Como campesinos comuneros se convierten en dueños de tierras de exlatifundio: el caso del fundo puerto oscuro en el semiárido Norte Chico de Chile

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Resumen

Los procesos de reforma agraria (1965-1973) y de “contra reforma” (1973-1981) de la dictadura de PINOCHET tuvieron consecuencias imprevistas sobre la estructura predominantemente bimodal de tenencia de la tierra del semiárido Norte Chico de Chile.

Creando una fórmula legal cuyo central elemento consiste en la indivisibilidad de la tierra como forma de manejo de este recurso natural, mediante las sociedades de secano, el estado juega un rol central en la nueva estructura agraria local, confirmando así la importancia del medio ambiente geográfico en la conformación de un tipo nuevo de propiedad, misma que guarda similitud con la propiedad comunal de la tierra que históricamente se ha desarrollado en el Norte Chico de Chile. Es bajo PINOCHET que esta forma de propiedad se hace extensiva a extierras de latifundio, reforzando paradójicamente así, dentro de un contexto neo-liberal de privatizaciones, indirectamente la institución de los comunes.

Palabras clave: institución de los comunes, latifundios o haciendas, asentamientos, comunidades agrícolas, reforma agraria, sociedades de secano, Chile

Abstract

The processes of agrarian reform (1965-1973) and Pinochet’s “counter-reform” (1973-1981) had some unintended consequences upon the predominantly bi-modal land tenure structure of Chile’s semi-arid Norte Chico.

Creating a special decree, whose central element is the permanent indivisibility of the land as a natural resource management, through the dry-land societies, the state plays a central role in a new evolving local agrarian structure, confirming indirectly the importance of the geographical environment upon the new type of property that reminds of the communal land ownership form that historically have developed in Norte Chico. It is under Pinochet that this form is extended to embrace former latifundia, reinforcing paradoxically the institution of the commons within a neo-liberal privatization context.

Key words: institution of the commons, landed estates, settlements, agricultural communities, agrarian reform, dry-land societies, Chile

Résumé


Créant une formule légale, dont l’élément central réside dans l’indivisibilité de la terre, en tant que forme d’utilisation de cette ressource naturelle, à travers des sociétés de terre non irriguée, l’Etat joue un rôle central dans la nouvelle structure agraire locale, confirmant ainsi l’importance du milieu géographique naturel dans la conformation d’un nouveau type de propriété, de la même façon qu’elle garde une similitude avec la propriété commune de la terre qui s’est déroulée historiquement dans le Chico Nord du Chili. C’est sous Pinochet que cette forme de propriété s’étend à d’ex terres de grandes propriétés, renforçant ainsi, indirectement et de façon paradoxale, dans un contexte de privatisations néo-libérales, l’institution des communes.

Mots-clés: institutions des communes, grandes propriétés ou “haciendas”, implantations, communautés agricoles, réforme agraire, sociétés de terre non irriguée, Chili.
Introduction

This article examines some unintended consequences that both the macrostructural processes of agrarian reform and Pinochets “counter-reform” had upon part of the agrarian structure of Chile’s semi-arid Norte Chico (IV Region) through the case of the landed estate (fundo) Puerto Oscuro (or Society Pereira, Cortés, Brito & Ltd. Co.) in the Canela commune, Choapa Province.

My study shows that the restructuring of the property of the asentamientos (peasant cooperatives or settlements) —former latifundia land— that under the military dictatorship became dry-land societies (sociedades de secano), mean that not all land passed to well-off people. In some cases even the local peasantry managed, thanks the public auctions allowed by the Decree Law 2.247 of 1978 (CONAF, 2002, Corporación Nacional Forestal), get part of this land. In the Canela commune at least the landed states Puerto Oscuro and El Totoral, consisting of approximately 18,000 ha, are dry-land societies, and as an organizational form, they came about after 1973 with the establishment of Pinochet’s regime, being today in possession of commoners and former inquilinos (peonage) of the latifundium.

This phenomenon is quite unique not only because former latifundia land ended in commoners’ hand, but also because in spite of the adverse conditions of a neo-liberal agrarian policy that lead many peasants to lose their land, in the examined

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1 I will be mostly referring to Norte Chico as this region is known historically.

2 Although the property continued to be known as Puerto Oscuro, its legal name after this purchase became the Society Pereira, Cortés, Brito and Co. Ltd. I will alternate between the terms society and fundo to refer to the property.

3 The Agrarian Reform Law 16.640 stipulated that the settlements (asentamientos) would last only three years, at the utmost five (Gómez et al., 1981, 461). For cora (Agrarian Reform Corporation), the settlements corresponded to a transitional stage in which the state gave initial support to the peasants with the aim of getting them to start to work for themselves (Gómez, 1981, 74), either under individual, cooperative or mixed ownership, although Allende favoured the formation of large state enterprises (Jarvis, 1985, 9).

4 The concepts of latifundium, hacienda or fundo are commonly used in Chile indistinctly to denote a large landed estate. The concept of minifundium refers to small landed estates.
example, through collective action, the peasants succeed as well to keep it. This way, this case belongs to the more scarce examples where the peasant could hold the land. However, it is not possible to generalize from this particular case because there is still a lack of knowledge regarding the fate of the dry-land societies after they were created. With this paper I hope to contribute to the knowledge about this novel common land tenure form that came about in the middle of the establishment of a privatising neo-liberalism in Chile, highlighting what I see as a paradox. It is important however to emphasize an aspect that might mark the difference with other similar cases. Being the majority of the members of the society commoners, their concrete collective action, i.e., the long process of buying the fundo and keeping it, and to which this paper refers has, in my view, precedence in the institution of the commons; itself a long rooted tradition of collective action.

