

Chapter 1

Introduction

THIS STUDY FOCUSES on the department of Carazo in Nicaragua and the ways in which it was transformed by the coffee boom from 1880 to 1930. It shows that small and medium-size growers remained a vital part of the economy, constituting the majority of the farmers and holding most of the land, despite eventual concentration of landholding in the hands of a few. These growers participated in the economy in the same ways as their larger compatriots—buying and selling land, borrowing and lending money. They were disadvantaged in some ways but were full and willing players in the new economy nonetheless. And they thrived not on a frontier, pushed out by competition from larger growers, but at the very center of Nicaragua's most important coffee region.

Alongside these small commercial farmers was a group of subsistence farmers, created by the state's commitment to providing *ejidos*, municipal lands, to communities. These smaller growers became the workforce for their coffee-growing neighbors, providing harvest labor three months a year. Mostly illiterate, perhaps largely indigenous, they nonetheless learned the functioning of the new political and

CULTIVATING COFFEE



Carazo, Nicaragua (1930s)

economic systems and used them to acquire land in individual landholdings. Some indigenous communities may even have maintained control over this system, acquiescing to the new municipal government organization imposed by the ladinos while the same indigenous leaders kept control, giving a ladino surface to an essentially indigenous institution.

These farmers operated within a society and polity dominated by

elites, but the elite structure was a flexible one, admitting entry to coffee parvenus, whose roots were often in the lower classes. Together the elites developed a system to manage their disputes, including land and labor laws, property registries, administrative and judicial institutions. The system worked imperfectly at best: even the coercive apparatus of the state did not work as intended, due in part to conflicts among officials, towns, and regions led by a far-from-unified elite, who struggled to exert control. Perhaps as an unintended consequence, those same institutions—particularly the property registry and the courts—were used by the nonelite majority to settle disputes among themselves and with the elites. While the majority did not enjoy the same rate of success as the elites, nonetheless the system provided recourse frequently enough for the majority to become invested in it.

In short, the coffee economy provided opportunities for small and medium coffee farmers and money lenders, as well as a subsistence sector, and was moving to a relatively open and flexible polity and society. Even the smaller growers had a far greater degree of agency than has been assumed. This state of affairs, however, did not last.

After 1930 the system was dramatically changed by the rise of dictator Anastasio Somoza García, the impact of the Great Depression, and the emergence of cotton-and-cattle economies with different contours than the earlier coffee economy. The Somoza dynasty imposed a dictatorship and eventually acquired 20 percent of the arable land. The Depression facilitated the concentration of property, particularly among the elite. The cotton and cattle economies required large tracts of land and initial investments, causing usurpation of land and proletarianization far beyond the effects of the coffee economy.

Nicaragua Studies

Interest in Nicaragua was sparked in 1979 by the success of the Frente Sandinista de Liberación Nacional (FSLN) in toppling the forty-five-

year dynastic dictatorship of the Somoza family. After years of scholarly disinterest in the country, there was an explosion of books trying to explain the revolution and its roots. Most of these works came from political scientists, sociologists, and anthropologists, who usually would include a brief historical sketch. And much of their analysis depended on the historical portrait painted by a Nicaraguan sociologist, Jaime Wheelock Román, and his seminal work *Imperialismo y dictadura*.

According to Wheelock, the roots of Nicaragua's poverty and oppression could be found in the introduction of coffee in the late nineteenth century. He contends that national and community land was usurped and a proletariat formed, with most of the land converted into latifundios. Wheelock's work was popularized by Jaime Biderman, and then cited in most of the subsequent studies of Nicaragua.¹ The problem was that Wheelock reached his conclusion by conflating the land inequality of the late twentieth century with the nineteenth-century rise of coffee exports. He took at face value the plethora of laws aimed at privatizing communal landholdings and forcing people to work on haciendas. His views had particular resonance, as they echoed the traditional historiography on landholding patterns in Latin America, beginning with François Chevalier's classic work on Mexico,² and fit neatly with the overall pattern of agricultural and political relations found in Guatemala and El Salvador in the 1970s: landlessness and despair amid the poorly distributed wealth of an export economy, leading to revolutionary movements against dictatorships.

