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REVOLTUION AND COUNTER-REVOLUTION IN SOUTHERN CHILE:
A STUDY OF AGRARIAN ELITES

by


KENNETH FRIEDMAN

A dissertation submitted to the
Graduate Faculty in Anthropology
in partial fulfillment of the
requirements for the degree of
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This manuscript has been read and accepted for the Graduate Faculty in Anthropology in satisfaction of the dissertation requirement for the degree of Doctor of Philosophy.

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Cautín is an actual province in southern Chile. No
attempt has been made to hide the name of the province or
its location. The names of individuals, families, and
some companies, however, are pseudonyms.

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CHILEAN EXPRESSIONS AND ABBREVIATIONS USED

- Archivos General de Asuntos Indígenas: General Archives of Indian Affairs.
- Asentado: member of an asentamiento.
- Asentamiento: transitional system for managing lands expropriated by the Frei government.
- Banco del Estado: Bank of the State.
- Caja: Caja de Crédito Hipotecario, state-run mortgage bank.
- Caja de Colonización Agrícola: Department of Agricultural Colonization.
- CAS: Consorcio Agricultura del Sur, Consortium of Agricultural Societies of the South.
- CEA: Comité Ejectivo Agrícola, Executive Committee for Agriculture, provincial committees to correct land titles under the junta.
- Censo: guaranteed annuity.
- CEPRO: Centro de Producción, state farms created on expropriated land by Allende government.
- CERA: Centro de la Reforma Agraria, state farm with slightly different organization than a CEPRO.
- Colegio: a private primary or secondary school.
- Colono: a colonist.
- Comuna: a jurisdictional subdivision of a department.
- Concesionario: contractor granted a plot of land to settle colonists.
- CONSEMACH: La Confederación de Sindicatos de Empleadores Agrícolas 12 de Junio, national landowner's syndicate.
- COPALCA: Cooperativa Agrícola y Lechería de Cautín, provincial dairy cooperative.
- CORA: Corporación de la Reforma Agraria, Agrarian Reform Corporation.

CORFO: Corporación de Fomento de Producción, state development corporation.

Corridas de cerco: fence moving in order to take land.

Cuatrero: horse or cattle thief.

Cueca: Chilean traditional dance.

DEC: Dirección de Estadística y Censos, Department of Statistics and Censuses.

Dirrección de Asuntos Indígenas: Department of Indian Affairs.

En media: farming as partners.

Escudo: Chilean currency.

FEDAGRI: Federación Agrícola, federation of landowners.

FOCH: Federación Obrera de Chile, Chilean Workers Federation.

Fundo: large estate.

Gamonal: Peruvian highland hacendado.

GANACOOOP: Cooperativa Agrícola y Ganadera del Sur, Agricultural and Livestock Cooperative of the South.

Grupo Movil: Division of the national police force organized under Frei to prevent land occupations.

Ha: hectare.

Hacendado: owner of a hacienda.

Hacienda: large estate.

Huaso: Chilean cowboy.

INDAP: Instituto Desarrollo Agropecuario, state organization to aid small farmers.

Inquilino: sharecropper or resident wage laborer on a large estate.

Interventor: state appointed manager of privately owned company or fundo assigned after labor unrest.

Intendente: state appointed governor of a province.

Latifundia: a large estate.

Latifundista: owner of large estate.

Manta: Chilean poncho.

MAPU: Movimiento de Acción Popular, one of political parties in Allende's Unidad Popular coalition.

Mayorazgo: entailed estate granted by the King of Spain.

Mayordomo: overseer on a fundo.

Medialuna: arena in which rodeos are held.

Minidundio: a very small peasant land holding.

Minifundista: the owner of a small plot of farmland.

MIR: Movimiento Izquierdista Revolucionario, radical left political group.

Mozo: servant.

ODEPA: Oficina de Planificación Agrícola, state agricultural planning office.

ODEPLAN: Oficina de Planificación Nacional, National Planning Office.

Patria y Libertad: Fatherland and Liberty, far right-wing political group.

PDC: Partido Democrática Cristiano, Christian Democratic Party.

PN: Partido Nacional, National Party.

Regalias: privileges accorded a peasant by the landowner.

Reserva: parcel of expropriated land allotted to owner under the land reform law.

Retoma: retaking of expropriated land by landowners with force.

Roto: Chilean peasant.

SFF: Sociedad de Fomento Fabril, National Manufacturer's Society.

SNA: Sociedad Nacional Agricultura, National Agricultural Society.

SOCOAGRO: state operated livestock company.

SOFO: Sociedad de Fomento Agricultura de Temuco, local landowner's association.

Sucesion: a legal entity formed on the death of the owner of a property consisting of the property jointly owned and operated by the heirs.

Titulos de merced: permanent titles to land offered to Mapuche Indians to induce them to settle on recervations.

Toma: the occupation of land by peasants using force.

Trigo candeal: durum wheat.

UP: Unidad Popular, Allende's governing coalition.

Chapter I

INTRODUCTION

The purpose of this study is to analyze the response of a regional agrarian elite to a process of national social change. My principal aim is to assess the contribution of such groups to the future of less developed countries. Specifically, I will examine the response of large landowners of the province of Cautín, southern Chile, to land reform undertaken on a large scale by the national government in 1967 and promoted locally by the agri-bureaucracy and various radical political movements. In contrast to the monolithic image of the omnipotent rural oligarchy often presented, it was discovered that the landowners of Cautín Province were disunited, had little political or economic leverage, and were relatively ineffective in mounting a defense of their primary resource, the land. Between 1967 and 1973, almost 50 percent of the land held in units of 500 hectares (Ha) or more was expropriated in Cautín.

I suggest that the relative power of contemporary regional elites in Latin America depends on five interconnected political and economic factors: (1) the organization of national and international power since the period of regional settlement; (2) the relative importance

of agricultural commodities produced in the region in the national economy; (3) the extent of landowner control of the inputs of production, i.e. machinery, seed, fertilizer, labor, etc.; (4) the extent of landowner control of the mechanisms of marketing; (5) the variability of strategies of profit-seeking among landowners. Each factor will be analyzed within the context of competition over resources among different regional, national and international power domains. Data for this study was gathered in Cautín, Chile in 1973-74.

Images and Issues

Intertwined with, perhaps underneath, the specialized vocabulary employed in social scientific analysis, somewhere between 'expropriation/appropriation,' 'metropolis/satellite contradictions' and 'the hegemony of the rural oligarchy' are the ethnographic realities--people leading their lives and creating images of what their lives are about or should be about. My interest in hacendados grew out of a contradiction that appeared to exist between the reality of landowner power and the images landowners of Cautín Province had of themselves. In attempting to ground the abstractions of analysis in living beings, I will first present the people under study and the landowners' images of themselves.

The hacendados of Cautín Province, those with more

than 500 Ha of land, are a relatively small group of people, numbering no more than around 500 in 1965.¹ By "landowners' images of themselves," I mean nothing as complex as cognitive structures or fixed world view. I am referring instead, to a conception of the world that sometimes guides landowners' thoughts and actions. Landowners also say and do things that contradict the image I shall describe, but most people have multiple, mutually exclusive views of "reality." What makes this aspect of the self-image of Cautín landowners significant is that the same image appears in Latin American literature, anthropological and sociological studies, economic research and the comments of both Latin American and non-Latin American politicians.

The hacendado of Southern Chile sees himself as master over man and nature. And the master is always on horseback, riding the length and breadth of his fundo, as the haciendas of Chile are called. He commands, makes law, metes out justice and creates custom. As McBride (1936:3) describes, master and man are the central images of Chilean agrarian society; the master--the aristocratic

¹The group that considers itself to be hacendados includes more than just those who hold title to land. There are brothers and brothers-in-law, more distant relatives, friends, medium-size landowners, and even some urban businessmen who, because of their access to land, identify themselves in one way or another as hacendados. This study concentrates on the political and economic world of the actual and recently past large landowners.

hacendado --and the man--the mozo (the servant), the inquilino (the resident laborer who works for wages and access to a subsistence plot), the roto (the ragged one).

In words similar to those used by McBride (1936: 10) to describe the master, Don Fulano, an informant of mine recalled that as a child he "was a little king on the fundo. I used to command the servants all day long and anything I didn't want to do for myself I would get them to do for me. When I got older, my father even paid one of the servants to sleep with me."

In southern Chile, the master has been infused with another image, the huaso or cowboy, for some of the landowners. Every weekend during the summer, the huaso competes in local rodeos that eventually lead to the national championship. In a specified costume of black hat, short riding manta (poncho), leggings, boots and silver spurs, the huaso demonstrates his abilities to control the horse. The better his horse obeys every command--to ride herd and stop short, to walk figure eights, to chase a steer and stop it by pinning the animal to the wall--the more points he scores, and the better the huaso he is. By extension, the man who successfully commands his horse is also presumed to command other things-- women, inquilinos, land and money.

Curiously, many huasos live and work in the city, racing to their fundos every Friday to be masters. Don

Julio, a manager for Fiat in Santiago, is typical of this type of fundo owner. At the end of each week he drives south for six hours to wake up Saturday morning on his land as a huaso. Why does he spend so much time traveling to the campo, the countryside, every weekend?

I love it out there in the campo. I go every weekend except in the middle of the winter and spend my vacation there too. It is different than in the city. There I am in charge, I am the law. The military and the police are too far to offer us any service so I carry a gun when I am out there. I am the law and justice. My inquilinos are treated well. They respect me. They are quick to come to me with their troubles, with disputes among themselves and they are also quick to report any encroachments on my land. Here in the city I listen to orders. I get complaints from the unions and I have to settle them. But there, in the campo, I am the master.
[informant's account]

There are many other aspects to the Chilean landowner's self-image (Don Julio said at another time, "I wouldn't keep the fundo for a minute if it didn't make a profit"), but the huaso image seems to be modeled after the traditional 18th and 19th century hacendado commonly portrayed in Latin American literature. Based on: Ciro Alegria's "El Mundo Es Ancho Y Ajeno," Bourricaud (1970: 30-31) draws a picture of the Peruvian highland gamonal or hacendado,

who is traditionally identified with the oligarchy. The gamonal is, first and foremost, an accumulator of land. . . . The gamonal, moreover, resorts to both cunning and violence to achieve his land-grabbing ends. Don Gonzalo's fortune was based on an obscure lawsuit with a religious order. After this auspicious beginning,

he 'suffocated' the country, in Alegria's phrase, under an avalanche of stamped paper. But when legal forms no longer serve his turn, he does not shrink from resort to force. For this purpose he assures himself of every possible ally, and here we notice a third characteristic of the gamonal; he is a boss who, when it suits him, enlists the authority of the state to support his designs. The gamonal is above the law, which he brushes aside whenever it becomes a hindrance. Compared with him, subprefects and magistrates are of little account, and representatives of the central power know better than to get in his way. If anything can stop him, it is not the strong arm of the law but that of his fellow gamonales. . . . In any case, and this is usually emphasized, the gamonal's empire is built and enlarged at the expense of the native communities. Spoilation of the Indians is the main spring of his power.

While there is much to differentiate the Peruvian Don Alvaro Amenabar y Roldan, "master of lives and lands for twenty leagues around," (Alegria 1971:161), from the Chilean Don Julio of the 1970s both are images of ultimate authority, both see themselves as creators of the system around them, and both make their strongest appearance on horseback. According to Alegria, the fictional Don Alvaro rode a horse that stood hands above the rest, dominating the Indians even as they rode their faithful but broken mounts. In Chile, it never ceased to amaze me that the short and dumpy on foot were transformed into dramatic figures on horseback.

The anthropological view of the Latin American hacendado is also consistent with these images.

The ultimate authority for dominion over land has, since independence, been held by the state.

In practice, however, poor communication and transportation have permitted local men to hold positions of power in which they can exercise their own interests. Either the state has been too weak to protect offended parties effectively or it has delegated its powers to local authorities (Adams 1967:81).

Similarly, recent work in rural social organization (Cotler 1969, 1970; Dandler 1971; Singlemann 1975) has conceived the landlord-peasant relationship as an open triangle with the landlord, or patrón (P) as the link connecting the peasants, or clients, (C) (Figure 1). According to

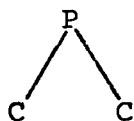


Figure 1

Cotler(1970:417):

The Indians' lack of social articulation--encouraged by the authority figure on the basis of services and personal rewards which tend to divide the tenant population--determines the establishment of dyadic and asymmetric relationships between landlord and tenant, suggesting the existence of multiple disconnected radii which converge on a single vortex.

Alegria's fictional Don Álvaro lived at the pinnacle of the open triangle as did McBride's Don Fulano and some Chilean fundo owners, but the modern Don Julio could only dream of such a world.

As Adams (1967) and others (Petras and Zimmelman 1972; Forman 1975; Cotler 1969) have suggested, the significant change in rural social structure in this century has been the replacement of the monopolistic power of the hacendado with alternatives emanating from new power brokers--union leaders, populists, lawyers and others with access to the resources of the government. One aspect of this in the mobilization of the campesinos in class-based, horizontal organizations in alliance with the new power brokers. The change has been from an open triangle (Figure 1) to a closed triangle (Figure 2).

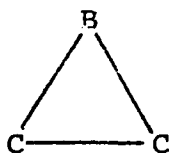


Figure 2

As Singlemann (1975:392) has noted, the closed triangle is an ideal type which leaves many issues unresolved. At the very least, it is more appropriate to envisage a complex of closed triangles with various brokers and patrons competing for the support of the campesinos (Figure 3). But Singlemann fails to note that a diagram similar

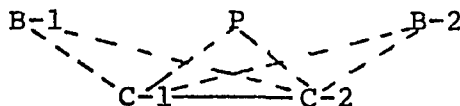


Figure 3

to Figure 3 was suggested by Cotler(1969). Cotler, in particular, does not use these diagrams as theoretical abstractions that somehow summarize the data and provide higher levels of understanding. Rather, they are heuristic devices, analytic simplifications that are only valid in the context of detailed data, which he provides. For instance, in his analysis, instead of leaving the mestizo at the apex of the triangle hanging in mid air, Cotler(1970:412) raises the important issue of:

...how this situation is linked with the metropolitan region and its different social strata. In other words, if...the Puno mestizo is the dominant element in that circumstance, the question could be raised as to what extent his status is sustained by and at the same time dependent upon the metropolitan area and social strata established in the coastal region.

The question Cotler raises parallels the attempt made in this study to examine power relationships from the position of the landowner in order to understand the ways in which he controls, or is controlled by, the metropolitan center and the competitors he faces for the allegiance of the peasants.

As Cotler describes for Peru and as is shown in figure 3, the hacienda has declined as a unitary power domain, but the hacendado is still a factor to be reckoned with

in rural politics. As will be discussed, this was precisely the circumstances I anticipated encountering in southern Chile in 1973.

Playing in part an advocacy role, the literature on development and social change associated with dependency theory has stressed the open triangle structure of rural society in Latin America, in general, and in Chile, in specific. (For summary statements and reviews of dependency theory see Bath and Jones 1976, Chilcote 1974, 1978, and Fagen 1977). Dependency theorists argue that contemporary Latin American society is a product of the expansion of international capitalism and that the development of the North Atlantic nations and the underdevelopment of much of the rest of the world are linked historical processes (Sunkel 1973). The link between these two processes is that through various means the capitalist centers control Third World societies and economies to their own advantage and maintain these societies in their backward state. Similarly, within underdeveloped countries, cities dominate other cities and/or the countryside, and some classes dominate other classes and force the underclass into backwardness. An example of the last type is landowners who hold power over peasants and keep them in poverty for the landowners' advantage.

Working with the assumption that industrialization, i.e. development, is financed by the accumulation of agriculture generated capital (Dore 1971; Preobrazhenski 1971; Thorbecke 1965), dependency theorists have identified landlords as the culprits responsible for the lack of industrialization. The argument is that the landlords are the bottlenecks in the process of development, limiting access to capital productive land and spending savings on luxury items instead of reinvesting. Sternberg (1963) analyzed the expenditures of Chilean landowners to find a strong consumption orientation as opposed to a capital-accumulating-savings-and-investment orientation. Barraclough and Domike (1966) in a review of land tenure throughout Latin America, conclude that:

. . . studies leave little room for doubt that existing tenure institutions are primarily obstacles to economic and social development. These institutions maintain and legitimize the existing inequalities in the distribution of wealth, power and social status, which in turn impede the efficient use of disposable resources, depress the rates of investment in industry as well as agriculture and prevent the achievement of minimum social and political stability (1966: 409).

Barraclough and Domike calculated that 6.9% of Chile's agricultural units, that is, all those employing more than twelve permanent workers, controlled 81.3% of the land in 1955.

Modernization theorists (Rostow 1971; Almond and Coleman 1960), in contrast with dependency theorists, regard indigenous entrepreneurship, potentially embodied

in landowners, among others, as the force necessary for an economy to enter the "take-off" phase of growth (Rostow 1971). The problem with Chilean landed classes, from this perspective (see Mamalakis and Reynolds 1965; Mamalakis 1976), is that various government economic policies make investment in agriculture unattractive. Modernization theorists have little to say about rural social structure except in the context of microeconomics. Within the context of the analysis of Chilean society, modernization theorists are associated with the monetarist position and dependency theorists with the structuralist position, both of which will be covered more fully in the discussion of national agricultural policy in the next chapter.

From development studies to international politics, the rural oligarchy, the latifundista, became the focus of attention. At the first Punta Del Este Conference, President Kennedy of the United States called for ". . . full recognition of the rights of all people to share fully in our progress;" rights that would be promoted with programs of "land reform and tax reform" (Kennedy as quoted in Petras 1971:381). The charter of Punta Del Este presented a similar, 'open triangle' view of rural society in Latin America (cf. Petras 1971:381).

In summary, there was consistent agreement among anthropologists, agricultural economists, and rural sociologists working in development studies, politicians,

fictionalized studies of rural Latin America, and the self-image of Chilean fundo owners as to the position of landowners in Chilean agrarian society. Obviously, rural society was changing such that it would not be assumed that the landowners were the power group of significance but it could be concluded that they were among the powerful.

I arrived in Cautín Province expecting to find conditions similar to or perhaps in transition to a complex, closed triangle (Figure 3).² I expected the complexity of the situation to match Figure 3 because of the existence of at least two sets of new brokers who were reported invading the exclusive domain of the landowners: (1) bureaucratic brokers working for the Corporation of Agrarian Reform (Corporación de Reforma Agraria, CORA), the government organization in charge of land expropriation; and (2) the

²I originally planned to investigate the political economy of collective agriculture--to examine the contradictory political and economic relationship between a socialist state and a supposedly liberated peasantry. But shortly after my arrival, on September 11, 1973 a counter-revolutionary coup d'etat took place. The socialist government was removed from power and the socialist economy was dismantled. The relationship I sought to study no longer existed. This fact, together with the potential danger to informants and myself, necessitated a change in the focus of the research. In place of peasants, I chose to study another part of the rural power structure, the landowners. My advisers had warned me that fieldwork requires the flexibility to redefine one's realm of study on site but the reality of my situation far exceeded their expectations. When I say, "I arrived in Cautín Province expecting . . ." my expectations were not the result of a long process of research formulation and reformulation but a simple following of anthropological intuition, the anthropological nose.

leftist political organization, Movement of the Revolutionary Left (Movimiento Izquierdista Revolucionario, MIR), which lead peasants in the takeover of fundos. Within the confines of CORA and outside it as well, other leftist political groups were working to form 'peasant alliances' with varying strategies and degrees of success. CORA and the MIR were only the most obvious of the new brokers because of the headline making ability of land expropriations carried out by these two groups. In addition to a myriad of closing triangles, I anticipated finding a strong movement among landowners to protect their control over land and labor. I expected to find an alliance among the patrons aimed at applying whatever means were at hand to maintain their privileged position in Chilean rural society. Such a movement would consist of the development of a strong ideological basis for the defense of land, the use of regional and national networks to promote their position, the use of arms to defend land, and, when necessary, the use of "the authority of the state" (Bourricaud 1970:30) vested in the courts. My interest was in the documentation and explanation of class formation and class conflict from the perspective of a regional agrarian bourgeoisie.

It quickly became obvious that these expectations did not coincide with reality. Among the first owners of an expropriated fundo I interviewed was Juan Molina, who

had inherited some seven hundred and fifty hectares along the Tolten River near the Pacific Ocean. The land was not the most fertile but the cattle and wheat it produced supported a family home in the provincial capital, farm machinery, a truck, a car, other accoutrements of middle-class life style, and the horses and equipment necessary for competition in the rodeo as a huaso. In early May, 1972, a Mapuche Indian leader (the Mapuche are the descendants of the pre-Conquest inhabitants of southern Chile) from a nearby Indian reservation, communally held Mapuche land, approached Don Juan.

"Listen to me, Senor Molina, the land that you farm belongs to the Mapuche. Our grandfathers farmed it and then it was part of that reservation over there. It was taken from us illegally and we want it back.

"You want my land? I didn't take it from you. My father bought this land thirty years ago. He paid for it with his own money. We have the deed and all the legal papers."

"It was taken from us by the winka (the non-Indians) and we want it back. It was taken before you but it is still ours. If we don't get it from you we will take it."

"Listen to me now," Molina said, "I am a peaceful man. I never raised a hand against any of my workers or any of the Mapuche nearby. They take wood off my land and

I don't object. Sometimes they work for me. I treat them well and you ask for my land?"

The Indian said nothing.

"I don't want any trouble. I will give you half of the fundo if I can keep the other half unmolested."

Juan Molina's story is not unusual. Many fundo owners abandoned their land in one way or another. Some turned their deeds over to CORA rather than suffer the tense wait for expropriation or toma, a peasant land takeover, literally a 'taking.' Others sold their land for whatever the market would bear, a minimum price under the circumstances. And when land was expropriated, many failed to press for their rights to a reserve of 500 hectares.

Instead of increased organizational strength, the Society to Promote Agriculture (Sociedad de Fomento Agricultura, SOFO), the regional landowners' organization, suffered a sharp decline in membership. In the 1950s SOFO had over 600 paying members. By 1973, it was down to 130. The ultimate insult was the expropriation of the fundo of the president of SOFO in 1972. The circumstances forced his resignation from SOFO. He gave up agriculture and turned to the used car business.

Simply stated, the patróns of Cautín Province appear not to have mobilized to the extent anticipated by this researcher. The rural oligarchy, the modern caudillos on horseback, the oppressors of the rural masses, the non-

productive consumers of capital seemed to fade from existence, at least for the moment. Landlord power depends on control over, or influence on, the state. As the Chilean state has developed an urban base over the last 150 years, landowners have gotten weaker and weaker, but the process is not irreversible. This study attempts to record and explain the response of a regional landed elite to land reform.

On Power

This is a study of power and political mobilization. Power is "the control that is exercised by a party over the environment of another party" (Adams 1967:32); that is the control over "the distribution of energy in a social system," or "access to resources," both human and non-human (Schneider, Schneider and Hansen, 1972:334). There are four elements in any power relationship: the two parties with differential power and the resources each controls. Differential power is based on differential access to strategic resources. The hacendado and the campesino are brought together by the hacendado's need for labor and the campesino's need for land, or some other source of subsistence. But the hacendado is the powerful one because of his monopolistic control of access to the land. The campesino controls the labor of only one person, or perhaps a few, if he is part of a family unit.

But of greater significance than dyadic pairs involving the more and the less powerful, is the sum of

power relationships, the generalized power system or power domain within which all parties operate. Others besides the dyad can make demands on the same resources, affecting the entire complex of relationships and sometimes making one power domain dependent on another power domain. For example, to the extent that the central government limits hacendado access to land, the independent power of the hacendado is reduced and made dependent on the state; or to the extent that campesinos organize to develop an autonomous organization, the power of the hacendado is also reduced. Once the archetypic hacienda ceases to exist, power in rural Latin America becomes dependent on a multiplicity of complex factors, including the state monopoly on physical coercion. The purpose of this research is to elucidate the multifaceted factors that make up the power domain within which the landowners of Cautin operated.

In essence, two aspects of power are being stressed, the nature of the resources different parties control and the organization of resource control or class formation. Class is being employed in the Marxist sense of relationship to the means of production. But contemporary relations of production do not always create politically cohesive, organized units. In such circumstances, a class can be an undeveloped potential, an analytic unit that will be referred to as a 'class-in-itself.' To the extent that a class with political form and substance, formal or informal,

is under discussion, the term 'class-for-itself' will be employed. In these terms the basic question under investigation is: 'Why were the landowners of Cautin unable to organize a strong, effective class-for-itself?' The answer involves two other aspects of anthropological theory--theories of the state and theories of ethnicity--which will be discussed in the appropriate chapters to follow.

The region, the province of Cautín, was chosen as the unit of analysis because it retains historic, ecological and sociological unity. As Schneider, Schneider and Hansen (1972) have demonstrated, elites often arise in circumstances that allow the integration of a complex series of resources at the regional level. The process of nation formation can be analyzed as the competition among different regional elites to organize a larger power domain that integrates even more resources. Despite integration into a national economic and political system, regional elites can continue to maintain themselves in various formal and informal organizations to promote the advancement of their dependent domain.

Additionally, regional analysis provides a perspective larger than the community with which anthropologists have traditionally worked but smaller than the nation (Smith 1976). In avoiding the local community as the central focus, processes of social change, sometimes referred to as development or modernization, can be more productively examined (cf. Huizer 1970). Simultaneously,

regional analysis permits retention of the micro-analytic perspective of anthropology within the context of the sweeping events of national and international politics. In other words, a regional approach permits an expansion of the variables analyzed without a loss of an anthropological perspective.

Within the province of Cautín, the subject population has been defined as all landowners with fundos of 500 Ha or more. Three factors were considered relevant to this definition. First, according to the land reform law of 1967, all fundos with more than 550 Ha in the province of Cautín were potentially subject to expropriation. Thus, 500 Ha could reasonably serve as an analytic device to define the potential class-in-itself, or the group that would most logically unite against land reform. The provisions of the agrarian reform law include a complex system for defining the size of expropriable property based on land productivity that in some circumstances raised the legal limit as high as 2000 Ha (Ley de Reforma Agraria 1967). However, the landowners themselves used 500 Ha to 580 Ha as the significant figures in their off-hand judgments of the threat to their property. Other processes of expropriation were applicable to any fundo employing non-familial labor regardless of size but these provisions tended to be applied to fundos larger than 500 Ha anyway.

Second, five hundred hectares was an effective

differentiator of medium and large fundos throughout the province. For reasons that remain unclear, Barraclough and Domike (1966) use 12 or more workers as the definition of large holding in their statistical survey of land tenure in seven Latin American countries. In Cautín Province, 10 to 12 workers were usually employed on a farm with 500 Ha. of land. Of course, variations exist with the quality of the land, the particular product produced, and other factors but 500 Ha appears to isolate a unit roughly equivalent to Barraclough and Domike's '12 worker' measure.

Third, available statistics employ 500 Ha as one of the divisions into categories. This made 500 Ha a convenient figure to employ to collate information from a number of different sources. Large fundo owners, thus defined, controlled 35 percent of the provincial arable land in 411 properties averaging almost 1200 hectares each. Concentration could be considered much greater if properties held by members of the same extended family are considered one functioning agricultural unit, which is true in many cases.

It should be noted that a large fundo in the context of Cautín Province bears no resemblance to the 5,000 Ha sugar haciendas in Peru or the 50,000 Ha agribusinesses in Brazil. Images of fundos that size are perhaps more relevant to Latin America a few hundred years ago. In the modern period, land ownership is apparently highly

concentrated without there being many multi-thousand hectare holdings. Chile is considered to be one of the Latin American countries with the highest concentrations of land ownership (Sternberg 1963:34; CIDA 1966:337). In a recent study of class structure in Chile (Zeitlin and Ratcliff, 1976) the equivalent of 1,000 Ha in Cautín was used as the marker of large landowner in the central valley. The days of Alegría's fictional Don Álvaro Amenabar y Roldan, "master of the lives and lands for twenty leagues around," (1971:161), are past. The issue of the organization of elites in Cautín Province is not equivalent to the study of the great 19th century hacendados but is relevant to the issue of class and class conflict in agrarian Latin America in the modern context. General issues of the relationship of the agrarian structure of Cautín to the rest of Latin America will be considered in the conclusions.

The fieldwork that forms the basis of this research was carried out from September, 1973 to August, 1974. The first part of the research, September to February, was divided equally between archival research on land tenure, expropriations and local history and participant-observation on a cattle and wheat fundo recording the economics of farming, the social organization of the fundo and the social life of the landowner class. The second period, from March to August, was devoted to open and closed ended interviews with a broad spectrum of landowners and continued

participant observation on landowner social life. Two formal surveys were carried out, one a questionnaire for landowners and the other a survey of the results of expropriation using knowledgeable members of the community to provide information on the whereabouts of the owners of each expropriated property. Neither of these surveys were random samples and neither provide significant statistical data, but they did prove an effective way of organizing interviews and checking observations across a larger cross-section of the population.

To understand the power domain within which the landowners operated, Chapter II will describe the relationship of the Chilean economy to the international capitalist market system. In Chapter III, the settlement and development of Cautín Province will be examined up to 1965 to elucidate the power relationships that have grown up between the province and the national state centered in Santiago. Chapter IV will examine agriculture production and distribution in Cautín Province and describe the two types of agricultural production strategies, one of which I call German-type farming and the other Spanish-type farming, which divided landowners into antagonistic groups. These two approaches to agricultural profit-seeking were also associated with different styles of living, which is the topic of Chapter V. Additionally, Chapter V, in

describing the social world of the landowner, takes note of the basic urban orientation of this supposedly rural group. Chapter VI examines land reform in Cautín, with special emphasis on the Frei and Allende years and applies the political, economic, and sociocultural data presented in the preceding chapters to the elucidation of the causes of weakness of the landed class. Chapter VII summarizes the argument and briefly compares the situation in Cautín to other Latin American countries in order to generalize about the place of regional agrarian elites in the future of the Third World.

Chapter II

THE NATIONAL SETTING

The analysis of regional power structures requires a preliminary survey of the political geography and political economy of the national society to which Cautín belongs. The regional power structure is the result of an interplay between local, national and international history. As discussed in Chapter I, a region may be fruitfully conceived as a power domain simultaneously integrated with and opposed to national and international centers of power. While some regions have a history of independent political prerogatives (e.g. various regions in contemporary Mediterranean states; cf. Schneider, Schneider and Hansen 1972), this has not been so for Cautín. Since the repopulation of the province in the late 19th century, a highly centralized government, emanating from Santiago, has dictated the political and economic rules of the game. Because all major decisions concerning the province were made in Santiago, the region developed into a dependent sector of the national economy. This fostered little internal political and economic integration and few independent economic ties. One has only to note newspaper headlines such as, "Water System Inadequate, Mayor Rushes to Santiago," or that freight rates to Santiago are lower for unfinished than finished wood, to become aware of the

status of the province of Cautín in the national economy.

I will first discuss the distribution of resources within Chile, sketching the ecological backdrop against which political relationships can be viewed. The diversity of environments found in Chile is a major source of differences in agricultural practices and a major reason for the relative isolation of the export mining sector from the rest of the economy. The discussion of Chilean climate and geography will be followed with a general overview of post-conquest Chilean history that demonstrates the essential urban orientation of Chilean society. Because agriculture is the central focus of this study, the last part of this chapter will be devoted to the examination of the role of agriculture in the political economy of Chile since 1930.

Ecozones of Chile

Chile is an environmental determinist's delight. The copper and nitrate mines in the north are in the midst of one of the driest deserts in the world, isolated from centers of population and power. The central and southern regions of the country, separated from each other by only 400 miles, have distinctive methods of farming because one depends on irrigation and the other on rainfall. The southern 1,000 mile stretch of the country is dense forest and arctic tundra, also isolated from the rest of the country. The central region, half-way between the dessicated north and the

rain-soaked south, contains most of Chile's urban population and most of its industry.

Chile is a long, thin sliver of land (2,652 miles by 112 miles) on the southwest coast of South America, and includes a range of environments usually found only in countries many times its size. The factors responsible for this "crazy geography," as one writer labels it, are westerly winds generated by a high pressure zone over the Pacific and a corresponding low pressure zone over the central southern part of South America, the Humboldt Current that brings frigid waters to the surface along most of the coast, and the rain-catching Andes. In the north, because rain-bearing westerly winds lose much of their moisture over the cool coastal waters, they reach land dry. These dry winds have created a desert region that is one of the most desiccated areas in the world. In the south, especially during winter months, low pressure systems at the southern tip of the continent create cyclonic storms that force the oceanic air into higher and cooler altitudes, causing heavy precipitation over land (Carroll 1951:64-66).

Chile may be divided into five major ecozones that differ in temperature, precipitation, natural vegetation, land use patterns and population density: the northern region from the province of Tarapacá to Coquimbo; the north-central region from Aconcagua to Maule; the south-central region from Linares to Arauco; the southern region from Malleco to Chiloé, which includes Cautín, the province under

study in this work; and the southern Austral, including Aysén and Magallanes (see Figure 4) (Cunill 1970).

The northern region has an annual rainfall of less than one millimeter in places, but precipitation increases to as much as five inches as one moves south (see Figure 6). Spiny desert flora are common in the southern desert region, and heavy vegetation is limited to a few river valley oases. The population density of 1.2 persons per square mile reflects the harsh environment. Nevertheless, the copper mines of the region are the kingpins of the Chilean economy. Chuquicamata, the largest open pit mine in the world, and other mines produce most of Chile's export earnings. Since 1880, the northern region has provided most of the wealth on which the Chilean state and the Chilean economy have subsisted.

The north-central region, the most densely populated part of Chile, has a Mediterranean climate--warm dry summers and wet winters. Annual rainfall varies from 14 inches in Santiago to some 30 inches in Talca. Temperatures range from an average of 68°F in the summer to 46°F in the winter with large diurnal variations characteristic of desert environments. Originally the region was covered with scrubby, evergreen, broadleaf trees and brittle-stemmed, often thorny shrubs and bushes (Carroll, T. 1951: 66). But with extensive irrigation, most of the land is now planted with alfalfa, clover, wheat, barley, beans, grapes,

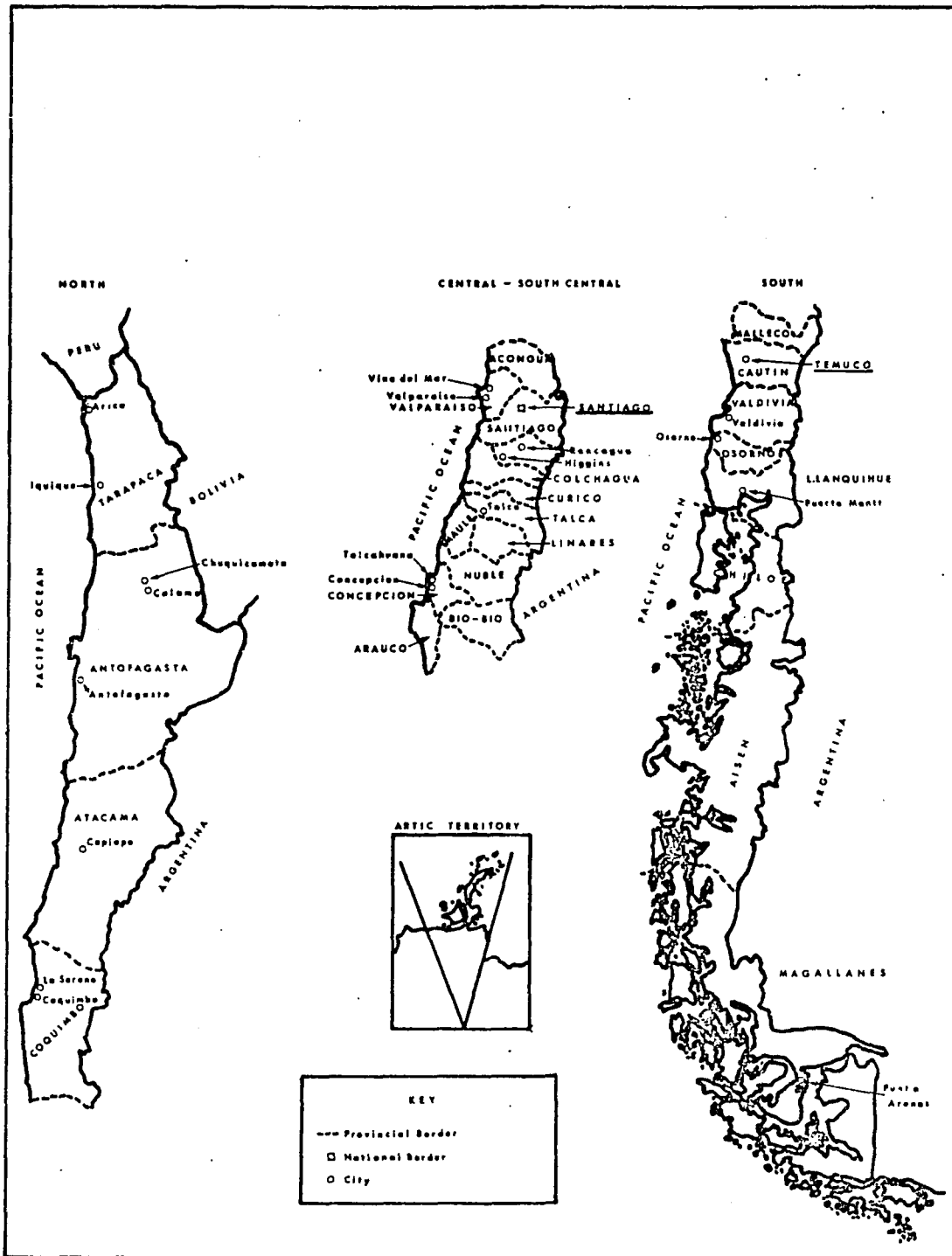


Figure 4
Map of Chile

Figure 5 1
 Statistical Overview of Five Regions of Chile

	North	North Central	South Central	Southern	Austral
Average Temperature (°F)	57	57	53	53.6	45.2
Average Rainfall (in/yr)	0-5	14-30	35-47	53-162	111-177
Population Density (pop/sq.mi.)	1.2	28	12.2	4.9	0.2
Percent of National Population	11.7	57.6	16.2	13.9	1.6
Percent of National Land Area	39.8	9.1	6.0	15.2	31.1
Percent of National Agricultural Land	3.5	26.8	25.0	32.5	12.2
Percent of National Cereal Production	00	33.4	28.9	37.7	00
Percent of National Industrial Crops	NA	28.4	19.9	51.3	NA
Percent of National Vegetable Production	NA	59.9	12.2	15.1	NA
Percent of National Artificial Pasture	NA	16.3	10.8	38.8	30.7
Percent of National Fruit Production	NA	54.2	7.4	26.1	NA
Percent of National Vineyards	NA	54.0	42.0	00.0	NA
Percent of National Planted Forest	NA	19.3	61.8	18.0	NA
Percent of National Cattle	00	22.2	21.8	50.8	5.2
Percent of National Sheep	00	16.8	11.6	17.2	54.4

Source: Cunill 1970 (NA = Not Available)

¹Because, as the astute reader will notice, Cunill's percentages do not always add up to 100, these figures should be taken as a comparative overview instead of as exact counts.

rice and other crops. Without irrigation, the productivity of the land would be severely limited. The region contains 57.6% of Chile's population, including the primate Santiago-Valparaiso urban complex, and 9.1% of the nation's total land area. On 26.8% of Chile's agricultural land it produces a third of the nation's wheat, a quarter of its industrial crops and more than 50 percent of its grapes. Because of the proximity of the urban market, the region also produces a major share of Chile's fruits and vegetables.