1. Structural processes and local contexts

Agrarian reforms are wide national legal mechanism, but these mechanisms always work in context–specific spaces, giving different outcomes depending on the way the existing stakeholders use the legal framework so as to best serve their interests. Identifying concrete peasants groups and their own agendas and contingencies will allow to understand that the general restructuring processes had consequences perhaps not contemplated beforehand by the laws backing them, allowing part of the peasantry to move forward their positions and take advantage of the generality of the laws using them in their own struggle to get either recognition for their land ownership or to get access to land.

Both processes, i.e., regional recognition of the agricultural communities and local the passing on of former latifundia land to mainly commoners are indirect results of the structural changes initiated by the agrarian reform in Chile as from the 1960s. In different ways and levels, the state plays a central role in both processes (GALLARDO, 2002). Before the agrarian reform, the lands of the large landed states were principally the monopoly of private landowners. During the agrarian reform, the commoners of the communities of Region IV remained excluded from this process as the agrarian reform aimed to distribute the expropriated land to the landless, especially to the inquilinos of the expropriated fundos. With the activation of land market under Pinochet the commoners of the communities

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5 This ‘new’ legal form of ownership, the dry-lands societies (RIVERA, 1988(a), 227), organised as limited societies in fact, is not new as a legal form. The novelty lies in the fundos being organised as land held in common.

6 I will refer to the legalization of the communal land property of the regions almost 200 agricultural communities only when the issue of the paper demands it.
had for first time the possibility to obtain more land; not because the government wanted to benefit the commoners specifically, but as an unintended result of the applied neo-liberal agrarian policy. A considerable part of the referred regional and local processes took place after 1973. It is against this particular background that not only the recognition of the commons of the communities is paradoxical, but also that it is under Pinochet’s administration that a new formula through a decree law is created in order to embrace former latifundia land under what I perceive as a sort of common property.

The agrarian land structure of the Canela commune inherited from the colonial period was up to the agrarian reform of the 1960’s characterized by a predominantly bi-modal land tenure structure composed by the private property of the latifundia, and by the commons of the agricultural communities. The commons that developed from the 1700s alongside the latifundium, became a hybrid, belonging to neither latifundium nor minifundium, but a form of its own (GALLARDO, 2002)7. The widespread existence of the institutions of the commons, in Chile’s Norte Chico makes this region’s land tenure structure peculiar within the national and Latin American context. Self-governing, self-organized and long-enduring Common Pool Resource Institutions ¾as probably E. OSTROM (1999) would call them¾ are to be found in 14 of the 15 communes of the Norte Chico. The estimated 200 communities occupy 25% of the region’s land area (approx. 1 million ha)8. Characteristic of the communities is their poverty, this region being one of the poorest in the country. Today, after all the structural changes, land tenure structure in the commune is still bi-modal, but now the fundos ¾inhabiters of the old

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7 The communities’ land tenure system consist principally of four different productive spheres (hijuelas, “lluvias”, posesiones and common land), which may together consist of one united physical whole, but can also be distributed in different areas. The hijuelas (singular or individual enjoyments or fruition), are the permanent semi-private exploitation plots that gives the status of commoner to its owner, giving him/her the right to use the common land. Agricultural production carried out on the hijuelas is meant mainly for household consumption and consists of horticulture. The “lluvias” (hilly rain-fed land plots) is the temporal land given by the community. Its agricultural production is intended mainly for subsistence. The posesiones (possessions) refer to a piece of land given by the community and meant for the construction of houses, corrals, and also for cultivation of vegetables and flowers in the orchards. The common land corresponds to the undivided property of all the commoners, being the most defining feature of the communities and what converts them into such. The common land, predominantly hills, is used primarily as pasture grounds for goats, as a source of firewood, hunting (hares), medicinal herbs, materials for construction and for fences (cactus and/or stones). As many other examples of the institutions of the commons, regarding exploitation or production, the activities carried out by the commoners on the communal land are completely individual, as it is on the hijuelas, “lluvias” and posesiones. So what is communal is not the production system but the property of the land resource.

8 In 1992, 169 communities had a number of 14,884 registered commoners and a probable population of 100,000 people (CIPRES, 1992, 2, 15-16).
traditional *latifundia* have substituted the large landed estates\(^9\), giving place to a larger number of medium sized units, some of which are now in hands of new owners organized as dry-land societies. The agrarian reform, different to what it was in other parts of Chile or Latin America, did not have in the commune, as an unwanted result, an expansion of the *minifundium*, but to that of middle sized properties. I will suggest that this is so due to the commune’s peculiar land tenure structure, dominated on one side, by the *latifundia*, and on the other side, by the institution of the commons; a social structure that is embedded in a geographical configuration consisting of semi-arid and semi-mountainous land.

2. **A common background: the agrarian reform and the post agrarian reform processes**

The Chilean agrarian reform process extended through three different governments, until Pinochet’s coup d’État in 1973, when a new agrarian policy started\(^{10}\) - Until 1929 the landowner’s class controlled 80% of the agricultural land in the central zone - the richest for agricultural use. Before the first agrarian reform process began, approximately 5,000 *haciendas* or *latifundia*, held about 56% of Chile’s agricultural land (Rivera, 1988(a), 66)\(^11\).

Between 1965 and 1973, half of the agricultural land of the country was expropriated by CORA, out of a total of 21 million ha. In this process all the *haciendas* were affected (Rivera, 1988(a), 66; Rivera, 1988(b), 86). The agrarian reform came to change the panorama of Chilean agriculture, destroying the social institution of the *latifundium*, as well as the system of *inquilinaje* (peonage) on which the *latifundium* was based, creating in this way the bases for a modernization of a capitalist agriculture based in its turn on a “free” labour force. However, the

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\(^9\) For effects of the agrarian reform, a *latifundium* was defined as all those landed properties bigger than 80 HRB (hectáreas de riego básico/basic irrigated hectares) (Silva, 1987, 336).

