crops has been largely immune to major redistributive pressures from the agrarian reform. Despite being squeezed by some price controls, the commercial sector has been able to capture a large share of beneficial state agricultural policies. Government requirements for banks to deliver cheap credit to the agriculture sector, for example, has provided large growers with steady inflows of capital. This has allowed the commercial sector to reproduce itself even in a context of low prices.

Commercial agriculture's continued centrality in the agro-food system reflects how petro-state dynamics can limit the reach of agrarian reform processes,

even when increased support is directed to the smallholder sector. As landlord of the country's oil deposits, the Venezuela state continues to be strongly rentier in that its primary accumulation process that delivers funds into state coffers is from rents gained from granting access to its petroleum resources. Development in other sectors is based on the redistribution of oil rents into the economy through investment in social services or other sectors of the economy. The redistribution of state funds in rentier states oriented towards supporting domestic economic sectors tends to take the forms of cheap credit, subsidized inputs, an overvalued currency to facilitate the importation of industrial inputs, and price controls to stimulate domestic consumption of goods (Grinberg, 2008).

These types of policies have been central to the Chavista state's attempts to stimulate the agrarian sector. The capture of rent from such policies allows the commercial agriculture sector to compete in domestic markets and reproduce itself even as policies purport to support the smallholder sector. These and other forms of rent redistribution also provide for reproduction in the peasant sector. Yet this reproduction is largely decoupled from smallholders' productivity in food production or market profitability terms. That is, government policies help to keep the peasant sector afloat—for political or other reasons—even if under new policies the sector does not produce enough to be profitable. The lack of production from the smallholder sector incentivizes the state to provide for the reproduction of certain sectors of commercial agriculture even if they are aligned with the political opposition.

This policy context has created a type of feedback loop. The state's need to maintain commercial agriculture limits the reach of the redistributive components of the land reform process, which in turn—by limiting the scope and quality of land available to smallholders—constrains the ability of the peasant sector to increase production, which reinforces the state's need to support the commercial sector.

The reproduction of the commercial sector can reinforce historic unequal agrarian socio-economic relations established in earlier eras and undermines the breaking of landlord power. Yet support for Chavismo in the countryside has remained high, indicating that the limited nature of the agrarian reform has not seriously undermined the state's ability to legitimate itself in rural areas. How has a limited agrarian reform contributed to the maintenance of political support in rural areas? In terms of land redistribution the state has redistributed public land, compromised with agricultural interests to acquire portions of estates while leaving the commercial core intact, and advanced expropriation in areas on the periphery of the domestic agro-industrial food system. While none of these land redistribution mechanisms seriously challenge the position of commercial elites, they nonetheless have allowed for the landless to receive land.

This distribution of land to peasants has both important political legitimation and capital accumulation dimensions. Politically, for beneficiaries of land redistribution, the mere fact of receiving land was central to impressions that the

state supported peasant interests over those of the elite. Materially, obtaining land through the reform also opened avenues to receiving further state support, including credit, housing, vocational training, etc. Combined with government spending in the rural areas on non-agriculture related social programs, the Chavista state delivered positive changes in rural living conditions. These important political and material changes contributed to continued high levels of rural support for the government even in the context of limited land redistribution.

Policy Impacts on the Peasant Sector

Many peasant producers, however, face the prospect of diminishing autonomy over cropping and management decisions even as they potentially receive more state resources and gain new avenues for participation in political decision-making. In the reform sector, state policy has gradually focused on increasing state management of peasant cooperatives and integrating rural production into larger economic and political networks and strategies. New state-managed entities such as PDVSA Agrícola and co-management structures such as Social Production Enterprises reserve more decision-making power in farm operation for state officials and have—in some cases—transformed rural residents into wage laborers. Subsidized credit distribution and other state support for agriculture have incentivized peasant producers to make production decisions in line with state policy objectives or else face limited access to resources. Deficiencies in state support to peasant producers from pre-production to marketing phases of the production process have hindered profitability and deepened dependency on state subsidies for reproduction in the reform sector.

Peasants have used the discursive frames of the Chavista government of socialist development, participatory democracy and food sovereignty to contest shortcomings in agrarian reform policy formation and implementation. Through land occupations, political protests and participation in decision-making structures, peasants have pushed to deepen the nature of land redistribution and to increase the flow of state resources into small-scale production systems. My fieldwork indicates that peasants as a whole are highly critical of Venezuela's oil dependency, the operation of government institutions and corruption, and landowner influence in the agrarian reform process. Despite supporting the Chavista government, land reform recipients, by and large, do not function as mere captured clients of the government. While peasants have generally supported the Chavista government, they have moved strategically within the system and pushed back against state institutions and landed elites in efforts to force the implementation of the agrarian reform closer to its stated principles.

Unresolved: Food and Land Questions After 15 Years of Chavismo

Issues of agricultural production, food imports, and land distribution have been central to policy in Venezuela throughout the Chavista period. The increase of scarcity of certain food products combined with the continued drop in the price of oil and eroding electoral support for the Chavista party in the later years of the period have only sharpened questions around the future of agro-food policy and the agrarian reform process going forward.

As this dissertation was being completed the political opposition won National Assembly elections in December 2015, giving the opposition a majority in the legislature after over a decade of Chavista control. Agro-food policy was at the forefront of their economic policy. Soon after taking power of the National Assembly, opposition legislators announced the opening of an investigation into government interventions in the agro-food sector to compare production levels of farms and agro-industrial enterprises before and after government expropriations (Koerner, 2016).

Just days before, the outgoing Chavista legislature passed a new seed law that banned GMO seeds and redeclared support for small farmers and agroecological production (Camacaro, Schiavoni, & Mills, 2016). The newly-named Chavista Minister of Land and Agricultural Production (*Ministro de Producción Agrícola y Tierra*) announced plans in 2016 to redouble state efforts to augment domestic agricultural production in the country that included increased financing to smallholders, accelerating urban agriculture projects and the planting of 50,000 ha of soy (Rojas, 2016).

These recent events underscore the continued tension in Venezuela between food provisioning, political considerations, and agro-food policy over fifteen years on into the Chavista era. Structural constraints have limited the policy maneuverability of the Chavista government and produced contradictions in the agrarian sector. The maintenance of this contradictory system has been reliant on relatively high oil prices. As oil prices continue to remain quite low at time of writing—\$24 a barrel in Jan 2016, the lowest in 12 years (“Venezuela Oil Price Hits 12-Year Low,” 2016)—the ability of the Chavista government to maintain the system becomes increasingly stressed. Declining oil revenue have contributed to macro-economic pressures on the state that—according to some reports—were leading the government to reduce dollar allocation for food purchases in favor of ensuring its ability to service its debt (Chinae & Pons, 2015).

The state has not deepened or radicalized the land reform in the Maduro era, and it seems increasingly unlikely that the government will move in that direction despite continuing socialist discourse and the appointment of some leftist ministers. The above remarks by the new agricultural minister on the increase of state support to smallholders is more positive than negative from the peasant perspective, but is consistent with previous government announcements and plans. His announcement

calling for the planting of 50,000 hectares of soybeans was not specific but indicates a continuation of the state's emphasis on production goals, state management of cropping decisions, and larger-scale production schemes. So far this policy emphasis has helped to keep the redistributive and transformative promises of the agrarian reform on the periphery of the agro-food system.

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