The south-central region also has a temperate mediterranean climate but with more rain, over 40 inches annually. Dense scrub covers the ground and forests of oak and coihue grow in high rainfall areas near the Andes. In place of the barren rocky mountains on the eastern horizon of the north central region around Santiago are green hills blending to snow-capped volcanos. Many of the natural forests have been eliminated by human exploitation, but plantation pine has been sown in their place. The region contains 16.2% of Chile's population on 6.0 % of the nation's land and produces cereals and industrial crops as well as lumber.

The southern region has a temperate rainy climate and larger forests extending from the mountains into the central valley. Annual rainfall is as high as 162 inches. But the constantly changing balance of meteorological forces

produces irregular and unpredictable rainfall from year to year, a major environmental factor to which southern Chile must adapt. As one meteorologist writes, "In any ten consecutive years, there are no two winters the same, nor two summers predictable" (Almeyda, as quoted in Cunill 1970: 49). The dry but irrigated north offers the most stable conditions for agriculture.

Except for areas near the Andes, the forest cover has been removed for agriculture. The principle crops, which require large quantities of phosphates for the volcanic soil, are wheat, barley, oats and raps(rape seed), an oil-seed. The region produces almost 38% of Chile's wheat. While erosion and leeching have caused declines in per hectare yields, overall production has been maintained by bringing new land under cultivation. Production has improved in the last few years with an increased use of fertilizer. The region also maintains a large population of beef and dairy cattle.

The zone south of Chiloe, the Austral, has a rainy maritime climate. Cold temperatures and heavy rains make the region highly unattractive for settlement. With 31.1% of Chile's land area, it has only 1.6% of its population. The northern stretches of the region are dominated by forests of coihue, cinnamon trees and cypress. Further south, as the rainfall declines, there is excellent natural pasture for sheep. Fifty-four percent of the Chilean sheep

population is raised here and animal husbandry is a major component of the regional economy.

Chile is wedged between the Pacific Ocean on the west and the Andean Mountains on the east, and enclosed by desert wasteland on the north and Arctic tundra on the south. Although the far north is sparsely populated and isolated from the dense middle regions of the country, its copper deposits fuel the national economy. The populated regions differ in agricultural techniques used (irrigation vs. rainfall dependency) and in levels of urbanization and industrialization. All three central regions produce large quantities of wheat, the Chilean staple, which leaves none of them with a monopoly.

City and Countryside in Colonial Chile: 1550-1830

The place of Chile in the international political-economic system has been examined, interpreted and re-interpreted numerous times (c.f. Frank 1967; Pinto 1962; Ramirez 1960). The basic outlines are established--Chile clearly has been part of the world capitalist system since the time of the Conquest--but many subsidiary historical and analytic problems remain. The following section does not pretend to break any new ground but merely to review the position of Chile in the context of international capitalism in order to place in context the position of agriculture and agriculturalists in Chilean society and the development of the province of Cautín.

In 1522, as part of the European expansion throughout the world, the Spanish conquered the Aztec Empire in central Mexico. The next great Spanish conquest, which was directed by Francisco Pizarro, was of the Inca Empire in Peru. By 1533 Pizarro had defeated Atahualpa Inca and claimed the treasures of the Inca leader for himself. Diego Almagro, who was supposed to be Pizarro's partner in the conquest of Peru, arrived too late for the final battle and Pizarro refused him a share of the booty.

After fighting with Pizarro over the rights to the spoils, Almagro came south in 1536 searching for gold. He returned empty-handed but in the nick of time to rescue Pizarro from a siege at Cuzco. Fifteen years later, Pedro de Valdivia, another conquistador in search of gold, led a second expedition to "Chili" that succeeded in founding a series of forts, including those of Santiago and Concepción.

South of the Biobio River, Valdivia came into contact with a group of Indians, the Araucanians (ancestors of the contemporary Mapuche), who are estimated to have numbered between one-half and one and one-half million at that time (Pocock, 1967). The Araucanians were a semi-nomadic people who practiced open glen and slash and burn agriculture, and lived in small, dispersed settlements of five to 10 households. In precontact times, under the direction of hereditary headmen, they formed temporary alliances to make war against each other. Their dispersed settlements and custom of forming

alliances to do battle preadapted them to fight the Spanish. In post-contact times they were able to raise armies of as many as 10,000 fighters. Within a few years after Valdivia built his forts, the Araucanians revolted and threw the Spanish back north of the Biobio River. During the next 150 years the Spanish made forays in Araucania to collect slaves, but it was 300 years before Europeans regained control of the entire region.

But the northern region to which the Araucanians had limited the Spanish was thinly populated and placer gold mines soon stopped producing, leaving the Spanish lacking in two major components of a colony, a source of wealth and a labor force. Both problems were solved by the shift from labor-intensive mining to land extensive cattle production for the tallow market in Peru (Sepulveda 1959:14).

With this shift came two patterns of power relationships that persisted through much of Chilean history. First, Chile became subordinate to a foreign power (then Peru but later Britain and thereafter the United States). Second, the rural sector of the Chilean population became subordinate to the urban merchant classes. Gongora says of 17th century Chile: "The importers form the most powerful nucleus of the juridical residential class (those with established residence in the cities and with full rights to participate in the life of the community, but who are not endowed with encomiendas)" (Gongora 1950, cited in Frank 1967:35).

Tallow for export was the mainstay of the Chilean

economy throughout the 17th century. But in the 18th century Chile became the breadbasket of Peru. According to Sepulveda (1959:20), a nucleus of powerful merchants was able to seize control of the market by flooding Peru with cheap Chilean wheat just after an earthquake in Peru. The Viceroyalty of Peru came to regard Chile "as an appendage of the Viceroyalty: as a granary destined to supply the Viceroyalty's needs for wheat and tallow . . ." (Sepulveda 1959:29).

Within Chile, the gulf between rural producer and urban middleman broadened. The Chilean government's response to the large Peruvian markets was to control wheat exports and thereby prevent inflation in the price of the national staple.

However, despite the crisis provoked by the notable increase of external demand, . . . all the measures adopted to prevent this trade totally failed. Persons close to official channels scoffed at the prohibitions, enabling them to obtain lucrative earnings from the sale of licenses and from the premium of a peso charged on each fanega exported. In Lima, a fanega was sold for 25 pesos and more, while in Chile the price had tripled from 2 pesos and 6 reales to 8 to 10 pesos, without the producer benefiting from the differential. . . . According to Vicuna Mackenna, the landowners were easy victims for the monopolists, while the warehouse owners, willingly or not, contented themselves with being accomplices to the monopolists. (Sepulveda 1959: 20-21; 25-27).

City and Countryside in Republican Chile: 1830-1930

The war of independence from Spain in 1819 led to the opening of Chilean ports to ships from all nations. "Trade liberalization became the motto for the revolutionary government, which in one of its first decrees stated 'that

the inhabitants of the country, will be able to engage in free commerce in all ports of the world belonging to allied or neutral powers'" (Mamalakis 1976: 28). Where trade was formerly limited to members of the Spanish empire, merchants from every European power, especially England, bought and sold.

The expansion of the export sector cannot be considered less than spectacular. Statistics permit examination of it only from 1844 on but it is sufficient to note that between that year and 1860 the value of exports quadrupled. . . . From 1844 to 1880, agricultural products constituted on the average 45 percent of the total. (Pinto 1962: 15; see also Goldames 1941: 301).

Commercial opportunity brought with it resourceful entrepreneurs from all over the world. Before the 19th century, the Chilean elite consisted of Spanish Basques who established their fortunes as merchants and intermarried with the colonial land nobility. The Chilean nobility was never strongly endogamous, but only after independence were non-peninsulares incorporated into the upper classes. English merchant families, such as Cox, Ryan, Waddington, and the famous Edwards family, made their fortunes exporting copper and wheat. As bankers they supplied the cash that moved the goods and were handsomely rewarded. They supplied the metaphoric oil, the lubrication, for the machinery of international trade. According to Bauer,

Augustin Edwards Ossandon [one of George Edwards' sons], who was to grow into Chile's most formidable mid-century capitalist, prospered in the years of the Chanarcillo silver strike (near Copiapo) as a proto-banker advancing the miners equipment and supplies and selling their ore. By 1851 he had moved to Valparaiso, married his niece, Juana Ross, the daughter of one of the more successful

local merchants, became a major figure in the new Bank of Valparaiso, and by 1867 had founded his own bank of A. Edwards and Company. This second generation immigrant although already thoroughly Chilean remained essentially a creature of the commercial port of Valparaiso (1975: 193).

Although silver and copper mining were the major sources of wealth, agriculture was not a stagnant enterprise. With the 1849 gold rush in the North American West, a new, large market for Chilean wheat developed. Then the Australian gold rush expanded the market for Chilean wheat. Indigenous production in the United States and Australia was able to meet demand within ten years, but other markets took their place (Sepúlveda 1959; Mamalakis 1967:36-38) and Chile continued to export large quantities of wheat. As Bauer notes,

The various markets for agriculture cannot be clearly separated since throughout our period from 1860 to 1930 there was always some export as well as domestic demand; yet there are two natural phases. From mid-century to the 1880s the foreign market was the most dynamic. Chile exported grain and flour to Argentina and England. As massive cereal production from other countries began to eliminate central Chile from the world market (the newly opened Araucania continued to export for several more decades) a thriving mining sector stimulated an internal demand that more than compensated for the loss of foreign markets (1975: 262).

The market for agricultural products had two major effects on Chilean rural society. First, it made investment in land more inviting to the urban commercial elite and resulted in a relatively high frequency of rural property sales and the creation of a rural and urban elite that were indistinguishable from each other. Second, it forced landowners to improve production, which was carried out by the development of a labor-

repressive system of agriculture. Ironically, at the same time land became a commodity, agriculture shifted to a neo-feudal system of latifundia organization, instead of opting for wage labor and mechanization, because this type of organization required less capital investment.

From the 1820s to the 1850s most holders of mayorazgos, entailed estates granted by the King of Spain and subject to primogeniture, wanted their estates freed of entailment. Instead of growing wealthy on their vast tracts of land, they were growing poorer and poorer. "The law read that entailed property could not be alienated, divided, exchanged, traded, mortgaged, obliged to guarantee annuities (censos), nor rented for long terms. . ." (Bauer 1975: 21). While new foreign families were taking over the export trade in Santiago and Valparaiso, the financial hands of the colonial elite were tied by entailment. Gradually the urban pressure for financial freedom built and in 1852, "without a band and barely a whimper" (Bauer 1975: 21) mayorazgos were ended.

Within three years, in 1855, Chile reorganized the laws governing mortgages and established the first source of long-term credit, the Caja de Crédito Hipotecario, or mortgage bank.

To qualify for a loan from the Caja, the property to be mortgaged had to be worth at least \$2000. The value was taken either from the tax rolls or based on special appraisal. No loan could be made for less than \$500, nor in any case exceed one-half the value of the property. If approved, a process that could be trying and lengthy, the Caja did not

lend directly but rather issued letras de credito to the borrower in return for a mortgage on the property. Those letras were in the amount of \$1000, \$500, \$200, and \$100, and bore fixed rates of interest. The borrower sold these letras on the open market and the receipts constituted his borrowing (Bauer 1975: 90).

By 1860, 5,000,000 pesos in mortgages were outstanding; by 1880, 18,700,000; by 1900, 94,500,000. Caja letters of credit were sold throughout Chile and Europe and were a major source of credit for Santiago businessmen. "Indeed, a list of Caja loan recipients in 1880 would be barely distinguishable from a list of members of the Club de la Union, the Club Hípico, or Congress" (Bauer 1975: 91; see also Feder 1960: 100). Private banks were also established and by 1890, 14 offered credit for the only acceptable collateral in Chile, land.

While landowners reaped the benefits of mortgage loans, little capital was invested in the countryside. Pressure to increase production for export resulted in the development of a labor repressive system of production. In order to bring more land under cultivation, landowners tapped the large floating rural population for permanent year-round day laborers and increased the days of estate work required for service tenants, inquilinos, instead of investing capital in machinery. In the 1850s and 1860s each inquilino household was required to supply one laborer to the fundo. Starting around 1870 this was increased to two laborers per inquilino household (Bauer 1975:160; McBride 1936).

Gradually inquilino plots were made smaller and both day laborers and service tenants were forced to work longer days under closer supervision and to care for larger plots of cultivated land. In 1850, 130,000 hectares were planted in grains. By 1874, 400,000 hectares of grain were planted in Chile (Bauer 1971: 1077).

The reason behind this shift to a neo-feudal labor system was the lack of the desire of landowners to invest capital in machinery to promote production. The 19th century increase in the population of Chile provided a cheap labor pool; more work for the same money required little investment, little risk, and little commitment to agriculture. The Chileans who owned rural estates were more landowners than agriculturists. Land provided status, a summer retreat, and capital in the form of mortgages. Agriculture was an aspect of their income only insofar as it came with land. The Chilean landed elite was not an agricultural elite; they did not depend on the production of grains and cattle to maintain their class position. They either made their fortunes in the city and then bought land, or tried to use the land to gather together capital for urban investment.

Another aspect of the trend toward urban control of industry was the investment of Valparaiso merchant companies in new flour mills (Mamalakis 1976: 149). In 1858 there were 1,484 mills in Chile, most of them on fundos or in provincial towns. By 1882 there were only 519, many of them

centrally located and employing imported technology.

The urban orientation of landowners is visible in several ways. Most of the major landowners, especially after the 1850's, lived in the cities. As urban industry grew, more and more became absentee owners. As Bauer notes,

The predominantly urban interests of Chilean landowners, compared with those of northern European [landlords], can also be seen in the absence of the great manor house. Except for a few ostentatious mansions easily accessible from Santiago, there were few impressive hacienda houses. . . . The fact that a tradition of sentiment for an ancestral home was rarely associated with Chilean rural estates undoubtedly made it easier for owners to sell uninhibitedly or exchange haciendas and fundos (Bauer 1975: 177; see also Martin 1960: 62).

Bauer notes that of the 39 non-agriculturalists on a famous 1882 El Mercurio newspaper list of 59 Chilean millionaires, almost all subsequently invested in rural estates (see also Mamalakis 1976:125). Bauer also traced the holdings of the 12 largest landlords in 1874 and found that a generation earlier and a generation later these families had significantly fewer holdings. Estates were commodities that were exchanged on the open market with little sentimentality.

Moreover, landowners did not reinvest mortgage funds or farm profits in agriculture; they spent much of this income on high living in Santiago.

Contemporary observers and recent writers have often noticed the coincidence between easy credit and the increasingly comfortable life-style of the absentee landlord. New and often gaudy houses, the carriages, and jewels have all been presented as

evidence of the misbehavior of a 'clase derrochadora' that allegedly squandered its patrimony in pleasant living (Bauer 1975: 106; see also Fetter 1931: 87).

At the same time export agriculture became profitable and urban business began to invest in land, other forces were also building that by the middle 1880s were forcing investors into agriculture (Ratcliffe 1973: 165-66). The major force behind this trend was the foreign takeover of the rich nitrate deposits in northern Chile. Between 1851 and 1870 Chile was the source of 32% of the world's copper (Reynolds 1965: 212). Thereafter, for the last quarter of the 19th century and on into the early 20th century, because of advanced industrial techniques, United States copper supplanted Chilean copper in the international market. At the same time copper exports declined, the nitrate fields of the Bolivian and Peruvian Atacama Desert were opened for exploitation, predominantly with Chilean capital and Chilean workers. Export of nitrate fertilizers, necessary in Europe to grow food for the increasing population, offered apparently limitless profits. But most of the nitrate deposits were in Peru and, in order to get rid of Chilean investors, the Peruvian government nationalized the nitrate fields in 1879. Chile refused to accept this and the War of the Pacific ensued. After the smoke had cleared (the rhetoric continues to this day), Chile had increased her land area by one third and taken possession of all nitrate fields below the 23rd parallel.

But Chile simultaneously lost control of most of the

nitrate industry. Although the nitrate industry was developed by Peruvian and Chilean entrepreneurs, astute speculating during the War of the Pacific left English entrepreneurs in control of the mines, the rail lines, shipping and almost every other aspect of the nitrate industry.

The bonds and certificates issued by the Peruvian government, which had lost almost all their value (because of the War of the Pacific), all of a sudden began to be bought by mysterious buyers . . . who paid between 10 and 20 percent of their nominal value for them in devalued (Peruvian) soles. . . . Once the Chilean government decided (to honor the Peruvian bonds), the new bondholders came to be the owners of the most valuable part of the industry. The central figure in this drama, as absurd as it was suspicious, was the almost legendary Mr. John T. North, who at the height of irony managed this fantastic speculation, which made him into the 'nitrate king,' with Chilean capital provided by the Bank of Valparaiso. This institution and other Chilean lenders lent \$6,000,000 to North and his associates to enable them to corner the nitrate bonds and railroads of Tarapaca (Pinto 1962: 55).

Thus the export orientation of the Chilean economy continued, but with heavy foreign domination.

As the urban based investors in silver, nitrates, trade and banking, such as the Edwards and Cousiño families, were closed out of mining by foreign interests, they invested in land. This provided a stable investment in an inflationary economy, and also provided a sound basis for securing loans. Moreover, after 1891, minimal taxes on land and agriculture made the profitability of farming somewhat more secure. As businessmen bought land, landowners moved to Santiago to enter business and intermarried with the business elite.

Another aspect of the growing urban orientation of Chilean society was the expansion of government spending, mostly in the cities, in the 1880s. With the income from nitrate taxes (Mamalakis 1976: 20), the Treasury, along with other offices, was organized to maintain a national budget, schools of agriculture were created, the Military Academy was founded and in 1885 the first national census was made. Under Balmaceda and the later regimes of the 1890s the Ministry of Public Works, the naval school, the schools of medicine and art, and other institutes and universities were founded. The Mapocho River, which runs through Santiago, was canalized, a dike enclosing the harbor at Talcahuano, near the city of Talca, was built, roads and bridges were completed and other public works projects were undertaken.

The result of this expansion was a growth in employment alternatives for the offspring of all classes, urban and rural. Everyone flocked to the cities. Between 1892 and 1930 the Chilean population grew by a half million, some 15%. The cities grew at a much faster rate: Santiago by 58% between 1885 and 1907; Antafogasta by 181%; Iquique by 104%; Concepcion by 90%; and Valparaiso by 42.6% (Pike 1968: 207; Mamalakis 1976: 24). And further south, in the frontier zones, cities were being founded in the recently conquered Mapuche territories. By 1907 43% of the Chilean population was urban. The sectors of the population that grew fastest were the professionals and bureaucrats who

took government and government-related positions. "According to some estimates, the number of public functionaries increased from 3,048 in 1880 to 13,119 in 1900 to 27,469 in 1919" (Godoy 1971: 213). One can only guess at the number of non-government lawyers, doctors, engineers, teachers, and others whose careers depended on the expanded role of government. The cafes of downtown Santiago overflowed with them.

The effect of urban growth and the growth of the mining sector on agriculture was to force landowners to further depend on laborers permanently tied to the hacienda and to provide a new market for agricultural goods (Ramirez 1956, 1971). To counteract the attraction of the growing cities and wage labor, hacendados tied their peasants to the estate by providing more and more payment in kind and less and less cash. Hacendados built houses for their tenants, advanced credit through the pulperia or company store, and provided alcoholic beverages to their workers, all actions aimed at establishing roots on the hacienda for the peasants (McBride 1936). By 1935, most of the estate labor was provided by service tenants and their families.

Overall, while these changes were going on, the golden age of wheat exports was beginning to fade. As Mamalakis notes, "From 1865 to 1900, years of low exports were the exception. In contrast, the exceptions during 1900-24 were the years of high exports" (Mamalakis 1976: 37).

But landlords were relatively unaffected by these fluctuations for two reasons. First, because they employed a labor-intensive form of production that used little capital, little money could be lost even if profits declined (Ratcliffe 1973: 29-30). Second, the economic effect of urban expansion on agriculture was to provide an internal market for Chile's agricultural goods as export demand declined. For cattle, as well as for wheat, internal demand leaped. In 1863 there were one million cattle in Chile; by 1906, 1.6 million, and by 1930, 2.4 million (Bauer 1975, 76). Between 1900 and 1930 the area under cultivation nearly doubled. Urban Chileans came to regard beef as their right and by 1888 Santiaguinos were consuming twice as much meat per capita each year as New Yorkers or Parisians. At times high beef prices provoked riots and to this day Chileans complain about the supply of beef. Wine production also expanded along with consumption:

From the latter nineteenth century excellent vineyards such as Macul, Tarapaca or Concha y Toro, modeled after Bordeaux chateaux were established and consumption increased from around 81 million liters in 1875 (25 per annum per capita) to 275 million (nearly 90 per capita) in 1903. The consumption of wine leveled off to around 75 liters per capita by 1942 (Bauer 1975: 76).

With the predominance of an urban life-style that relied on imported fashions, a portion of Chile's nitrate profits passed back into foreign hands. Foreign goods became the mark of the learned, the tasteful man. As one observer from an earlier period put it, "A large part of

the new earnings have been used to give vent to the tastes of landowners; the majority of these have set themselves to building pompous houses and to buying sumptuous furniture and the luxury of the ladies' dresses has made incredible progress in only a few years. . . ." (Sepulveda 1959: 51). The urban populace developed similar tastes.

It is curious that the wasteful use of the new-found national wealth should be laid at the doorstep of the landowners (Fetter 1931: 87; N. Ramirez 1956: 45-54). The same theme repeats itself in the modern context with much development theory (e.g., Ratcliffe and Zeitlin 1975: 7). Sternberg (1963), for instance, cites statistics on the rate of purchase of consumer durables among the landed classes as a prime pathway for the loss of potential investment capital. But landowners were only part of the social upper-crust of Chilean society that defined the cultural paradigms for the rising bureaucratic and national bourgeois classes. They can not be singled out as a power elite. As Ratcliffe (1973) has described, the Chilean upper class was homogenized by the end of the 19th century (see also Glade 1969).

The urban orientation of the Chilean elite also accounts for one historic curiosity: the lack of a caudillo class in Chile comparable to those in Argentina and Brazil. A few factors are relevant. First, Chilean agriculture was never the center of a sustained economic boom as was cattle, sugar or coffee in other parts of Latin America.

Thus, there was relatively little pressure to take over land. General recognition that wealth lay in the urban merchant class appears to have been present throughout the last 450 years of Chilean history. Even when businessmen did invest in rural property, their investment was in land, not agriculture. Second, Chilean territorial control over the first Chilean commodity, nitrates, deemed a necessity by European powers was established through warfare directed by the Chilean state. No small private armies marched in to take control of resources for a landed oligarchy. Third, the financial manipulations of North and other foreign capitalists left the taxing power of the state as the major conduit for pumping nitrate earnings into the Chilean economy. The state quickly became the mediator between the owners of the major national resources and the Chilean population. The isolation of mining from the centers of population concentration helped promote state power.

At the beginning of the 20th century, as nitrate revenues continued to support the growth of urban Chile and the expansion of government power, the groundwork for the next step in serial dependency (comparable to serial monogamy) was being organized. Around the turn of the century, technological advances in the United States made the mining of medium grade ores, such as those in Chile, increasingly profitable. In 1904 North American companies began to develop this potential.

First the Braden Copper Company bought the mountain

that was to become the El Teniente mine. Then Guggenheim interests brought Chuquicamata and in 1916 Anaconda bought Potrerillos (Kinsbruner 1973: 130; Reynolds 1965; Bohan and Pomeranz 1960).

The development of copper mining under foreign control coincided with the collapse of the nitrate market during World War I. Under the pressure of necessity, World War I, Germany developed techniques for fixing the everpresent gaseous nitrogen in organic compounds. The effect on Chile was devastating. Nitrate revenues, so long the mainstay of the national economy, declined rapidly. Government efforts to make production more efficient were no match for the new chemical process. And mounting deficits were responded to with increased efforts to import foreign capital (Reynolds 1965: 215; Godoy 1971: 343; Pike 1963: 161). The mindset of dependency (which arises from the structure of international power relationships), the tendency to see international financial support as the cure-all for an ailing national economy, was well established in the thoughts of Chilean power holders. Copper was the perfect substitute for the nitrate industry.

By 1920 the new marriage between Chile and international capitalism was ceremonially complete and fully consummated. Chile was deflowered. While 90% of domestic copper production was controlled by Chilean interests in 1875, by 1918 they owned a scant 4%. By 1920, with only two mines in operation, the United States corporations controlled 80%

of the copper production (Reynolds 1965:221).

Except for the tax revenues generated, the capital intensive production of copper had minimal effect on the national economy and was isolated from Chilean population centers. Little employment was generated and few elements of economic infrastructure necessary for copper mining were useful in other parts of the economy. Thus the major link between the export economy and the domestic one was once again government taxation. As with nitrates, the government became the redistributor of most of the capital generated within Chile that was not exported (Reynolds 1965: 226).

The response of the native entrepreneurs to these developments was to finance independent commercial and industrial enterprises within Chile's urban sectors. While these businesses were not directly dependent on copper production, government subsidies, on which many of these businesses did depend, were tied to copper production. And the high status of North American and European society and the tendency to see national economic solutions in terms of import/export ratios continued to expose the underside of Chilean society to elements beyond the control of the national populace.

While the Chilean upper class basked in the sun of international exchange, forces beyond their control stood poised for a total eclipse. The collapse of Wall Street, quickly followed by the maiming of all industrial economies,

eliminated the markets for Chilean copper, as well as the sources of international aid. Carlos Ibañez del Campo, President of Chile since 1927 and a leader in the construction of highways and schools, and the organization of credit facilities and other institutions securing middle-class life, fell in 1931 under the pressures of a white-collar general strike. The golden days of Chilean dependency were coming to an end.

To summarize, from its founding as a colony through the first third of the 20th century Chile had an export oriented market controlled by urban entrepreneurs. Although labor was in short supply in the semi-desert of Chile's central region, land was relatively abundant in the 16th and 17th centuries. Power in Chile rested not in a rural oligarchy controlling some much desired commercial crop--sugar, sisal, or coffee--but in the urban merchant control of export facilities. Thus, the great battles in Chile were between urban entrepreneurs in Santiago-Valparaiso and Concepcion over control of international trade and between Peruvian and Chilean merchants over the control of West Coast markets. From 1880 on, the steady rain of mining dollars nurtured the Chilean government. Curiously, it rained mainly in the cities. Landowners, committed as they were to labor repressive production, needed little capital to maintain production. Nitrate and copper mining, isolated in the far north from the Chilean populace, affected most

of the country by providing a steady infusion of development funds.

But then, why did anyone invest in land? Many merchants who had made fortunes in copper, nitrates, silver, and other export commodities invested in land for a number of reasons. A mortgage on a hacienda was a quick way to raise capital that could be used to invest in urban businesses or to support an upper-class urban living style. Land was also the best investment in an inflationary economy and, after foreign investors moved in to control the nitrate industry, many Chilean investors retreated into land, one of the few viable alternatives. Land appears to have been a necessary component of any well diversified portfolio. Agriculture was not unprofitable, but it appears that many of the owners of large haciendas had little commitment to agriculture and farming. Their aim was to maximize the economic advantages offered by land (inflation protection and mortgage funds, as well as profit) and to minimize capital investment. Thus, they were urbanites investing in land more than they were hacendados investing in agriculture. At the same time urban merchants were buying land, those rural elite who managed to survive were investing in urban businesses and intermarrying with the urban merchant families. Ratcliffe (1973) refers to this process of mixture of elites as the homogenization of the capitalist class in Chile. By the end of the 19th century there was no landed class that could be separated from the urban bourgeoisie.

City and Countryside after the World
Depression: 1930 to the Present

The world depression proved to many Chilean nationals that the international economic order could not be relied upon to fulfill the needs of the Chilean people, or at least the upper classes (Mamalakis 1976: 88). The response was to promote national industry, but the desire for indigenous industry predates the depression (Furtado 1976). Chilean industry received its first stimulus when World War I limited trade with Europe. In 1928, urban industrialists demanded and received tariff protection for native industry. With the Great Depression came the collapse of liberal trade policy and a strong movement towards protectionism and self-sufficiency. Just as foreign trade was seen as the source of a growing economy before 1930, industrialization was viewed after 1930.

Before 1938 industrialization was promoted by tariffs, import licenses, quotas, foreign exchange controls and multiple exchange rates. After 1938 a balanced budget was sacrificed to supply subsidies in the form of low-cost credits and tax exemptions to industry. Under the direction of the Popular Front government of Pedro Aguirre Cerda, elected in 1938, Central Bank credit became the major mechanism with which to control industrialization.

In 1939 Aguirre organized the Chilean Development Corporation (Corporación de Fomento de la Producción,

CORFO). CORFO, financed in part by the copper revenues and in part by deficit spending, provided low interest loans to manufacturers of consumer goods for the development of import substitution industries (Mamalakis 1976: 103). Capital could not be raised by taxing agriculture, industry or personal incomes, all of which were either unprofitable or politically untenable. Thus a 15% tax on copper company profits was imposed. Additional copper taxes meant for servicing the foreign debt were also diverted to CORFO.

Still this was not enough and the difference was made up by permitting CORFO to borrow from the Central Bank. This approach proved to be self-defeating. As inflation spiraled, all sectors of the economy became dependent on Central Bank credit. Central Bank credit to development institutions increased 10 times between 1937 and 1944 and credit to commercial banks doubled each year between 1937 and 1941. Between 1940 and 1954 CORFO, financed by the Central Bank, controlled 80% of Chile's investment in machinery and equipment. The Central Bank gave out more loans than there was money in Chile and created a spiral of inflation in which the economy had to work harder and harder just to stay in the same place. As Mamalakis states:

The original aim of active industrialization was tacitly transformed, due to changing circumstances, into an objective of retaining ground already

gained. The pursuit of this objective required increasing amounts of Central Bank credit because of rising output prices and the defensive increases in wages and salaries, hence, rising inflation. As inflation eroded the real value of the reserves of commercial banks and the public, they too became increasingly dependent upon Central Bank credit to finance operating expenditures of sectors of that industry (Mamalakis and Reynolds 1965: 22).

Mamalakis (1965, 1976) describes the Chilean economy since the 1930s as being dominated by clashes between sectors of the economy that were directed by government policy. At the same time government policy attempted to stimulate indigenous industry, it suppressed mining with additional taxes and agriculture with neglect and then with price controls. The attempt to direct investment, according to Mamalakis, is often plagued with loopholes, or neutral sectors, that attract capital from the losing sectors before it reaches the desired end. This is a product of the inability of the state to control all sectors of the economy and to satisfy investment demands. Instead of a flight of capital into industry, as the state had hoped, Chilean capital flowed into neutral sectors, such as construction, that produced high profits with relatively little risk. As various neutral sectors--export trade, domestic retail trade and banking services--became active outlets for Chilean investors, "serial takeover" of these sectors by the government led to more and more state control of the economy.

Initial policy toward agriculture was neglect.

Unfortunately, when industry boomed and its euphoria was being transmitted to agriculture, government disrupted this mechanism by imposing price controls and heavily subsidizing imported foodstuffs by overvaluing the peso. Overall growth suffered both because lagging agricultural output and because the increasing use of foreign exchange reserves to import agricultural commodities, normally produced in Chile, made the importation of capital goods more difficult (Mamalakis and Reynolds 1965: 9).

The aim of this policy was to provide cheap foods for the cities.

There was continuous pressure to keep agricultural prices down, especially for urban lower and lower-middle classes. Their own rate (the rate of price increases) was reduced by imposing ceilings on agricultural prices and by the excessive competition from heavily subsidized imports. The neglect of government investment in social overhead--such as irrigation and drainage, agricultural research, road and water development, and agricultural training--also exerted a depressing influence (Mamalakis and Reynolds 1965: 119).

The result was a growth rate in population of 1.8% in the 1940s and 2.5% in the 1950s and a growth rate in agricultural production of only 1.6% and 1.4%, respectively.

Exacerbating the problem was a growth in national income, increasing the demand for food. Thus agriculture made up 18.1% of the gross national product in 1940 and only 13.8% in 1960 (Mamalakis and Reynolds 1965: 122-23). Stagnation had clearly taken place, and the difference between supply and demand was made up by government subsidized imports. Chile was an agricultural exporter until 1940, but by 1956 it was importing \$45.6 million annually in food, water and forestry products (equal to 9% of nonagricultural exports); by 1963 Chile was importing \$110.6 million annually in agricultural goods (equal to 22.2% of nonagricultural exports)

and by 1972, \$300 million (equal to more than 30% of non-agricultural exports) (Mamalakis 1976: 131).

In cattle, for instance, the total number of head remained substantially unchanged from 1936 to 1960, despite increases in population. Mamalakis (1965:124-25) relates this to the low price of cattle in comparison to wheat. While the price ratio of cattle to wheat in Chile was between 2.0 and 3.0 for most of the 1937 to 1950 period, in the United States the ratio was between 5.0 and 8.0. With such low prices for cattle, internal production fell in comparison to demand and Chile moved from a net exporter to a net importer of meat.

Inflation-induced price controls limited the potential for return on investment and forced agricultural income into other sectors. Moreover, an urban monopoly of meat processors effectively usurped price increases that were granted in the late 1940s, leaving farmers with no higher profitability. With elasticities in demand absorbed by cheap foreign imports, cheap as a result of an overvalued peso, few alternatives for profit in agriculture existed.

Similarly, for agricultural production in general, prices relative to industrial goods, rarely exceeded the base scale of 100 (1934-38) for extended periods of time (Mamalakis and Reynolds 1965; 131-32). And by 1955-1960 the industrial price index improved so dramatically that agricultural prices retained only four-fifths of their relative value as compared to 1934-1938. The bias of the

government-directed economy was towards industry. While industry was protected by variable rates of exchange, agriculture was subverted by subsidized imports. During most of the 1940-1955 period, imported wheat in Chile sold for prices lower than the international market value. The difference between the international price and the Chilean price was absorbed by the government. Government policy, as Joseph Grunwald has said, "in respect to agriculture, was geared primarily towards social welfare objectives rather than production increases" (Grunwald 1957: 5). According to the Chilean Development Corporation, real profits in agriculture between 1940 and 1952 were negative in 1942, 1944, 1946-47, and 1951, five out of thirteen years. No other sector of the Chilean economy suffered such losses.

The prime factor in the stagnation of Chilean agriculture over the last fifty years, Mamalakis concludes, has been government policy (1976: 112). Less than 4% of CORFO's credits and investments went to agriculture. Government revenues from agriculture averaged 2.5 times government expenditures on agriculture; investment in research, irrigation, soil conservation and training remained minimal.

Mamalakis claims that even structured change in agriculture was subverted in the 1930s when left-wing parties agreed to leave land untouched for a free hand in industrialization. Landowner power was based on the ability of the hacendado to control the votes of his workers and thereby

to assure a large landowner representation in the Chilean Congress. McBride (1936: 212) takes note of the claim of one Chilean that owner control of inquilino votes was stipulated in a lease for renting the property. Despite this control, which lasted until 1958 (Petras and Zeitlin 1968), the first threat to landowner power came in 1920 with the election of Arturo Alessandri to the presidency. Alessandri was the candidate of an urban middle-class coalition (Pike 1963: 182). Alexander (1962: 238) claims that ". . . Alessandri was only allowed to come into office as a result of a tacit agreement that the landlords be left untouched. This meant that there would be no attempt at agrarian reform, and that the government would not allow the organization of agricultural workers into unions." Although there is no evidence of such an agreement, the countryside remained unorganized and subject to landlord control for the next 40 years. The sacrifices from agriculture and the rural populace appear to have been agreed upon by representatives of the entire political spectrum.

Overall, Mamalakis takes the monetarist position that Chilean landowners refused to increase production because much higher profits were available in other sectors of the economy. This is equivalent to the position of modernization theorists, such as Rostow (1971), who argue that the problem in the Third World is the investment climate. To cure economic stagnation, Mamalakis believes that the

government must promote investment by freeing the economy of controls, that agriculture would be a good investment if prices were permitted to rise to their natural level. But many, such as Ratcliffe (see also Glade, 1969; Bauer, 1971; Frank, 1967), argue that Chilean agriculture declined because the semi-feudal structure could not absorb capital investment to increase production. The labor intensive organization left no room for capital improvements. The problem was structural, not financial. Ratcliffe argues that although landowners had lost much of their political power in 1925, subsidies that consisted of mortgage credits in an inflationary economy, exemption of agriculture from taxes and exemption from the labor laws, including minimum wage and labor legislation, made farming a profitable enterprise. Ratcliffe's position is comparable to that of dependency theorists who argue that the problem behind economic stagnation is the very structure of society, the exploitation of the masses by the classes, which can only be corrected by revolutionary alteration of society.