\(^{10}\) Silva (1987, 188-189) questions the appropriateness of the counter-reform concept to define the military government’s agrarian policy, meaning that this concept would stand for a process of going back to a pre-agrarian reform situation, i.e., back to the traditional *latifundium* system, which is not the case.

\(^{11}\) It is within this context that the changes begun during the rightist, liberal president Alessandri (1958-1964), with the 1962 Law 15,020 of agrarian reform. The law intended to eliminate the *hacienda’s* inefficient system, perceived as an obstacle for the modernisation of agriculture. However, it is in 1965, during the government of the Christian Democrat Frei (1964-1970) that the process of agrarian reform starts. In 1967, Frei went beyond the first law, passing a new one (Law 16.604). As a consequence of this the agrarian reform deepened, but it was with the socialistic government of Allende’s Unidad Popular (1970-1973) that it became more intensified (Rivera, 1988(a), 13-14; Jarvis, 1985, 7-8).
The objective of the agrarian reform was not the elimination of the *latifundium* in itself, but rather the distribution of its land\(^\text{12}\).

The arrival of Pinochet’s government with his neo-liberal project based on the concept of social market economy changes the trends of the preceding governments, reversing part of the previous process. The roughly 10 million ha of land expropriated during the agrarian reform were after 1973 affected by the government of Pinochet through different mechanisms. Firstly, the old landowners got back 2,991.174 ha (Rivera, 1988(a), 66-67, 228; Silva, 1987, 165), or 3.806 of the 5.809 expropriated estates (Silva, 1987, 167-168)\(^\text{13}\). Secondly are the losers of the whole process \(^\text{\frac{3}{4}}\)the peasants who during the agrarian reform got land via *asentamientos*\(^\text{\frac{3}{4}}\) those who got assigned 2,887.006 ha (Rivera, 1988(a), 66-67, 228; Silva, 1987, 165), through individual and other types of plot assignations\(^\text{14}\). According to Silva (1987, 178), 50% of the total of applying *asentados* did not get any land. Thirdly, via auction, 4,019.188 ha were transferred to third persons and public institutions (Rivera, 1988(a), 66-67), composing the land that was either given back to the old owners or assigned to the peasantry. Dealing with this part, the estimations regarding the amount of land varies depending on the author\(^\text{15}\).

However, it is via the last redistribution (auctions) of land that in the Canela commune former hacienda land will pass to peasant and commoners hands in the form of dry-land societies\(^\text{16}\), as it was with Puerto Oscuro and El Totoral. The

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\(^{12}\) The agrarian reform’s objective was not either to create the *minifundium*, and a part of it, both in Chile and Latin America, is the not anticipated result of these reform processes (Stavenhagen, 1979: 267-268). It was rather the bi-modal *latifundium-minifundium* agrarian structure that was inefficient; the middle farms were rather limited (Kay, 2000, 127).

\(^{13}\) This process was conceived by the military regime as land regularization or correction of juridical irregularities performed under the agrarian reform period, especially that of Allende.

\(^{14}\) Via this mechanism, the military regime saw itself accomplishing the “real” objective of the agrarian reform, which was to give the land to the peasantry in private ownership instead of through cooperatives or other collective solutions as the former governments tried to implement.

\(^{15}\) According to Silva (1987, 179) this part corresponded to not more than 2 million ha or 20% of the total expropriated land and consisted of coastal dry-land and pre-mountain land. It is not possible here either to compare or figure out where from the 2 other million mentioned by Rivera comes from within this third mechanism (Silva counts mostly in basic irrigated ha (HRB) and Rivera in absolute ha). Silva mentions however that the Chilean state had up to 1973 another 5 million of ha which were also passed to the private sector. They belonged, among others, to Conaf and Ministerio de Tierras y Colonización. According to Jarvis (1985, 11), the expropriated land that was auctioned was 5% of the total, corresponding approximately to half million ha. He also points that this land was semi-arid and therefore not aimed to be subdivided and given to individual farmers, as it should be aimed for livestock and forestation.

\(^{16}\) Although it was Conaf who auctioned the land, leading perhaps to think that it was state owned land not coming from the expropriated sector, both fundos Puerto Oscuro and El Totoral were expropriated during Allende. Both fundos belonged to that expropriated land that Corona passed to.
referred Decree Law 2.247 considered that the land of these *asentamientos* should be sold in first instance to the resident *asentados* for the formation of societies, “those who will be integrated *exclusively by asentados*” (Diario ... 1978, pp. 1; my emphasis). If the *asentados* were not able to acquire the land, it could be auctioned.

While El Totoral was bought by ten former *asentados* together with four commoners of the agricultural community Canela Baja, Puerto Oscuro was bought by seventy-seven commoners and nine *asentados* (GALLARDO, 2002). This should mean that both *fundos* were auctioned as these buying societies also consisted of commoners and not exclusively of *asentados*. However, the difference between selling the *fundos* to former *asentados* or to sell them to other interested parties through auctions to conform shareholder societies seems not to make a big difference regarding the organizational structure. The central point seems to be the question of the *indivision of the land as a permanent land management solution*. The state, though a decree law, creates a formula for keeping the semi-arid land undivided; a formula that in that aspect resembles of the historical communal land ownership of the neighbouring communities17. This will support, also in the case of the new *fundos*, the hypothesis about the importance of the geographical environment upon the form of communal land ownership that has historically developed in this Region (GALLARDO, 2002), and that at the end of the 1970, the state applies as a land management system to the *fundos*, thus enlarging indirectly the importance of the form. Commonality appears here as the best management solution for the resource, i.e., as a way of avoiding the *fundo* falling apart into individual small properties. The non-division of these semi-arid properties, being not apt for agriculture in individual plots and therefore aimed at livestock and forestation under the form of societies is thus a formula considered by the state itself through the referred decree (D.L. 2.247).

The decree says specifically that CORA “still keeps in its dominion expropriated lands those who due to its *special characteristics and conditions require the dictation of legal norms* that allow their transference...” (Diario... 1978, 1; my

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17 If the management formula for the *fundos* is basically not very different to the one under which the agricultural communities are run, the origin of it is different. While the formula in the case of the communities is a product of a long historical and spontaneous development process where the social agents have during centuries interplayed with the natural environment, for the *fundos* the formula is prescribed by the state itself through a law. This took place within a framework where at the same time capitalist relations of production in agriculture experienced a strong push forward. It was against this background that I have suggested that the new organizational form in Chile is paradoxical.
emphasised). Since the commune of Canela, as it is with Region IV in general, is constituted by the types of land described in the law, this explains, as suggested, not only the development of the commons of the agricultural communities in this region (GALLARDO, 2002), but also the non-consolidation of the minifundium that otherwise would have been the result if the expropriated land was “susceptible of constituting agricultural family units” (Diario ...1978, 1, my emphasis). However, this should not imply that the units couldn’t be subdivided in few minor units, if necessary. What is excluded is the subdivision of the land into individual family exploitations, i.e., the land have to be held by its owners in common.

Relevant are also as background within the national context, before PINOCHET, the implementation of several connected laws passed during the process of agrarian reform to pave the way to modern agriculture. These laws would mark the beginning of the recognition of the democratic rights of the peasantry, assuring them of some basic rights such as the right to build cooperatives, access to land property to those who work it, the right to unionise and strike and the elemental right to vote for illiterates. Several of the mentioned laws came to strengthen the local peasantry and the commoners, especially under Allende’s government.

In their historical process from the 1700s forward, the communities have strengthened their own capacity and local identity, side by side, and many times in struggle with the latifundium. Thus, the hunger for land and water and the subsequent conflicts and hostility between latifundistas and commoners has always been present in the region. Due to the new power relations in the rural areas during Allende’s government, a radicalisation of the agrarian reform led to a devolution of land by several hacienda landowners to the community Canela Baja, that had been claiming part of the haciendas as community land. That is how in connection with the indemnification of the community in 1974, the neighbouring fundos El Totoral and Las Palmas, either due to good will or fearing a potential expropriation, gave back approx. 2,500-3,000 ha (including the transference of three peasants who lived there), and approx. 200 ha (including 25 peasants living there), respectively. However, these devolutions did not prevent some of the fundos in the commune from being expropriated during Allende’s administration (GALLARDO, 2002), as it happened to the fundos El Totoral, Las Palmas and Puerto Oscuro.

In a different front, but still in connection with the agrarian reform, the law that allowed the indemnification of the agricultural communities (Decree Law 5, 1967), although imperfect and paternalistic, slowly came to reassure the existence of their communal land ownership, and in doing so, reaffirmed perhaps unintentionally, the

18 The named characteristics and conditions refers to three cases: a) dry land, b) land with limitations, and c) land that either show the features described in a) or b).
commons within a context acknowledged as an accelerated advance of capitalist agriculture, and where private property had established as the unquestioned form of property. The return to the democratic system in the country in 1990 meant for the agricultural communities in 1993 a new re-modification of their special law (Decree law 19.233). The recognition of the communities is thus the consequence ¾unintended or intended¾ of several processes where the agrarian reform and post agrarian reform served as the national framework where the peasantry locally could fruitfully nestle their own demands. It is under these circumstances that the commoners will undertake new compromises resulting with the fundo Puerto Oscuro’s passing mainly to commoners, illustrating a local expression that the macro processes had in ‘marginal’ contexts.

3. Historical retrospective of the fundo

Together with the fundos El Totoral and Las Palmas, Puerto Oscuro is the result of the hereditary subdivision of the hacienda El Totoral, at the end of the 1800. These correspond today to seven landed properties: the fundos El Totoral, Las Palmas, Las Palmeras, La Alcaparra, Puerto Oscuro, and the reserves EL Totoral and Puerto Oscuro. With the exception of the reserves that went back to the former owners under Pinochet, the rest of the fundos are presently organized legally as societies (SII, 1995). A clear watershed in the history of the hacienda El Totoral and the three fundos that resulted from its subdivision is the agrarian reform of Allende’s administration. Like the fundos El Totoral and Las Palmas, Puerto Oscuro was expropriated in 1972 under the Allende government, for reason established in the 3rd Article of the law 16,640 of the Agrarian Reform, which dealt with estates that were badly run (CORA, 1972). While Las Palmas was during Pinochet integrally given back to the old owner, the former owners of El Totoral and Puerto Oscuro only got reserves.