Ratcliffe suggests that Mamalakis' conclusions based on the index comparing agricultural prices with industrial prices are wrong. Where Mamalakis sees agricultural prices at a disadvantage, Ratcliffe suggests that agriculture was no more profitable than industry and that it was no less profitable as well. Mamalakis' comparison of agriculture and industrial prices from 1949 to 1960 shows a relative

rise in agricultural prices through 1954, a decline from 1954 to 1959 and rise in 1960. Bauer (1975: 227) agrees with this interpretation: "After 1930, farm prices rose sometimes slower and sometimes faster than the overall price index, but on the whole at about the same rate; the terms of trade between agricultural and industrial prices moved only slightly against agriculture."

The data tend to support the structuralist argument that Chilean landowners were committed to a 19th century economic solution based on a labor-intensive, low-risk production strategy. When more production was necessary in the 19th century, inquilinos were forced to work more hours and more land was brought into cultivation. But in the 20th century, little land remained for agricultural expansion and technology, not labor, was needed to improve production, according to the structuralists.

Inquilino labor, in contrast to capital, cost land-lords little more than the salary of the administrator needed to direct them. In order to invest in agriculture, landowners would have had to change their lifestyles and restructure their conceptions of profit. Landlords were gentleman farmers who lived in Santiago much of the time and summered on the fundo, not agribusinessmen; they were politicians who needed the votes of their inquilinos, and mortgagees growing wealthy in an inflationary economy.

The system that isolated the countryside from the

rest of modernizing Chilean society began to collapse in the 1950s. During the early 1950s the Chilean economy stagnated. Together with rampant inflation, this resulted in the crisis of 1955. Urban political parties, no longer honoring the arrangement made by Alessandri, began to seek political constituents in the countryside. A crucial part of this change in strategy was the land reform program, which will be discussed in Chapter VI.

The major points of this chapter can be summarized as follows: (1) Chile has had an export oriented economy since the Conquest; (2) the geographic position of nitrate and copper deposits isolated these industries from the rest of Chile and left the government in the powerful position of articulator of the relationship between Chilean society and the mining industry; (3) 19th and 20th century Chilean hacendados were more land owners than agriculturalists (they had diverse economic interests, many of them urban and practiced a form of labor intensive semi-feudal agriculture that required little capital); (4) in the 20th century, Chilean agriculture, in general, has been in a state of national political decline; (5) regardless of the group to whose advantage government policy worked, the Chilean government has had a strong hand in regulating the Chilean economy in this century. The relevance of this history for agriculture in Cautín province is that the government has been the center of power in Chile since

before the settlement of the province and that the same semi-feudal fundo organization has been common in the province. Additionally, it is significant that Cautín agriculturalists are not only part of the hinterland of Santiago, they are also a hinterland segment of an increasingly peripheral national group, Chilean landlords.

Chapter III

THE HISTORY OF LAND TENURE IN CAUTIN PROVINCE

Land tenure in any region depends in part on the structure of power at the time of settlement. Regions settled at the time of the conquest should have features distinctive from the regions settled during later periods. But historical overviews of Latin America (e.g. Stein and Stein 1970; Ribeiro 1972) tend to lose sight of this variation. They apply the events of the 16th and 17th centuries to all areas of the continent. In fact, it is likely that more territory was brought under centralized political control in the 19th and 20th centuries than earlier. This later history is crucial to any effort to understand regional variation in Latin America. In contrast to the relative isolation of 16th century Santiago from centralized authority, 19th and 20th century Cautín developed under the strong hand of the Chilean state. For the most part, decisions about settlement policy were made by Santiaguans for Santiaguans with little representation from the region and limited responsiveness to regional needs. These differences will be used to explain the regional variation found in southern Chile in contrast with the generally held perspective on rural social organization in Latin America.

discussed in Chapter I.

In addition to the national and international context in which the province of Cautín was settled, land tenure in the province varies with the means of acquisition of the land, the way in which the land was used, and the number of times the land changed hands by inheritance. Together these factors created the distribution of land that existed in 1965, just before the government began to promote large-scale land reform.

Background to Colonization

The settlement of Cautín began with the founding of Temuco in 1881 (see figure 6). Chile, an independent republic for 71 years, had just won the War of the Pacific and gained control of vast nitrate deposits. Tax revenues were pouring in from the newly conquered territories. A nation successful at military expansion was busy consolidating its national territory and its international position. A share of the nitrate revenues was invested in ships for the navy, arms for the army and Prussian military advisors (Nunn 1970).

Araucanian control of the middle of Chile could no longer be tolerated. In 1880, while most of the Chilean troops were off fighting in Peru, the Araucanians revolted. The state felt internal threats had to be eliminated if Chile was going to be free to pursue economic development. Argentina, with which Chile shared a long and disputed border, was a rising threat because of an economic florescence

Figure 6. Province of Cautín: Provincial Departments and Cities



stimulated by European imports of Argentinian beef and a population surge caused by emigration from Europe. Conquest of the Araucanians and Chilean colonization of the south would secure Chile's claim to the area and stimulate economic and demographic growth.

Since independence, various 19th century presidents expressed interest in the European colonization of the southern Chile. The commitment to colonization stemmed, in part, from the generally held belief that population and progress were intimately intertwined. A large population would provide the labor force necessary for economic expansion and for defense against surrounding, potentially hostile nations--Argentina, Bolivia and Peru.

Chile, like all countries in America, must take to heart programs to increase its population, an essential condition for progress. For a long time now the government has been preoccupied with this question and has undertaken many projects to achieve this end. (Gay 1973: 334, translated by the author)

Interest in European colonization was based on the racist claim that Europeans were more industrious and harder working than Chilean peasants, rotos, and on the desire of landowners to keep their rural labor force under their control. According to the racist view, the Chilean roto was an acceptable follower but never a leader, or an innovator. In contrast, the Chilean aristocracy claimed that Europeans were all experts in highly productive peasant farming techniques. Exemplifying this was the often cited

1868 case in which 60 Chilean farm laborers were settled in the south on 20 hectares of flat land each or 40 hectares of hill land with an additional 10 hectares for each son over 12 years of age. Seed, tools, a house and monthly allowances were provided, all to be repaid on a long term basis with no interest (Jefferson 1921:27). After a few years only 25 of the original 60 remained on the land, the rest having sold their plots to land speculators in Santiago.

Many foreigners also abandoned the land because of harsh conditions or because they had no background in agriculture, but these actions were either overlooked or seen in a more positive light.

Between the years of [18]83 and [18]90, 10,312 German, Swiss and French colonists arrived. They were settled in the region [of Cautin] but since most of them neither came with money nor had ever been farmers, the new colonists did not achieve the desired results. In a short time many of these colonists scattered throughout the country and their land passed into the hands of nationals and other foreigners better endowed with the proper incentive. (Frias 1972:373; translated by the author)

One group of colonists from the Canary Islands that settled on farm land near the coast in Cautin Province survived for a year on rations provided by the government and abandoned the land with little attempt at farming. They were fishermen with no training in agriculture (Melville, personal communication).

Many groups within Chile, like the National

Agricultural Society (Sociedad Nacional Agrícola, SNA) were opposed to colonization by Chileans because of their desire to maintain the rural social structure of the central valley and other settled regions of Chile. Inquilino dependence of the hacendado would be destroyed, they feared, if the inquilino was permitted to leave the hacienda to settle on his own land. Obviously, the labor force for the Chilean fundo's labor-intensive farming would also be lost. In 1873, laws restricting internal colonization were passed. In 1898 land was set aside specifically for Chileans, but bureaucratic discrimination limited the amount that was actually settled (Jefferson 1921: 17).

Agricultural groups such as the SNA, also opposed land colonization for fear of the creation of a competing center of production. But when labor shortages in the cities started to draw away members of the rural labor force, the SNA supported general foreign immigration. The fundo could not compete with high wages and the urban milieu.

The strongest push for government sponsored immigration projects came in 1880, after the War of the Pacific. Nitrate-revenue-supported public works projects like the canalization of the Mapocho River, the dry dike of Talcahuano, schools, military academies, roads and bridges, required skilled labor unavailable in Chile. In 1882 the Paris General Agency for Colonization and Immigration was

organized and in 1883 the office of the General Inspector of Land and Colonization was created. The policy of promoting foreign immigration and colonization was a way of maintaining stability in the established agrarian sector of the economy and stimulating change on the frontier and in the cities at the same time.

Colonization of Cautín

In 1852, Manuel Montt, President of Chile, decided that the gap in the center of Chile had to be closed. The province of Arauco was created out of all the lands between the Bio Bio and Tolten Rivers. The immediate problem for the government was how to control the acquisition of land. Montt set up regulations requiring the intendente, the military governor, to approve of all land sales by Indians over 1000 cuadras (650 hectares). Additionally, it was stipulated that no public official could buy land from an Indian. But fraud was rampant.

It [the relationship between Latin Americans and Indians] began, however, to decline into bad feelings many years ago, which resulted from fraud that was committed to eject the Indians from their land. This has produced chaos in the determination of legitimate rights to the land. . . (Donoso and Velesco 1970:76; translated by the author)

To prevent chaotic development, Coronel Saavedra, one of the leaders of the colonization of Arauco, suggested that the land be bought by the government to be auctioned in lots of 500 to 1000 cuadras (325 to 650 hectares).

Military engineers could survey the land and the money generated could be used to settle Indians and maintain the peace. In 1868 much of the land between the Bio-Bio and Malleco Rivers was bought by the state with this purpose in mind. Some was kept for colonization and the rest was auctioned for 1/4 to 1/3 of the price down with liberal credit arrangements for the remainder. With clearly defined property lines, it was felt that the major cause of Indian dissatisfaction would be removed.

The first foreign colonization project was executed by Perez Rosales in the early 1850s; Once rules were set up to determine which land belonged to the government and which to private owners, German families were brought to settle in Valdivia. State colonization was supplemented by the end of the century with the granting of concessions to private individuals who would bring European immigrants to Chile and settle them on agricultural land. The concessionaire was responsible for providing an infrastructure of roads and other facilities and would receive a piece of land for his services; specific examples of three types of settlement--(1) auction, (2) colonization, and (3) concession--will be presented. Indian reservations(4) will be discussed more generally.

Settlement patterns in Cautin are readily visible on property maps. The four patterns can be distinguished: (1) Rectangular blocks of land containing a minimum of 500

hectares each, like the eastern half of the comuna of Lautaro, which were sold at government auction before 1900;

(2) Small rectangular blocks of land ranging from 80 to 200 hectares, which were created by government colonial efforts. The comuna of Pitrufquen is completely dominated by these small holdings and has only two fundos of more than 500 Ha;

(3) Irregular shaped plots of more than two or three thousand hectares, most of which are in the Andean mountain region and were created by government concessions;

(4) Irregular shaped plots ranging from 100 to a few hundred hectares containing Mapuche reservations as in the western part of the comuna of Lautaro. The irregular shape of these plots has been generated by the slow whittling away of the Mapuche lands by unscrupulous buyers and fence-moving neighbors.

Contrasting the grid pattern of Cautín, the property boundaries of the province of Valdivia, directly to the south, are a completely disordered array of squiggles. Valdivia has been settled continuously since the 16th century and shows the affects of slow expansion along topographic boundaries, and numerous adjudications of battles over land rights by government commissions. The Chilean government chose to control the settlement of Cautín to avoid the confrontations over land that had strained the Chilean state in the past. In contrast with Valdivia in which the Chilean state simply arbitrated the results of past events, the government, with its expanding resources

from nitrate revenues, became the organizer and promoter of Cautin.

(1) Land auctions provided the government with funds to settle the frontier. After surveying, the eastern part of the comuna Lautaro was auctioned to wealthy Santiago families in 1892. The Biographic Dictionary of Chile indicates that the buyers were established business families.

The case study presented below illustrates what happened to much of the land that was first purchased at auction. Pseudonyms are employed, but the events are documented with land deeds, legal papers, inheritance statements, newspaper reports and informants' reports. The case is typical of similar cases recorded during the fieldwork.

On July 14, 1892, Miguel Schiller bought three plots of land at the auction in Santiago, one in the comuna of Lautaro for which he paid 11,520 pesos. In 1897, Juan Friedrich, Sr., Schiller's son-in-law, bought this plot of land from his father-in-law for 45,500 pesos. Juan Friedrich, a wealthy man with extensive vineyards around Chillan and a main residence in Santiago, where the family spent most of its time, arrived from Germany around 1850 with capital to invest. Both the Friedrich and the Schiller families were part of the 1830 to 1860 migration of wealthy, entrepreneurial German families to Chile. A later German immigration, at the beginning of the 20th century, consisted mainly of professionals without capital to invest (Young 1974). As with many Germans in mid-19th-

century Chile, Friedrich invested in a series of well-run, technologically advanced firms. It is difficult to say what other investments he had, but from the training he gave his children it is obvious that his main interest was agriculture. One son was sent to study wine cultivation in France and Germany, and the other four received training at the Institute of Agronomy in Santiago in preparation for the administration of Don Juan's fundos.

After the first purchase in Lautaro, Don Juan started buying neighboring land, two plots from the Risotto family in 1906 and 300 Ha from the family of a second neighbor. The neighbor had died and the land, after being divided up among his eight children, was auctioned off in separate lots of 60 Ha each. As often happens in the settlement of an estate, the desire of some of the heirs to keep the land and some to sell forces division of the holding. Don Juan bought five of these small plots to incorporate into his fundo, by then officially containing 1780 hectares of land. As a result of his regular program of land acquisition, his total holdings in the province exceeded 24,000 hectares at this time.

In 1907 two sons, Michael and Carlos, were sent to Cautin to administer the land. They began by clearing the dense forests, preparing fields for planting as they went along. Most of their time and energy went into cutting wood and shipping it to the main rail line in Lautaro.

Wood generated most of the income of the province at this time. As one informant said, "The first generation cuts the wood and the second generation farms." Long trains of ox-carts loaded with lumber cut by portable steam driven saw mills would reach the rail line every day during the dry summer months. Santiago was growing and the South was providing the materials for the construction. The slow process of lumbering primary forest to clear land for agriculture is still going on at some fundos today.

Unlike much of the wooded land, the Friedrich land was cleared to allow farming. Many Santiagans held the land until a saw mill operator made an offer and then they sold out immediately. The mill operator would slowly clear the land and either sell it when finished or abandon it. After he left, those who wanted to farm had to clear the land of stumps first. Some planting could be done between the trunks but that required tedious hand labor for minimal rewards. In most cases, agriculture was slow to develop after the lumber was harvested.

With the financial support of their father, Carlos and Michael started building cart tracks, fences, barns, and buying ox-drawn machinery for planting and harvesting. Their interest was in the development of agriculture, not simply in investment in land. Both in Chillan and Cautín, Friedrich fundos would become models of advanced agriculture with various breeds of fine cattle, fruit trees, dairy

industry, honey production, wine production and new types of forage.

In 1926, Juan Friedrich died, leaving his fortune to be divided among eleven children. Following the Chilean inheritance laws that call for equal partition of an estate among all children with a 1/4 to 1/2 share for the surviving spouse, a meeting was held at the family homestead in Chillan. Each participant was allowed to bid for the purchase of one of the fundos of Don Juan. After a value was set for each estate, the total was divided up and each inheritor paid the estate if his fundo was worth more than his share or received money in addition to land if his fundo was worth less than his share. Thus, the total value of the estate was divided up equally. But there was little actual competition for the land since most of the children had worked with one piece of property for a long time, and it was assumed that they were entitled to that piece of land. Flora Friedrich de Schmidt, through her legal advisor, her husband, received the 1780 Ha in Lautaro for 976,790.16 pesos, which included the machinery, tools, houses, furniture, animals, and any other items on the property.

Curiously, the 1780 Ha with an additional 500 Ha purchased by Dona Flora in the 1930s, turned out to be 3596 Ha when a survey project produced accurate property maps in 1961. It is difficult to believe that surveying in the 1890s could be in error by that much, but there is no

evidence of land takeovers from the Indians.

Under the direction of Dona Flora, a casa grande was built on Santa Ana, as the fundo was called. Surrounding the colonnaded structure built on a cement foundation was a hectare of carefully manicured garden, el parque, the park. This alone required the full-time care of two workers. Behind the park, a large carriage house with servant's quarters was erected.

The fundo was used predominantly as a summer residence for the family since Sr. Schmidt, Flora's husband, was a stockbroker in Santiago. A resident administrator and accountant, both native-born Germans, operated the fundo year-round with a labor force of 100 inquilinos, a relatively small number for almost 4000 Ha of land. The extensive use of machinery, concentration in cattle instead of wheat, and the maintenance of large parts of the fundo in primary forest reduced labor requirements.

The administrator and accountant were fully incorporated into the social sphere of the owners. They lived in the casa grande and were welcomed in the family home in Santiago, as well. In contrast, the foreman was a Chilean who had advanced while working on the fundo, but whose lifestyle remained completely that of an inquilino.

In 1966 Dona Flora died and the land was passed on to her only surviving heir, a daughter whose husband runs the fundo. They moved to Temuco from Santiago in 1968

and bought a house in the provincial capital where the family lives year-round, except summers. In 1970 most of the fundo was expropriated and they were left with about 400 Ha to farm, which they have continued to do through the Allende years.

The growth and decline of Santa Ana exemplifies two processes in the history of land tenure in Cautin: consolidation followed by dispersement and a decline in absentee ownership. First was the period of land consolidation that began in 1890 and continued until the death between 1925 and 1940 of the second generation immigrant entrepreneurs like Juan Friedrich. Then began the period of downward mobility. No one could afford to invest in land as Friedrich had and for reasons discussed in chapter II, industry and construction were the preferred areas of investment after 1938. Dona Flora's fundo remained intact because she had only one child to inherit the land. Even then the downward mobility was evident. Although Dona Flora could afford to live in Santiago and summer on the farm, her daughter took up residence in Temuco. Absentee owners shifted from Santiago, ten hours from the fundo, to the provincial town, a modest two hours away. Those with less capital than Dona Flora's daughter have been forced to live on their land.

There are three other segments of the local absentee landowning class. During the 1930's many Temuco businessmen

invested in land unintentionally when many of their debtors went bankrupt. Once launched on this path, they expanded their holdings, but never subordinated their urban investments to agriculture. A house in the city with weekend visits to the country proved to be an effective combination. Some of the early professionals in the province, lawyers and physicians, also invested in land, motivated in part by the status of being a patrón. As already discussed, land also proved to be an excellent hedge against inflation. A third segment of the local absentee landlord class includes those who have moved from their fundos into the city to oversee their agriculture related businesses, such as cattle dealing, lumber and construction.

Some people have also moved from the city to the fundo to become resident owners. These people are part of the downwardly-mobile middle class. As the expansion of urban middle-class jobs has slowed down, more heirs are returning to their family fundos. In many cases they are creating operating agricultural units from small holdings of 200 to 300 hectares. This is most common near the larger towns where a family can live on the farm, send the children to school in the city and take advantage of the nearby market for produce. In some cases, a 1000 hectare fundo will be divided among four brothers, all of whom will live and farm their separate plots.

In general, land changed hands many times in the short 90 year history of the province, especially in areas originally sold in large lots at auction. Most of the thirty-four original purchasers of land in one area covering thirty-four thousand hectares are no longer represented in the province. Only three surnames were still represented in the property records of 1965. The others are virtually unknown to the present residents of the region. Land has not been the source of economic stability for the Chilean owner but has been a commodity like any other commodity subject to the economic turmoil of 20th century Chile. This is not surprising since, as discussed in the preceding chapter, this is true for the central valley as well.

(2) While less land was devoted to colonization than sold at auction, immigration and settlement were major concerns of late 19th and early 20th century Chile. By 1900 Chile had 11,000 Spaniards, 8,500 French, 8,500 Italian, 4,000 Swiss, 2,000 English and 2,000 Germans, not a large percentage of the population, but, a group with significant impact on the country, especially on the frontier (Jefferson 1921: 4). Time and again Chilean squatters were removed from the land in Cautin province to make room for the colonists. The Chileans became the peasant labor force on the fundos while the immigrants established themselves as small and medium-size land owners.

Typical of the period were 48 families (280 people) of Boers from South Africa who arrived in 1903. They were placed on a train south to the end of the line at Pitrufrquen and given an oxen team and a cart, an ax, provisions for the year, seeds and a map outlining their properties. Each received eighty to one hundred and forty Ha depending on the size of their families. Some land had been cleared by the Chilean squatters but much work was required to prepare the soil for agriculture. Van Dyck and Van Sloten suddenly became common names in the region.

At the same time, a group of Spaniards were settled in the same area. Henriquez next to Wicker, Elgueta next to de Vos. Each group kept to itself, but there were always tensions between them. Earlier, in 1885, the first colonists to Cautin included both French and Germans. By the time they reached the province, antagonisms were so great that the French were sent to Lautaro and the Germans to Temuco, 30 kilometers away.

One Spanish colonist who arrived at the same time as the Boers, Ignacio Mendoza, came from Spain around 1905 with a wife and two children to settle on 60 Ha of land near Gorbea, among the Boers. Mendoza cleared the land while living on the provisions provided by the government and income from the lumber. Using funds of unknown origin, he was also able to expand his fundo as other colonists gave up their colonizing efforts and sold out to the more

industrious ones.

One of the Mendoza neighbors, Juan Colono, was consolidating land in the same way but with more energy and ambition. It is said that Colono would start off to the cattle auction in Temuco with three head and arrive with fifty. Any stray animal or any oxen whose owner had fallen asleep on the cart would be included in his fast growing herd. By the late 1920s, with cattle breeding and other enterprises, Colono had generated enough capital to buy a larger fundo around Lautaro. He sold the fundo in Corbea to his neighbor Mendoza, and went on to become one of the major landowners in the region, eventually holding title to over 20,000 Ha of land. With the Colono land, Mendoza's fundo grew to include 1080 Ha.

By 1930, when the two Mendoza sons, Federico and Gonzalo, took control of the fundo, the family was prosperous if not wealthy. Unlike the Friedrich family, the Mendoza family depended on the fundo for all its income. When the cattle market dropped, as happened in the 1930s, because of Chile's trade agreements with Argentina, the farm was forced to contract. When cattle prices were high, as in the 1950s, they were able to expand. In 1956, the Mendozas bought their first tractor.

Until then, the farm had been run with 35 pairs of oxen and a stationary harvester, one that is set up in a field and to which the grain is brought for processing.

Twenty-five workers were employed for most of the year, but only eight were inquilinos, resident laborers with rights to a small plot of their own. Once machinery was introduced, outside labor was completely eliminated and the number of inquilinos was expanded to 10.

In contrast with the life style of the Friedrich family, the Mandoza main house was a long, low, ranch-style building with a separate kitchen connected to the living quarters by a small passageway, a common design on Spanish fundos. Off the main living area was a series of bedrooms, all with basic furniture and a minimum of decoration. Outside, a simple wood fence set the area off from the rest of the fundo.

During the 1930s Federico and Gonzalo started families and the farms became divided into two separate units. Coordination slowly tapered off as the tensions generated by the mutual suspicions of each of the brothers' spouses increased. Unlike many families, there was never an open split between the two brothers, nor a complete de facto split. Each brother operated his own business but as good neighbors, they worked en media (as partners) on various crops when the need arose. En media arrangements will be discussed below in the context of fundo economics.

Since 1960, the farms of Federico and Gonzalo have reverted to the control of their respective children. Good neighbor relations continue but with limited joint work,

Jorge and Emilio, the two sons of Federico, operate their fundo jointly and have purchased another five hundred hectares together. Both have married in the last three years and if the usual pattern holds, there will be a division of the land soon. However, the Mendoza family is unusual in that cordial relations exist among all members of the family. It is more common that joint ownership leads to land division and a permanent antagonistic split in the family. This is especially common among families with limited resources, such as the Mendozas. Part of the reason for this is that a relatively small difference in the division of the estate could lead to vastly different results in the unstable Chilean economy. Perhaps the children of Federico and Gonzalo have not divided the land because Federico and Gonzalo are still alive and healthy although not active in administering the fundo. It is possible that division of the land will not take place until after their death.

The Mendozas are representative of a small group of successful farmers who have expanded their land holdings and raised their status in general. Many of the colonists have declined into rural poverty comparable to that of the Mapuche minifundists. No statistics are available but the existence of minifundios in areas settled by European colonists indicates that this has happened often. Some colonists have used agriculture to support the movement of their children into the urban middle class via education

and professional training. Some have increased their land holdings to 150 or 200 Ha, but very few have created fundos comparable to the large plots of land auctioned off in other parts of the province. Only six holdings in the comuna of Gorbea, which was settled by smallholder colonists, in 1965 had more than 500 Ha. Four of these were owned by people with Spanish surnames. This is consistent with data from other parts of the province that indicate that the Spanish have been the most successful at expanding their land. Agriculture as a path of upward mobility has been limited in general but is most commonly used by Spanish colonists. The German pattern is marked by investment in agriculture following commercial success and downward mobility in the next generation as the dilution of resources forces families to undertake agriculture as the major source of income.

(3) The third mechanism of settlement, the concession system, was used by the government to speed up the process of immigration and colonization. By 1900, concessions were being granted by presidential decree on unsurveyed land. They became a great source of speculative wealth for those Santiagans lucky enough to be granted one since the Chilean government never had the means to assure the fulfillment of contracts.

Six concessions were granted in the province of Cautín, none of which succeeded in its contractual aims. In one case, a Sr. Rivas had the concession to settle

families in the valley to the north of Volcano Llaima in the foothills of the Andes. He settled 35 German and French families on 2,210 Ha and received 24,415 Ha for himself. Later investigation showed that most of the foreign colonists were Chileans returning from Argentina whose ownership of the land was therefore illegal (Diario Austral: May 15, 1933). Additionally, Sr. Rivas never built a dairy, roads, or bridges as he was obligated to. As of 1933, he was still selling plots of land around the town of Cunco.

In another case, Don Francisco Sanchez Ruiz settled 88 Spanish families on 7,932 Ha and received 48,093 Ha for his work. The land was abandoned the following year by the colonists but a core of some six to eight thousand hectares remained in the hands of Sanchez who sold it in the early 1930s to Arturo Alessandri, the former President of Chile. It became the largest single fundo in the province.

In another case, three Santiagans received a contract to settle 400 Spanish families in the south-central part of the province. The contract called for 25% nationals in addition to the Spaniards, gave the Indians rights to the land they were on, required that the concessionaires pay the passage of the colonists, and required a guarantee of 20,000 pesos. Thirty-eight families were settled on the land and extensive fights developed over ownership claimed by other people then living on the land. Another concession was

cancelled by the government in 1909 because no colonists were placed on the land but the concessionaire sued the government for breach of contract and was awarded all the land due to him.

Overall, the concessions involved a small percentage of the property in the province. They were stopped in 1928 when the government organized the Department of Colonization-(Caja de Colonización), to prevent private exploitation of the colonization effort. The concessions generated some of the largest holdings in the province but most have been subject to sale and division over the last 60 years. This process has reduced them to a status similar to the five hundred plus hectare fundos that arose from auctioned land.

(4) The fourth major form of land settlement in the province was the reduction, or reservation, system that placed Araucanian, now known as Mapuche, Indians on communally-held land administered by the government. Today the Mapuche are the major peasant population in the region. They farm small subsistence plots with some production for the market, such as potatoes and peas. They were significant in the early 1970s as the major force organized to promote land reform from below, but are otherwise peripheral to this study. As such, only a brief history of the settlement of the reservations will be presented.

Extending Montt's efforts to consolidate state control over the length of Chile, the Araucanians were officially

limited to reservations in 1866. Inalienable titulos de
merced were granted to Indian chiefs, caciques, to provide
for their kin group. All other land automatically belonged
to the state to dispose of as it chose. Given the lack of
surveyed land and the lack of understanding of the Chilean
judicial system on the part of the Araucanians, reduc-
tions could only lead to disaster for the Indians. Increas-
ing tensions from white settler encroachments and vague
boundaries resulted in the unsuccessful Araucanian revolt
of 1880 to 1882.

As punishment for their rebellious activities, the
reductions were further limited in size and in 1887 the
provinces of Bio Bio, Malleco, and Cautín were created to
formally incorporate the entire region into the Chilean
state. A Commission for the Settlement of Indians,
(Comisión Radicación de Indígena), was organized to survey
the reservation lands, to decide where boundaries were,
and to register titles at the General Archives of Indian
Affairs (Archivos General de Asuntos Indígenas). Accord-
ing to one source (Labbe 1956, as quoted in Saavedra
1971: 14), 3,078 titles on 485,422 hectares of land were
conceded between 1884 and 1929 to 77,841 Indians. But
these titles could not be sold either to Indians or to other
Chileans. They could only be transferred by inheritance.

By 1927 the pressure to make the land available to
white settlers resulted in legislation to divide the reserva-
tions into separate, individually owned plots. The titles

on these could be bought and sold. The first such legislation required one-third of the heads of families, or persons mentioned in the title to agree to division (Saavedra 1971: 25). Seven hundred and seventy-three reservations on 126,748 Ha of land were divided. Fundo expansion on Mapuche land was the only form of expansionist latifundism in the province.

Over the next 30 years, the Chilean state, in an attempt to increase the transfer of land into the private sector, lowered the percentage of residents necessary to approve the change, sometimes requiring only one person for division to take place. Reservation lands were significantly reduced before the Mapuche realized what was happening and division ceased. They could better defend their interests by maintaining inalienable communal land than by subjecting themselves to the vicissitudes of the market.

Most of the Mapuche reservations in the province of Cautín are in the northwestern quarter of the province in the coastal mountain region. This is generally the poorest agricultural land in the region because it is swept continually by winds. With relatively little tree cover, the winds carry off the topsoil as well as drying the land. Some say that the land was cleared to accommodate the large Mapuche population while others state that the coastal mountains were never heavily wooded. It is likely that poor soil conditions were both a cause and result of Mapuche settlement

in the northwest.

It is also plausible to assume that Chilean encroachment on Mapuche lands occurred more frequently in areas with better soil. Around the city of Lautaro the reductions suddenly fade out despite the fact that it is within the Mapuche belt. In the 1960s and 1970s this was one of the major areas of Mapuche claims to land taken from them by the Chileans earlier in the century. Good land near a city on the main north-south rail line would have been valuable to any Chilean farmer. Therefore, it seems likely that the Mapuche did not seek to settle in the northern coastal mountains as much as they were eliminated in other parts of the province.

Titiev (1951) reports that in the 1930s the Mapuche were supposed to have five to six hectares per person but that actual densities ranged from one to two and a half hectares per person. The best estimates, from the Department of Indian Affairs (Dirección de Asuntos Indígenas), for 1966, are 226,516 Mapuches living on 2,961 reductions covering some 526,185 hectares of land with an average density of 2.3 hectares per person (see Figure 7). Most statistics agree that about half the Mapuches live in Cautín Province so it can be assumed that some 110,000 Mapuches live on approximately 250,000 hectares of land. The Department of Indian Affairs also lists 127,000 hectares or 24% of the land as divided.

Figure 7

Estimate of Mapuche Reservation Population--
Chile 1966 .

	No. of people	No. of reductions	Has.
Reservation residents	226,516	2,961	526,185
Ex-reservations	76,000		127,000

Source: Saavedra 1971:30.

Land Distribution in 1965

The result of these various processes of government controlled settlement has been a land distribution system marked by a limited concentration of land and great variations in property size, production strategies and social status. In Cautín, properties over 500 Ha in 1965 included only 35.5% of the land and accounted for 1.4% of the agricultural enterprises (see Figure 8). In contrast, nationally, properties over 500 Ha controlled 79.7% of the land (See figure 9) in that year. The results of colonial latifundism in the central valley around Santiago are obvious.

But the comparison is not as stark as it seems at first glance. After noting that in 1925, in north-central Chile, 73.6% of the land was held by 1.8% of the proprietors in holdings over 1,000 Ha McBride (1936: 127) states:

One must not be misled, however, by these figures. Much of the land in most of the extremely large properties is rough terrain totally unfit for agricultural use. Much of it is virtually worthless for any purpose. The largest haciendas listed lie in communes that include arid, hilly, or mountainous country, either well to the north as in Coquimbo and Aconcagua, or if further south, in the Coast Range or the Andes. In fact, large parts of such areas are both mountainous and desert.

Much of the land in central Chile is useful only when it is irrigated. While 79.7% of the land is held in units over 500 Ha, only 21.3% of the irrigated land is held by these units (See Figure 10). Similarly, holdings up to 5 hectares contain only 0.7% of the land, but they contain 13% of the irrigated land. Agricultural production in Chile,

Figure 8
Land Distribution in Cautín Province
1965

Size (Ha)	% (Prov.) of Ag. Land	Ha	No. of Fundos	%
0.0-5	2.7	13,990	6172	23.4
5-10	2.2	30,581	4533	17.2
10-20	5.0	68,554	5142	19.5
20-50	11.8	163,707	5382	20.4
50-100	12.4	175,977	2569	9.7
100-200	12.5	183,325	1332	5.0
200-500	18.0	256,220	845	3.2
500-1000	12.4	173,815	250	0.9
1000-2000	11.7	161,987	117	0.4
2000-5000	7.9	107,131	37	0.1
5000+	3.3	47,119	7	0.0
PROVINCE	99.9	1,382,407	26,386	99.8

Source: Instituto Nacional de Estadística (INE), IV Censo Nacional Agropecuario, Vol. 20, 1968:5.

Figure 9.
Land Distribution in Chile

Size (Ha)	Ha	%	No. of Fundos	%
0.0-5	206,857	0.7	123,693	48.8
5-10	230,355	0.8	33,076	13.0
10-20	413,805	1.4	29,976	11.8
20-50	911,889	3.0	29,360	11.6
50-100	1,022,656	3.3	14,785	5.8
100-200	1,261,513	4.1	9,164	3.6
200-500	2,167,948	7.1	6,998	2.8
500-1000	2,143,578	7.0	3,156	1.2
1000-2000	2,115,495	6.9	1,533	0.6
2000-5000	3,314,860	10.8	1,061	0.4
5000+	16,855,173	55.0	730	0.3
	30,644,131	100.1	253,532	99.9

Source: INE, IV Censo Nacional Agropecuario, Vol. 1:
1969a:38.

Figure 10.

Land Distribution in Chile
Properties with irrigated land and area irrigated

Size (Ha)	Fundos irrigation	%	Area irrigated	%
0.0-5	1,376,208	13.0	108,681	10.0
5-10	683,709	6.5	45,886	4.2
10-20	903,969	8.6	52,534	4.8
20-50	909,634	8.6	81,795	7.5
50-100	1,236,289	11.7	103,157	9.5
100-200	1,252,254	11.9	175,229	16.1
200-500	2,133,199	20.2	291,011	26.7
500-1000	1,274,233	12.0	145,671	13.4
1000+	790,526	7.5	86,681	7.9
Totals	10,559,022	100.0	1,090,646	100.0

Source: INE, IV Censo Nacional Agropecuario, Vol. 1:
1969a:70.

in general, is apparently only somewhat more concentrated than in Cautín.

The relatively moderate concentration of land in Cautín in 1965, before land reform, is a product of a number of factors. First, unlike Argentina, in the 20th century Chile did not undergo a resurgence of the rural sectors of the economy with the development of an international market for some agricultural product. Most of the production of Cautín has been for the internal market and, as has been described, for limited profits. There was no major economic stimulus to expand land holdings. Those who did invest in land in Cautín were gentleman farmers, like the Friedrich family, or were responding to economic stimuli of short duration and questionable strength.

Second, Chile has a fairly high population density that has been accommodated on the land by the division of holdings, both large and small, with each generation over the last 100 years. This path was taken by many downwardly mobile members of the national bourgeoisie. Despite the myth of underpopulation that helped to promote the colonization movement, Chile was overpopulated in comparison to other Latin American countries by the 1850s. By 1907, Chile had a population density of 149 people per arable square mile (Sjoberg 1970: 82), and by 1920 its density was 160 people per square mile of arable land (Jefferson 1921: 62). In contrast, Argentine had 11 people per arable square mile

in 1920; Brazil had 20, and Uruguay 17. Like Friedrich, many who invested in land did so to provide an economic base for each of their children. Thus a fundo that started out as at 5000 Ha was quickly reduced to five 1,000 hectare fundos (Picasso 1956). In 1955, 39.1% of the land in Cautín was held in units over 500 Ha; in 1965 the comparable figure was only 35.5% (see Figure 11). In 1955 there were 15,555 agricultural enterprises in the province; in 1965 there were 26,286, an increase of 70%. As urban economic conditions continue to worsen, it is expected that, at least for land that has not been expropriated, this process will be accentuated. Thus, implicit in some of the colonists' reasons for investment and settlement in the region were the social forces pressing to divide land holdings, not consolidate them. In summary, first, by 1965 land ownership in Cautín was becoming less concentrated. Land reform came in the midst of a period of land dispersion, not at a time of land consolidation. Land reform was a continuation of historical trends already well established. Nevertheless, that the redistribution of land was occurring outside the framework of kinship makes this a new trend in Cautín history.

Second, Cautín was settled as part of a national policy promoted by a centralized state that was well-developed by the time of the settlement of the province and had the power to impose its will on the region. This point will be expanded upon in the discussion of agricultural production that follows.