According to the deceased Collao (1988), a former inquilino of the fundo Puerto Oscuro, by the time of the expropriation there were around 15 inquilinos that together with their families made up more than 40 people living on the fundo. In 1974, during the Pinochet government, the Echavarría E. heirs of the Puerto Oscuro fundo before its expropriation, requested CORA to exclude a part of the fundo from expropriation. The same year CORA approved the petition and returned to the Echavarría’s a reserve of approx. 2,700 ha, including 33,52 HRB, located along the coast, west of the Panamerican Highway. Once the reserve Puerto Oscuro was returned to the Echavarría’s, the part of the fundo that remained under the CORA control was, depending on the source consulted, between 10,800-12,000 ha with 146,72 HRB. According to Collao, this part functioned between 1972 and 1978 as an asentamiento (settlement or cooperative), being both the property of CORA and of a society consisting of 19 former inquilinos. Of these, nine were former
inquilinos of the fundo El Totoral (also expropriated in 1972), and the other from the fundo Puerto Oscuro. The asentamiento, however, lasted only until 1978 when under Pinochet CORA transferred the fundo to CONAF. As a result, the livestock of the asentamiento was sold and the money distributed among the former co-partners of the asentamiento.

4. The progression of Puerto Oscuro to commoners

In 1979, a year later after CORA passed the fundo to CONAF, this entity auctioned Puerto Oscuro. The fundo was then acquired by a group of 86 members; a majority of them commoners from the agricultural community Canela Baja, and nine ex-inquilinos of the expropriated fundo (COLLAO, 1988). The idea of buying the fundo among the commoners has its background in two fundamental points of dispute that have always been present between the fundos and the agricultural communities; those of land and it borders and water.¹⁹ For the commoners, and as CAÑÓN has also claimed, what traditionally marks the boundary between two rural properties are the water streams from the highest summits, also the quebrada. As evidence of this tradition and definition before the society bought Puerto Oscuro, the agricultural community Canela Baja thus tried to recover part of the land belonging to Puerto Oscuro, between 1970-1974 at the same time as the ownership title of the agricultural community Canela Baja was being indemnified. The commoners tried to ensure that Puerto Oscuro, as the fundos El Totoral and Las Palmas did, gave back the waterfalls by altering the boundaries from west to east from the highest mountaintops to the riverbed of La Canela (CAÑÓN, 1964, 34).

One of the owners of the fundo up to the time of the expropriation, J. A. ECHAVARRÍA, was apparently negotiating to give back this part of the fundo, but an agreement was not reached. The coup of 1973 interrupted the negotiations and brutally changed the political panorama of the country. In any case, according to the commoners, ECHAVARRÍA was showing good will (MONToya, 1993). Since they could not get the part of Puerto Oscuro that the commoners considered belonged to the community by negotiations, the last option was under the reigning circumstances after the coup of 1973, to buy it (MUÑOZ, 1988). What was the reason for the 19 resident asentados not to buy the fundo when Law Decree 2.247 established that the land in preference should be sold to the resident asentados, is

¹⁹ The uncertainty concerning the boundaries between the communities and fundos in the area can be traced back to the 1700s (see the mentioned devolutions of lands to the community from page 7). CAÑÓN (1964, 34) argues that since the boundaries between El Totoral and La Canela were never exactly established, at the beginning of 1900s, the three fundos (El Totoral, Las Palmas and Puerto Oscuro) that came from the hacienda El Totoral, went from the highest summits to the edges of the river, which comprise the present-day boundary. CAÑÓN also affirmed that the natural boundary would be the highest mountaintops, and not to the edge of the river.
something that remains to be found\textsuperscript{20}. Whatever the reason was, this situation came to favour the commoners interested in buying the fundo. Nonetheless, the original idea was a collective desire of obtaining back a land that the commoners traditionally have regarded as belonging to the agricultural community Canela Baja.

The sale of the fundo by CONAF in 1979 offered the commoners, the possibility to buy what was left of the fundo. This was done by those who managed to get organised, who believed it to be a good idea and who also had the economic means to buy the required minimum of two shares. The seventy-seven commoners and the nine former inquilinos of the fundo were awarded the property for the sum of 10,600,000 Chilean pesos\textsuperscript{21}, to be paid in an equivalent to 16,554 Unidades de Fomento (UF)\textsuperscript{22} at 640 pesos per UF (Fórmula … 1985). The members paid then one tenth of the price in cash, the remainder being mortgaged with CONAF, which had acquired the fundo from CORA for 213 thousand pesos in 1978\textsuperscript{23} (the equivalent of 442 UF at 481 pesos per UF). CONAF sold the fundo one year later at a much higher price than it had paid, and the shares, which reached in total 280, were distributed individually at the time of sale in accordance with the economic capacity of each member.

The members of the fundo decreased from 86 in 1979 to 61 in 1989. Various members were not able to afford the payments in UF of their respective shares. The value of the UF, which increases daily, had risen from 640 pesos in 1979 to 6,427 pesos on 9 October 1990\textsuperscript{24}, an increase of 904\% in 11 years (see footnote 22), leading to a final price of over 60 million pesos\textsuperscript{25}, for the fundo, when they bought it for 10.6 million pesos. The 48 shares of the 25 members, who had withdrawn, had

\textsuperscript{20} It might have been as simple as the impossibility to meet the financial conditions. It is know, on the other hand, that after the coup d’État many asentados left the asentamientos fearing political repression (See Silva, 1987, 172).

\textsuperscript{21} In 1979 the value of the Chilean currency was 37,25 pesos per US$ (average nominal dollar, which is valid for all the other conversions to be made forward). The 29 of June, 1979, the Banco Central de Chile (BCCH) decided to fix the value of the Chilean peso to 39 pesos per US$, a measure that was valid until 15 of July 1982. Since then the value of the US$ have increased almost constantly (<bcch@bcentral.cl> Mon, 16 Feb. 2004 13:26:18 –0400).

\textsuperscript{22} UF Economic instrument created in 1967. The UF is a value unit that incorporates the variation of the IPC (Retail Price Index) and was recalculated the first day of every third semester according to the IPC. From 1975, under Pinochet’s administration, the UF is instead adjusted daily in relation to the geometric average valuation of the IPC from the previous month (Superintendencia de Bancos… (www.sbif.cl).

\textsuperscript{23} In 1978 the value of the Chilean currency was 31,656 pesos per US$, BCCH, Ibid.

\textsuperscript{24} In 1979 the value of the Chilean currency was 37,25 pesos per US$. In 1990 it was 304,90 Chilean pesos per US$, BCCH, Ibid.

\textsuperscript{25} In 1992 the value of the Chilean currency was 362,58 pesos per US$, BCCH, Ibid.
been commonly absorbed by the society. The remaining 61 members owned 232 shares out of the total of 280. The 48 shares that became the economic responsibility of the society as a whole were paid for, principally, out of the rent of grazing rights for livestock (cattle and equines), which the fundo sells.

5. Economic activities of the fundo

During 1979 and 1989, the members of the fundo managed their own production individually. After 1989, the fundo began to substitute the individual management of the land with a system of common exploitation oriented mainly to the raising and fattening of Hereford cattle as the most appropriate in these semi-desert characteristics, replacing the sowing of wheat with permanent or semi-permanent meadows. The members of the fundo put forward with the help of agricultural experts, an ambitious plan for the development and exploitation of the fundo. With respect to the exploitation of livestock it was hoped, according to the plan that by 1997 there would be 1,498 head of cattle. The initial investment of the first purchase of 200 cows and 4 Hereford bulls was estimated in 1988 at 21 million pesos.

With reference to forestation, according to the document, the society made an agreement with CONAF. By 1987, they had forested 2,048 ha with Atriplex Nummularia and 50 ha with Atriplex Repanda (both Australian species). A number of 698 ha remained to be forested, according to the prevailing agreement for the years 1988 and 1989. Paradoxically, and as the members of the fundo recognised, by reducing the costs of forestation subsidised by CONAF, they had been able to pay part off the debt owed to CONAF with the money that CONAF had given to the forestation of the fundo. In spite of the advances achieved up to 1989 in the number of cattle and in forestation, the society had passed through serious problems. Firstly, the purchase of the fundo using the system of UF and its payments until 1991 meant a gradual impoverishment for the members of the fundo. To this can be added the difficult climatic conditions of 1985-1987, which made it even more difficult to gather the

26 According to Carvajal, member of the fundo and also a commoner of the community, in 1988 the fundo had some 540 cattle that paid for grazing, as well as 130 cattle of its own. By belonging to the society the members had the right to pasture only six big animals (cattle and equines). Market rates for each extra animal was 1,000 pesos monthly, both for members and non-members. 1,000 pesos corresponded in 1988 to ca four US$ (245,01 Chilean pesos per US$, BCCH, Ibid.).

27 According to an ex-manager of the fundo, C. Rocco, during that time approx. 30% of the members individually contracted between 30 and 40 temporary workers to bring in the harvest. Some 40% of the members worked the land themselves and some 30% used the system of sharecropping.

28 This is approx. 85 thousand US$ (In 1988 the value of the Chilean currency was 245,01 pesos per US$, BCCH, Ibid.) For the future financing of the project, it was recommended that credit from the Banco del Desarrollo (Development Bank) be used (Ibid). According to some members of the fundo, by 1989 they had increased the number of cattle from 130 (in 1988) to 200.

29 While 1985 was very dry, 1986 was dry, but 1987 was extremely wet (Ministerio de Obras …).
economic means to pay the debt. Secondly, the society still had to pay, interests included, 34 million pesos,\(^{30}\) corresponding to 13,972 UF in 1989. Thirdly, and no less important, the access to credit from the Banco del Desarrollo, recommended by the plan to buy cattle in 1997, was not possible as CONAF kept the mortgage which weighed heavily on the fundo until 1989.

The society had in 1985 appealed to CONAF for a partial annulment of the contract, pointing out that after this date they would find it impossible to pay the dues, putting forward reasons for that, and arguing finally that the property was paid for, with a favourable balance to the society.\(^{31}\) They asked CONAF to modify the price, establishing the sum of 11,237 UF, already paid by the society, and that

“… the said obligation should be considered as paid and therefore the mortgage should be lifted along with the prohibition to encumber and sell which weigh on the fundo and that was established in favour of CONAF...” (Fórmula …1985).

CONAF on its part offered the society to keep less than half of the property, while CONAF would keep the rest; a solution, which the society did not accept. In November 1986, however, the contract with CONAF was modified, with the declared aim of making it easier for the society to service the debt. The society promised to pay CONAF, a balance of 5,927 UF at a fixed annual interest rate of 2%, replacing the previous compound rate of 8%. The said total would be paid in 10 equal, successive, annual shares of 659.94 UF, including the 2% interest between the years, 1987 and 1996. The society fulfilled its payments for the first three years but was incapable of carrying on paying due to difficulties derived from drought\(^{32}\). Hopeful of the new political situation in the country, the society appealed again to CONAF, as well as to the new President, Aylwin (Carta a su Exc …1990), for the debt to be written off, something which they did not achieve. In 1992 the society again sought improved conditions asking that CONAF reduce the debt by 50% with the promise that they would pay the remainder in cash on the 30th June 1992. CONAF accepted the agreement. The rest of the debt was established as 2,478 UF or 21,5 million pesos\(^{33}\). Two thousand UF or 17 million pesos (counting 8,586.55 pesos per UF) had already

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\(^{30}\) This is approx. 127 thousand US$ (In 1989 the value of Chilean currency was 266.95 pesos per US$, BCCH, Ibid.).