Third, a diverse group of settlers came to the

Figure 11
Land Distribution in Cautín Province
1955

Size (Ha)	% (Prov.) of Ag. Land	Ha	No. of Fundos	%
0.0-5	1.9	3,783	2790	17.9
5-10	0.7	9,665	1336	8.6
10-20	1.8	27,248	1968	12.6
20-50	8.3	122,845	3805	24.5
50-100	11.8	171,065	2512	16.1
100-200	15.6	229,600	1690	10.9
200-500	20.7	298,725	1002	6.4
500-1000	12.4	176,559	260	1.7
1000-2000	12.3	173,153	129	0.8
2000-5000	10.4	148,790	55	0.4
5000+	4.0	54,495	8	0.1
Province	100.0	1,415,979	15,555	99.9

Source: Dirección de Estadística y Censos (DEC), III Censo Nacional Agrícola Ganadera, Vol. IV: 1959:204.

province. Many of the large fundo owners in 1965 were the descendants of 19th century Santiago business families. Like the Friedrich family, they have suffered intergenerational downward mobility over the last three generations. This has been caused by their lack of expanding capital that would grow, could be divided, and then would grow again in step with the transfer of wealth from one generation to the next. A second major group of large fundo owners consisted of upwardly mobile farmers who came to the province as colonists from various European countries, but mostly from Spain, and made their fortunes through wheeling and dealing. The different approaches these two groups had to farming was one of the major factors that divided landowners, weakening their response to land reform. These differences will also be examined in the next chapter.

Chapter IV
AGRICULTURE IN CAUTÍN PROVINCE

The changes in land tenure and landlord politics are closely tied to the organization of agricultural production and distribution. In this chapter I will outline the principle agricultural pursuits in the province, the technical and ecological constraints on agriculture, the financial and marketing constraints on agriculture (which arise from the political manipulations of national elites), and the strategies of profit-making in agriculture that arise in response to these ecological and political constraints.

The variation in strategies for making profit is an important aspect of the landowners' response to land reform because differences in the manipulation of resources divided the landed class-in-itself. This division was one of the factors that prevented the development of a strong class-for-itself counterrevolutionary movement. This chapter will examine the economic basis of the split in the landlord class and the next chapter will examine the social and cultural elaboration of that split.

First, I will discuss the ecozones that exist within

Cautín Province, then the organization of production and marketing for each major crop, and then the different strategies of profit-seeking.

Ecozones of Cautin

The province of Cautín in the southern central zone of Chile is the most productive agricultural province in the most productive region of Chile. Cautín ranks first in the production of the Chilean staples--wheat and cattle, and first in oats and raps production in the nation (see figure 12). It produces barley, rye, peas, potatoes, vegetables, fruits and plantation pine lumber. Horses, pigs, sheep and goats are also significant parts of the local rural economy. Despite a significant contribution to production of the staples of the Chilean diet, bread and beef, the province cannot be said to dominate these aspects of the Chilean economy because it produces less than one-tenth of what the population consumes annually.¹ This is an important limitation on the political power and flexibility of provincial agrarian elites.

At the last census, 1970 (Instituto Nacional de Estadísticas, 1970c), the province contained 420,682 persons on 7,054.8 sq. mi., a density of 59.6 people/sq.mi. More

¹The difference between the numbers in Figure 12 and the fact that "the province . . . produces less than one-tenth of what the population consumes annually" is accounted for by large quantities of food imports. See Figure 18 in this chapter.

Figure 12
Percent of National Production
Generated in Cautin Province

Wheat	14.7
Cattle	12.9
Oats	23.9
Raps	57.0

Source: INE, IV Censo Nacional Agropecuario Vol. 20,
1968.

than one quarter of the population, 110,335 people, was concentrated in the provincial capital of Temuco. The province contains 2.4% of the land area of Chile, 4.76% of the population and 10.3% of the agricultural land. Two towns other than Temuco, Lautaro in the north and Villarrica in the southeastern foothills, have populations over 10,000. Four other towns have populations between 5,000 and 10,000 and nine more between 1,000 and 5,000. Although the next largest population concentration after Temuco is only 1/10th the size of Temuco, these small towns offer a full range of government services, which are significant to the social organization of the province.

The province can best be examined as a set of four strips running north-south that mark the zones of different ecological limitations on agricultural production. Running east-west are a series of river valleys that cut across the ecological zones and along which flow the social and economic life of the province. The social and economic flow in the province has followed the river valley system not because transportation was by river but because the valley floors provided the best land and the easiest routes for overland movements.

The four longitudinal climatic zones include the mountainous Andean region, the Andean foothills, the central valley and the Coast Mountains. McBride describes the

interrelationship between the Andes, the central valley and the Coast Mountains for all of Chile as follows:

Between the two ranges of mountains there lies the long central "valley," a structural trough deeply filled with alluvial materials and offering a continuous, nearly level plain from Santiago to Puerto Montt. Within this depression lies most of the good farming land of the country. Even this area, however, is decidedly restricted. Spurs from the Andes and the Coast Range protrude into it, at some points almost meeting. These intrusions of the hills from both sides have greatly reduced the agricultural land. (McBride 1936:23-24)

The characteristic features of the Andean region are relatively high altitudes ranging from 3,000 to 10,000 feet, snow-covered, active volcanoes and heavy evergreen forests maintained by rainfall that sometimes exceeds 200 inches annually. Although summer months are drier, long periods without rain are extremely rare. The major limiting factor for natural and cultivated plants is temperature. The growing period, measured as the average number of days with temperatures over 50°F, is only 150 days.

Since the political units of the province, departamento and comuna, follow the contours of the east-west valleys, no statistics exist for climatic zones. However, the comuna of Pucon is almost entirely in the Andean region and can serve as a statistical overview of the entire area (see figure 13). The comuna includes the drainage system of the Pucon River, which flows into Lake Villarica. Like the entire mountain region, it is not heavily exploited. It has little cultivated land, and few cattle. The most

important aspect of the comuna economy is hardwood lumbering. But there appear to be no statistics on the number of board feet removed from the area.

Attempts have been made to open an all weather road to Argentina and to develop Pucon as an international trading center. However, Santiago has refused to support the development of strong provincial ties to bordering countries, preferring to maintain the Santiago-Valparaiso regional monopoly on international trade. Much of the major item that could be exported from the region to Argentina, lumber, goes to Buenos Aires, which is easier to reach by ship than by overland route. Some winter tourism exists but facilities are extremely limited.

The Andean foothills, like the mountains suffer climatic limitations. Here both precipitation and temperature are critical. The growing period of 170 days permits the planting of winter wheat but heavy ground frosts sometimes reduce yields drastically. Rainfall is plentiful, 60 to 100 inches annually, but unevenly distributed. Dry periods can occur anywhere from December through March, affecting cereal production and forage for cattle. Earlier in the century, some landowners kept plots of land in the mountains for grazing cattle on natural pasture during the summer months. The cultivated pastures in lower regions could then be converted to hay.

The foothills are lower than the mountains, ranging

between 1,000 to 2,000 feet high. The view of rolling hills cleared for planting is broken up by large lakes, and a combination of natural forest and plantation pine has prevented any significant erosion. The soil is composed of fine to medium grade volcanic ash that requires phosphates to maintain production. The area covers about 1/8th of the province.

Villarica, a comuna, in the southern part of the province, is almost completely within the foothills and may be examined as representative of the foothill region as a whole. It has a population density of 9.5/sq. mi. and cultivates 32.6% of its agricultural land, significantly more than Pucon. But the comuna produces little wheat: most of the land is devoted to dairy and beef cattle. Cattle are less sensitive than crops to the relatively harsh conditions of the area.

The Central Valley is predominantly flat land about 500 feet above sea level and covers the central portion of the province, about 1/4 of the total land area. It is formed by the Tolten and Cautin River valleys as the rivers exit from the foothills, forming depressions that move south and then west within about 15 miles of each other. In the southernmost portions of the province, around Loncoche, the Coast Mountains and the Andean foothills merge to eliminate the Central Valley altogether. Rainfall in the area ranges from 40 to 80 inches with January

and February as exceptionally dry months. The 183-day growing season and lower chances of frost make agricultural production higher and more secure than in the foothills. The longer growing season permits a rejuvenation of the cultivated forage between the summer dry period and the winter cold. March rains sometimes cause problems during harvesting. The soil is similar to that of the foothills, volcanic ash, but with a much deeper topsoil that requires less fertilizer. Towards the Coast Range the topsoil becomes shallower and impermeable clays predominate.

Using Freire as the comuna representative of the Central Valley, the productivity of this area is clear. Sixty-two percent of the agricultural land is cultivated annually, much of it in wheat, barley, raps, and beef and dairy cattle.

The Coastal Mountains are distinctive in a number of features: the long growing season of 243 days; the high population density in rural areas reflecting minifundista settlement patterns of Mapuche Indians; and extensive erosion due to strong winds and intensive use of the land without proper rotation and fertilization. The area covers another 1/4 of the province and includes two distinct ecozones, a mountainous area and a coastal plain. The mountainous region has lower temperatures, higher rainfall and a shorter growing season than the coast, but

Figure 13

Statistical Comparison of Sample Communas in
Each Ecological Zone in Province¹

	Pucón (Andean Region)	Villarica (Andean Foothills)	Freire (Central Valley)	Saavedra (Coastal Mountains)
Percent of Land Area of Province	14.2	4.8	8.8	8.8
Length of Grow- ing Season (days)	150	170	183	243
Population den- sity (people/sq. mi.)	2.5	9.5	29.5	48.5
Percent of <u>com- muna</u> land <u>culti- vated</u>	10	32.6	62	26.6
Average wheat yield (quintals /Ha) ²	8.1	12.6	16.7	8.5
Percent of provin- cial cattle in <u>communa</u>	7.5	5.6	13.8	7.4

Source: INE, IV Censo Nacional Agro pecuario, Vol. 20, 1968.

¹Comparisons in this chart should be made with the rela-
tive size of each communa, first row, in mind.

²A quintal (qq) equals 100 kilograms.

overall similarities make it simpler to combine the two areas.

The comuna of Saavedra which includes part of the Coast Range and part of the littoral provides a balanced view of Coast Mountain area as a whole. The comuna uses only 26.8% of its agricultural land in crop cultivation and produces low yields for wheat, barley, and oats. It also had fewer cattle than comparable areas in the Central Valley, but about the same population of sheep, pigs and goats.

The four major commercial products of the agrarian sector in Cautin are wheat, raps, barley, and cattle. Each will be treated in turn.

Wheat

Wheat was introduced into Chile by early Spanish settlers; it adapted well to a climate similar to the European Mediterranean from which it came. Since the 16th century it has been the staple of the Chilean population. Today wheat is consumed in large quantities by all classes of Chileans in the form of bread manufactured daily by thousands of small bakeries throughout the country. As already discussed, early in Latin Chilean history wheat was exported to Peru, the seat of the Viceregency; later, in the 19th century, Chile exported wheat to Australia and

to gold-rush California. Chile continued to be a net exporter of wheat until the late 1930s when declining yields and rising population resulted in the initiation of wheat imports.

From the turn of the century to 1935-39, average yields per hectare declined steadily (see Figure 14). The increasing yields after 1940 probably resulted from the use of improved varieties of durum wheat, trigo candeal. Yields continued to increase slowly until 1960 when they began to rise sharply (see Figure 15). Between 1960 and 1970 the average yield increased by 50%. This was mainly due to the increased availability of credit for fertilizer from the Bank of the State (Banco Del Estado) (see Figure 16).

But increased yields per hectare were offset somewhat by a steady decrease in the amount of land planted in wheat. From 1940 to 1970 average yields increased by 70%. Production increased by only 51.8% because of a drop of 10.7% in the area planted in wheat. The decline in area planted is a result of a number of factors: the slow decline of wheat prices since the middle 1930s (see Figure 17); and the growing market for alternative crops, such as barley and raps.

Despite increased yields, wheat production has not kept pace with consumption over the last 30 years. In 1940 Chile imported 190 qq of wheat worth \$(US) 1,368 (see

Figure 14
Chilean Wheat Production Yields,
1910-1949

Year	Average yield qq/Ha
1910-14	12.8
1915-19	11.6
1920-24	12.0
1925-29	11.8
1930-34	10.4
1935-39	10.6
1940-44	11.0
1945-49	12.4

Source: Carroll 1951:179.

Figure 15

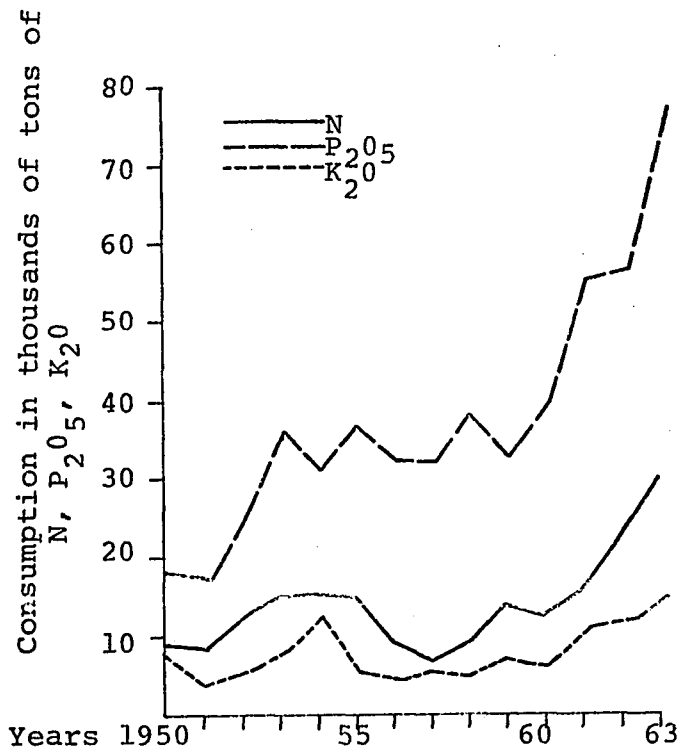
Wheat Production in Chile
1939-1973³

Year	Area Planted (Ha)	Average Yield (qq/Ha)	Total Production (qq)
1939-40	828,800	10.4	8,609,100
1944-45	801,400	11.5	9,216,100
1949-50	793,300	10.8	8,542,600
1954-55	758,052	13.9	10,503,156
1959-60	889,100	12.6	11,158,400
1964-65	734,038	15.3	11,199,187
1968-69	743,045	16.3	12,142,060
1969-70	740,290	17.7	13,069,100
1970-71	727,420	18.8	13,679,740
1971-72	711,740	16.8	11,951,350
1972-73	533,790	14.0	7,466,840

Source: El Campesino 1974, Vol. CV, No. 4:11 and INE, Encuesta Nacional Agropecuario de Mayo, 1969b, 1970b, 1971b, 1972, 1973.

³Production for 1972-73 was exceptionally low because of heavy rains, attacks of grubs and a spotted plant disease, a national truckers' strike in September and October 1972, that delayed planting, and the disruption caused by extensive land reform (Loveman 1976:299). Some farmers did not plant much because they expected their land to be expropriated but no one, to my knowledge, neglected to plant wheat or any other crop as a political protest.

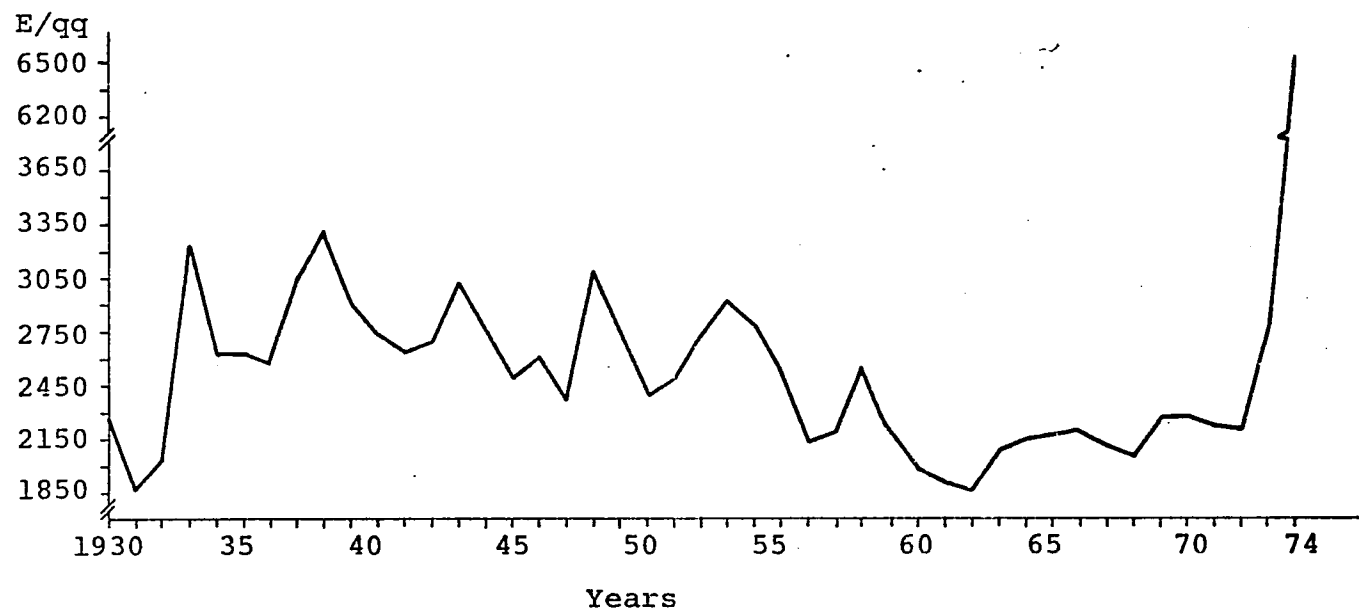
Figure 16
Fertilizer Use In Chile
1950-1963



Source: El Campesino, 1966, Vol. XCVIII, No. 5:55.

Figure 17

Price of Chilean Wheat in Fixed Escudos (January, 1974)



Source: El Campesino, 1974, Vol. CV, No. 4:15-16

Figure 18). In 1970 it imported 2,003,711 qq valued at \$13,357,000 and the trend has continued. Changes in government policy after 1970 aimed at improving the diet of the masses led to a four-fold increase in wheat imports between 1970 and 1973. Because of the 360% rise in the international price of wheat from May, 1972 to January, 1974, wheat imports cost Chile 18 times as much in 1974 as it had in 1970. The drain on export earnings was enormous.

Production within the province of Cautin followed trends similar to national production (see Figure 19). Since 1955 there has been a fall in the hectares planted in wheat and a compensating rise in productivity. Production in 1970-71 was the highest ever for the province and for the nation. As with national production, the increased use of fertilizers, and the introduction of alternative commercial crops explain these developments.

The geographic distribution of production within the province shows an overall decline in importance of the central valley as a wheat producing area (see Figure 20). Comparing representative communes in each of the four eco-zones of the province, the share in production of the central valley dropped from 13.4% to 11.8%, indicating a general shift away from wheat to other crops and to livestock.

The analysis of wheat production by size of holding indicates that the largest drops in yields between

Figure 18
Chilean Wheat Imports

Year	Quantity imported (qq.)	Value in \$US
1940	190	1,368
1945	299	1,795
1950	688,727	3,826,183
1955	1,982,193	16,292,487
1960	191,712	1,482,048
1965	2,402,657	16,139,000
1970	2,003,711	13,357,000
1971	3,661,900	25,860,000
1972	7,662,700	57,601,000
1973	10,833,360	241,800,595

Source: El Campesino 1974, Vol. XV #4: p. 11.

Figure 19
Wheat Production - Cautín

Year	Hectares Planted	Yield qq/Ha	Total Production (qq)
1954-55	148,390	14.7	2,175,345
1964-65	118,806	13.8	1,642,852
1968-69	141,760	14.4	2,039,000
1969-70	134,180	17.1	2,294,480
1970-71	127,930	19.1	2,443,460
1971-72	123,460	17.7	2,185,240
1972-73	93,320	16.2	1,511,780

Source: DEC, III Censo Nacional Agrícola Ganadera, Vol. IV, 1959.
 INE, IV Censo Nacional Agropecuario, Vol. 20, 1968.
 INE, Encuesta Nacional Agropecuario, May 1969b, 1970b,
 1971b, 1972, 1973.

Figure 20

Percent of Provincial Wheat Harvest in
 Representative Comunas Corrected for
 Land Area of Comuna⁴

	1955	1965
Pucon (Andes Mountains)	1.65	1.5
Villarica (Andean Foothills)	5.46	6.1
Freire (Central Valley)	13.4	11.8
Saavedra (Coastal Foothills)	8.0	4.1

Source: DEC, III Censo Nacional Agrícola y Ganadera, Vol. IV, 1959.
 INE, IV Censo Nacional Agropecuario, Vol. 20, 1968.

⁴Data is available for no other years except 1955 and 1965, the only years in which comuna level censuses were taken.

1955 and 1965 were in holdings below 50 hectares (see Figure 21). This reflects poor crop rotation and soil depletion coupled with a lack of technical aid and credit facilities to purchase fertilizer, herbicide, insecticide, improved seed and the like. A strong government agency to supply credit and technical services to small agriculturalists, the Institute for Agricultural Development (Instituto de Desarrollo Agropecuario, INDAP), was created by the Frei government in 1967, may have reversed this trend; but there are no recent statistics on which to judge.

Shifts in the number of hectares planted in wheat from 1955 to 1965 for different size landowners have been significant (see Figure 21). Agricultural units below 50 hectares planted 14.3 % of the province's wheat in 1955 and 34.1% of the wheat in 1965. The reason for this change is the increase in the land held in units under 50 hectares. As described in Chapter III, the trend since the founding of the province has been a steady increase in the number of holdings and a decrease in the size of holdings.

In addition to the decreasing size of the holdings, there was also a drop in the amount of wheat planted by medium-size farmers between 1955 and 1965. In 1955 farmers with fundos ranging from 100 to 500 hectares planted 844,186 Ha of wheat. In 1965 the same group planted only 459,451 Ha of wheat. This was a result of the general diversification

Figure 21
Wheat Production by Size of Property

Size	Ha Planted	1955 %	Yield	Ha Planted	1965 %	Yield
0-5	868	0.6	12.4	4,055	3.4	10.8
5-10	1,931	1.3	11.9	7,777	6.5	9.2
10-20	4,439	3.0	11.6	12,261	10.3	9.2
20-50	14,014	9.4	11.8	16,546	13.9	10.2
50-100	17,148	11.6	11.7	10,982	9.2	11.5
100-200	23,873	16.1	12.9	12,411	10.5	12.5
200-500	38,790	26.1	13.8	20,700	17.4	14.7
500,1000	18,370	12.4	18.7	14,800	12.5	17.8
1000-2000	17,896	12.1	16.9	11,998	10.1	21.1
2000,5000	9,075	6.1	21.8	6,248	5.3	19.6
5000+	1,984	1.3	17.9	1,029	0.9	21.4
Total	148,388	100	14.6	118,807	100	13.8

Source: DEC, III Censo Nacional Agrícola y Ganadero, Vol. IV, 1959.
INE, IV Censo Nacional Agropecuario, Vol. 20, 1968.

into beef and dairy cattle, and other commercial crops, as already mentioned.

The commitment of smallholders (below 50 Ha) to wheat is a result of the subsistence orientation of small farmers and of their tendency to avoid the risk inherent in the shift to new crops. The higher yields of farmers with 500+ hectares of land is evidence of greater technical sophistication, better land, and better credit facilities.

Wheat is produced in conjunction with other crops in a few different systems of rotation. According to a 1966 study of land use in Cautín Province (El Campesino, May 1966), 20% of the land is capable of a three-year rotation cycle with one year of wheat, 32% is capable of a similar cycle but with technical care to avoid erosion and other problems, and another 30% can be maintained on a six to 10 year cycle. The remaining 18% is marginal. When a regular rotation cycle is used, the three-year cycle is most common. Many fundo owners, however, are less than rigid in their adherence to any rotation schedule.

Three types of wheat are planted: (1) winter wheat, which is planted in May or June (soil preparation must begin in April or May); (2) spring wheat, which is planted between July 15 and August 15, with some varieties that permit planting as late as September 15; and (3) an intermediate variety. All types are harvested toward the

end of February. Winter wheat is generally more productive than spring wheat and also resists dry spring weather and frosts better. But spring wheat keeps the land clear for winter grazing when forage is often in short supply. Large landowners can produce hay and silage for their animals, but small farmers have neither the equipment nor the land to grow hay, nor the money to buy it, assuming, of course, that there is some for sale. The winter plant grows during the fairly dependable fall rains and stops growing when the temperature drops. When spring comes, the plant is usually three to six inches high and well developed. Spring wheat is dependent on the less consistent spring rains to develop into a plant and can easily be destroyed by a spring dryspell. In addition, spring wheat can be destroyed by late frosts in November and December. Although spring wheat should be used only in the central valley where early frosts are unlikely, it is used wherever farmers do not plan their crops far in advance or where they cannot afford to plant winter wheat.

Wheat is plagued by other technical problems, as well. Insect attacks are common. During the 1973-4 growing season, a dry December and January resulted in an insect infestation that destroyed from 20 % to 70% of most farmers' production. The government organized an emergency program to spray fields by airplane but the cost was so high that most farmers decided not to spray. In 1971-72 a spotted plant

disease also affected production. Sometimes heavy rains just before harvest will knock much of the grain from the stalk. Although statistics indicate that provincial production is fairly consistent, local disasters in the form of untimely rains, frosts, and dry spells are common.

Barley and Raps

Barley and raps are the other two important commercial crops in the province, although neither approaches wheat in land area planted. Barley is a hearty plant with a short growing season that adapts it to areas in the coastal mountains and the foothills where temperatures remain cool well into the spring. It requires no special attention, which makes it an appropriate crop for the many farmers who prefer to avoid technical complications. The two types of barley in Chile are a winter variety, Hordeum exasticum, which is used for cattle feed, and a spring variety, Hordeum distichum, which is used for beer.

Although barley has been grown in the province for many years, a spectacular rise in production occurred after 1965 (see Figure 22). The main reason for this spurt was the beer industry, a government sponsored agribusiness project. Before 1965 barley was used mainly to supplement the diet of dairy cattle and pigs. Now most of the barley is used in beer.

Barley for beer is planted in October and harvested in May, and is more resistant than wheat to rains that

Figure 22
Barley Production in Cautín

Year	Area Planted (Ha)	% of Area Planted Nationally	Production (qq)	Yield qq/Ha
1955	2,564	4.2	37,352	14.6
1965	1,960	5.1	37,800	19.3
1969	7,680	17.3	125,600	16.4
1970	8,700	18.4	170,740	20.2
1971	12,180	23.2	244,820	20.1
1972	18,040	26.9	409,510	22.7
1973	21,820	34.1	379,670	17.4

Source: El Campesino August 1968.
INE, Encuesta Nacional Agropecuario de Mayo,
1969b, 1970b, 1971b, 1972, 1973.

might knock the grain from the stalk. It can be used in rotation cycles in place of wheat and is preferred by farmers because yields are higher. Some farmers claim to have yields of 55 qq/Ha, which is unheard of for wheat. Since the prices of wheat and barley are the same, barley can produce higher profits. Nevertheless, barley production has dropped off in recent years mainly because Malterías Unidas, the government barley purchasing company, has contracted for less production.

Raps, or Brassica Napus L, an oil seed belonging to the same genus as mustard and looking much like it, originated in Asia. It began to be cultivated in Chile in 1957 to replace maravilla, another oil seed that could only be grown in the warmer, drier regions of the country. Raps fit well into a rotation cycle that included wheat and forage and was quickly adopted (see Figure 23). By 1966 Chile was producing enough raps-oil to meet all its cooking oil needs (El Camposino, July 1969).

Cautín Province is the largest single producer of raps in Chile. Over the last 10 years it has produced more than 40 percent of the national production almost every year (see Figure 24). Raps are grown mainly in the central valley of the province and are produced by farmers with different size properties ranging from 5 hectares to 5000 hectares (see Figure 25).

Winter raps is planted in April and flowers at the end of September or early October for some 30 to

Figure 23

Raps Production in Chile

Year	Area Planted
1956-57	6,000
1957-58	12,600
1958-59	21,500
1959-60	41,300
1960-61	32,300
1961-62	34,800
1962-63	44,700
1963-64	57,000
1964-65	74,000
1965-66	81,000
1966-67	60,000
1967-68	42,000
1968-69	48,000
1969-70	53,700
1970-71	49,300
1971-72	56,100
1972-73	30,800

Source: El Campesino July 1969.

INE, Encuesta Nacional Agropecuario de Mayo, 1969b, 1970b, 1971b, 1972, 1973.

Figure 24
Raps Production in Cautín Province

Year	Area Planted (Ha)	% of Area Planted Nationally
1964-65	33,900	65.9
1968-69	22,670	46.8
1969-70	16,100	30.0
1970-71	19,500	39.5
1971-72	23,900	32.6
1972-73	13,800	44.8

Source: El Campesino July 1969.
INE, Encuesta Nacional Agropecuario de Mayo,
1969, 1970, 1971, 1972, 1973.

Figure 25

Raps Production by Size of Land Holding

Size	% of land	Area Planted (Ha)	Production (qq)	Yields (qq/Ha)
0.0-5	1.0	235.1	2,064	8.8
5-10	2.2	902.0	7,661	8.5
10-20	5.0	1,938.2	17,075	8.8
20-50	11.9	4,530.9	43,417	9.6
50-100	12.6	4,235.5	46,721	1.0
100-200	13.1	4,874.7	52,443	0.8
200-500	18.8	6,982.1	86,083	12.3
500-1000	12.5	5,028.0	69,020	3.7
1000-2000	11.7	3,862.5	60,682	5.7
2000-5000	7.9	1,125.5	21,597	9.2
5000+	3.3	269.0	3,786	4.1
Total		33,983.5	410,549	12.1

Source: INE, IV Censo Nacional Agropecuario, Vol. 20, 1968.

40 days. The crop is harvested in January. Spring raps is planted in August and harvested at about the same time as winter raps. The plant is highly resistant to frost, which makes it appropriate for the Andean foothills. But, the plant is very sensitive to the nitrogen content of the soil and requires careful fertilization. Yields can be as high as 28 qq/Ha, but no working farm has achieved that level of productivity. The major threats to the crop are dry periods during floration and rain during harvest time, which can knock the precariously held seeds from the stalk. In addition to oil seed, the bran from the raps is excellent animal feed that is often used for chickens.

Barley production is regulated by Malterias Unidas, a government sponsored corporation that contracts for all barley. Since there is no other market for barley, whatever they contract for is what is grown. Similarly, all raps fields are planted under contracts from COMARSA, which directs raps production in Chile. The contractual arrangements for both crops are similar.

The contracts include sacks, shipment to the station of payment, seed, and fertilizer, the costs of which are deducted from the payment at the time of harvest without interest charges for seed and sacks. Farmers can solicit herbicides, insecticides and disinfectants when necessary. The companies also maintain technical services for advising the farmers. They pay advances on crops as

well, which are paid at the signing of the contract, at planting and in December when the size of the crop is estimated.

Livestock

The livestock industry in Chile has stagnated for most of the last 50 years (Mamalakis 1965:123). Between 1936 and the mid-1950s the cattle population remained at a fairly constant 2.6 million head and meat consumption in Chile declined from 54 kilograms per person annually in 1947-51 to 39.5 kilograms annually in 1952-56. In the 1930s Chile had a large positive balance of trade in livestock products, but by the 1950s large sums were leaving the country to pay for imported beef. The reason for the lack of growth in livestock was price controls that maintained artificially low prices, and a retailer's monopoly that returned only a small share of the income from the sale of beef to producers. Most of the beef was shipped to Santiago to be slaughtered, thus keeping the possibility of vertical expansion away from local producers. In 1952 price controls on beef were lifted and production rose the following year. In 1956 restrictions on slaughtering were abolished and producers began to receive a greater share of the retail market price of beef. As Mamalakis (1976:138) describes:

Output languished between 1930, when already low prices deteriorated even further, and 1952. In

spite of continued subsidized credits and technical and other assistance by CORFO, expansion was stifled by the offsetting impact of subsidized Argentine cattle imports, inefficiency and monopoly power in distribution and slaughtering, and inflation-related risk and uncertainty, . . . cattle output recovered during 1955-70.

The recovery of the cattle industry after 1955 was a result of a variety of factors, many of them having to do with changes in national policy. Throughout much of this century beef was supplied to Santiago and Valparaiso not by the Chilean south but by Argentina. With vast stretches of grassland, Argentine cattle raisers could produce their beef cheaper than their Chilean counterparts and as part of the program to subsidize the style of living of the urban populace, the government promoted the importation of beef. The government, for instance, provided credit to beef importers but none for cattle fattening in Chile, and until 1964, beef importers were given a favorable exchange rate by the government. According to El Campesino (September, 1965), with government credit and black market money, beef importers were making a fortune.

The beginning of the shift to self-reliance began in the 1960s. In 1960 the Ministry of Agriculture, together with CORFO, started a program to promote livestock production. The program included: credit for planting pasture, building fences, acquiring cattle, and technical assistance; an artificial insemination center in Valdivia together with local centers throughout the country to

improve the breeds of cattle; special credits for organizations that run expositions and give prizes to the best cattle, and maintain lists of fine registered cattle; special credits for those who maintain exemplary cattle ranches; and investments in milk processing plants, local slaughter houses, and other regional projects..

As a result of this plan, the organization of cattle production in Cautín changed. From 1961 to 1969 processed milk production increased in Chile by 36% and overall milk production by 26% (Federación Nacional de Cooperativas Lecheras, 1969). In Cautín, COPALCA (Cooperativa Agrícola Lechería Cautín), was organized and a major processing plant that pasturizes milk and makes cheese, butter, cream and yogurt was built.

In addition to COPALCA, a second major organization that resulted from government incentives, such as better credit arrangements for cooperatives than for individuals, was the Agricultural and Livestock Cooperative of the South (Cooperativa Agrícola y Ganadera del Sur, Ltda., GANACOOB). GANACOOB began with 25 members who wanted to improve marketing procedures and gain control of all aspects of the livestock industry in order to market their own cattle. The main service the cooperative provided was the cattle auctions it operated in Temuco and Lautaro. Anyone could sell cattle, pigs, horses, and sheep at the auction but members of GANACOOB paid a reduced fee for selling at the

auction. Since its founding, GANACOOOP has branched out to offer credit for cattle purchases to its members, to organize private sales of cattle at reduced fees for its members, to sell animals on and off the hoof to purchasers from outside the province, to market Cautin beef from its own butcher shops in Santiago, and to offer technical services. From the original 25 members, GANACOOOP grew to 575 by 1973. In 1970-71, 124,192 animals were sold at the GANACOOOP auctions, but in 1972-3 only 91,412 animals were sold there. The difference is, perhaps, a measure of the number of private sales that took place away from the auction block to avoid the watchful eye of the government. Many of these sales probably resulted in the movement of cattle to Argentina. But after the coup, in September of 1973, GANACOOOP began talking to the government about the international marketing of processed meats similar to Australian corned beef.

The distinctive aspect of GANACOOOP for the problem at hand is that while landowners were not able to defend their land, they were able to organize effectively to market their product, to operate major commercial ventures in the province, to develop a national marketing network and to consider an extension of their marketing into international spheres. Moreover, the group was organized by a mixed group of fundo owners who, as will be discussed, in other circumstances were antagonistic to each

other. Throughout its existence the administrative council of GANACOOOP has included members of both communities.

Apparently, unity for everyone's profit was not beyond possibility as long as each of these groups could continue to seek profit in their own way without interfering with each other. But there is some indication, even though the data is not complete, that the leaders of GANACOOOP in daily operations were the members of one group. The members of the other group that held positions on the governing board of GANACOOOP appear to have participated less in the operation of the organization than the members of the first group (This will be discussed further in the next chapter).

Three types of cattle are found in Cautin, Holsteins (overo negros), Herefords and clavel Alemán (overo colorado). Holsteins are excellent breeds for both meat and milk. The young bulls can be slaughtered for meat and the cows can be milked until they no longer produce and then fattened for slaughter. But Holsteins are sensitive to disease and harsh living conditions, which makes them poorly adapted for life in Cautín. Clavel Alemáns are heartier animals, adaptable to rustic conditions and resistant to disease. They are good for meat but produce

less milk than Holsteins. Since the fat content of clavel milk is high, the income from dairy production with these animals is relatively good. Clavels were brought to the province from abroad by two fundo owners in the early 1950s and have many of the characteristics of Herefords except that they are bigger. Some farmers complain that clavels have the drawback of requiring a veterinarian's help in birth because of the size of the calf. Herefords are not common in the region.

It is difficult to prove that cattle are more profitable than grains but cattle ranching is a higher status occupation. Farmers say that cattle present fewer risks because they cannot be killed by short periods of drought. In addition, cattle require fewer workers to maintain and can be raised in a variety of ways, some of which require little equipment and some of which require much equipment.

Three types of cattle producers exist in Cautín: breeders, fatteners, and dairy farmers. The breeders attend to the process of stock reproduction and raising the cattle to between one and one-and-one-half years old.. Artificial insemination is not commonly used in Cautín so the breeder spends many days in the spring bringing bulls and cows together to reproduce. Each pairing is recorded so that pure bred's can be inscribed at SOFO and the progress of the newborns can be used to check on the

stock. Most breeders own a few fine bulls and hundreds of cows. The cattle conceived one year will not be sold for another two and one half years so cattle breeding involves a longer period before realizing profits than wheat cultivating.

Once the cattle are born, they are raised on the ranch for a year and a half before being sold. During this time the young bulls that are to be sold for fattening are castrated. The cows, however, are protected by law and cannot be tampered with. Often they are sold while relatively young because the law, in an effort to increase cattle stocks, does not permit them to be slaughtered for meat. Young bulls are sometimes half-shared to other farms for fattening. This is one of the ways landowners with relatively few cattle can participate in the cattle market. In half sharing the cattle owner and the landowner split the increase in the weight of the animals. Usually the cattle owner pays the landowner on the basis of the price per kilo when the animals are sold. Breeders will half share their cattle with agricultural communes, cooperatives, or any other form of land tenant they trust. When the animals are old enough, which usually occurs during the fall, the breeder will sell his stock and collect his gross profit. Most of the breeders in Cautín are Germans and among them are those who have brought bulls from Europe and the United States to improve stock.

In some areas, where the roads are good and the

owner has the capital to invest in milking machines, the breeding ranch is combined with the dairy farm. Even small machines to milk 10 cows at one time cost US\$20,000 and up. Additionally, the machine must be installed in a special building and requires some technical knowledge to maintain. On mixed dairy and breeding farms half the cows are milked and two calves are tied to each of the other cows. In that way, milking and breeding can go on at the same time. With a small milking machine, a herd of 50 cows can be milked in an hour. To do the same thing by hand would require 10 inquilinos and no fundo owner I know of was willing to pay for that much extra labor. Milk production rises during the spring and summer months when pastures are available for the cattle and falls during the fall and winter when the pasture and hay are in short supply. Few farmers have the resources to produce silage or hay to maintain the production of milk during the winter. Additionally, many dairy farms are not accessible by truck during the winter because of the condition of the roads. All the milk produced in Cautín not consumed on the farm is processed by COPALCA.

Dairy farmers have the added advantage of flexibility in that they can switch back and forth between dairy cattle and breeding if there is a major shift in the market. Some dairy farmers sell all their calves in order to concentrate entirely on milk production.

The cattle fattener is the short-term investor in cattle production. His aim is to buy cattle, preferably in the spring, and sell them with as much weight gain as possible in the fall or the next year. Some will hold the animals for a year, while others prefer to buy and sell as quickly as possible. The advantages of cattle fattening are that it puts one's land to good use, turns over a quick profit, and requires little care for the land. Often fatteners will not plant pasture but simply allow the land to care for itself with intermittent plantings of grain. With this arrangement, capital is needed to buy the cattle but few laborers are needed so that overhead costs are low. Sometimes fatteners will half-share with another landowner and sometimes they will rent pasture from a neighbor. Under Allende SOCOAGRO, the government owned slaughter house operating company, bought many of the young bulls and oxen and contracted out half-share arrangements with landowners. Many landowners without capital, regardless of their attitude toward the government, went half-share with SOCOAGRO. They received payments for 60% of the weight gain of the animal during the summer and 90% of the gain during the winter. An advantage of going half-share with SOCOAGRO was that they would pay for estimated weight gain periodically during the course of the contract so landowners could receive a regular income.

Because of these arrangements, under Allende

livestock production dropped only slightly (de Vylder 1976:201). Additionally, the black market for beef was fairly active because beef was a more compact commodity than wheat and could be transported easily and secretly. Also, as already mentioned, Argentina was used as a market for Chilean cattle during this era.

Agricultural Strategies

These economic and ecological constraints on agricultural production are coped with in Cautin with three different agricultural strategies. By agricultural strategies I am referring to the approaches different farmers take to maximizing profits. Economists have long recognized that people take different approaches to maximizing profits that often include elements not measurable in dollars. Lancaster (1969:138) writing on microeconomics, notes that:

Firms do not always measure benefits by revenue alone, or the net benefits by the excess revenue over cost. A firm may be motivated by the desire to be large, and may wish to expand profit beyond the most profitable level for that reason. It may seek approval for its technical sophistication, or for its social actions, partly at the expense of simple profit. Some authors would even argue that maximization of simple profit is the exception rather than the rule. . . .

Approaches to profit maximization depend on numerous factors that are beyond the scope of this study (see Samuelson 1967:591-604; Neale 1971), but the elements that appear to distinguish the different agricultural strategies in

Cautín are capital resources, risk, and length of investment. I refer to the three strategies found in Cautín as "Chilean," "German," and "Spanish."⁵

The data on which this section is based are 26 genealogies including approximately 500 people, of which 100 were identifiable as "German" fundo owners and 67 as "Spanish" fundo owners. But a more accurate sense of the relative number of "Spanish," "German," and "Chilean" farmers among the 412 large landowners in the province comes from a survey in which a few key informants were asked to identify, according to farming practices and style of living, as many of the large landowners as they could.⁶ Out of 412 large landowners, 112 were identified as "Spanish" farmers (of which 80, 71 per cent, were ethnic Spanish) and 125 as "German" farmers (of which 75, 60 per cent, were ethnic German). The rest, less than half, were considered to be somewhere along the line between the two poles, neither completely one or the other in terms of farming practices and living style. These are the ones

⁵For reasons of style and convenience, Spanish-type farmers will be referred to as "Spanish" farmers, German-type farmers as "German" farmers, and Chilean-type farmers as "Chilean" farmers. However, the reader should take note that these refer to socially recognized categories, not to individuals defined by national origin. The distinction is important because some individuals, despite their country of origin, belong to one group or another because of their education, networks, agricultural practices and general behavior. When national origin is the point of reference, the terms Spanish, German and Chilean will be used without quotation marks.

⁶Key informants, all of whom were over 50 years old and had been born in the province, knew everyone on the list.

I refer to as "Chilean" Farmers.

The labels "German," "Spanish," and "Chilean" are not simple labels based on national origin, but recognized social categories that sometimes include people of national origins other than the label implies. Sometimes an informant would say of a fundo owner with a Spanish surname, "But he's really German... Look at how he farms, how he acts with his family, how he behaves...He's really German." In another case a farmer whose parents were born in Germany was described as follows: "He hangs around with the Spanish. He acts like them. Take a look at his land...he even farms like them." In addition to style of farming, the terms "Spanish" and "German" distinguish two social sets that have relatively little social contact with each other. The issues of ethnicity and the political bases of ethnicity will be dealt with in the next chapter.

The "Chilean" strategy is the middle ground between the two extremes and is, in fact, a category that can only be defined negatively. In other words, it is the group that is not "German" or "Spanish." Although "German" farmers and "Spanish" farmers are referred to as such, the "Chileans" are an untitled group. The "Chilean strategy is often undertaken by

hacendados with land but with relatively little capital. The "German" strategy involves a commitment to efficient, technically advanced farming in which the land is slowly developed over the years with somewhat less of a focus on annual profits than on the long term improvement of the land. The "Spanish" strategy involves the open manipulation of all aspects of the agricultural market in which profit can be sought. This group is concerned with the highest gain over the shortest period of time.

The first strategy, a Chilean approach, is marked by a heavy dependence on wheat production. Generally those who plant large quantities of land in wheat, at least 20% of their arable land, are farmers without private sources of capital. Wheat is the easiest crop for which to get financing from the Bank of the State to pay for fertilizer, seed, and machinery so it is the alternative of the farmer who owns land and little else. In one case that occurred in the late 1960s, a piece of property was divided up among five brothers who could not get along. One brother received 500 hectares of good land, much of it wooded. He spent the first year clearing land and planted whatever fields he had, about 150 hectares in all, in wheat. Farmers like him live from harvest to harvest and hope that the income

from the sale of the grain will permit them to pay off the debts they contracted. They sometimes consider themselves lucky if nothing more than the wheat has to be sold to pay debts at the end of the harvest. Their hope is that one good year will produce an exceptional harvest, high prices, and high profits. In the case cited above, the owner needed his fields for cattle during the winter, and so he planted spring wheat. A late frost killed the crop. He would have been in exceptionally bad financial position had triple digit inflation not made his production loan insignificant.

In the long run this strategy can be self-defeating because high yields depend on the development of the soil over a period of years. The best farmers plant less wheat in any single year, allow the soil to improve and thereby avoid high capital expenses, especially for fertilizers. The farmer who can afford a long rotation cycle can, for example, plant his land heavily in leguminous pasture, such as clover, which restores the nitrogen content of the soil. Agronomists (El Campesino, December, 1968) usually recommend 500 to 700 kilograms of nitrate fertilizer per hectare of wheat in the foothills and the central valley. But if a leguminous pasture is planted in the cycle, or raps, a nitrogen fixer, is planted before the wheat, the amount of nitrate fertilizer required drops precipitously, thus cutting costs. While

the "German" farmer might follow this strategy of careful land preparation, the undercapitalized farmer has neither the time to keep his land fallow for three or four years nor the high quality land. By employing professional agronomists, some trained in Europe and some in Chile, the "German" farmers often achieve yields far above the provincial average. In one case a "German" landlord's son, who had a degree in business administration, took over a 50 Ha plot of land on his father's fundo, manured the soil, added the recommended quantities of fertilizer, sprayed with insecticides and produced a yield of 44qq/Ha, which is almost unheard of in the province. "Spanish" farmers, in contrast, tend to use little technical advice and the minimum quantities of fertilizers they can get away with.

The overwhelming opinion of most of the farmers and estate owners is that wheat farming in general does not pay. Discussions of the selling price of wheat and the costs of production, which dominate many conversations among landowners, are accompanied by clucking and head shaking. Very few hacendados make specific calculations of the costs of production; most rely on rough measures of how much they must produce per hectare to make a profit. Estimates, which do not include measures of overhead and upkeep, run from as low as 18 quintals per hectare to as high as 27 quintals. Since the average yield in the

province is only 17.8 qq/Ha it would seem that most lose money from wheat production. Many claim that this is essentially true, especially in recent years. In 1974 very few planted large plots of wheat because they claimed they couldn't afford it. One owner originally planned to plant 200 hectares of wheat out of a total of 600 hectares in his possession as a political statement of support for the new military government. After checking the various prices and costs, he decided that he would make no profit on the wheat. His only gain would be the clover forage that he planned to plant along with the wheat to come up after the wheat was harvested. He claimed that he couldn't afford to plant 200 hectares of wheat without profit, so he cut back to 100 hectares.

A cost study by the SNA in April, 1974 (El Campesino, April, 1974:14), which included inter-harvest overhead costs, long-term technical costs, and the like, concluded that at the prices then relevant, wheat costs E°9,071 per quintal to produce. The fixed price for wheat at that time was E°6,500. The price for the coming harvest, 1975, was set at approximately E°13,000, which seemed reasonable but with a rate of inflation of 700% annually, the study concluded, it was difficult to predict costs for a series of functions to be carried out over a period of one year. It made no specific recommendations but still ended with the traditional complaint that prices were too low. A

similar study in May, 1969 concluded that the costs of production were E°31.83 per quintal while the price of wheat was E°67.20, which indicates that the undercapitalized farmers' hope for a boom year was not entirely unreasonable. Nevertheless, the SNA concluded that this was not a fair return because the price was low in comparison to the international price of wheat.

All these studies assume a productivity of 30 qq/Ha, almost double production on the national average. Another study done specifically for the provinces of Cautín and Malleco, the province to the north of Cautín (El Campesino December, 1966) suggested that 31 qq/Ha of wheat were needed to meet the costs of production in 1966 and 28 qq/Ha were needed in 1967 to meet costs. This would mean that less than 1000 Ha in the two provinces could produce wheat at a profit during 1966 and 1967. Another study by the Cooperativa Agrícola Regional Los Lagos, Ltda. comes to a similar conclusion for the Province of Valdivia but finds that production of 40 qq/Ha can lose money if the cost of fertilizer to prepare the land is too high. Crop rotation to limit the amount of nitrate and phosphate fertilizers needed was the only way to cut costs. It should be noted that farmers in southern Chile are at a disadvantage in general because they must cover the costs of shipping their grain to Santiago.

Without attempting an analysis of prices beyond the

scope of this thesis, it would seem that wheat production in Cautín over the last thirty years had not produced the return necessary to capitalize its own technological advancement. This is the trap from which few Chilean farmers escape. Production statistics and records of farmers who plant wheat support this conclusion. From the genealogies of the 15 wealthiest agricultural families, it is clear that not one of them made their money planting wheat. The rural economy has generated some wealth but wheat farming is not one of the ways to accumulate it.

Nevertheless, since many farms appear to survive for long periods of time planting wheat as the major cash crop, wheat production does not appear to be unprofitable. This is possible for a number of reasons. First, most landowners do not use the amounts of fertilizer necessary for optimum results, thereby cutting costs. Second, and more important, fertilizer, seed and machinery account for more than half the costs of production (El Campesino, April, 1974:14) and all are purchased with government credit, which charges rates far below the rate of inflation. In other words, the government subsidizes these items to a considerable extent. The real cost to the landowner is less than the stated cost of these items if he buys with credit, which every farmer always does. "The farmer survives on credit," hacendados often say, and the farmer following the "Chilean" strategy is the one most dependent on short-term

state credit.

Credit for agriculture comes from the Bank of the State (Banco del Estado), and the Chilean Development Corporation (Corporación de Fomento de Producción, CORFO). CORFO handles all credit to finance long term programs of land development and the Bank of the State administers credit for the planting of crops and the purchase of machinery. For the last forty years, 10 month credit for wheat has been easily available from the bank. Interest rates varied from 8% to 24%, but in a country where inflation varied from 10% to a few hundred percent, credit was a direct source of added profit for farmers. An Inter-American Committee for Agricultural Development report on Chile (1964:70) notes that:

Farmers frequently complain of the interest rates they must pay, considering them high in relation to agricultural profits.

Without any desire to enter into the polemics on the subject, it may, nevertheless, be pointed out that after making adjustments for changes in price levels Chile for several years had a negative banking rate.

One high officer of the Bank of the State stated that this was an intentional way of subsidizing farmers in order to keep food prices low, and, in turn, urban wages low. Special credits are also offered when a natural disaster strikes. In the 1955-56 growing season a December frost killed much of the wheat in Cautin and the state offered three-year loans at 9% to 10% interest to farmers

to offset losses. By the time the loans were paid back, the money was worth only a fraction of what it had been at the time the loan was made. In the 1963-64 season weather conditions produced a poor crop and again special credit was offered in the provinces of Malleco and Cautin.

The Institute for Agricultural Development (Instituto de Desarrollo Agropecuario, INDAP) provides credit for small farmers and cooperatives; CORA provides credit for the reformed sector of the agrarian economy; and the large landowners rely on CORFO and the Bank of the State. Since more than 60% of the credit for agriculture is granted by the Bank of the State (Feder 1960), the large landowners are the ones with the most access to credit.

For regular credit needed for planting, a farmer simply has to fill out forms at the local branch of the Bank of the State. To assure that the farmer actually plants the crops he commits himself to, loan officers do a character investigation of the applicant. If the man has not reneged on debts in the past and is known in the area as a reasonably good farmer, there is little problem. Since most of the loan officers know all the large landowners, it is often the officer himself who serves as the character witness. There appears to be no collateral called for on these loans, although a farmer who does not fulfill his obligations to the state may never receive credit again. Loan officers do not distribute loans in

one lump sum but spread them out over time. Whenever the farmers need seed, advances for planting, advances for harvesting, funds or insecticides, and so on, the loan can be drawn upon. During the growing season the loan officer is likely to tour an area to check on the status of the crop he has financed. Thus, cheating appears to be kept at a minimum. The only documentation that was mentioned in any regular credit application was proof of ownership of the land.

Development loans from CORFO, however, call for the presentation of an agricultural development scheme that is drawn up by an agronomist and approved by various segments of the government agricultural bureaucracy. These often require extensive documentation and are carefully examined by government officials. Here also funds are not handed out in one lump sum so that fundo owners are forced to account for their expenses.

In the case of regular credit from the Bank of the State and special credits offered in emergencies, the members of the loan officer's network have some advantage. An officer can tell whomever he wants when applications for different types of credit are being accepted, and what special credits are available; he can offer advice on how to fill out the application, and can help speed an application through the bureaucracy. Despite his ability to provide these services, it did not seem that friendship with

bank loan officers were promoted any more than other business relationships. In general, there appears to be enough credit available that farmers do not enter into stiff competition for it. Although judging from comments in newspapers, in the 1940s and 1950s agricultural credit was in shorter supply and the loan officer, along with other bank officials, might have been a more important figure.

"Chilean" fundo owners depend directly on the state credit to maintain themselves from year to year." Spanish" and "German" farmers will use state credit when it fits their plans but are not as tied to wheat production. All three will also plant raps and barley when they can get a contract but the "Germans" appear to get such contracts a bit more frequently and regularly than the "Spanish" farmers. The distribution of these crops among all size farms indicate that these contracts are desired by many different farmers, but the company representatives express some reluctance to deal with the "Spanish" farmers because they are more apt to try to cut corners by not preparing the fields as well as they could, and by manipulating various other aspects of production to improve their profits. The "Germans," on the other hand, are viewed as forthright, honest businessmen who work hard to produce the most.

The "Spanish" and "German" farmers depend more on the state credit available for cattle than wheat. Cattle credit is in shorter supply than wheat credit and places

the "Spanish" and "German" farmers in direct competition with each other. There are two sources of credit for cattle, the Bank of the State and CORFO. The Bank of the State offers credit for cattle and machinery, most of it to be paid over 33 months with interests ranging from 8% to 24%. Machinery purchased with State Bank credit is often imported by the Bank and then turned over to the farmer. The farmer never sees the actual money. CORFO credit, in contrast, involves no importation service. The farmer makes his own importation arrangements. But CORFO credit is usually for the long term development of a farm. If a farmer wants to shift from grain production to dairy farming, for instance, he can approach CORFO with a long-term plan to buy dairy cattle, raise stock over a period of years, purchase and set up mechanized milking equipment, and so on. If approved, CORFO will provide credit over a period of years to finance the scheme. When one "German" fundo was expropriated in 1967, the owner applied for and received CORFO funds to develop the reserve into a cattle ranch.

While the "Germans" are interested in both short-term and long-term credit, the "Spanish" are interested only in the short-term credit to finance their short-term investments. Thus, while the "Germans" want more government money invested in schemes to mechanize and improve production over ten years, for instance, the "Spanish"

want short term credits to promote the buying and selling of goods. Open antagonism between the two groups is at a low level, but is persistent. The "Germans" are very wary of dealing with the "Spanish" and carefully check every deal to see that they are not being cheated. Since the "German" interest in cattle breeding and dairy production has overall nationalistic overtones--reduce dependency on on imported foodstuffs --the "Germans" tend to distrust those who operate openly for profit alone and to see the "Spanish" as willing to sell the province to the highest bidder.

In cattle production, the "Germans" tend to be the breeders and operate the dairy farms while the "Spanish" operate as fatteners, buying one year and selling the next. While the "Germans" will buy and sell according to the technical requirements of their fundo, with some variation for rises and falls in prices, the "Spanish" will buy one day and sell the next if the price is right. Moreover, the "German" breeders are often selling to the "Spanish" fatteners and the focus of their entrepreneurial venom is at those who attempt to force them to take the lowest price. The "Spanish," in turn, complain that the "Germans" are wealthy but are unwilling to risk a dime on any commercial schemes.

Whereas many of the "Germans" are descended from wealthy Santiagan merchants and commercial families who had other sources of wealth, like the Friedrich family, the "Spanish" families are descended for the most part from colonists, who

rose from the lower social strata, to attain relative wealth. The "Spanish" often have capital available but at crucial times in their rise they turned to "German" families for financing and were turned down. While the "Spanish" have moved from grains to cattle to horses to lumber to various commercial ventures when it seemed that profits could be made, the typical "German" stayed with a single fundo and developed it slowly over the years.

To summarize, all crop and livestock production in Chile depend on direct or indirect government subsidy. Wheat is the mainstay of the Chilean population and the Bank of the State offers the most credit for wheat production, of which Chilean farmers with land and little capital avail themselves. But wheat is among the more environmentally sensitive crops and is only marginally profitable. Barley and raps are supported by government sponsored industry, which contracts for barley and raps production with generous credit arrangements. Profits are higher on these crops than wheat, but contracts are limited in number and cannot be counted on every year. Cattle farming is the least sensitive to variations in temperature and rainfall and is the highest status type of agriculture. It appears to be the most profitable although specific comparisons are hard to make. Cattle production requires the least amount of labor per unit of land. There are

three types of ranches--breeders, dairy farms, and fatteners. The breeders and the dairy farms tend to be "German" and the fatteners tend to be "Spanish" farmers. The relationship of these differences in farming practices to other aspects of life in Cautín, and the origin of these differences, is the topic of the next chapter.

Chapter V
CLASS AND ETHNICITY

Agriculture, land tenure, and local, national, and international history do not exist apart from the everyday lives of people. In conspicuous and inconspicuous ways people live within the boundaries of the power relationships that historical forces have created around them. So far we have discussed landowners and their relationship to those whose power domain they live within--mainly the state.

But threading through the entire work have been veiled and open references to ethnicity. This chapter will examine the behavioral attributes, the cultural consistencies of ethnicity among landowners in Cautin and offer an explanation of the origins of ethnic variation among landowners. It will also examine the relationship between landlords and peasants, the way the power of these two classes (vis-a-vis one another) has changed over the last 75 years, and the differences between landlord-peasant ties on "German" and "Spanish" fundos.

Ethnicity

Ethnicity has been the object of much discussion and analysis in anthropology, especially since Barth's work on ethnicity among the Swat Pathans (1969), and in sociology.

One point of cleavage distinguishing various analyses is whether ethnicity is taken to be an objectively defined organizational principle that is grounded in biology and processes of socialization, that is, in custom and shared culture, or whether it is a subjective reality, an informant-centered ascribed identity that is a product of other social forces, a part of ideology that is created or disassembled in response to other pressures in a society. Barth considers ethnic groups to be a product of primordial identity, of innate predisposition that "may be given varying amounts and forms of content in different sociocultural systems" (1969: 14). Isajiw, in a review of definitions of ethnicity, essentially agrees with Barth. He concludes that, "The involuntary nature of the ethnic group is connected with gemeinschaft type of relations among members of the group and as a result, on the psychological level, articulates with feelings of sympathy and loyalty toward members of the same ethnic group. This, we can say, forms the basis for ethnic group boundaries from within the ethnic group" (1974:122). Isajiw sees a subjective element in ethnicity as arising from the objective base: "In societies such as the United States or Canada, where members of many ethnic groups have to interact and compete with one another, the existence of ethnic boundaries from within inevitably produces ethnic boundaries from without...Hence, ethnicity is a matter of a double boundary, a boundary from within,

maintained by the socialization process, and a boundary from without established by the process of intergroup relations" (Isajiw 1974:122).

Similarly, in summarizing early studies of African towns that form the basis of the cultural view of ethnicity (Mitchell 1956; Epstein 1958; Gluckman 1955), Cohen notes, "The major social cleavages in those towns ran along racial lines, and the political scene was dominated by a continuous struggle by African workers against White employers. Within the African camp ethnicity, according to this school, was not a live economic or political issue, but essentially an epistemological device developed by the Africans so that they could comprehend, or make sense of, the bewildering complexity and heterogeneity of urban society" (Cohen 1974: xii). Thus, according to the objective view, ethnicity is a kind of natural category employed by people to categorize the individuals around them.

The most important proponent of the subjective view of ethnicity is Abner Cohen. According to Cohen, ethnicity does not depend on objective criteria, but is the symbolic use of cultural distinctiveness in situations of political conflict or political competition. "All ethnic groups can...be regarded as informal interest groups and can therefore be regarded as political groupings...Ethnic groups make extensive use of moral and ritual obligations that bind their members, in order to organize their political

functions. The more fundamental the corporate political interests of the group, the more elaborate the political organization of the group" (1969:5).

Cohen's position is based on his study of Ibo and Hausa ethnicity in Nigeria. At the same time the Ibo suffered detribalization, a collapse of their ethnic identity, the Hausa underwent retribalization, or reassertion of the distinctiveness of their culture. As Cohen summarizes his own work, the rise of Hausa ethnicity is:

closely interconnected with the development and organizational requirements of long-distance trade between the savannah and the forest belt, in which most of their members are directly or indirectly engaged. Under pre-industrial conditions prevailing in Nigeria, long-distance trade is attended by a number of technical problems which can be effectively overcome when men from one ethnic group, speaking the same language and observing the same code of conduct, control all or most of the stages of trade in specific commodities. Such an ethnic control, or monopoly, can usually be achieved only in the course of continual bitter rivalry with competitors from other tribes. In the process, the monopolizing ethnic community is forced to organise for political action in order to deal effectively with increasing external pressure, to co-ordinate the co-operation of its members in the common cause, and to mobilise the support of communities from the same ethnic stock in neighboring towns (1976:95).

Although Barth states that he views ethnicity as arising from an objective base common to all human societies, his analysis of ethnic boundaries as products of ecological variation supports Cohen's notion that ethnicity is based on political economic competition. In fact, sociologists (c.f. Hechter 1974; Verdery 1976) have used Barth's analysis as the jumping offpoint for the examination of ethnicity

in contemporary industrial society as a product of capitalist economies that create inequities throughout the social system.

Since, according to the subjective view, the basis of ethnicity lies in political and economic conflict, shared background--customs, cultural identity, and national origin--are less relevant than they seem at first. Charsley, for instance, points out that the Sudanis, a recognized ethnic group in western Uganda, actually consist of people from Sudanic, Nilo-Hamitic, and Nilotic tribes together with some people of Ugandan and Congolese origin. "Having a common culture in any simple sense is therefore not necessary for ethnic group formation" (Charsley 1974:350). Cautin presents a similar circumstance since the "German" and the "Spanish" ethnic groups include people of other nationalities.

Cohen's subjective approach to ethnicity as a system of symbols employed for political and economic mobilization is relevant to and useful in this analysis of the political economy of the landowners of Cautin province. In the last part of Chapter IV the differences in resource allocation and agricultural strategies between "German," "Spanish" and Chilean farmers were discussed. Consistent with Cohen's view of ethnicity, this is the primary difference between the three groups in the present period. The next section of this chapter will discuss the behavioral attributes associated with each group and the

third section will discuss the historical origins of ethnicity in Cautín. As Hechter says in his analysis of the differences in the strength of ethnic groups in Great Britain, specifically in Wales and England: "Part of the explanation of these differences must be that something about the past history and present reality of the respective regions lends ethnicity its distinctive place in the social order...It is necessary to learn what specific aspect of history...affect(s) the place of ethnicity in regional politics"(1974:1165; my italics). The section on the origin of ethnicity in Cautín will focus on ethnohistory.

"Germans" and "Spaniards" in Cautín

The distinction between "Germans" and "Spaniards" in Cautín goes back to at least 1929, when the local newspaper records regular meetings of the German Club(Club Alemán) and the Spanish Club(Club Español),, numerous comings and goings of German surnamed people to and from Europe, and advertisements for the local branch of the German Transatlantic Bank(Banco Deutsch Transatlantico). But the ethnic split probably goes back to the first decade of the 20th century. According to one publication(El Progreso Alemán en America 1926) the Club Alemán of Temuco had over 100 members in 1926. The "Spaniards" had no national publications, or local ones for that matter, so we do not know how many members they had, but informants estimate the club to have included about 100 people.

Other nationalities also had clubs in Temuco-- the Italians, the Arabs, the Jews--but these were socially insignificant compared to the Spanish Club and the German Club. Club meetings for the Italians, Arabs and Jews, for instance, are rarely mentioned in the newspaper, despite the fact that these groups were substantial in size. The local newspaper regularly carried advertisements in German and in no other foreign language. The French school was run by monks and the English school by missionaries. Neither was closely associated with the immigrants from those countries and both schools remained quite small throughout most of their existence.

One informant made a useful distinction between the colony and the community. The colony included all immigrants from a specific country, but the community included all those who participated in a network of alliances and mutual aid under the banner of one national group or another. He spoke of many colonies--Spanish, Italian, Swiss, Arab--but he spoke only of two communities--"Spanish" and "German." His classification matches the distinction made in Chapter IV between national origin and ethnic identity.

The "German" community was, by far, the most organized of the two communities. The only representative of the Chilean Nazi party ever to be elected to Congress came from Cautín. In 1908 the German Association (Deutscher

Verein) was founded and along with it a German church, which housed the association. In 1929 the Club Alemán replaced Deutscher Verein. The "German" community also provided its own health services (Sanitoria Alemán), its own recreation organization (Club Gimnástico), its own volunteer fire department, and its own school (Colegio Alemán), which was founded in 1887.

The "Spanish" community was never as well organized as the "German" community. Unlike the German school, which was organized and operated by members of the community, the Spanish school was, in fact, the local catholic school and was organized by the diocese. The "Spanish" had a school that they regularly attended and that was associated with them, but it was not one they controlled and directed. The Centro Español, unlike the Club Alemán, was limited to those of first and second generation Spanish descent and probably operated more for the colony than the community. Many of the "Spanish" families who became prominent in Cautín never participated in the Club Español. But every member of the "German" community belonged to one or more of the "German" organizations.

The Colegio Alemán was strongly committed to German culture and much of the education consisted German language, German history, German geography, and even mathematical problems involving German currency. San Jose, in contrast, provided an education oriented

toward life in Chile with relatively little Spanish culture included. For the "Germans" ethnicity was more closely associated with the symbols of German culture than "Spanish" ethnicity was related to Spanish culture.

But in both cases, a significant aspect of the education was the network it provided for adult life. Informants consistently specified close friends as those they had gone to school with during their pre-university education. When non-Germans sent their children to the Colegio Alemán, it was a strategic move, either consciously or unconsciously, to assure their children's entrance into the "German" community. Similarly an education at San Jose was a commitment to the "Spanish" community.

To understand the differences that are a part of the commitment to one ethnic group or the other, it is best to review briefly case histories of exemplary families.

The Valdez family came to Chile as colonos and started with 100 hectares of land that, according to informants, grew overnight. One day it was 100 Ha, the next day it was 120 Ha. The losers in these growth spurts were Mapuche Indians and fellow Europeans who were impoverished by such manipulations. The Valdez family wasn't very interested in farming but kept one farm going in wheat and cattle while they bought others to clear for timber. As the government tried to direct investment into industry,

as Mamalakis (1965) described, many investors preferred to sink their money into construction since they felt that investment in housing was profitable and safe from foreign competition. The Valdez family was one that profited by dealing in wood for construction. They bought land, cut the lumber and then resold the land to others to clear and farm. They were famous for cutting wood that wasn't on their land, as well, and for buying land from Mapuche Indians under questionable circumstances. During the 1950s, when construction was booming, the family branched out to wood wholesaling in Santiago. All along though, they bought fundos and profited from investing in cattle at crucial moments. Although no stories of thefts were associated with the Valdez family, one of the "Spanish" families with which they have intermarried included famous horse and cattle thieves of the 1920s. One informant told us of pictures of this family appearing on the front page of El Mercurio, the largest newspaper in Santiago, with the caption "Cattle Thieves of Cautín." Of course many of these stories are undocumented and reflect the reputation of the "Spanish" families more than they might reflect reality. But reputation is an aspect of social life and it is easy to see that a reputation of this sort would make non-"Spaniards" wary of business dealings with them.

The first generation Chilean born Valdez children attended San Jose, but only one of the five sons went on to professional training. All five, however, entered agriculture-related speculative businesses and none was active in the major clubs, except for rodeo clubs, in the province. The second generation also went to San Jose and continued to invest in lumbering, in cattle, and in race horses. Some have left Cautin to become businessmen in Santiago, some were described as drunkards who squandered their portion of the family wealth, and some continue to deal in cattle and cattle fattening today. Again reflecting on reputation perhaps more than reality, one informant who provided part of the Valdez family history stated:

The Spanish are _____. They cannot be trusted in business or in revolution since they are only interested in taking care of themselves. They live for their families and with luck they arrive at the cemetery rich, but without culture. They have no sense of how to use their money to improve themselves or those around them or how to contribute to anything beyond their families. They are all thieves and their word cannot be trusted. The German and Swiss and French can be trusted. If one of them makes a deal to sell something and the price (on the market) goes up, he feels his word is worth something and he will go through with the deal. But the Spaniard will try to get out of it. All they do is buy and sell, buy and sell, wood, land, cattle, anything.

Although the feelings of this informant were stronger than most, the sentiment was the same. The frequency with which

the "Spanish" bought and sold land, as evidenced by property records, and the wariness with which they were approached in commercial deals is indicative of the general agreement of "non-Spanish" with this sketch. But one fact should be added: the informant quoted above was "Spanish."

Other informants reported similar histories:

Gregorio Mendez was from Cunco and he was a thief. He stole animals...Later he bought a fundo and used it mostly for wood...Then he raised some animals on it also. His first son was not very nice, he drank and ran around a lot--sold wood off his father's fundo. He married a Mendez girl from Vilcun who was related to him. Gregorio's second son, Gonzalo, married one of the daughters of Escobar (another wealthy Spanish family in Cautin) and he works with his in-laws on their lumber business. Antonio (the third son) is the only one worth something. He owns a lot of forest and has hundreds of workers lumbering for him. He also runs a good cattle fundo and is married to the sister of his oldest brother's wife. Gregorio's oldest daughter married a farmer from Cherquenco...The other daughter married a thief, a confidence man who is now in jail. She lives with one of her brothers.

My father came here poor and started to buy sheep and kill them in the house. Later he opened up a butcher shop, but it was small and he was poor. Finally he got the contract to supply meat to the regiment in Temuco, and then to the regiment in Lautaro, and the one in Victoria. I don't know how he got these contracts but they made him a rich man. I remember we wouldn't see much of him... He would travel a lot...buying animals at the auction, butchering them and delivering them... He bought seven fundos with his money and when he died in 1940 there was one from each of the children and one for my mother. But before we could even decide who owned what, we had to sell three fundos because they were poorly managed...we had no one who could take charge of them. My oldest brother lives in Temuco and owns half

of one of the fundos. He makes a living buying and selling cattle and sharecrops his land to another farmer. He thinks he should have inherited all the land like it was in the 19th century. None of us speak to him now. He married one of the poor cousins of the Hernandez family, the one that has all the land in Lautaro. My second brother is married to a woman from Cholchol. He had 400 Ha that were expropriated. He delivered firewood for a while and then crashed the truck so now he's trying to work his reserve. My sister (the older of two--the younger died in a truck accident) never married...She runs the best fundo in the family because all of us help her with it...My other brother is busy dealing in horses. He lives in an apartment in the center of town and spends his time at parties and trying to make deals. One of his inquilinos runs the fundo for him.

The "Spanish" families produced relatively few professionals, but many businessmen who were involved in lumber and speculative agriculture. Most of them have not gone farther than high school and, although they branched out into other types of businesses, their base has remained land. Many of the "Spanish" families started out as colonists, accumulated capital through quasi-legal, legal and probably illegal means and moved up in terms of financial position, if not in terms of social position. Few of them became involved in major ethnic and non-ethnic clubs and few ever entered local or regional politics. Overall, they intermarried with a small group of "Spanish" families in the province and developed relatively few ties to people outside the province.

In contrast to the "Spanish" families is the Hauptman family which purchased 2200 Ha around the turn of the century, cleared the land, sold the lumber and has been farming it ever since. The fundo was one of the first to have a tractor in the 1930s and was well-known throughout Chile for breeding fine cattle. In the 1950s the head of the Hauptman family brought fine bulls from Europe and the United States to improve his stock. The family was active in the Society for the Promotion of Agriculture (Sociedad de Fomento Agrícola de Temuco, SOFO), and the Consortium of Agricultural Societies of the South (Consorcio Agricultura del Sur, CAS), and took part in the fight against the land reform law since the mid-1960s. At one point their hacienda was supposed to have had more registered fine cattle on it than any other privately owned ranch in the world. After most of the fundo was expropriated under Frei, part of the family returned to Germany and part stayed to keep the reserve, based mainly on dairy cattle. The land was in the central valley, not far from COPALCA so it was easy to ship raw milk out, even in the winter. They maintained over 500 dairy cattle on 280 Ha of land, which was the highest population density of cattle I know of in the province. In addition, they experimented with different strains of grains and pasture and systems of rotation, and were fully aware of the range of information needed for technologically advanced agriculture. Although

some people resented the fact that the head of the family paid little attention to the smaller farmers around him, all those who had business dealings with him trusted him.

Other "German" families have similar histories:

Karl was born in Cunco and went to school at the Colegio Alemán in Valparaiso. He lived in the house of a relative there...He also studied at the Instituto Superior de Agricultura de Osorno...The school had an exchange program for students and professors with a school in Germany but I don't think Karl actually studied abroad. He inherited a fundo in Freire and developed it for dairy cattle and wheat. But he also worked with his father on the farm in Cunco. Karl was always active in politics...He was a regidor and then alcalde and then intendente of the province for six years. Then he was elected as a deputy from Cautin for the National Party. He was also president of SOFO for four years and first president of the owner's syndicate. He married a woman from a famous "German" landowning family in Osorno (the province south of Cautin) and all their children went to the Colegio Alemán in Temuco.

The sister of Karl, Cecilia, went to the Colegio Alemán in Temuco and then to a special school for housewives in Osorno. There she met one of the Heimlich sons, a wealthy landowner from Osorno, and married him. He had studied at the Instituto Superior de Agricultura (in Osorno) and was working with his father on the fundo. They moved to Temuco and...he worked with her father until they separated in 1950. Cecilia married again, this time a man from Germany. When the second marriage failed, the family hired an administrator from Germany to run the fundo. Cecilia had three children, two by the first marriage and one by the second. One son studied veterinary medicine in Valdivia and spent six months in Europe on a scholarship to study cooperatives. Another son studied agriculture and then became a commercial pilot, and the third son is now at the Colegio Aleman in Temuco.

My grandmother inherited about 2000 Ha of land near Villarica and she married Rudolfo, who was

a professor at the normal school (Colegio Alemán). He came from Germany to teach here in Temuco. He started working in the office of my great grandfather's fundo as an accountant (after they were married) and learned farming that way... Later he bought another 3,000 Ha of land, most of which he used for cattle. My grandparents had three children. The oldest married a man who had come to Chile from Germany guarding cattle for my grandfather. The second child, my father, married a woman from the Hoffman family in Santiago --that's my mother. Part of her family also owns land in Valdivia. My father has spent his life in Temuco and on his fundo. The third child, my uncle, went to the Colegio Alemán in Santiago and then went to agriculture school in Germany... The other children went to the Colegio Alemán in Temuco. My uncle also married a woman of German descent from Santiago and they lived on their fundo, at least until it was expropriated.