\(^{31}\) As reasons they argued that the fundo was bought for three times CONAF’s valuation of it, which in May 1985 was only 17 million pesos (111 thousand US$, counting 155.06 pesos per US$ in May 1985) or 6,390 UF (at 2,660 pesos per UF). Furthermore, the 1990 valuation of the fundo for the Internal Tax Service (SII) was only 9,438.351 pesos (31 thousand US$) (Certificado de Avalúo del…, SII, 54, 1990…). (304,90 Chilean pesos per US$ in 1990, BCCH, Ibid.).

\(^{32}\) The approx. 1,979 UF corresponding to the three years total ca 8,5 million Chilean pesos or ca 35 thousand US$ using the value of the dollar by the 30 june 1988 as an average for the years 1987-1989.
been paid by the society in May of the same year.\textsuperscript{34} In June 1992, the other 478 UF or 4 million \textit{pesos} was paid.\textsuperscript{35} With this \textit{CONAF} lifted the mortgage along with the prohibition to encumber and sell which the \textit{fundo} had since 1979 (Repertorio 217, …1992). The society finally became the sole owner of the \textit{fundo} although at the cost of considerable sacrifice. The total final price paid for the \textit{fundo} was over 60 million \textit{pesos}\textsuperscript{36}, although the purchasing price was only 10.6 million \textit{pesos}.

6. \textbf{The lessons from the last years: more fails than successes, but still…}

Notwithstanding the serious difficulties the society of the \textit{fundo} Puerto Oscuro had in reaching the final 1992 agreement with \textit{CONAF}, the first two decades of their history demonstrates the ambitious intentions that the new owners had with respect to the \textit{fundo} and its exploitation. They had organised themselves both in order to acquire the \textit{fundo}, and to defend their interests before \textit{CONAF} with the help of a lawyer. No less important was the organization concerning the exploitation plans of the \textit{fundo}, for which they contracted a technical agriculturist as manager, and agricultural experts who drew up the development plan. However, as many lessons regarding agrarian reforms or other land entitlements have shown, access to land is not enough to improve the living conditions of the rural population, nor does it assure an enterprise to be successfully run. Land tenure security, might be the base to which many landless or small peasants may aspire, but if capital and other productive factors are not present as concomitant elements, access to land alone will render short. The obtained access to land could be reversed (\textit{JARVIS} 1985, 22). In Chile the military regime’s agrarian policy left the small peasantry behind in its modernisation process.

In the Puerto Oscuro case, even though capital was present because the society managed to use \textit{CONAF}’s state subsidies to even buy the cattle planned in the development programme of the \textit{fundo}, the lack of water and, perhaps principally managerial skills, had led to a situation which was not the most successful, but not the worst either. Slow but sure, since 1979 the society had converted through the members’ own labour, negotiating efforts and the intervention of the state through different means, the forested land in constant capital. This becomes clear from the today’s value of the \textit{fundo} both in comparison with the purchased price (10 million

\textsuperscript{33} This is approx. 59 thousand US$ (In 1992 the value of the Chilean currency was 362.58 \textit{pesos} per US$, \textit{BCCH}, Ibid.).

\textsuperscript{34} This is approx. 47 thousand US$ (In 1992… Ibid.).

\textsuperscript{35} This is approx. 11 thousand US$ (In 1992 … Ibid.).

\textsuperscript{36} In 1992 the value of the Chilean currency was 362.58 \textit{pesos} per US$, \textit{BCCH}, Ibid.
pesos in 1979), and the price they ultimately paid to CONAF (over 60 million pesos in 1992). Different factors have prevented complete failure of this enterprise, the most important ¾beside the collective action of the social actors themselves¾ being perhaps the role of the state through its subsidy for forestation\textsuperscript{37}. Since 1997, when I concluded most of the field research to the year 2002, after I performed a follow-up of the situation, I could once again verify the influence of the subsidies in what has been the fate of the fundo. According to a qualified informer (2002)\textsuperscript{38}, there were 53 members left from the existing 61 in 1989, that correspond to 13\% less. All in all since 1979, 38,3\% of the total the members have dropped out. The plans to buy the cattle with a 20 million pesos loan from Banco del Desarrollo never actualised, as it was not necessary. The cattle was acquired with the funds that were left over from the subsided forestation. However, the cattle were acquired sooner than planned, according to the recommendations of the fundo’s development plan, and without the fundo being adequately prepared in terms of own water and fodder supply. They reached little more than 400 units of animals although planned was that by 1997 they would reach 1,498 head of cattle. This investment was unfruitful, as there was also a period of drought\textsuperscript{39}. The main problem during the drought period was not fodder, but principally the lack of water. They were forced finally to auction the animals loosing money in this transaction. Today the society has no livestock in common, but only roughly 200 belonging individually to some of the members. There are also approx. 400 animals belonging to non-members that pay for pasture. The income from pasture goes to keep only the enclosures.

Regarding forestation, by 1987 the fundo had forested 2,098 ha. Since then, 2,502 more ha were forested, but 200 ha did not grow due to the above-referred drought. This meant that by year 2002 the fundo had 4,300 ha, corresponding to 40\% of the total area. In 2000, CONAF subsided forestation with 230,000 pesos per

\textsuperscript{37} The direct purpose of the military agrarian policy was to support the big forestry sector. This was seen as having the major possibilities of expansion. The country had in 1978, six and half million of ha of natural forest and 400 thousand forested ha (Silva 1987, 233). Against its own policy of non-intervention in economic matters, the military regime take several measures to support the sector. Important were the subsidies to investments through the decree 701 from 1974 by which CONAF would stand for 75\% of the cost of forestation and its management. These lands would be free from territorial taxation. Furthermore in 1975, a reduction of 50\% is introduced on the utilities coming from the forest exploitation (Silva 1987, 234). From 1974 and up to 1994, less than 6\% of the subsidies had gone to the small proprietors (JUNDEP 1999, 28).