The "Germans" participated in a national network based on ethnicity. They often married "Germans" from other parts of Chile and often attended "German" schools in other parts of the country. "Germans" know all the major "German" families throughout Chile. Intermarriage between "German" families from different cities within Chile occurs with such frequency that it appears to be preferred. A man from Temuco will marry a woman from Osorno. A woman from Temuco will marry a man from Valparaiso or Santiago, and sometimes even a visitor from Germany. Also contributing to the cultural awareness of "Germans" were trips to Germany and a steady flow of new immigrants from Germany. Many were brought over by the community in Cautín to perform specialized functions, such as teaching and practicing technically advanced farming.

Another aspect of the national "German" network was the desire for advanced education and professional degrees. Whether they stayed in farming or not, the common practice among "Germans" was to provide males with professional training. Until recently almost all professional schools--law schools, medical schools, business schools and agricultural schools--were located in Santiago and Valparaíso. Within the last 10 years facilities for advanced education have been created in other parts of the country but the primate urban complex still has the best schools. Young "Germans" met other "Germans" from throughout Chile while attending these schools and often stayed in student hostels run exclusively for "German" Chileans. They have heard about various families from their parents and have visited some of these families in other parts of the country, but the student days give rise to marriages and to lifelong friendships.

The ethnic "Spanish," in contrast, limit their education to local schools. Some attend college in Santiago but many do not go beyond high school and the effect of local living and education is a localized network. Few of the "Spanish" have married "non-Spanish" and most of the families have multiple ties to each other. The four wealthiest "Spanish" families in the province, for instance, form one vast interlocking genealogy.

"Germans" have a national network with ties to other "German" areas in the country and to Santiago. The "Spanish" have tightly bound regional networks that only rarely tie them to people who live outside the province. Of the 142 marriages of "German" fundo owners for whom I have data, 105 (74%) were to people from other provinces and 32% were to people from Santiago. Of the 103 marriages recorded for "Spanish" landowners for which data is available, 28 (27%) were to people outside the province and 72% were to people who lived in Cautín (See Figure 26). In only one case did "German" siblings marry people from the same family and in six cases "Spanish" siblings married people from the same family. Although marriage across ethnic lines does occur, the marital networks of the leading "Spanish" and "German" landowning families rarely, if ever, cross.

The barrier of ethnicity in Cautín also reflects itself in the daily lives of the fundo owners and their families. Despite the fact that they are fundo owners, many of my informants, especially the "German" farmers, spend more nights away from their fundos than at their fundos. Most of the "German" farmers have middle-class homes in Temuco, where their families stay during the Spring, Winter and Fall. This provides the children with access to schools and wives with access to a social life filled with friends, relatives, and civic organizations,

Figure 26
Geographic Distribution of
"German" and "Spanish" Marriages

	Inside Province	Outside Province	Totals
"German"	37 (26%)	105 (74%)	142 (100%)
"Spanish"	75 (73%)	28 (27%)	105 (100%)

such as the Red Cross. In my sample, 78% of the "German" fundo owners had homes in Temuco. The only "Germans" who live on their fundos are ones who have farms near Temuco. There are also probably some who cannot afford to maintain a house in the city and live on their farms. Fundo owners who live in the city return to their farms for a few days each week depending on the season and the work to be done. They are absentee owners only to the degree that one would call businessmen who are not in their offices seven days a week absentee executives. Families that live in the city during the school year spend their summers on the fundo, but it is not uncommon for them to spend two or three weeks in Santiago during the summer. A few landowners have cottages by the lake in Villarica or Pucon for summer and weekend use.

"Spanish" farmers do not live on their fundos either, but they are more likely to live in one of the towns near their fundos, such as Lautaro or Cunco, than are the "Germans." Rather than own homes in the middle-class sections of town, like the "Germans," many of the "Spanish" fundo owners who live in Temuco maintain apartments in the high-rise buildings on the plaza in the center of town. Seventy-three percent of the "Spanish" owners lived either in the center of Temuco or in the smaller towns near their fundos. The "Spanish" justify urban living with the children's need for schooling. Unlike the "Germans"

the "Spanish" tend not to spend summers on their fundos with their families. They go to the countryside for recreation on an odd weekend, or for the day, but the wheeling and dealing that goes into the business of agriculture for them requires their presence in the city. The "Spanish" farmers also express disdain for country living. As one informant told his son who wanted to sell a little house in the city in order to invest in a farm, "A fundo is for business, not for living." The "Germans", in contrast, tend to become eloquent and poetic when discussing the virtues of rural life. "The countryside is quiet and peaceful, away from all that noise. And when you make a field grow, it makes you feel that you have produced something more than just money." They are aware that they could go broke trying to make a living on a fundo alone, and also admit that one might go crazy with boredom if he spent all his time in the countryside; nevertheless, rural life is associated with peace and virtue, urban life with brutality and sin. Even though they have distinctly different attitudes toward countryside and city, in the end both "German" and "Spanish" fundo owners are urban-oriented and spend much of their time in the city.

"German" farmers are family- and club-oriented within the city; "Spanish" farmers tend to see the city as a place in which to lead the high life. "German" fundo owners spend their evenings in the city at home with their fami-

ilies or at one of a number of civic organizations, such as the Lions Club and the Rotary. Both of these organizations hold dinners and meetings at which plans are made for various civic projects, such as maintaining the local orphanage and planning urban beautification projects. When they are not at meetings, "Germans" spend their evenings reading newspapers, talking with the family and eating a light meal after the children have been put to bed. Recently evenings include television also.

The "Spanish" also spend evenings at home, but often their evenings consist of visits to bars, and brothels, obviously without the family. The "Germans" are concerned that they drink just a little wine to relax and perhaps a bit more on weekends when they might not have to do business the next day; the "Spanish" fundo owners, in contrast, show a concern for values associated with, at least, the superficial aspects of machismo--"How much can you drink? How many women can you screw in a night?" ("Spanish" fundo owners also engage in intelligent, serious conversations but the differences between them and the "Germans" become stark when their playful banter begins.) The "Spanish" owners do not go out drinking every night but such evenings are the highlights of their week. The "Germans," in contrast, highlight their week with meetings of civic organizations and with the visits of close friends to their houses and vice versa.

The main meal of the day for most Chileans is the noon meal and the "German" farmers are likely to be home for the daytime meal. Whenever feasible they will eat either alone on the farm or with their families in the city. The "Spanish" farmers, in contrast, are more likely to eat the noon meal at a restaurant or at one of the local clubs to be found in Temuco and the smaller towns that serves meals and functions as a meeting place for "Spanish" fundo owners. These clubs seem to serve no other purpose than to assure that there is a restaurant in town that serves a decent meal, one distinctly better than the food at stands at which the workers might eat.

Drinking and discussions of carousing are common activities at these clubs. The first time I was taken to one, just before attending a cattle auction, we were invited to the table of a few important "Spanish" landowners who first plied me with drink, inquired what I was doing in Chile, and then asked how much whiskey I could drink, and how I liked Chilean women. The conversation then passed on to other things including who was sleeping with whom, who had tried to sleep with whom, tales of previous drunken debauchments, and discussions of CORA--distinctly uncomplimentary--and the price of agricultural goods. Various aspects of technical agriculture rarely entered the conversation. At a comparable lunch organized by SOFO, which preceded the annual auction of fine cattle, the

conversation covered a full range of technical and commercial agricultural issues. Farmers were concerned about the price of wheat for that year's harvest and for the next year's; the price of government credit for different purposes and how much wheat had to be produced per hectare to make a profit, a topic that generated a long discussion filled with alternative ways of calculating the correct figure. Gossip also entered the discussion but many topics, including sex, were obviously off limits.

One way of viewing the difference between the "Germans" and the "Spanish" is through major events in the lives of each community that are in some way parallel. Both of these stories involve drinking and death, and neither is particularly complimentary to the group involved but in a way they sum up the nature of the differences between the two groups. A well-known "German" farmer, at a farewell party given at the largest hotel in Temuco for friends who were going to Europe for a year, had a little too much to drink and while demonstrating his skiing technique, managed to ski out a fourth-floor window of the hotel to his death. The comparable incident for "Spanish" farmers occurred during field work. A "Spanish" landowner, driving his truck at night, crashed through the guard rail on a bridge, plunged to the river bed and killed himself. He was drunk, at the time, but the major concern of his friends was how to cover up the fact that the wife of

another "Spanish" fundo owner was with him at the time. The "Germans" considered the situation disgraceful, while the "Spanish" considered it a reasonable, if not honorable, way to die.

A place to see the "Germans" and the "Spanish" together is at a cattle auction, a setting worthy of the attention of a Chilean Norman Rockwell. Grandstands with seating for 500 to 600 people rise before two auction pens. Behind the two main pens lie perhaps a hundred more pens to hold animals before and after the sale. The animals for each sale are brought into one of the main pens while the livestock in the other pen is being auctioned. That way little time is wasted waiting for animals to be brought up. The auctioneer, like auctioneers throughout the world, maintains a steady flow of numbers, and because he knows most of the buyers, signals are often minute. Sellers remain anonymous unless a bargain must be struck for the sale or the seller dislikes the price and decides to withdraw his animals from the market. Since both "Spanish" and "German" owners are involved in cattle, both groups are there to buy and sell. The "Germans," especially the large fundo owners, tend to sit together in the topmost rows of the grandstands. Like birds on a power line, they sit relatively quietly throughout most of the auction. The "Spanish," in contrast, mill

around the open area in front of the grandstands button-holing friends, searching out good deals, and engaging in animated conversations. Almost like conventioners, they search the field beyond the shoulder of the person they are talking to for others of interest to them.

The lower grandstands are filled with "Spanish" landowners resting for a moment, and with those who do not fit clearly into one group or the other.

"German" farmers, along with urban entrepreneurs, and some professionals (Grant 1978) participate in community service organizations; "Spanish" fundo owners are most involved in the rodeo. Rodeo clubs exist in most of the towns in the province, including Temuco. The rodeos, which go on almost every weekend from November to March, consist of a horsemanship contest in which a rider takes his horse through prescribed maneuvers that are scored by judges, and steer chasing. The steer chase, which is the main event, is called the medialuna after the half-moon wall along which the steers are chased. At each end of the medialuna are two markers between which two horsemen operating as a team must stop the steer by pinning the animal to the wall with the shoulders of the horse and then force the steer to run in the opposite direction. Each turn consists of three attempts to stop the same steer, and each effort is scored by the judges. The champion at the end of the day is the one with the highest total score. Those with the

best records at the end of the season go on to the national championship.

Participation in the rodeo is not specifically limited to fundo owners, but the requirements for participation effectively limit the event to fundo owners. One must ride only Chilean horses, horses with Chilean pedigrees going back to the 1890s, have a partner to work with, the facilities to practice, and the proper costume. Many of the teams consist of a fundo owner and his administrator, or a father and son team. Almost all the riders are "Spanish;" very few are "German."

In addition to the lack of interest in the rodeo on the part of "German" fundo owners, other Cautín elites--government, commercial, military, and professional--have little interest in these events. People introduced to the audience at rodeos, for instance, are limited to the officials of the host rodeo club. At one rodeo, the proceeds of which went to the "national reconstruction" (this was after the coup of September 11, 1973), government and military officials made a short appearance and left after about an hour. Curiously, the riders paid little attention to the officials even though most of the riders agreed with the government's politics; they saved their salutes for friends and family. In general, the rodeo operates for a small ingroup.

The rodeo is the nearest event to a truly rural

ritual in Cautín and participation is strikingly limited to the "Spanish." Moreover, many of the participants in this rite appear uncomfortable with the customs at the end of the rodeo. After the winning team is chosen, it circles the stadium on horseback with the queen of the rodeo riding side-saddle behind one member of the team. The queen is usually chosen from among the daughters of members of the host club, and judging from the difficulty they have staying on the horse, few of them are accomplished riders. All of them are, in fact, high school students who have little interest in farms and the countryside. The horseback ride is considered an ordeal one must put up with in order to be queen. After the ride, the queen dances the traditional Chilean dance, the cueca, with one of the riders, and often neither the winner nor the queen knows much of what they are doing. The only person in southern Chile I met during the fieldwork who knew Chilean folk dances was born in Germany and had taken up folk dancing as a hobby. He belonged to a small folk dance club, which he thought was the only one or one of a few in southern Chile. After the rodeo, a party is usually held and while the riders drink and eat, sometimes with their families, others dance, but to rock and roll or some other variant of North American music. Even at the rodeo, then, the rural tradition is thin.

In summary, the social life of fundo owners con-

sists of: visits to neighboring fundos, ties to which are economic as well as social; membership in local clubs, service organizations, and rodeo clubs in Temuco or in one of the smaller towns; membership in class organizations, such as SOFO, which will be described in the next chapter; and visits to family and friends. Because their families live in Temuco, the "Germans" tend to have friends, family and club ties in the provincial capital. The "Spanish," in contrast, tend to belong to the clubs in the smaller towns outside of Temuco. Even "Spanish" owners who live in Temuco tend to belong to the rodeo clubs, and syndicates in the small towns near their fundos. As will be discussed in the next chapter, the "Germans" dominate the provincial landowners' organizations, which are located in Temuco. Some of the small town organizations are run by the same "Germans" who participate in provincial organizations, but the major commitment of most "German" fundo owners is to the groups in Temuco.

Every landowner, whether "German" or "Spanish," goes to Santiago at least twice a year to collect spare parts for his machinery, or to handle some bureaucratic procedure. There are spare parts distributors in Temuco, but often they don't have items that are available in Santiago. Similarly, each local town has a full complement of government services, a branch of the Bank of the State, the Social Security Service, agricultural extension

services, and the like, but many decisions are made at the main office in Santiago and owners often find it necessary to conduct business there. Thus, the traffic to Santiago is constant.

In Santiago, fundo owners stay at the homes of relatives, sometimes members of the family who have moved to Santiago from Temuco (or who have the money to maintain a house in Santiago and one in Temuco), and sometimes affines whose son or daughter has moved to Temuco after marrying into a Temuco family. The former is more common among the "Spanish" and the latter more common among the "Germans" because, as we have seen, they tend to have marital ties to other "Germans" throughout the country; the "Spanish" tend to marry locally.

Despite the fact that "German" and "Spanish" farmers share many of the same problems, including a common enemy in the form of government-sponsored land reform, there are many cultural factors that divide them. Their concerns for their families are different, their aspirations for their children are different, where they live is often different, where they take their meals and what they do on a day-to-day basis is different, and the circle from which they choose their spouses is different. Carouser versus light drinker, ladies' man versus family man, "cultured" versus "uncultured," civic participant versus non-participant, professional and technical careers for

children versus wheeling and dealing are some of the stereotypes, but they are the stereotypes the residents of Cautín use to map the social world in which they live. The relationship between these cultural differences and agricultural strategies will be the topic of the next section.

The Origin of Ethnicity in Cautín

As already stated, the origin of ethnic cleavages is best sought in the context of political economy, in the way in which ethnic identity relates to resource allocation. As described in the preceding chapter, after 1940 "German" farmers sought long-term, low-risk investments that were in some way protected by government economic policy. "Spanish" farmers sought short-term, high-risk investments that might or might not be protected by government policy. "Germans" generated capital by developing a national network that was politically tied to the central government and to the agribureaucracy and the "Spanish" generated capital by consolidating their control over local resources and by forming alliances amongst themselves for pooling resources. A case might be made for the fact that profit-making strategies were merely an artifact of capital-generating mechanisms, that the "Spanish" preferred short-term investments because local resources were limited and they needed a quick turnover of funds

in order to survive. The "Germans" were able to get long-term capital commitments from the state, a far wealthier source of funds than the "Spanish" had access to. Because of the differences in the sources of capital, the "Germans" were able to afford longer term investments.

But the question still remains as to why ethnicity developed as the framework for differentiating these two strategies for resource allocation and how these two strategies developed. Cohen explained Hausa ethnicity as a product of the technical difficulties of long-distance trading networks. Culture was an obvious, efficient symbol of unity around which to organize a far-flung economic system. Ethnicity in North American cities has been closely related to access to political patronage, ethnic monopolies on certain commodities, such as ethnic foods, and other aspects of the local economy. In Cautín the source of the ethnic community appears to have been the early entrance of businesses from Germany into the region. Although data is incomplete, informants stated that early in the 20th century Cautín's German population became the object of commercial interests from Germany. Many of the early urban businesses in Temuco were organized with short-term capital supplied by distributors in Germany. Hardware stores, farm machinery companies, and automobile distributors at a later date, including spare parts businesses, were begun and maintained in this way.

Many of the "German" farmers practiced some form of mechanized agriculture in the 1920s with machinery imported from Germany. The machines now stand on many fundos as rusting monuments to this earlier tie.

To facilitate trade and German investment in the area a branch of the German Transatlantic Bank was opened, and the advantage in access to capital was clearly in the hands of those who could claim to be German nationals. The German Transatlantic Bank advertized in the local newspaper in German and many informants stated that much of its business was conducted in German. The bias of the bank was clear. Apparently, the German Transatlantic Bank did not function in Cautin alone. It had branches throughout the country and, as such, it probably contributed to the creation of a national network among Germans. It is likely that among the most important citizens of the "German" community in Cautin in the 1920s were the managers of the bank.

Commerce in Spain was not as well organized as commerce in Germany at the beginning of this century and the Spaniards who came to Chile were not as well-off as the Germans. Thus, the Spanish did not have access to the capital resources that the Germans had available to them. It appears that the Spanish responded to the situation by falling back on local resources, on their own community to acquire the funds necessary for

economic mobility. The "Spanish" colony became the focal point for those who wanted to organize their own resources and who had not access to foreign capital.

It is unclear how the "Germans" shifted from dependence on capital from Germany to financial support from the Chilean state, but the transition occurred between 1935 and 1945. As Germany began to take a more belligerent stand against the United States, the Germans throughout Latin America came under more and more careful scrutiny by the United States. According to informants, when World War II broke out the German companies in Chile were black-listed by the American government and the Chilean state confiscated many of the businesses. Chileans who represented German companies in Chile were forced out of business. Informants claim that many Chilean Germans in Cautín were reduced to menial labor during this period.

At the same time German commerce in Latin America was being threatened, the Chilean state was recovering from the Depression of 1929-30. The government was committing large quantities of state funds to industrialization and some to agricultural improvements. In ways that remain unclear, the "German" national network in Chile was able to gain access to this agricultural credit more easily than other groups and this reflected itself in the continued ethnic segmentation of landowners in Cautín. The "German" control of the landowner's association reflects

the "German" control of regional ties to the national government. To my knowledge, no one from Cautín has ever been part of a national cabinet. But among those actually from Cautín who were elected to Congress, five of seven were "German," one was "Spanish" and he retained office only a short time, and one was Chilean.

The result of this process was the creation of two agricultural elites that match Schneider, Schneider and Hansen's (1972) distinction between dependence elites and development elites in Catalonia and Sicily. Development elites were those who supported independent regional development based on local control of resources and local integration of industry, or as Schneider, Schneider and Hansen (1972:340) define it, "Development refers to the process by which an underdeveloped region attempts to acquire an autonomous and diversified industrial economy on its own terms." Dependence elites were those who were willing to participate in the integration of a regional economy into national and international capitalism on the basis of the rules laid down by other centers of power. Modernization, in this scheme, "refers to the process by which an underdeveloped region changes in response to inputs (ideologies, behavioral codes, commodities, and institutional models) from already established industrial centers; a process which is based on that region's continued dependence upon the urban-industrial metropolis" (Schneider,

Schneider, and Hansen 1972:340). In other words, where dependence elites are willing to accept their subordinate position vis-a-vis some national or international center of power, development elites prefer to retain as much control of local resources as possible and to integrate local development as they see fit. The difference between the "German" and the "Spanish" landowners parallels the difference between dependence and development elites.

As dependence elites, the "Germans" have accepted the direction provided by first entrepreneurs in Germany and then the Chilean central government. When the government decided to promote livestock production in the 1950s it was the "Germans" who imported fine bulls. When the government, for various reasons including the availability of United States agricultural credits, promoted the mechanization of agriculture, it was the "Germans" who were heavily involved in purchasing machinery and mechanizing their farms. When the government decided to promote milk production, again it was the "German" farmers who invested in dairy machinery.

The "Spanish" farmers, in contrast, sought to deal with many of the same pressures but dealt with the problems on a local level. For instance, when faced with the problem of rising class consciousness among peasants, instead of turning to state sponsored mechanization of agriculture, "Spanish" farmers found a product that required less labor,

namely cattle. By mechanizing the "Germans" placed themselves directly within the power domain of Santiago and powers beyond. . By finding a local solution to the problem, the "Spanish" were attempting, albeit unsuccessfully, to retain independence. Similarly, there is sketchy evidence (Diario Austral, September 12, 1934) that in the period that followed the world economic depression of 1930, "Spanish" wood merchants in Cautín attempted to develop independent trading ties with Argentina and Peru. They appear to have wanted the right to ship wood directly from a port in Cautín to foreign countries and to develop their own markets. Santiago managed to block the move and the development elites were defeated. Instead, after the creation of CORFO and the imposition of a controlled economy on the entire country, the "Spanish" did not direct their investments as the economic planners had hoped, but invested in housing and construction companies. These were the uncontrolled sectors of the economy that Mamalakis (1965; 1976) took note of. They could be locally organized, independently operated, and produce large profits for capitalists that would not be forced into government-sponsored import substitution industry. The "Germans," in contrast, were the ones who farmed with relatively little attempt to initiate independent change or who followed the guidelines set up by the government to promote industries that were ultimately controlled by Santiago merchants and politicians (see Grant 1978).

Similarly, in the early 20th century ocean-going vessels were able to make their way up the Cautín River to the town of Nueva Imperial, not far from the provincial capital of Temuco. With colonization the population increased, more land was cultivated and more topsoil was carried away by rains. The Cautín River gradually filled and by 1940 silting had made it impossible for any ocean vessel to enter the River at all. It remains curious that no efforts were made to dredge the river although a search of documentation of any dredging efforts and the politics surrounding such efforts remains to be completed. I would venture to guess that dredging was supported by the development elite of the province, the "Spanish" farmers, and opposed by the state.

The contemporary difference now visible between "German" and "Spanish" farmers is not a reflection of psychological predilection or imported cultural bias, but an aspect of differences in capital accumulation and resource allocation. The initial stimulus for this development appears to have been the existence of capital that was defined by national origin. This created alliances and networks that fostered two different strategies for seeking profit in agriculture. These differences were reflected in relations between landlords and peasants as well, as the next section will demonstrate.

Landlords and Peasants

As discussed in Chapter II, in the early and mid-nineteenth century Chilean fundos were organized around a relatively small permanent labor force consisting of sharecroppers and a large migrant labor force that worked during peaks in the agricultural cycle. As national and international markets developed for agricultural goods and as employment opportunities developed in other sectors of the economy--urban construction, mining--fundo owners began to tie their labor force closer to them with various forms of debt peonage and patron-client ties, to demand more work from the resident labor force, and to rely increasingly on permanent service tenants, inquilinos. By the turn of the century, throughout Chile, a neo-feudal economy existed on all haciendas (Bauer 1975).

Since Cautín was settled at the end of the 19th century, neo-feudal hacienda organization was the rule of order there from the beginning. The Cautín hacendado around 1910, according to informants, was lord of the manor with absolute power over his workers. Landowner authority extended to all aspects of peasant life from the resident inquilino's wages, to where he lived, to whom he could associate with. Hacendados, and their

representatives, the administrators, assigned tasks, hours of work, the number of workers to be supplied by each household and the types of chores that were included in an inquilino's obligations. In words similar to those in Alegría's novel quoted in Chapter I, Loveman (1976:34) describes conditions on all Chilean fundos, including those in Cautín during the early part of this century:

That the landowner's agents even controlled entry and exit into the rural property meant, in some rural communes, de facto territorial sovereignty over large proportions of the administrative jurisdiction. Administrators applied fines for misbehavior or unsatisfactory work performance. Banishment supplied the ultimate sanction (short of very occasional murders) for disobedience or insurrection. Some haciendas also maintained their own jails.

Older peasant informants agreed that many owners used force to keep their inquilinos in line. Peasants were controlled with a combination of the carrot and the stick. The carrot held out was regular employment, a piece of land for subsistence farming, aid in case of emergency, loans, pasturage for a peasant's animals, firewood and other necessities, all referred to as regalías. Peasants were paid in kind--wheat flour, bread, clothing, etc.--not in cash. The stick was a limitation on or the elimination of any regalías, being thrown off a fundo, and death. But many stayed because after the settlement of Cautín no frontiers existed where inquilinos could flee to become squatters.

The Chilean government had not yet developed its agribureaucracy or its military and police powers so that landowners were relatively untouched by the state, at least in terms of their control over the peasants. At various times, when urban politicians were in a position to support them, peasants in other parts of Chile revolted against landowners, but in each case the state stayed out of the conflict. One strike by peasants after World War I was led by the Federation of Chilean Workers (Federación Obrera de Chile, FOCH). The governor of the province in which the incident occurred offered to mediate in the conflict but the owner rejected the governor's offer and suggested that the peasants' claims were unfounded and that the governor should show respect for the rights of private property by staying out of the conflict (Loveman 1976:36). The state was relatively weak in the countryside and the landowners retained monopoly power over the peasants.

According to Valenzuela (1975), by 1920 as competing factions in the Chilean Congress began to seek out new constituents in order to break ever-recurring legislative deadlocks hacendados began to promote voting among their inquilinos and to dispose of the inquilinos' votes as they saw fit. The practice became fully elaborated during the first Alessandri presidency in the 1920s, and is one of the few elements of traditional caciquismo in rural Chilean history. Petras (1969:259) describes in detail

how it worked:

. . . elections were carried out with each political party having a separate ballot. Parties were also permitted to print their own ballots, identical to the government's, and distribute them. Thus, the patrónes often simply gave the ballots for the party of their choice to their inquilinos, and provided them and nearby peasants with transportation to and from the polling places. With their ballots already provided, the peasants were not likely to ask the local registrar for a different party's ballot--if it occurred to them to do so. Whether provided with the "proper" ballot beforehand or not, their choice of party was, of course, known from their choice of ballot, and was information easily available to the patrón. Moreover, despite the relative reliability of election returns, other not-so-subtle means of persuasion have often been employed. . . . For example, before elections peasants might get the first shoe of a pair and their patrón's promise of delivery of the second shoe once the elections in the municipality were won by his favored party; thus, the peasants would themselves put social pressure on recalcitrants to ensure receipt of the second shoe.

But slowly hacendado power began to be infringed upon by the state. In 1931 a labor law was instituted that covered agricultural workers. It specified labor's obligation to the landowner, access to land, housing, food, grazing rights, wages in money and in kind, legal bases for termination of employment, and other aspects of rural labor. Over the next 30 years other benefits were extended to workers: family allowances, minimum wages, housing codes, paid Sundays (Loveman 1976:64). But these laws were almost entirely ineffective because of landowner evasion. Until the 1960s the labor legislation was narrowly interpreted, legally evaded, nullified by delays in application, and limited by landowner participa-

tion in regulatory agencies, lack of provision of sufficient resources to regulatory agencies, bribery, and violence. Thus, while the state was establishing its right to regulate the internal affairs of fundos, the landowners were doing everything in their power to limit state infringement of their power domain.

Landowners were able to control the situation in part because the peasants had few urban allies. But the electoral reforms of the late 1940s, 1958, and 1962 gave women the vote, instituted a single ballot that made vote buying much more difficult, and made voter registration obligatory by tying it to social benefits. The result of these changes was the courting of the peasant vote by the left in 1958, and the left and the center PDC in 1964. The PDC and Frei won in 1964 with a strong platform supporting land reform (which will be discussed in more detail in the next chapter) and the exclusive hacendado control of the peasants was seriously challenged. With the passage in 1967 of a law that permitted the organization of rural syndicates, the rural labor legislation began to be enforced. Where once nothing was recorded and the word of the hacendado was law, labor regulations began to be posted, minimum wages to be paid, and careful records of wages, regalias and hours of work to be kept.

Fundos began to look more and more like factories and less and less like neo-feudal haciendas. Contributing to this change was the mechanization of agricul-

ture. Some owners tried to eliminate payment in kind entirely and to turn their inquilinos into wage laborers (Petras and Zemelman 1972:26). Such measures made the peasants vulnerable to such contemporary economic ills as inflation and removed the protection offered by the traditional patrón. The relative lack of deference shown contemporary fundo owners is part of the overall "rationalization" of rural relationships in Chile over the last twenty-five years. The decline of traditional patron-client ties has been felt by peasants and landlords alike. Many elements of the traditional patron-client relationship have faded or been toned down. Requests for compadre ties to the hacendado are becoming less common, peasants show less deference to hacendados in day to day interactions, hacendados feel less of a need to protect the surrounding population and to be responsible for them, and owners prefer to deal in cash and cash equivalents.

In addition, the growth of mass communication systems, such as radio, television, and newspapers, since 1950 have reduced the isolation of inquilinos throughout Chile and promoted urban-rural ties (Petras and Zemelman 1972). The expansion of schools has increased rural literacy, especially among younger peasants in Cautín. Letter writing has improved communication between peasants who migrated to the city and those who remained in the countryside. Everyone has a relative in Santiago who tells them about

life and politics in the city. Literacy has also made newspapers and government documents available to peasants. Perhaps the most important tool bringing the rural masses in contact with the rest of Chile is the transistor radio. Inquilinos can now be reached by urban political parties and are aware of the many decisions made in Santiago that affect their lives.

Although many peasants have not traveled far, the rural bus system that has run between every town and Temuco since the 1950s provides the means for peasants to be in touch with inquilinos on other fundos, government offices in the provincial capital and relatives who live in the city of Temuco. In all, these changes have allowed peasants to become aware of local, regional and national political forces and to participate in politics at all levels (at least before 1973). Even peasants who are illiterate can provide a fairly accurate account of recent politics and are well aware of world events. During the period of fieldwork, everyone at all levels of Chilean society was talking about Nixon and El Watergate.

The result of these changes has been to reduce landowner control of the peasantry and to introduce a number of other centers of power into rural Chile. In situations in which peasants once went to the landowner, by 1970 they could go to the state bureaucrats at CORA and other state offices, to their own campesino syndicates or to any of a

number of political parties.

The bewildering array of government officials, political representatives, and syndicate officers who suddenly (since 1964) could intervene in a hacendado's relationship with his inquilinos seemed, at times, to foster paranoid fantasies among landowners. As will be discussed in the next chapter, so many different groups were operating in rural Cautin that landowners did not know from which direction lightning would strike (Lehman 1971).

By the late 1960s, hacendados were becoming more and more agricultural businessmen. On the fundo today the hacendado decides what is to be planted when, where, and how, and what animals are to be raised. He often works closely with the mayordomo, the foreman, who in many cases knows more about the land than the owner. But it is the owner who makes the major decisions. Working under the guidance of the mayordomo are a number of specialized inquilinos, a truck driver, a tractor driver, perhaps a few vaqueros (cowboys) and a few laborers. A number of different activities are usually going on each day and the mayordomo might go from one place to the next to check on how things are going along. Or he might stay in one place supervising a major project, like wheat harvesting. Hacendados, today, are more likely than their predecessors to spend a day in the fields overseeing the work and sometimes even helping with the work. They also spend a

fair amount of time maintaining the records of the fundo--workers' hours, harvests, sales, purchases and all the paper work that goes into operating any modern business. "Spanish" owners tend to be less involved in the day-to-day operation of their fundos and are less likely to do any manual labor, but they too are not the patrones of 50 years ago. Like the "Germans," they too are businessmen.

It is somewhat difficult to evaluate the differences in the treatment of peasants between "German" and "Spanish" fundo owners because the owners themselves do not provide an impartial source of information and peasants who might have provided data were silenced by political conditions. Any information that was offered was difficult to verify. Nevertheless, from the information that was collected it appears that "German" fundo owners, in general, have always treated their inquilinos better than did "Spanish" fundo owners. From the period of the settlement of the province "German" owners, according to both owner and peasant informants, extended regalías to the residents of local towns who served as part-time laborers on the fundo when needed. These people were given the right to collect firewood on the fundo and received gifts from the fundo owner on occasion. In return, the local people kept an eye open for cattle thieves, protected the owner's interests against neighboring fundos, gave the owner the right to settle their conflicts, named the owner as their children's

godparent and in general became clients to the hacendado-patrón. Many present-day "German" fundo owners describe their parents as being loved by their inquilinos, much more so than they consider themselves to be loved by the inquilinos of today. But it is difficult to say the degree to which the peasants were idolizing an absentee owner.

In contrast, again according to peasants and landowners, the "Spanish" fundo owners, many of whom lived on their fundos, ran the fundos with the stick. Many inquilinos and migrants from the countryside in Cautín have stories to tell about the mistreatment of workers, long days of labor, rotting biscuits supplied to the workers, and beatings. One peasant woman talked about the time in the 1940s her "Spanish" patron's inquilinos refused to work because the patron had taken away some of the land they customarily farmed for themselves. He took 13 of the most outspoken inquilinos, locked them in an underground storage shed and left them there to die. The woman who told the story said that if I didn't believe her, she would take me to the shed, "The bones are still there."

In contemporary times, when pressure built to reduce the labor force on fundos, the "Germans" had a tendency to rely on attrition while the "Spanish" more commonly dismissed half their inquilinos. There is no

statistical sample of fundos that have undergone a reduction in the labor force, but the five well-documented cases of shifts from wheat to cattle were divided along ethnic lines as to what was done with the excess labor.

The various ways in which the division of landowners by ethnicity affected the specific events of the late 1960s and early 1970s will be explored in the next chapter.

Chapter VI

LAND REFORM

With the sociocultural and political economic context established, this chapter will examine first the evolution of land reform in Chilean national politics, and second the process of expropriation in Cautín and the landowners' response to expropriation. A concluding section will deal with the changes instituted by the military junta that took power in 1973.

Early Reform: 1925-1964

In 1925, along with the approval of the new constitution, the Caja de Colonización Agrícola (The Department of Agricultural Colonization) was created. While the Caja was not empowered to expropriate land, it was given the job of buying land and breaking it up into parcels for family farms. But the funds made available to the Caja were quickly eroded by inflation and the program remained small throughout its existence. Between 1929 and 1960 the Caja settled 94 colonies with 3,392 families (CIDA 1966:248-252). The major weakness of the program, aside from its rather modest size, was that the workers on fundos taken over by the Caja were not given preference in the selection of the colonists to settle the land. In many cases the land

was turned over to others with better political connections and the original resident inquilinos became the wage-labor force for the new, so-called, family farms.

Interest in land reform increased in the late 1950s and early 1960s for a number of reasons. First, the economic crisis in 1955 made it clear to many Chilean leaders that a large portion of Chile's export earnings were being wasted on food imports. Increased agricultural production was necessary to stop the flow of hard currency out of the country for items that would not promote development. Second, the urban masses blamed agricultural stagnation for the decline in their standard of living. On the basis of an attitude survey, Gil (1966:29) notes that "The majority felt their standard of living had dropped and 44 percent stated that their economic status in 1957 was inferior to that of five years before. . . . It is interesting to note that the 'economic' problem seemingly affects virtually all social categories."

Third, as already noted, in 1958 electoral reforms freed peasants from hacendado control in elections and turned inquilinos into potential clients of urban political parties. Land reform was an obvious platform with which to attract this new sector of the electorate. Fourth, as part of the United States' response to the socialist revolution in Cuba, the Alliance for Progress called for land reform throughout Latin America to satisfy potentially

revolutionary peasants (Petras 1970).

In 1962 the Caja was replaced by the Corporation for Agrarian Reform (Corporación de Reforma Agraria, CORA) and indicative of the strength of the forces behind land reform is the fact that CORA was created by the conservative Alessandri government. CORA was given the right to expropriate land that was abandoned or badly managed in order to improve lagging agricultural production. Furthermore, the law stipulated that the land was to be turned over to the resident laborers and migrant workers employed on the property. In 1963 a constitutional amendment was added to permit deferred payment for expropriated land. But the Alessandri government did little with these new powers.

When the Christian Democrats (Partido Democracia Christiana, PDC), came to power in 1964, the Alessandri law sufficed until the PDC could get its own land reform program through Congress. Between 1964 and 1967, CORA expropriated 562 fundos covering approximately 1.2 million Ha of land (de Vylder 1974:170). In 1967, the PDC land reform law was finally passed and for the first time excessive size could be the basis for expropriation. Indicative of the serious intent of the law is the fact that it was made retroactive to November 1, 1964, so that while the law was being considered, expropriation could not have been avoided by dividing a fundo among friends and relatives.

During the last two years of the Alessandri

government and first three years of the Frei administration, when land reform legislation was a major issue in Congress, a split developed among landowners with the National Agriculture Society (Sociedad Nacional Agricultura, SNA) on the side of a moderate response to land reform and the Agricultural Consortium of the South (Consorcio Agrícola del Sur, CAS) on the side of strong vocal opposition. The SNA has been the landowners group since its creation by presidential decree in 1838. The express reason for its creation was to promote the technical advancement of Chilean agriculture. In 1849 the SNA organized the school that later became the Technical University (Universidad Técnica); in 1869 it organized the first agricultural exposition, an event that, with few interruptions, has occurred annually since its inception; in 1877 it founded the first veterinary hospital in Chile.

Because so many of the active members of the SNA were also members of Congress, little political action was necessary to promote landowner interests. But by 1920 some political parties in Chile began to promote distinctly urban, somewhat anti-rural, policies and the SNA responded by supporting the Conservative and Liberal Parties (Gómez 1972). But lines were still not sharply drawn and the organization retained an informal veto power over agrarian policy. By 1960, in response to the campesino movement and other pressures for land reform, the organization had

become actively overtly political and was run by professional politicians. In early 1965, the presidency of the SNA was made a full-time, paid position instead of a voluntary spot filled by a major central valley landowner.

CAS was the regional agricultural organization that included the provincial organizations from Bio-Bio to Aysen. Representing Cautín was the Society to Develop Agriculture of Cautín (Sociedad de Fomento Agrícola de Cautín, SOFO), The CAS and SOFO were closely tied to each other. The main CAS office was in a building owned by SOFO in downtown Temuco, which also contained the SOFO office. CAS was organized in the late 1930s. The anger of the southern landowners at their aristocratic Santiago brethren was fed by more than just disagreement over land reform policy. The SNA, for instance, had agreed to a relatively low price for wheat, in part because the central province farmers did not grow much wheat. But wheat was one of the major cash crops for southern farmers. Similarly, it is likely that the SNA had supported discriminatory rail shipment prices imposed by the central government. The price for shipping flour from the south to Santiago was higher than the price for shipping grain and the cost of shipping finished lumber was higher than the cost for rough lumber. This discouraged the development of local industry to process locally produced raw materials. These price differentials disappeared when truckers began to compete with the government rail line.

In 1959, along with the Agricultural Association of the North and several producers' organizations, CAS organized the Agricultural Federation (Feredación Agrícola, FEDAGRI) as a rival to the SNA. The initial aim of FEDAGRI was to lobby for higher prices and more government subsidies for their commodities.

When land reform and deferred payment for expropriated land became issues during the Alessandri presidency, the younger technicians in the SNA argued that the expropriation of abandoned and inefficient property with deferred payment would promote national production, create more defenders of private property, and remove the image of the SNA as rigid and defensive (Kaufman 1972:154). Many of the SNA progressives were landowners themselves, but having received a professional education in agronomy, engineering and other subjects, they did not consider themselves to be agriculturalists. They were more interested in professional status than in farming land.

The conservative leaders of the SNA defended the status quo with two basic arguments: (1) that landownership was concentrated in all developed countries because it was an efficient way of organizing production; and (2) that respect for private property was necessary for social order. (In this context they also argued that asentados, members of agricultural collectives called asentamientos, should be given individual titles to land.)

FEDAGRI agreed with the old guard of the SNA and unalterably opposed the law because of the attack on private property, the agitation for change that it would stimulate among peasants, and the fact that, according to them, it was unnecessary in order to bring abandoned and inefficient farms into production. FEDAGRI proposed fines for inefficient producers as an alternative.

A third group threatened by land reform, by virtue of their concern for private property, were urban capitalists. The National Manufacturer's Society (Sociedad de Fomento Fabril, SFF) remained quiet about deferred payment officially, even though they opposed land reform in private conversation (Kaufman 1972:62). They sought to exchange moderation on this issue for compromise with the government in their favor on other issues. Indicative of the times is the fact that all three top officials of the SFF owned fundos at this time, although, like the SNA technicians, none was directly involved in agriculture.

Arguments over the Alessandri land reform and deferred payment laws came to a head when the SNA voted on the stand to take on these issues. The vote ended in a tie. But by not opposing it, the SNA gave tacit approval to the legislation. CAS and FEDAGRI were left to fight alone against the legislation and FEDAGRI disbanded in 1963 when the legislation was passed. Thereafter, the SNA concerned itself with efficient producers, not with all

landowners.

Land Politics Under Frei: 1964-1967

After the election of Frei in 1964, the SNA, with some internal political turmoil, decided to take a moderate stand against the proposed PDC land-reform legislation in order to assure itself a voice in the government. Between 1964 and 1967 many meetings took place between the SNA leadership and the Frei government. Under the leadership of the moderate Luis Larrain, president of the SNA from 1965 to 1967, the organization sought to avoid open condemnation of the government. Instead, they hoped to modify the proposed law in concert with the government. But the modifications they proposed were so minor that the lack of general criticism implicitly approved the overall plan. Larrain argued for changes in the conversion tables equating different grades of land, for less vagueness in defining "exceptionally efficient" lands, for which special measures applied, and for realistic definitions of compliance with social security legislation. He did not object, for instance, to the use of the tax assessment value, as opposed to the higher commercial value, to determine reimbursement, a point on which millions of escudos turned.

In public, the SNA, under the direction of Larrain, took a developmentalist position. It did not oppose change or the need for a more productive agricultural sector but argued that the problem was technology, not tenancy.

Consistent in many ways with the monetarist position of Mamalakis (1965; 1976) and others, they argued that agriculture was undercapitalized because it had been discriminated against. Increased efficiency supported by a government program of investment, according to the SNA, was the best way to "assure tranquility and contribute to the progress of the country" (as quoted in Gómez 1972:54).

As part of this program, El Campesino, the monthly magazine of the SNA, began to publish a series of articles on how to improve the production of different crops and animals. With a grant from the United States Agency for International Development, the SNA undertook the evaluation of the productivity of some 300 fundos. From conservative supporters of laissez-faire capitalism, the SNA tried to shift its image to that of a progressive, nationalistic bourgeoisie. The overall strategy appears to have been based on the idea that reason and a willingness to cooperate would eventually bring the government around to a reasonable position and that contentiousness and polarization would play into the hands of the radical left.

In contrast with the SNA, CAS strongly opposed the PDC idea that there should be any limit on the size of land holdings. They accepted only efficiency as a criterion for expropriation. Kaufman (1972:158) quotes one CAS representative as saying, "The SNA position is that we should not make an issue of the 80 hectare maximum, but

this is absurd. If a property is not farmed efficiently, let it be expropriated. But if it is efficient, it should be left in peace no matter what its size." Interestingly, implicit in this statement is the acceptance of expropriation, a procedure that had been bitterly opposed by the same group just four years earlier.

In October 1965, CAS, the SNA and other groups organized the Coordinating Committee of Agricultural Societies (Comité Coordinador de Sociedades Agrícolas) to combat land reform. But CAS took over the organization and used it to promote hard-line opposition to the government program. Because this was undermining the SNA's relationship with the government, the SNA simply denied the Committee access to its resources (office space, meeting rooms, secretarial help) and the group faded.

The SNA leadership was finally repudiated when the Frei land-reform law passed in 1967 without any of the qualifications desired by the SNA. Some modifications had been made--the conversion tables for land had been changed, the special Agrarian Tribunals were given more authority, the owners were given the right to select their reserves--but essentially, the program remained unchanged.

Land Reform Under Frei: 1967-1970

Among the most important provisions of the Frei land-reform law was, first, Article 3 which set the maximum

fundo size as the equivalent of 80 basic irrigated hectares (BIH) and stated that this included all the land held by one person. To measure the equivalent of 80 BIH, the legislation included a complex grading system that considered topography, rainfall, soil quality and other factors. In some cases one BIH was equivalent to 10 hectares of land and more; in other cases one BIH equaled one hectare of farmland. In Cautín the equivalent of a BIH varied tremendously from the Andes to the Central Valley but the rough figure used by most hacendados was between six and seven hectares for each BIH. Thus they considered farms above 500 Ha to be expropriable. The actual figure used by CORA for the reasonably good land in the province was seven hectares for each BIH, or 560 Ha, for 80 BIH.

The second important component of the new law was that landowners were to be compensated with long-term bonds rather than with cash. Land expropriated because of size was to be reimbursed with 10% cash and 90% bonds payable in 25 annual installments. But only 70% of the value of the bonds was to be readjusted for by inflation and the adjusted portion was only recalculated at the rate of 50% of the rise in the cost of living index. Thus, with a high rate of inflation, as is common in Chile, the entire bond could be subject to a negative rate of interest, and this is exactly what happened. Owners whose land was expropriated because of size were entitled to a reserve of

80 BIH. When a reserve was taken, the owner was entitled to a payment of only 1% of the cash value in most cases. As already mentioned, the price on which all payments were based was the fiscal value, or tax assessment listed in the tax roles, not the much higher commercial value. Swift noted that "This procedure (of payment) shows that the law has compromised between confiscation and expropriation with full payment" (1971:40).

A third part of the land reform law, one that provided the justification for some expropriations by the Allende government, was Article 1, which stated that a farm could be expropriated for inadequate economic, technical, or social conditions." These conditions were not clearly specified but among those provisions stated were that the owner had to plant or have improved pasture on 70% of the land, pay minimum wages and social security for the workers, and follow the labor laws. Hacendados whose Fundos were expropriated under article 1 did not have the right to a reserve and were subject to a payment schedule more disadvantageous than those who lost their land because of excessive size.

The law also set up a system of Agrarian Tribunals, one in each province and ten across the country for appeals, to speed the processing of court actions by landowners. Because land reform in many countries was effectively halted by clogging the courts with legal actions, the

verdicts of these courts were final. But in some cases landowners were able to gain control of these courts and to slow the pace of reform, especially under Frei. The law stipulated that expropriations based on size were not subject to any legal review. Thus CORA tended to use article 3 for expropriations wherever possible.

A fourth important provision, article 171, one that Loveman (1976:271) calls "an overlooked provision," permitted the government to appoint an official, an interventor, to take over the management of fundos in cases of labor conflict. This could be used in lock-outs or strikes, and could result either in labor repression or in defacto expropriation, depending on the bias of the government in power. As will be seen, this provision was used by the Allende government as an alternative to expropriation.

The stated aim of the land reform legislation was not to set up individually owned parcels or to establish agricultural communes but to create temporary asentamientos that would provide a period of transition in which to improve production, train the inquilinos in farm management, develop cooperatives and form a community of farmers. Only after three to five years would the peasants vote on a permanent form of tenure. No matter what type of tenure was chosen, a purchasing and marketing cooperative would continue to exist (Thiesenhusen, 1971).

The system of gradual takeover was based on a church-

run experiment that had been funded by the Interamerican Development Bank. In the church experiment, however, at the end of the transition period the peasants were automatically given individual titles. CORA asentados, asentamiento members, could choose between running the farm jointly and individual ownership. Frei hoped that with asentamiento organization and technical and financial aid, agricultural production could be improved and agricultural wealth could be more equitably distributed without the disruption of production so common in land reform programs in other countries.

The result of the PDC land reform legislation was both much less than expected and much more than desired. The target stated during the 1964 election campaign had been 100,000 new peasant landowners during the six year term of office. By the end of that time only 20,970 families had been settled on expropriated land. One major problem was that the cost of organizing and subsidizing asentamientos (credit, technical aid, administration) was exceedingly high, between \$6,000 and \$10,000 per asentado family (Loveman 1976; Lehman 1971).

The program succeeded more than desired in that it made peasants aware of the possibility of possessing their own land; but because few peasants were actually settled on their own land, the result was a politicized and radicalized campesino class. In the province of Cautín, for

instance, only 28 properties out of over 400 with more than 80 BIH were expropriated between 1964 and 1970, and only a fraction of the inquilinos and minifundistas in the province benefited from the program. The Frei land reform program tended to focus on large landowners in the central valley around Santiago. There are some reports of violence on the part of the landowners of Cautin in response to union organizers and CORA officials in the late 1960s, but these are unverified. If such actions were taken, it would be necessary to determine whether they were isolated acts or organized efforts.

One of the properties expropriated at this time was the fundo Santa Lucia, owned by a member of the Friedrich family. The family lived in Santiago and when they weren't traveling in Europe, spent summers on the 2,900 Ha fundo. Only 100 Ha was planted with wheat, in part because the administrator used a leisurely six-year rotation cycle and in part because 1400 head of cattle were maintained on the land. Thus, like many fundos near Lautaro, this one could have been expropriated either because of inefficient use or excessive size. Some of the farms in the area were even less productive in terms of food products than this one. As the owner of this fundo said of one of his neighbors, "CORA accused him [the neighbor] of inefficiency, but he had a well organized farm. He raised fine race horses."

The expropriation of Santa Lucia began in November, 1966, before the passage of the Frei land reform law. In the previous year the owner, the administrator, the accountant and the mayordomo of the fundo had died, so the land was under the direction of a son-in-law of the Friedrich family. Since the basis of CORA's claim was inefficiency, he decided to increase the wheat planting by changing to a three-year rotation cycle. At the same time he contracted for an independent assessment of the farm's productivity in order to combat CORA's report. But these actions did little good and he ended up fighting for a reserve because CORA claimed he was an absentee owner. By moving his family to the fundo--leaving architecture school after two years--he was able to claim a reserve. In August, 1967, the fundo was expropriated and the family was left with 385 Ha reserve that included the main farm buildings, much wooded land and little of the best farmland.

The first task was to organize the reserve to that it could be farmed. Something had to be done with the cattle and the heavy machinery. Most of the cattle were sold to pay off debts, some were half-shared to other farms, including the asentamiento formed from Santa Lucia, and a few were kept on the reserve. Much of the machinery was sold, but some of it was kept for cutting hay and harvesting wheat on other people's land in return for a portion of production. Meanwhile, the reserve was cleared, the wood sold, and the new Santa Lucia slowly took shape.

Some of the inquilinos wanted to stay on the fundo and the owner allowed more to stay than he needed, but it was difficult to get an exact count of how many wanted to stay and how many went to the asentamiento. But a desire to remain with a patrón should not be taken as support for the hacendado since many peasants wanted to stay because they didn't believe the government had the desire, or the power to give them land. A combination of factors--a benign patrón (benign despot perhaps), outsiders settled on the asentamiento, good relations with the local village, bureaucratic as opposed to campesino expropriation--set the stage for good relations between the fundo and the asentamiento. Because hacendado resentment was directed at the government, not at the asentados, often good relations existed between asentamientos created under Frei and neighboring landowners.

Some absentee owners made stands of principle. The lawyer for the Friedrich family married into another family that owned land in the area and when his fundo was expropriated, he spent three years fighting it in the court. He won, on the grounds that the papers were improperly drawn up by CORA, but on the next day (according to an informant) CORA refiled, this time properly, and expropriated his land without difficulty.

No properties were expropriated for social mismanagement and it appeared that the PDC was opposed to using

this article of the law. In order to prevent the abuse of the social mismanagement provision, Frei organized the Grupo Móvil, a special arm of the police force meant to handle peasant tomas, physical takeovers of fundos, by ejecting the peasants as quickly as possible. The fear was that peasants, led by outside agitators, who would seize a fundo and provoke the landlord to mistreat them, thereby justifying expropriation. Frei tried to maintain the support of the urban classes with the Grupo Movil, but he simultaneously radicalized the peasantry and some of his own PDC bureaucrats.

As part of the PDC effort to gain the political control of the campesinos in rural Chile, all barriers to agricultural trade unions were eliminated. The PDC, CORA, and the Institute of Agricultural Development (Instituto de Desarrollo Agropecuario, INDAP) all encouraged the development of campesino unions under PDC control. In 1964 there were 24 agricultural trade unions with 1,658 members; in 1967, 211 with 47,473 members; and in 1970, 488 unions with 127,680 members (Alaluf 1972:493). Most of the unions were controlled by the government party, as much as 70% in 1970 (de Vylder 1974:175). Each labor union belonged to one of three national federations, the Marxist Ranquil (48,000 members) the Christian Democrat Libertad (25,000 members), and the INDAP Triunfo (57,000 members) (Brown 1971). Although many of the agrarian

reform bureaucrats who were directing these national federations owed some allegiance to the government, they wanted the land-reform program to proceed at a faster pace and wanted to see communes created instead of giving peasants individual titles. Thus, when given the UP alternative, many bureaucrats shifted support to the left. In 1970 parts of the INDAP Triunfo and Christian Democratic Libertad split away to form the Movement for United Popular Action (Movimiento de Acción Popular Unida, MAPU), which supported the Marxist coalition under the direction of Allende.

After the passage of the Frei land-reform law with little accommodation to the SNA, the moderates in the SNA were repudiated, conservatives were placed in power and stronger tactics were undertaken. Among the first moves was the organization of an employer's union for landowners. The Confederation of Syndicates of Agricultural Employers 12th of June (La Confederación de Sindicatos de Empleadores Agrícolas 12 de Junio, CONSEMACH). The same law that permitted the unionization of peasants also outlined the organization of employer's syndicates. Ten employers could join together to form a communal syndicate, four communal syndicates to form a provincial federation and a group of provincial federations to form a national confederation, like CONSEMACH. The Chilean Congress felt that such organizations would simplify collective bargaining

with campesino unions.

For the SNA, CONSEMACH was a way of reorganizing the national agricultural organizations along clear functional lines. CONSEMACH would deal with worker conflicts, collective bargaining negotiations, and the general defense of business interests. The SNA would be free to operate in a technical capacity as "a private ministry of agriculture" (Gómez 1972:31). Commercial development would be in the hands of the newly organized National Federation of Agricultural Cooperatives.

The post-1967 SNA strategy also consisted on an attempt to reestablish an alliance with CAS and to forge an alliance with medium-size landowners, small holders, and even asentados. On August 14, 1967, the Council of Chilean Agriculturalists (Consejo de Agricultores de Chile) was formed by the SNA, CAS, CONSEMACH, the National Federation of Cooperatives, and the Agricultural Societies of the North and the Center (Sociedades Agrícolas del Norte y del Centro). The effort to unite all rural peoples against land reform was clear in the constitution of the Council, which stated that ". . . the economic reality is that all property owners, regardless of the extension of their land, including asentados, have suffered . . ." (as quoted in Gómez 1972:37). According to their view, "The agricultural sector lives under the permanent prejudice and lack of understanding of the city" (President of the SNA

as quoted in Gómez 1972: 57). In a strange twist of ideologies, the rightist Council attacked North American imperialism as the culprit forcing land reform on Chile and thereby hoped to rally nationalistic sentiment on their side.

In order to promote the alliance with all agriculturalists, CONSEMACH, in conjunction with the Confederation of Small Agriculturalists, developed a program for private land reform. This program was meant to promote the sale of small plots of land at conventional prices, but with a guaranteed mortgage to be paid off in 10 annual installments. There is no record of the number of sales that took place under this program but it is likely that there were few, if any.

Beginning in 1969, CONSEMACH justified the use of all methods to fight the government agrarian program and the growing peasant movement. In December, 1968 the government set wheat prices below that desired by the SNA and for the first time agriculturalists undertook disruptive action. On January 15, 1969, to protest the wheat price, agriculturalists blocked traffic along the main highway in Colchagua, Talca, Linares, and Bio-bio. The demonstrations in the central region effectively disrupted traffic, but further south they were short-lived. A similar demonstration took place in Cautín on January 18, but it too was brief and quickly abandoned. On Sunday, February 2, the first assembly of wheat growers was held in Linares. The

plan was to disrupt traffic again but the police outnumbered the demonstrators and the meeting turned into a peaceful rally. Organizationally, CONSEMACH was a success: By December 1969 it had 9,803 members. But in the end government policy remained unaltered.

On the national level, all strategies attempted by the SNA and allied organizations failed. They could win neither by supporting moderate change nor by promoting potentially violent confrontation. Even alliances with other sectors of the bourgeoisie--the Chamber of Commerce, the Confederation for Production and Commerce, the Chamber for Construction--were not forged until late 1969 when the threat to all private property became apparent. Once this alliance was forged the landowners were followers, not leaders. At the local level all that remained to be done was an orderly retreat that preserved as much capital in the hands of the landowners as possible.

Land Reform Under Allende: 1970-1973

With the election of Salvador Allende, panic swept the urban bourgeoisie and political violence swept the countryside. Between November, 1970 and the end of January 1971, more than 260 occupations took place in and around Cautín Province. Some of these were tomas at the hands of the inquilinos, but many were fence movings, corridas de cerco, at the hands of Mapuche Indians seeking to regain control of their former reductions. On December

12, 1970, El Mercurio (the rightist newspaper that is owned by the Edwards family and was financed, in part, by CIA funds) reported on the occupation of 25 fundos around Lautaro and again on January 22, 1971 it reported on another 50 "paralyzed" fundos in Cautín. Cautín Province was the center of land occupations in Chile and within Cautín the most active area was around Lautaro.

The peasants worked in close alliance with the Movement of Revolutionary Campesinos (Movimiento Campesino Revolucionario--MCR), the rural arm of the Movements of the Revolutionary Left (Movimiento de Izquierda Revolucionario, MIR) in carrying out takeovers. The program of the MIR was simply expressed by a spokesman in 1971: "We did what the comrade campesinos asked us to do. The only way to accelerate the process of agrarian reform is to pressure CURA by 'occupying' the fundo" (as quoted in Loveman 1976:279).

The MIR was started at the University of Chile in Concepción and many students transferred to the University branch in Temuco in order to work in the MCR at the same time they went to school. Shortly after the MCR became active in the countryside, Jacques Chonchol, the former head of INDAP under Frei and the new minister of agriculture under Allende, moved the Ministry of Agriculture to Temuco, temporarily in order to deal with the land occupations. The takeovers were consistent with Chonchol's desire for a rapid transformation in the countryside but inconsistent

with Allende's policy of working within the law and the constitution. Allende never used force to oppose the tomas in the way that Frei had, but he was vocal in his opposition to illegal actions. On numerous occasions he appealed to the peasants and the MIR for a peaceful transformation to socialized agriculture, which he felt was feasible. In fact, this proved to be a reasonably accurate assessment. After the 1970 election, Chonchol had promised that all properties over 80 BIH would be expropriated by the end of 1972. The project had been completed by the middle of 1972.

Unlike the reform program of Frei, the aim of the Allende program was nothing less than to socialize rural Chile. Instead of expropriating a fundo here and there, under the direction of CORA large areas including a number of holdings were prepared for expropriation simultaneously. The idea was to incorporate the fundos into large collectives in order to promote zonal planning, and to integrate landless laborers and minifundistas into the reformed sector. On asentamientos former inquilinos and day laborers were often reluctant to invite outsiders to become asentados. One approach to the problem was to organize Agrarian Reform Centers (Centros de la Reforma Agraria, CERAs) which combined a few fundos and offered near equal rights to all sectors of the rural population, including men, women, and day laborers. A third type of reformed

land organization was the Production Center (Centro de Producción, CEPRO), which was a state farm in which the state owned the land and all workers were equal. A fourth reformed sector organizational system also existed, the Comité de la Reforma Agraria, which differed little from the asentamiento. The aim of these new forms of organization was to destroy the inquilino's localist identification with a fundo and to prevent the "kulakization" of the countryside that was a prevalent outcome of the asentamiento.

Although each system of organization had major weaknesses, the weaknesses in the expropriation process are more important to the study at hand. The Allende government had many innovative ideas for reorganizing Chilean agriculture, but they were hampered by a lack of control over Congress. Thus any actions that required parliamentary approval were impossible to initiate. The UP program was severely limited by two aspects of the Frei land reform law. First, even if his land was in the middle of a proposed CERA, the owner of an expropriated property was entitled to a reserve, which limited the extent of regional planning and often excluded the capitalized portion of the fundo from the reformed sector. The law stipulated that a landowner was entitled to a reserve that included a cross-section of the various qualities of land on his fundo and with proper planning, the owner could receive the section that included the barns, the storage

facilities, the garages, the various small processing plants (for cheese, milk, etc.) and the main house. This severely weakened the economic viability of the expropriated land. Second, according to the Frei law, only the land, not the machinery, cattle, horses, or any other property was subject to expropriation. When faced with the slightest chance of expropriation, some of the landowners sold their machinery, slaughtered their cattle, packed their bags and left. Many marched their cattle over the Andes to be sold in Argentina. Some claim that as many as 160,000 head of cattle traveled this route (de Vylder 1974:180), but local informants doubt this and say that it's impossible to move cattle without everyone knowing. Decapitalization was one of the major problems faced by CORA, which tried desperately to promote production.

Expropriations under Allende proceeded along a few different paths. Many of the takeovers were settled by covert expropriation using article 171 of the land reform law, which permitted the assignment of an interventor in cases of labor conflict. In this way ownership could be transferred to the state or the campesinos with a minimum of bureaucratic processing. In many cases inquilinos had suffered from low wages (below the government-regulated minimum wage), overwork, and mistreatment at the hands of hacendados and would greet organizers with open arms. Because of contact with the Chilean working class, many

Chilean peasants were politically sophisticated and acted on their own (Petras and Zeitlin 1970; Petras and Zemelman 1972). In some cases meetings between inquilinos and MCR representatives would result in a political self-fulfilling prophecy. The visit would stimulate the wrath of the hacendado and, in turn, peasant anger and a takeover. Often in these cases a basis for conflict between landowner and campesinos already existed. Alternatively, after the visit of a political worker, an owner might begin to invest his time and energy in whatever he planned to do after expropriation. The fundo would gradually decline and the workers might be mistreated, resulting in expropriation for any number of reasons. But as Feder (1971) has pointed out, the important element is not that there are good landlords and bad landlords, but that, because they hold power, landlords can choose to be either good or bad. Chilean class conflict, like all such clashes, was not a result of individual personalities but of the structure of rural society.

When the occupations started in late 1970, the landowner organizations in Cautín were unable to stop them. The three major local organizations, SOFO, CAS, and the Federation of Syndicates of Agricultural Employers "Yungay" of the Province of Cautín (Federación de Sindicatos de Empleadores Agrícola "Yungay" de la Provincia de Cautín, Syndicate "Yungay"), shared the same leadership

and operated out of the same office. The Syndicate "Yungay" was founded in January 1968 and consisted of 10 communal syndicates. SOFO was founded in the early 20th century and was the local landowner organization that belonged to CAS and, at various times, the SNA. All these organizations were dominated by "German" fundo owners and that proved to be one of their major weaknesses.

The response of these groups to the expropriations under Allende was to play politics in an effort to establish a political base in Cautín for the National Party, a rightist party formed in 1968 from the Liberal and Conservative Parties. Whereas under Frei the landowners had some support from the government in the form of the Grupo Movil and the often stated opposition to violent takeovers, under Allende they had no support. Most of the occupations during the first six months were around Lautaro in the northern sector of the province. When the Sindicato "Yungay" sponsored its first meetings in the area hundreds of landowners attended. But many were turned off by the strong political appeals of the speakers. Instead of talking about what could be done to limit expropriations and occupations, the speakers attacked the government and land reform in general and made pleas for private property, free enterprise and strong electoral support for the National Party. Many of the landowners were disenchanted with "more politics" and the lack of practical suggestions. Those who openly disagreed with the broad

spectrum political attack by the Syndicate were labeled Communists and never welcomed back to the Syndicate meetings. This group included many of the Chilean farmers who attended the meeting. The "Spanish" farmers who attended the meeting had little interest in political movements and were disgusted that no direct action was considered. The distrust and suspicion engendered during this period continue to this day. Those who did not disagree openly saw the pressure placed on others and ceased to participate in the organization. From 1970 on, membership in the Syndicate "Yungay" declined instead of rising in the face of a common enemy.

Within the organization, memoranda indicate a similar concern with political maneuvering. Many, if not all, the information bulletins from CONSEMACH to the member federations dealt with the legal options open to combat expropriation but the syndicate "Yungay" did not offer legal services to its members on an individual basis. Thus the advice was useful only for those owners who had the funds available to hire a lawyer. Within CAS and SOFO endless memoranda meant to demonstrate the discrimination against agriculture compared agricultural prices to the cost of other goods were circulated. Memos attempted to show the superior productivity of the large fundo. This tactic, aimed at convincing the public of the superiority of the

status quo, had failed in 1963 and again after 1967, and it seemed irrelevant to the changes taking place in 1970 and 1971.

The weakness of the agrarian organizations is indicated by a memo from the CAS in March, 1971, requesting that the government provide a definitive list of all properties over 80 BIH that were to be expropriated and guaranteeing all properties with less than 80 BIH. The aim of the request was to limit expropriations to those properties subject to expropriation under the strictest application of the law, to stabilize the countryside by giving in to the process of land reform, and to head off the move to limit fundo size to 40 BIH.¹ In some sense the request to the government was on the order of a cry for quick amputation so recovery could begin as soon as possible.

While discussions of illegal actions against land reform would not have been included in the minutes of meetings, informants admit that such discussions did not take place with any seriousness until mid 1971. It was then that the Syndicate "Yungay" ceased to record its minutes because, in the words of one informant, "It was then that we started to talk about things that were too dangerous to

¹By May, 1972 most of the expropriable land had been taken and many inquilinos remained landless. One approach considered by Allende was to cut the maximum permitted land holding in half to 40 BIH.

record." By that time, of course, most of the land had already been taken.

The weakness of the local landowner organizations in the face of land reform can be accounted for in two ways. First, was the division of the landed class into "German" farmers and "Spanish" farmers. When occupations and extensive expropriations began, it was the "Germans" who were the organized, but the "Spanish" who needed help. The "Germans", as discussed, were more paternalistic in relation to their campesinos than the "Spanish" fundo owners. When land reform and rural peasant unions came, the inquilinos on "Spanish" fundos were ripe for revolt and responded quicker than the peasants on "German" fundos. Of course, the better conditions on "German" fundos existed only in a relative context. Ultimately the differences in the treatment of inquilinos may have had more to do with style than with content. Nevertheless, the "Spanish" had been the ones to take the land from the Mapuche through various legal and illegal means and had also been the ones most commonly associated with the mistreatment of inquilinos.

As important as the reaction of the peasants to the two groups, was the social, cultural, political and economic gulf that separated "Spanish" and "German" fundo owners. The leadership of SOFO, CAS and the Syndicate "Yungay" consisted predominantly of development-oriented "German" fundo owners. The objects of the first violence

were the "Spanish" owners of fundos. When the occupations began around Lautaro old resentments reasserted themselves and many "Germans" felt that the Spanish should suffer the consequences of their own actions. This was the attitude of many agriculturalists, not just the leadership of these organizations. Many farmers had spent years steering clear of the business deals of the "Spanish", resenting their sharp commercial acumen, and felt that they were not going to help defend "Spanish" land.

The division amongst the landowners was insidious. One owner who socialized with the "Spanish", in part because his land was near Lautaro, and who maintained a good fundo by German standards, but also kept his eye open for a quick profit (thus placing him in the middle of the Spanish-"German" continuum), had his land occupied early in 1970. No one lifted a finger to help him recover his land and after his experience he refused to help others preserve their land. The "Spanish" were, in turn, consistent in their own attitudes, and were among the first to abandon rural Chile for investment in Argentina, Paraguay and urban Chile. One of the largest "Spanish" landowners in the province left Chile with as much capital as he could muster and bought orange plantations in Paraguay. Others gave up farming for the used car business in Temuco, which boomed because of everyone's interest in keeping his money invested in inflation-resistant commodities. Some became involved in the movement

of contraband between Argentina and Chile, and some took whatever remaining land they had and went half-share with the government in fattening cattle for slaughter. In many ways the transition of the "Spanish" owners to the new circumstances was less traumatic than the "Germans" since the "Spanish" could simply seek profit in another sector of the economy. Nevertheless, the bitterness of the "Spanish" farmers felt toward their inquilinos, the Mapuche Indians and the local leftists was amongst the strongest I heard expressed in Chile.

In the end, ethnicity was one of the major factors that prevented the landowners from organizing a united front against land reform. Because "German" farmers and "Spanish" farmers maintained different networks, one national and the other local, they were parts of different power domains and responded differently to the challenge. Because they employed different profit-making strategies, their efforts to save what resources they could were different also. Because they organized their farms differently, they treated their inquilinos differently and the peasants responded differently once they took political action. The differences in resource accumulation methods for "Spanish" and "German" farmers also led to antagonisms between the two groups that were carried over into the political sphere. Obviously there can be no assurance that had the landowners of Cautin been united they would have succeeded in defending their land.

(In fact, as will be discussed, it can be argued that the coup of September 11, 1973 made the landowners of Cautín winners, despite their disunity.) Nevertheless, the events in Cautín from 1964 to 1973 stand as a minor but significant testament to the complexity of class conflict. Verdery, in a case study of Wales, demonstrates that:

Organization is...more effective when it involves the superimposition of several social cleavages--religious, ethnic, rural-urban, social--or when several institutions draw together essentially the same population for different functions. Conversely, where social cleavages cross-cut one another or where the boundaries of different institutional hinterlands are not coterminous, effective organization will be weakened (Verdery 1976:193).

The landowners of Cautín exemplify the latter circumstance. Ethnic identity cut across lines of unification and limited the strength of the response of landowners to land reform.

Second, the "German" leaders of the Cautín landowner's groups were heavily involved in national politics and spent much of their time in Santaigo and traveling abroad.² With these activities, the Federation "Yungay" leadership lost contact with the concerns of the local landowners. Their own political persuasion interfered with their ability to establish the broadest possible platform with which to attract as many landowners as possible. Because of their own national political cabals, they were unprepared to accept differences of opinion among their local constituents. Thus their aim

²As one informant put it, "if he was traveling to Europe during the Allende period, you can imagine what he might have been up to." The implication was that the person he referred to was transporting money for the anti-Communist movement in Chile.

became not just defense of land but support of the National Party and destruction of the left. Just as they claimed that the SNA was an aristocratic organization that did not defend the interests of provincial agriculturalists, they were not attuned to the views of the many fundo owners who had come to own their land in different ways, had vastly different backgrounds, and a vast range of views from left-sympathizing Christian Democrats to rabid individualists.

As in any examination of events after the fact, one can imagine many alternative strategies. The leaders of the Syndicate "Yungay" could have kept party politics out of their meetings and dealt with practical issues--how to wage legal fights against expropriation, how to organize watchmen for an area, peaceful defense tactics, or violent defense tactics, and so on. They could have attempted to organize a regional political party to unite all property owners in the province and to limit the problems of identification with national political parties. They could have tried to organize a regional production strike. Many possibilities come to mind but the approach taken was consistent with the highly centralized organization of the Chilean state. The regional leaders of Cautin saw the problem in terms of national politics and attempted to promote a national political solution by developing support for the National

Party. In so doing, regional elites brought out the many splits among landowners in Cautín and weakened their response to the challenge from the left.

Like the "Spanish" farmers, many of the Chilean fundo owners responded to the challenge by leaving agriculture. In one case, a brother was running a large fundo owned jointly with the rest of his family, all of whom lived in Santiago. All but 80 BIH were expropriated under Frei. During 1972 he heard a rumor that an effort would be made to occupy his fundo and he stayed close by for the next few months. Most tomas took place while the owner was gone (the peasants preferred to avoid direct confrontation) so his presence offered some security for the land. In March 1973, he was on his way to town when a few trucks filled with inquilinos passed going the other way. Strikes were in progress at a number of places so he thought nothing of it until he returned to his land the next day. The gate was barred and inquilinos he had seen on the truck informed him that he didn't own the land anymore. The man picked up and moved to Santiago, where he now drives a taxi.

Many responded to occupation or expropriation by leaving the area without even asking CORA for a reserve. One owner of 7,000 Ha in Valdivia left to open a cookie factory in Temuco. According to him, in business he made more money than as a farmer and he enjoyed

the strong opposition of the business people to the government. One of the immediate causes of the downfall of Allende was a strike of truckers and store owners that crippled the economy. The strike of retailers was especially effective in Temuco. The landowners, according to the owner of the cookie factory, were passive.

Among the more popular investments were cattle ranches and orchards in Argentina, dry cleaning stores in Buenos Aires, speculation in cattle, and just about any other business one had some knowledge of. In late 1970 a representative of CAS was sent to Paraguay to investigate the possibility of mass emigration but nothing ever came of the plan.

In some cases sons who had inherited land after becoming professionals were happy to leave the entire property to CORA because the fundo was "more trouble than it was worth." One agronomist turned down the junta's offer in 1974 to return 300 Ha of land that had been occupied in 1971. The man enjoyed his bureaucratic job and noted that in the campo "You have to work Saturdays and Sundays--spend your whole life at it. I have a summer house on one-and-one-half hectares near a lake and that's my campo now."

Indicative of the attitude of many landowners was the failure of SOFO to develop a list of landowners with complaints against CORA. In 1972, by collecting examples

of the worst infractions, SOFO hoped to get CORA to revise its procedures. But after advertising in the regional newspaper for landowners to submit their complaints, they received only four responses. The plan was dropped. Between 1965 and 1973, the membership of SOFO dropped 75%.

While confrontations did take place between peasants and owners as soon as Allende was in office, organized defense of the land in Cautin did not really begin until mid-1972. In 1971 the fundo of the president of the Syndicate "Yungay" was expropriated and he was given a reserve. But according to the owner, MAPU decided that he should not have a reserve and attempted to occupy his land in June, 1972. They succeeded in gaining control of the farm but the owner and his family remained in the house and refused to leave. Members of the Syndicate gathered outside and in defense of their leader, attacked the peasants and threw them off the land. With this first success in hand, the Syndicate organized defense committees in various parts of the province by the end of July, 1972.

The committees were organized through requests for volunteers sent out to each of the member syndicates and to the rodeo clubs in the province, but most of the rodeo clubs did not participate. Plans were made for immediate mobilization in order to reoccupy a fundo within 24 hours of its occupation.

Involved in the organization of these defense com-

mittees was the militant arm of the National Party, Fatherland and Liberty (Patria y Libertad). In fact, in the retomas, the reoccupations, in which I was able to determine the participants, most of them turned out to be urban entrepreneurs, and the sons of landowners who themselves worked in the city. Rather than an agricultural region led by the large landowners in the fight against radical socialist transformation, the small group of urban entrepreneurs were the ones at the forefront of the fight against Allende, even with respect to land reform. It was this group that smuggled arms across the Argentine border to support their para-military activities; it was this group that worked in close association with the military in order to promote disruption in the province; and it was this group that was tied to the national organizations that ultimately proved most effective in bringing down the Allende government.

But the defense committees were not of major significance: only seven to nine retomas actually took place. In most cases there was no actual battle between the peasants and the landowners, but in a number of cases people on each side were killed. When a toma took place, the defense committee would be called into action. Some kept stores of Molotov cocktails, some were armed with machine guns and some had only rifles. At least one machine gun was mounted on the back of a truck and surrounded with bales

of hay. At the proper moment two of the bales in front would be removed and they would open fire. Often the national police reached the occupied land before the landowners, but they would retreat when the defense committee arrived. The defense committee took this to mean that the national police supported their efforts, but the police claimed that they did not want to get caught in cross-fire. As one former police official explained, "Just like you don't get in the middle when a husband and wife are fighting, we waited until everything was over and then stepped in to help the wounded."