\textsuperscript{38} This qualified informer and member of the fundo wishes his name and position to remain anonymous.

\textsuperscript{39} In 1989 they were obliged to move the animals to the Central Valley paying 4,000 pesos monthly for the pasture of every animal. This is ca 15 US\$ (In 1989 the value of Chilean currency was 266,95 pesos per US\$, BCCH, Ibid.).
hectare.\footnote{According to the same qualified informer, the society has also had another development project, a goat dairy, which is also unfruitful due principally to an unclear economic management. The goat dairy was financed with a loan of 10 million from INDAP\footnote{INDAP (Instituto de Desarrollo Agropecuario) was created in 1962 and belongs to the Ministry of Agriculture. Its “mission is to foment the development and consolidation of peasant family agriculture... (INDAP 1997-07-22).}, and was also initially supported by the Universidad de Chile and other organisations. What was left from this project was the debt to INDAP, which in 6 years reached the amount of 27 million pesos. “Providence” in the form of an indemnization from an estate expropriation of a part of the fundo served to pay off this debt. The expropriated part runs parallel to the Pan-American Highway that has been broadening up. Additional to that, the society got 30 million pesos from GESA, a Spanish company in charge of the management and toll system of the highway for using a limited part of the fundo for their infrastructure.}

In 1997 the society lost an opportunity to sell the fundo to a Brazilian company. The society did not reach the needed majority agreement demanded by the internal statutes. The Brazilian company intended to invest in cattle and olive trees. The official evaluation of the fundo that year was of 720 million pesos.\footnote{In 1997 the value of the Chilean currency was 419,31 pesos per US$, BCCH, Ibid.} The commercial value was 900 million pesos.\footnote{This is approx. 2,1 million US$ (In 1997... Ibid.).} Due to the lack of an agreement to sell the fundo, among and other problems, and the un-transparent management of the society’s economy, an agreement was taken in 1997 by the members to eliminate the society, but this failed. In 2000-2001 a new opportunity to sell the fundo came up. A Spanish company was interested in buying that part of the fundo that has the plantation of olive trees, which they intended to enlarge on basis of contract farming with the commoners. The parts agreed on the price of 90 million pesos for 250 ha. Even this negotiation did not materialize. After these experiences, the members of the society seemed to have reconsidered the idea of selling the fundo and agreed in 2002 to divide it into minor parts, to facilitate its management since it is difficult for many to reach common agreements. Many members are however, still interested to make the fundo work as a modern agricultural enterprise.

**Concluding words**

I have tried, in this article to analyze the fate of one of the two predominant types of land ownership in the Canela commune through the case of Puerto Oscuro,
during the last decades of the 1900s, when the Chilean society went through important and painful structural changes. I highlighted the similarity in the organisational form in which both private and communal property finally crystallised at the edge of the 2000s. I have stressed, in that development, the importance of the geographical environment in the non-division of the land as a form of natural resource management. The general Chilean socio-political background in which the examined local processes was embedded, was described, as well as the local struggle of the social actors involved to get to the positions where they are now, creating this way, space for new ruralities. These new ruralities apply for the new organisational form of the *fundos* and the social composition of the owners of the *fundo* Puerto Oscuro, a group whose social class background stand on the opposite extreme of the traditional landlord class, being at the same time commoners of the neighbouring agricultural community Canela Baja.44 What social implication these new ruralities would bring in the long run and what new social structures will evolve from it, is too early to judge, but the beginning of a major social differentiation might be the result.

I have also stressed the role of the state, which continues to play an important part in the development of the *fundo* through CONAF’s subsidies that increases considerably the value of the *fundo*, from 10 million *pesos* in 1979 to 900 million *pesos* in 1997,45 an increase of 90 times in 18 years. This also as an indirect effect of an agrarian policy which, as we have seen, was not in the first instance aimed for poor peasants. Later on, the state intervenes again in the fate of the *fundo*, this time through an indemnization due to the referred expropriation to widen up the Panamerican Highway. CONAF, as a state organization, plays a dichotomised role, first as the institution that through the onerous system of UF, squeezes the peasants economically. On the other hand, CONAF plays a benefactor role subsidizing the forestation of approximately 40% of the *fundo*’s area. Lowering the cost of forestation, the society manages to use the rest of CONAF’s subsidies to pay off the remaining debt to the same CONAF. All in all, the society has in 22 years not succeeded perhaps in transforming the *fundo* into a modern agricultural enterprise as was the original ambition, but they have certainly become landholders of former *latifundia* land, and hitherto avoided the fate of many other poor peasants that have lost their land. Through collective action, and through an alert vigilance of the conjectures and with the help of professionals, the members have been able to use the circumstances in their favour and in spite of many problems, have succeeded in increasing the value of the *fundo*. That is quite an achievement; achievement that

44 In 2002 at least 7% (11.5% in 1979) of the agricultural community Canela Baja’s commoners were stakeholders of the *fundo* Puerto Oscuro.

45 This is approx. 2.1 million US$ (In 1997 … Ibid.).
witnesses of a social capital that through the collective action of the institution of the commons have historically accumulated among the commoners.

One of the problems that should be given priority in the future, independently of whether the fundo continues, as until now, or whether it is subdivided into minor units, is the question of managerial skills and transparency in the accountings. This is especially important after the widespread mistrust that has developed hitherto. This shows however, how land and capital is sometimes not enough for an enterprise to succeed if the performance of other basic enterprise aspects like managerial skills, transparency and trust are poor.

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**Qualified Informers**

Anonimous qualified informer, member of the *fundo* Puerto Oscuro, oral interview, 02-01-2002.