Sometimes retaken land was later expropriated and sometimes it was left alone. After one toma and retoma the owner got into a fist fight with a MIR leader. Neither was seriously hurt but the MIR leader received some hard whacks over the head with a stick and pressed assault charges on the landowner. The judge dismissed the case, but later everyone involved in the retoma was brought up on criminal charges. The landowner, who was not a major figure in the province, went to the Syndicate "Yungay" to request financial help for lawyer's expenses and was told that the Syndicate had no money for that. The owner was bothered by the officious treatment he received as well as by the rejection of his request and vowed never to have anything to do with the Syndicate again. Many owners of fairly large plots of land who were not part of the German landed elite

of the province had similar experiences with SOFO, CAS and the Syndicate, which destroyed the ability of these organizations to unite the province.

While province-wide organizations were ineffective, some local groups did operate more effectively. In one area around Gorbea, when an occupation was rumored, an around the clock watch was organized in which friends, neighbors and relatives participated. These might continue for a few weeks before being stopped. Many landowners feared that the Mapuches from the north would attempt to toma their land, which was in the south of the province.

The civil activity that ended the Allende government consisted of a strike of entrepreneurs and a truckers strike. Shops stayed closed throughout Temuco and truckers parked their vehicles on the main roads, making passage impossible. Landowners did little during this period. Some provided food for the striking truckers who tended to eat and sleep together at their depots for solidarity. Some landowners even joined the truckers' unions because they wanted to participate, to do something and the truck that every fundo has gave them an excuse to join. But many fundo owners also refused to help. The members of Fatherland and Liberty were angry at landowners who could not organize to defend their own land and who refused to risk anything to fight the government. They sometimes requested cars and trucks from landowners when they went out on sabotage

missions because they feared their own vehicles would be identified. Most landowners refused to offer even this kind of help. In late August and early September, 1973, when commerce was paralyzed, all traffic halted and the country just waiting for the military to take over, some fundo owners drove their tractors onto the main roads to add to the blockade. They were late entries into the confrontation and ineffective partners in the fight against the left.

After Allende

By September 11, 1973, when the military overthrew the government of Salvador Allende and took power in Chile, the state controlled over 60% of the irrigated land and over 30% of all nonirrigated, arable land in the country. CORA retained the title to 10 million hectares (Love-man 1976:305). Many landowners expected the new government simply to turn the land over to them, and, one day after the coup (September 12, 1973), some even went to throw the asentados off their land. But the government moved quickly to organize a system that would correct injustices (that is, in the military's view), encourage production, and remove the government from agriculture, but without reverting to the pre-1967 land-tenure structure.

The first aim of the military junta was to weed out the leftists among the peasantry. They went to each asentamiento and each Mapuche reservation, asked informers who the leftist leaders were, and then took the leaders

away. Many never returned. According to one informant, the Fishing and Hunting Club of Temuco went for its annual fishing contest and had to call the event off because of the bodies clogging the stream. Once the masses were politically cleansed, normalization of property relations could begin.

Under the direction of the provincial intendente, the presidentially appointed head of province, each province organized an Executive Committee for Agriculture (Comité Ejecutivo Agrícola, CEA) to consider requests for the return of land. In Cautín, the CEA consisted of the intendente, the commander of the air force, a military veterinarian, the head of CORA, and the president of the college of lawyers in Temuco. A property owner had to petition the CEA for the return of his land or for a reserve and the committee would then commission a technical and social report on the property.

Rather than return all expropriated properties, the government set up strict rules that only those properties that were illegally expropriated and those that were illegally denied a reserve were to be returned. But judgments, according to a participant in the proceedings, were not always based on clearcut legal issues. Some properties were returned because the owner had close ties to the military government, and some were denied the return of their land because they had left Chile during the Allende period. Weight was given to the patriotism--the junta's version of patriotism--expressed by the owner's actions during the

1967-1973 period. Another factor was the productivity of the land when it was run by the pre-expropriation owner. As part of the push for productivity, the CEA gave credit to those who ran exemplary fundos. For consistency throughout the country, all CEA decisions were reviewed in Santiago before being acted upon.

Land that was returned had many limitations attached to it. The owner must farm the land himself; he could not rent or sell for 10 years; the owner was required to take a number of the asentados on as inquilinos; and the owner must take responsibility for payment for any capital improvements on his land while it was in the hands of the asentamiento. Since some asentamientos built as many as 20 modern houses for the asentados after the fundo was expropriated, some owners turned down the offer of the return of the land because they couldn't afford it or the land was not worth that much.

The land that remained in the hands of asentamientos is in the process of being divided up to form individual plots for small (20-40 hectare) family farms. Since there is not enough land to handle all the asentados, a point system has been developed that judges each asentado on agricultural ability and political attitudes.

There are no statistics available for Cautín Province, but according to Stanfield (1976), 40 percent of the expropriated fundos in southern Chile have been left untouched,

29.6 per cent were returned in part and 30.4 percent were returned in whole. But these figures do not reflect the total land area returned since many of the fundos expropriated in Cautín were taken in tomas without reserves being offered to the owners and some fundos were smaller than the 80 basic irrigated hectare maximum. In terms of BIH, almost three-quarters of the expropriated land remained in the hands of the peasants and only about 25 percent was returned (Stanfield 1976:5). This figure is consistent with the figure of 20% of the land being returned that members of the CEA estimated to be accurate for Cautín.

Overall, the process of counter-reform carried out by the junta is consistent with two tendencies in rural Chile--government control of land-tenure and the reduction in the size of fundos. No fundos larger than 80 BIH were returned to owners and to that extent the government respected the Frei land reform law. Additionally, new small plots are being created by the division of asentamientos and other reformed units. At the same time plans for assignment of titles to individual peasants were being carried out, the government was also making plans to give individual titles to Mapuche Indians. There has been no word on how these plans have succeeded. The one area of apparent change in the government attitude toward agriculture is in pricing. The government has expressed interest in completely deregulating pricing for agricultural

commodities but has yet to carry out these plans. If this occurs, the changes it produces are likely to be significant.

In general, some of the changes from the Allende period have been reversed, but not all. Much of the expropriated land remains in the hands of the peasants. But it is possible that as peasants get individual titles to 40 Ha plots, as the government plans, that large landowners will buy them out. The class that was crushed by Allende could reassert itself. So far, the peasants have been treated with disfavor, but the landlords have not been treated with favor. The clear message sent to all segments of the Chilean population shortly after September 11, 1973 was that the military knows best and the military will decide. A few days after the coup, for instance, the military announced that all members of the extreme right group Fatherland and Liberty should surrender their arms and that those who did not would be considered enemies of the state. Similarly, landowners were not permitted to undertake their own reprisals; that was the prerogative of the state.

Land reform as it was conceived by most of the Chileans involved in its promotion has been destroyed in Chile. There will be no collective agriculture in Chile in the foreseeable future. Nevertheless, large landowners have been weakened. Many more "Spanish" farmers lost their land and left agriculture than "German" farmers. Significantly,

the leaders of SOFO and CAS have consulted with provincial and national military officials since the copu, but none has served on an Executive Committee for Agriculture and none has been given public attention by the military government. The agriculturalists that remained in agriculture after the 10 tumultuous years that began with the election of Frei in 1964 look upon the new government with mixed feelings at best. It was the government all of them had wanted, but they know it is not their government.

Chapter VII
SUMMARY AND CONCLUSIONS

This chapter will summarize the argument of the previous chapters, compare the events in Cautín to similar events in Peru and Bolivia, and conclude with a discussion of the direction of change in Cautín Province today.

Class and Power in Cautín

This study grew out of inconsistencies between image and reality that I observed in September, 1973 in Cautín Province, Chile. Chile was in the midst of one of the worst bloodbaths in recent Latin American history and the right was flushed with what they saw as a great victory. Braggarts, bastards, and even thoughtful winners who sensed that this was not the victory they had wanted were expounding on the role of the landowners of Cautín as the vanguard of the counter-revolution. This vanguard-in-reverse role was consistent with many, although not all, of the writings of anthropologists, agricultural economists, rural sociologists, politicians, and authors of fiction about rural Latin America. It was what I had expected.

But as hacendados began to answer direct questions about what they had done during the Allende years a different picture began to appear. The story of the response

of Cautín landowners to government-sponsored land reform between 1963 and 1973 contradicts the generally accepted image. As described in Chapter VI, the fundo owners of Cautín were unable to mount an effective defense of their land; the government expropriated about half the land held in units greater than 500 Ha, probably all the expropriable land in the province. The major landowner's organizations failed to unify the owners to fight either a legal or an extralegal battle against land takeovers. Instead of increased membership in response to the attack on their primary resource--land, the regional landowner's association lost members. Retreat in many different forms--abandonment or sale of land, migration to Santiago, emigration--was the common response to the challenge. Few attempts were made to retake occupied fundos and of those attempts that were made, some were led by members of the urban commercial class. Even after the fall of the Allende government the political weakness of the landowners was apparent in the fact that the military junta did not return much of the land that had been expropriated.

Two general factors account for these events:

- (1) the internal division of landowners in Cautín; and
- (2) the growing power of the central state in Chile.

The landowners of Cautín were split into two antagonistic groups that did not unite in their struggle against land reform. On one side were the "German" farmers who

depended on the resources of the state in order to seek long-term profit in agriculture with high capital investment and advanced technology. These farmers maintained national networks oriented toward maintaining the flow of capital and technology into Cautín. On the other side were the "Spanish" farmers who attempted to mobilize local resources to seek out short-term profits, often in high-risk, uncontrolled sectors of the agricultural economy. Their networks tended to be local in their efforts to seek out regional resources that were not under the control of the state. The origin of this aspect of ethnic relations in Cautín appears to lie in access to resources and to credit.

Second, the Chilean state controlled the settlement of the region from the time the first colonists arrived; it controlled the regional agricultural economy through the regulation of exchange rates, credit, and wholesale prices; and it controlled regional politics through national political parties that were urban-oriented and whose main constituents were among the urban classes of the Santiago-Valparaiso complex.

To establish these points, five aspects of the region of Cautín were examined in the five central chapters: (1) the organization of national and international power since the period of regional settlement; (2) the strategic importance, or lack of it, of regional agricultural commodities in the national economy; (3) the extent of landowner

control of the inputs of production, i.e., machinery, seed, fertilizer, labor, etc.; (4) the extent of landowners' control over the market for their goods; (5) variations in the strategies of profit-seeking among landowners.

As demonstrated in Chapter II, since the beginning of the colonial period, Chilean landowners at best shared power with and at worst were under the control of the urban merchant class. After the War of the Pacific in 1879, when Chile took control of the nitrate deposits in the Atacama Desert, tax revenues poured into Santiago and the central government slowly took control of the Chilean economy and the Chilean polity. After the depression of 1930 the government took an even stronger hand in directing the Chilean economy by means of the Bank of the State and CORFO. By manipulating exchange and freight rates, prices and credit, and by organizing marketing, the government favored certain sectors of the economy and neglected other sectors. Agriculture was forced to provide cheap food for the urban labor force, thereby permitting industrialists to pay low wages.

After the War of the Pacific, in addition to creating a vast state bureaucracy and undertaking numerous capital improvement projects, the state also undertook to establish control of areas that had not previously been settled by Chileans, such as Cautín. As described in Chapter III, various programs promoted the settlement of the region with Europeans from various countries. The

government carefully organized land surveys conducted by military surveyors and enforced order with a permanent military force. This was not a region open for conquest by competing caudillos. Mainly in the case of the Indian reservations were boundaries subject to manipulation and modification. Because all major decisions concerning the province were made in Santiago, the region developed into a dependent sector of the national economy.

Land tenure varied with the means of acquisition of the land. But since the founding of the province, the trend has been toward smaller and smaller fundos and downward mobility for most of the landowners. This resulted from laws that required partible inheritance; children divided up the resources of the parental generation. Some colonists were able to consolidate larger holdings.

Within Cautín three crops--wheat, barley, and raps--and cattle were the major rural products, as discussed in Chapter IV. All rural production depended on some form of government credit and was subject to financial and marketing constraints arising from political manipulations by national elites and from technical and ecological constraints. In response to these constraints three different strategies for agricultural production existed: (1) the Chilean strategy, which depended on short-term government credit to plant mainly wheat;

(2) the "German" strategy, which depended on long-term capital financing to develop a fundo over a period of years to produce beef and dairy cattle as well as crops; and
(3) the "Spanish" strategy which employed short-term government credit when it was convenient, but was essentially oriented toward high-profit, short-term investments in various production schemes. The different approaches to profit maximization divided the landowners of Cautín and inhibited cooperative action against land reform.

The different approaches to agricultural production were culturally elaborated in distinctive marital patterns, styles of living, attitudes toward cities, aspirations for children, networks, and general values. All these factors served to divide the landowners of Cautín into two antagonistic camps, one centered on ethnic Germans but including farmers of other ancestries who farmed like the Germans, and the other centered on ethnic Spaniards but including others who farmed like them. The "Germans" were oriented toward capital-intensive farming based on resources provided by the state and the "Spanish" were oriented toward high-profit, short-term agricultural production strategies based on local resources. The origin of these differences appears to lie in the attempt by companies from Germany to invest in the province early in this century and to invest through German immigrants. With such institutions as

the German Transatlantic Bank, credit was made available to the "German" residents of Cautín and German culture became a valuable asset. Those who did not have access to foreign credit, mainly "Spanish" landowners, developed close ties within the province to generate capital.

Because of the state control of all aspects of the agricultural economy from the inputs of production to marketing, most landowners depended on the state in one way or another. Even when the government was antagonistic to them they saw little opportunity to fight back. Internal divisions among landowners also made cohesive organization difficult. "Spanish" fundo owners were looked upon as a threat to other landowners because of their extensive use of land and their predatory business practices. They were the first to be attacked by peasant occupations and their plight aroused little sympathy. "German" fundo owners, through the landowner's association, had always courted the government and their Santiago-oriented politics had cut them off from their potential constituents, other landowners in Cautín. As modernization elites the "Germans" were seeking as much derivative power as possible and could not reorient themselves for regional, class-based politics. Chilean farmers were attracted to neither group and felt that the only thing they could do was defend their own land as best they could. Some Chilean farmers were the only ones who maintained organized efforts to protect their own and neighboring

fundos.

The central variable in this study of agrarian elites is power. The aim has been to analyze the power of the landowners of Cautín Province, Chile in the period from 1964 to 1974, when their position was challenged by state-sponsored land reform. As stated in the opening chapter, power is considered to be the control over resources, including things and people. Thus the history of the province and the nation have been used to examine who controlled what resources when, where, and how: who controlled the inputs to production--fertilizer, seed, machinery, credit, labor; who controlled the marketing of the output--wheat, cattle, barley, raps; who organized to exert power in numbers; who exerted power by the use of violence; who belonged to a larger power block that could exert power on their behalf.

Implicit in this analysis is the relative nature of power and of class distinctions since classes are groups that oppose each other in the battle for control over resources. Power is obfuscated when it is spoken of as existing apart from a relationship between people or groups of people. In this study the major groups whose relationships were examined to determine relative power were the landowners, the peasants, and the state. Without attempting to deal with the complex issue of the role of the state in class society, it is clear that the state had power over the

landowners of Cautin and favored the urban bourgeoisie to the detriment of the hacendados for much of the last 100 years. The landowners, in turn, had almost absolute power over the peasants until as recently as 1958. Since then the state shifted its alliances and favored the peasant class of rural Chile, also to the detriment of landowners. The landowners were not powerless in the face of either the state or the peasants but they were less powerful. They failed to protect their primary resource, and surprisingly appeared to be unable to mobilize a spirited defense.

The simplest statement of the conclusion of this analysis is that the landowners of Cautin have lost much of the power they once had, and that they probably never had the power that landowners had elsewhere in Latin America. Over the last 100 years the landowners of Cautin have suffered downward mobility and a relative loss of power. They lost part of their land, their monopoly control over their laborers and have become even more subject to state policy.

The important variables that affected landlord power appear to have been production for a regional, national or international market, state credit versus independent financing for operating expenses and capital improvements, the degree of regional monopoly in crop production, and the internal differentiation of the landed class. These

are the factors that will be examined in brief case studies of land reform in coastal Peru, and in two communities in Bolivia. The aim is to demonstrate that in other Latin American countries these same factors play a part in determining the results of land reform.

Comparison with Coastal Peru

Ica is a valley on the southern coast of Peru below the capital, Lima. It is similar to Cautín in some respects--the largest haciendas are relatively small (under 2,000 Ha), the regional elite is not significant in national politics, the area includes both commercial farmers and subsistence farmers of various types. But it is different from Cautín in one major respect: it produces an export crop, cotton.

The literature (Faron 196 & Hammel 1969; Paige 1975) does not provide details of local politics, but the comparison is still useful in terms of the role of larger power domains in regional systems.

During the 19th century Ica was a cotton producing area that supported some wealthy creole families who spent most of their time in Lima. The large landowners rented or sharecropped their land to others. Because of changes in the international cotton market, grapes became the common cash crop in the area in the latter half of the 19th century. Around the turn of the century cotton began to make a comeback. But to produce cotton the hacendados

had to use much of the available water in the region and battles ensued between the local peasant population and the large landowners. In 1918 the government organized a Technical Commission (Comisión Técnica) to control access to the water. One of the effects of the Commission was to give the Lima bureaucracy a role in the valley and to concentrate power in the hands of a few major regional landowner-politicians. Writing of the 1950s, Hammel (1969:28-29) states, "Political influence is still important in the appointment of officials of the Comisión, and wealthy landowners sometimes exercise their power to assure the appointment of an engineer who will favor their often shady activities. Even that influence is different from the earlier (pre-20th century) local variety, since it is usually channeled through the national government in Lima by men who are powerful both in Ica and the capital." In Cautín state control existed from the very beginning but in Ica it developed fairly late and accompanied the expansion of irrigation systems for an export crop. Thus with cotton, Ica came under the control of the central state and international capitalist enterprises. In Cautín, although the state had a long standing and multifaceted tie to the region, international capitalism was almost completely unrepresented.

Significant mechanization took place in Ica in the processing of cotton off the haciendas. This con-

sisted of motorized cotton gins, most of which were owned by cotton merchants. In fact, the owners of the two largest gins, both of which were foreign companies, financed the production of much of the cotton in the region by providing cash advances and technical aid. The foreign companies in Ica served many of the same functions as the Bank of the State in Cautín, and in some ways replaced the state as the major external power.

Along with the centralization of power in Lima came the development of lower-class political parties that were pressing for power. Locally, the existence of a highly profitable export commodity resulted in the concentration of wealth. The concentration stemmed, in part, from the high return on capital investments that far outstripped those without capital:

. . . it seems that modernization of productive activities first created an economic situation in which small, traditional, independent operators were eliminated from competition and in which large operators assumed more extensive control of the means of production. Modernization, however, became necessary for the efficient maintenance of a competitive productive enterprise. The requirements of modernization are now such that they demand a corporate base for investment and further improvement and a skilled laboring and managerial class to operate the enterprises. (Hammel 1969:113).

In the early 1960s the peasants of Ica organized two large-scale land invasions, one involving 12,000 peasants invading 20 haciendas and the other involving 2,000 people occupying six haciendas (Paige 1975:159-160). But in Ica, unlike Cautín, 180 assault police were sent

from Lima to retake the land, which they did. Two points are clear from this example: first that Ica was in many ways just a stage for the playing out of national politics. On both sides were national political figures and national political forces.

Second, the landowners of Ica were able to garner enough support from the central government to fight off the threat from the peasants below. The sources of the difference between their success and the failure of the landowners in Cautín appears to be in the fact that Ica produced for export and Cautín for internal consumption. The region around Ica was dominated by foreign companies that owned the cotton gins and exported the production of the region. With such large companies as Grace and Anderson Clayton involved in commerce, a great deal of influence was exerted in Lima to assure political stability for cotton production.

Coastal Peru represents a sector of agriculture that does not exist in Chile, an export sector. When land reform was first instituted in Peru in 1964, it was limited to the subsistence oriented sierra haciendas. Export coffee production was common in some regions in the sierra, but it was carried out by peasants on their own subsistence plots and not on the haciendas. Therefore, land reform did not threaten export production in the sierra and probably enhanced it.

After the 1964 agrarian reform law was instituted, the departments of Pasco, Junin and Cuzco, all sierra regions, were declared agrarian reform areas and the coast remained untouched (Huizer 1973:82). According to one source (NACLA 1976:26), W. R. Grace, one of the largest cotton merchant companies, had worked closely with the National Agrarian Society (Sociedad Nacional Agraria), the national landowner's organization of Peru, to exclude coastal agriculture from the 1964 law. In Chile, in contrast, no foreign company or foreign government was directly concerned with the agricultural production of Cautín. Even though Cautín was a major agricultural zone, it still produced commodities that were also produced elsewhere. Therefore, the regional elite had no production monopoly with which to form international alliances or with which to bargain.

Nevertheless, the precarious balance in Peru could not last forever. When the international power domain collapsed, so did the landowners of Ica. In 1968 a leftist military government took over Peru and decreed a new land reform program for the entire country. Expropriations began in 1969 and the process was complete by the end of 1976. All the commercial haciendas were turned into agricultural collectives, although some avoided expropriation by legally subdividing their property but continuing to work the land as a single unit (Harding 1974:239). The

sierra haciendas, in contrast, were broken up into individual plots and turned over to peasant families. Grace and other foreign companies had all their property expropriated. It appears that with the fall from power of the foreign corporations, the coastal landowners fell too. In Chile, it took a pro-peasant government (and peasant unrest) to generate land reform instead of a government that was both pro-peasant and anti-foreign. Since ethnographic sources do not provide data on local politics in Ica, the valley cannot be compared in all aspects to Cautin.

Two Regions in Bolivia

Since the revolution of 1952, Bolivia has been the object of numerous studies of social change, revolution, peasant movements, and agrarian reform (e.g. Buechler and Buechler 1971; Carter 1965; Heath 1958-59; 1969; Buechler 1966; Heath, Erasmus, and Buechler 1968; Dandler 1971; Malloy and Thorn 1971; Peinado 1969). Much of this work grew out of a team research effort begun in 1964 that was sponsored by the Research Institute for the Study of Man and funded by the United States Peace Corps. This research has resulted in comparable data on six communities throughout all parts of Bolivia, including

material on the events preceding and following the 1952 revolution and land reform. Two of these community studies serve as the bases for the following comparisons with Cautín.

In 1950 land ownership in Bolivia was concentrated in the hands of a small segment of the population. Four percent of the landowners controlled 95 percent of the land. Like Chile, most of Bolivia's export earnings came from mining. Bolivia underwent a social revolution in 1952 in which mining properties were nationalized, labor welfare laws enacted, agrarian reform instituted and a basic education program created. The agrarian reform program "expropriated most of the land of the larger estates, depending on size and quality, distributed hacienda land to former peons, abolished hacienda labor obligations, and created peasant unions as corporate bodies to represent local peons in agrarian reform affairs." (McEwen 1975:6). But the effects of these changes varied from one part of the country to the next and it is this variation that provides an interesting comparison with Cautín.

The crisis that resulted in the National Revolutionary Movement (Movimiento Nacionalista Revolucionario, MNR) coming to power involved a complex of factors: economic stagnation, official corruption, the growing

militancy of miners and other unions, insufficient government income and the political disaffection of the urban masses (Malloy 1970). Some peasants took over haciendas before an agrarian reform program was presented by the government, others waited for the organized transition directed by state officials. Some peasants waited in vain, for nothing happened. In one of the two communities discussed here nothing changed with the revolution: the landlords effectively remained in control. In the second community, however, the landlords were swept away even before any official action could be taken.

Villa Abecia, the first case, is a small town in southern Bolivia, around 7500 feet above sea level. It is relatively isolated from La Paz, which is two days away by bus, and is far from the mining centers in the country. In this feature it is like Cautín. Wine and grapes were the centerpieces of the regional economy and some fruits were also grown. Properties were small in the region, most of them varying from one to 25 hectares; but medium size irrigated farms, those between three and 25 hectares, were subject to expropriation according to the land reform decree.

Little land changed hands in Villa Abecia, however. The government expropriated and nationalized all pasture land for the use of the general population and left untouched, as the law specified, irrigated properties with

less than three hectares. But medium-sized properties were subject to expropriation. By 1964 only one peasant had received such a title. This is in strong contrast with Cautín and with Ica.

The landowners were able to defend their land for a number of reasons. The area was peripheral to the rest of Bolivia. It contributed little to the national economy and was stuck off in a corner of the country that attracted little attention, even from peasant organizers. Although Cautín was distant from the center of political activity, it was not a peripheral sector of the economy. Thus, Cautín was unlike coastal Peru in that it did not either by itself or with neighboring provinces control an export crop; and it was unlike Villa Abecia in that it was an important part of the national agricultural economy. Cautín was caught in the middle: it had neither the concentration of crops that made Ica interests powerful nor the anonymity of Villa Abecia.

The landowners of Villa Abecia prevented the formation of a militant syndicate by threatening their peons with physical abuse. One former miner attempted to organize a peasant syndicate but landowner opposition kept most of the peasants away from him.

The high point of agitation under Chumacero [the peasant organizer] was reached when he led two mounted columns of peasants through the streets of Villa Abecia. This show of strength was sufficient to frighten the patrons and force them to forgo some of their feudalistic claims on peon labor.

Shortly afterward, Chumacero was murdered, and there were no more demonstrations in Villa Abecia. (McEwen 1975:33).

In Cautín, in contrast, many political organizers operated at the same time, many of them government officials, so that the peasant opposition was in effect promoted by the state. A part of the anonymity of Villa Abecia was that the local peasant movement had to exist without central government support.

Immediately after the revolution the landowners in Villa Abecia joined the ruling MNR party and gained control of the Agrarian Reform Court. With bribery and political pressure they were able to force all decisions to favor them. In court they minimized the size of their holdings and argued that they had no serfs because all their workers were wage laborers. At the same time, the peasants' claims were being rejected by the court, the landowners were able to secure new titles to their land with little difficulty. In one case a patrón received title to more land than he was allowed by law and then proceeded to sell the land to peasants who had a just claim to the land. Membership in and control of the MNR also eliminated the potential challenge in the granting of the vote to the peasantry. The local MNR leadership espoused radical beliefs but undertook no action based on the MNR ideology. Thus they were able to coopt the syndicates, which were controlled by the regional MNR. In Cautín,

perhaps because they were strongly identified with the ideological positions of national political parties, the landowners were incapable of such subterfuge. Only at the top of isolated power domains that are minimally tied to larger power domains can ideology be flipped back and forth as needed. Again, the tie to the state limited the freedom of the landowners of Cautín to respond to land reform in the regional context.

The area of Villa Abecia depends on irrigation to water the vineyards and the subsistence plots, and the large landowners retained control of the water.

As property changed hands over the generations inequities of water rights have been written into contracts. Theoretically these inequities were abolished by the Agrarian Reform Law, but the law has never been fully enforced in Villa Abecia. Under agrarian reform, the selling of water by one landowner to another also was made illegal, but this still goes on. One of the responsibilities of the agrarian judge, who was stationed in Villa Abecia until 1964, was to enforce a proportional distribution of irrigation water and to act on complaints; but there is no evidence that he had much success (McEwen 1975: 35).

Water continued to be controlled by the large property owners without any government regulation, in contrast with the Ica Valley. In Cautín the landowners did not control any of the major inputs to production or the marketing of agricultural commodities so that aside from land no other lever existed by which they could exert power through resource control. The Chilean state had taken control of most of the inputs to production and marketing mechanisms,

and willingly supplied aid to the reformed sector of the rural economy.

Unlike cotton processing and suga refining, wine can be made with relatively cheap machinery and with peasant labor. Much of the production of Villa Abecia was prepared by the peons of the grower. After 1952 the large landowners organized a cooperative winery with a bottling plant that was financed with a loan of a few thousand dollars (U.S.) from the National Agricultural Bank. But, in general, the major commercial crop in the region did not require heavy financing at any stage of production, and therefore did not require economic support. In contrast, many of the farmers in Cautín were extremely dependent on state credit.

Although there was a bureacratic organization on paper, in reality positions were controlled by the large landowners and responsibilities were vague. For example, "In any given instance, justice may be dispensed by the sub-prefect, the alcalde, the judge, the chief of police, or even some other--or all of them may get involved" (McEwen 1975:53). Except for the wine cooperative and the bogus political parties, there were no stable and enduring formal organizations in Villa Abecia. The landed class had enough close contact with each other that no formal organization appeared to be needed. Nevertheless, they prevented the expropriation of their land.

The contrast between Villa Abecia and Cautín starkly illustrates the strength of the hacendado class under conditions in which the state has not become a dominant power. Because of its geographic isolation and its lack of economic importance, Villa Abecia was something of a forgotten region. Local landowners controlled local politics and called on the central state for relatively little. Agricultural production required no state subsidy, in part because it employed relatively little machinery. In Villa Abecia the landowners were able to avoid land reform because they were isolated from all other power domains. In Ica they were able to avoid land reform, at least for five years, because they were associated with a second power domain that counteracted the power of the state.

Coroico, in contrast with Villa Abecia, was greatly affected by the revolution of 1952. Coroico is in the Yungas on the eastern slope of the Andes as they dip down into the Amazon Basin tropical forest. It is about 6000 feet above sea level. The area has a long history as a trade center for the shipment of the regional agricultural produce, such as oranges, limes, tangerines, and coca, to the altiplano. The trip to La Paz used to require days on the back of pack animals; now trucks reach the capital in seven hours.

The area was controlled by Spanish families of colonial origin with Aymara Indians working the land.

The owners spent some of their time on their haciendas and some in their townhouses in Coroico. Some also maintained homes in La Paz. "The proximity of the Yungas to La Paz, its large Indian population, and its agricultural wealth made it an early target for agrarian reform. . ." (McEwen 1975:147).

When the revolution took place many of the landowners fled for fear of violence. Some had even left in the late 1940s when the chance that there might be an agrarian revolution became clear to them. Although those who left were entitled to retain some land, many were too fearful of violence to return. Those who came to claim what was left for them found that their former peons would not work for them so they simply sold their land.

Before the revolution the regional upper class was united in the Society of Yungas Landholders (Sociedad de Proprietarios de Yungas). This was disbanded by official decree after the revolution and no other organization took its place, except for the MNR. The MNR organized the syndicates in the region and led the takeover of land in the region. Because of this, they controlled the votes of most of the peasants.

Coffee can be successfully farmed by peasant families on small plots, as is done in sierra Peru, so the large haciendas of Coroico were broken up into small farms of less than 10 hectares each. But with these

changes came the growth of a class of middlemen who bought coffee from peasants, often while it was still in the fields, and sold it to the large coffee merchants in La Paz. They also provided the peasants with loans. These middlemen became the wealthy class of post-revolutionary Coroico and consisted of a mixture of former landowners, former campesinos, and some who were middlemen before the revolution.

The differences between the conditions in post-revolutionary Villa Abecia and Coroico hinge on the geographic relationship to the capital, the economic importance of the region to the Bolivian economy and the attention it attracted because of that, the extent to which the government had already become a participant in regional politics and the regional economy, and the functional unity of the landowners.

In contrast with Coroico, Villa Abecia was economically and geographically isolated from the rest of Bolivia. There is a sense in the ethnography that Villa Abecia was a forgotten sector of the country, somewhat like the fictional creations of Gabriel García Márquez. The crop produced was not important to La Paz and the two day ride from the capital to Villa Abecia made it amongst the most distant corners of the country. In this way, Coroico was like Cautín.

When the revolution did occur there were no major

resources to fight over in Villa Abecia. The landowners of Villa Abecia were faced with less of a challenge than those of Coroico. The death of the organizer in Villa Abecia was sufficient to prevent the formation of an effective peasant syndicate. Coroico, like Cautín, appeared to be flooded with organizers.

Because of the relative lack of importance of the region around Villa Abecia, the government did not appear to have participated in local politics as much as in Coroico. At various times between 1952 and 1965 the central government attempted to impose outside leaders on Coroico. They did not always succeed; but in Villa Abecia, in contrast, the manipulations of the landowners essentially went unquestioned by higher authorities. In Cautín the role of the state was even stronger in local politics because the intendente, or governor, of the province was appointed by the president and national parties controlled regional representation in Congress by virtue of the law that required only six months residence in a province in order to represent the province in Congress. Candidates for Congress from all provinces were selected by the national political parties and often knew little about regional issues.

In Coroico, in contrast, there was a local landowner's organization that was ineffective in stemming

the tide of land reform, much like Cautín. This suggests that the existence of a local landowner's society might not be a sign of strength but an expression of participation in a larger power domain, namely the state. It might be a structural mechanism for passing on derivative power. If so, a careful analysis of the history of landowner's associations should reveal that they are initiated in response to government economic and political activities in a region. This would explain, in part, the ineffectiveness of landowners' organizations in defending themselves against state-sponsored land reform. Once the state turns against them they have no resources to broker for their constituency and no grass roots organization to work from as a base of support. Instead of viewing these organizations as regional class-for-itself groups, they might be viewed as unofficial arms of the government, as brokers not for the hacendados but for the state. In Coroico, as in Cautín, when the state political and economic apparatus on which the landowners depended shifted support to another rural class, their positions collapsed.

Concluding Remarks

The cases of Ica, Villa Abecia, and Coroico appear to support the notion that in contemporary Latin America

landowners that are under the political and economic control of a national government form a relatively weak and ineffective class. Of course, the strength of the landed class must be measured against the strength of the peasant class, but the key element seems to be the side on which the state stands. Some landowners in Latin America, surprisingly, seem to have derivative power that is directly dependent on the support of the state. The specific relations change with the nature of the crop produced, and the market for which the crop is intended (internal vs. export), but the consistent inability of landowners to maintain power in contemporary Latin American society is striking.

What makes this study distinctive is that it examines the power of the landowners in rural Latin America to determine the resources they control, those they don't control, and their relative power vis-a-vis other classes. Most studies by anthropologists have dealt with peasants and have viewed landowners from the perspective of those below them. From this view, hacendados are omnipotent figures who command all the resources that peasants are aware of. But the problem arises from the fact that peasants are not aware of all the resources that exist to be commanded and of the competing forces that exist to challenge the landowners. Often too few questions have been asked of the relationship between

landowners and other centers of power in Latin American states. On the most macroscopic level we have become aware of the control exerted by North Atlantic capitalism on Third World countries (either through government intervention or foreign corporations) and we are also aware of the power exerted by landowners over the rural masses.

But the middle levels need elaboration. Studies are needed of the ways in which landowners, merchants, entrepreneurs, and others in what has been called the 'middle sectors' of urban and rural society are controlled and manipulated by the power domains in which they live. We need to understand the types of independent and derivative power these groups have.

This study has attempted to provide the data on one such middle-level power relationship. It casts doubt on the stereotypes of power relationships in rural Latin America and suggests that there is a need for more empirical studies of rural Latin America, especially on the periphery of the early colonial empire. The studies might in fact exist but a new synthesis of relationships in contemporary rural Latin America might be what is needed.

The aim of the research had been something more than to understand the relative weakness of the landowners of Cautín, Chile, in their response to land reform. The

intent has also been to see the direction in which the hacendado class in Cautín, and by implication the rest of Chile and Latin America, is moving and changing. Land reform was one of the most potent forces for change in rural Latin America in the last 25 years and a simple case can be made that what flows from that is what will shape the countryside of much of Latin America in coming years. It seems clear that although Villa Abecia does exist, it is a rarity. In Peru, in Bolivia and in Chile the hacienda and the hacendado no longer exist as they once did. Some might claim that in Chile landowners are being returned to their pre-1967 position by the military government, but it seems clear that at best they are getting reserves of land based on a strict interpretation of the Frei land reform law. Most of the land is being divided up among peasant smallholders.

The landowners, continuing a trend that started in the midst of land reform, are attempting to enter into the processing and marketing of agricultural produce. Through cooperatives, such as GANACOOOP, they are planning to butcher and sell more and more of their own meat in Chile and to market it abroad. It is difficult to say how successful their efforts will be abroad, but they have already achieved some success in Chile. They seem to have concluded that some money can be made on small, well-organized fundos but that the key to wealth lies in the control

of the apparatus for distribution of their beef and dairy production, which is consistent with the junta's stress on production for export.

Wheat, in contrast, does not appear to be the object of a commercialization movement. Since wheat production requires little in the way of centralized processing, as do beef and dairy products, it is difficult to see what processing and marketing mechanisms might develop that the landowners could control. Therefore, in all likelihood, a growing gap will develop between the poorer wheat farmers, who feed the poor of Chile, and the wealthy merchant-farmers who produce beef and milk, the foods of the rich. Obviously the "Germans" are leading the effort to gain control of processing plants and retail outlets. It is difficult to say what the "Spanish" farmers will turn to. With increased state pressure to improve agricultural production, one of the major themes of the junta, the "Spanish" farmers might retreat from agriculture entirely to find some segment of the economy that is not as rigidly controlled by the state.

Land was once a highly desirable investment because it was inflation proof and, as one hacendado said, "It never disappears. No matter what happens anywhere else, the land will always be here." But all that has changed. The limits on the size of fundos have left many farmers with plots that, without large capital investment, cannot support a middle-class style of living.

Their choice is either to accept downward mobility, to broaden the scope of their agriculture to include agricultural commerce, or to leave the land entirely to seek their fortune in another sector of the economy. Some hacendados and former hacendados are doing each of these. As to inflation-proof investments, Chileans have discovered that homes, automobiles and consumer goods serve almost as well, if not better, than land.

In addition to the peasant family farms that will probably survive on grain production, the larger reserves of fundos that will produce grain with state loans and those that will function as beef and dairy farms, there is a sector of the rural population that will, in time, probably upset any stability that develops. These are the landless peasants, the ones for which no land remains to be given. Even if all the land in Chile were turned into family-sized plots, there would not be enough to go around. Allende turned to collective agriculture to solve this problem but the military junta is unlikely to do the same. It is hard to say when this explosion is likely to occur but unless the present government finds a way to promote massive urban employment for the rural poor, the explosion will come eventually. As far as the future of large landowners, paraphrasing Barrington Moore's comments on the industrial bourgeoisie, they have given up their right to the land for the right to make money.

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