Wheelock's interpretation was of significance for more than the academics who cited *Imperialismo y dictadura* in their works. A leader of the Sandinista Proletarian Tendency (Tendencia Proletaria), Wheelock brought this view to his position as head of the new Ministerio de Desarrollo Agropecuario y Reforma Agraria (MIDINRA—Ministry of agricultural development and agrarian reform). His historical and political views shaped agrarian reform policy, which

was the subject of heated debate within MIDINRA. Those who studied the process and those who made policy were divided into two camps, which have been described by David Kaimowitz as the capitalist agro-export model and the peasant capitalism model.

The capitalist agro-export model, which became predominant, was basically the Wheelock-Biderman approach, which maintains that with the introduction of coffee in the nineteenth century the peasants of Nicaragua lost their land and gradually became an agricultural proletariat, with the chief conflict in society between landowners, who made use of extraeconomic measures to obtain their land, and their workers. With that analysis, the logical conclusion for policy was that Nicaragua's countryside was now peopled by proletarians who wanted steady work with good benefits and were not concerned with land ownership. Therefore, early policy emphasized state farms and cooperatives.

The peasant capitalism model, presented by Eduardo Baumeister, rejected the capitalist-proletarian bifurcation set out by Wheelock and stressed the importance of rising middle sectors.³ Those who accepted Baumeister's analysis argued for an agrarian reform that focused on family farms. This view finally prevailed, primarily because of protests by rural groups and an analysis of 1984 election results showing the Sandinistas did best in areas where family farms were distributed. The people showed Wheelock that his policy was wrong; I argue that the history that informed it was wrong as well.

Farmers, Not Peasants

This study is about farmers, not peasants, a distinction that is more than semantic. In *Reconceptualizing the Peasantry* Michael Kearney contends "that the category peasant, whatever validity it may once have had, has been outdistanced by contemporary history."⁴ While Kearney sees the peasantry as an anachronism in the late twentieth

century, I contend that it is not a useful category for analyzing rural relations in the nineteenth century either.

In his classic work *Peasants*, Eric R. Wolf differentiates peasants from farmers: “The American farm is primarily a business enterprise, combining factors of production purchased in a market to obtain a profit by selling advantageously in a products market. The peasant, however, does not operate an enterprise in the economic sense; he runs a household, not a business concern.”⁵ However, Wolf minimizes the extent to which small family farms in the United States are household enterprises as well. As a 1995 study of family farming in Kentucky notes, “The land has meaning to farm families. It is not just the place where they do their business. . . . The power of the land is captured in the following comment: ‘We realize that there is more to farming; there is a culture to the land. I think that is why we stay with it. There is almost a religious quality to working with the land. I’m sure that you’ve talked to other people who may not have thought consciously about it this way, but have had that feeling of taking care of the land as if it is family.’”⁶ This viewpoint differs little from the way that Wolf and other scholars, particularly those following James C. Scott’s “moral economy model,” romanticize the “peasant” relationship with the land as an almost mystical interaction above mere economic or market considerations. Wolf maintains, “It is . . . difficult for most peasants to see their possessions in an economic context divorced from the provisioning of the household. A piece of land, a house, are not merely factors of production; they are also loaded with symbolic values.”⁷

Wolf’s emphasis on the cultural meanings of land tends to mystify the economic realities of social organization and cultural expression and the ways in which they are linked. It is useful to consider studies as geographically far afield as Poland and Papua New Guinea for views that consider both economic and cultural elements. As Carole Nagengast found in Poland, “Land was thus and continues to be at once material and symbolic. Its economic value and cultural signifi-

cance derives, first from its status as both concrete product and the sentimental embodiment of an order of meaning and social relations; second, from its capacity to reproduce a social system; and finally, from the manner in which it links production and distribution.”⁸ Or put even more simply by John Finch regarding coffee growing in Papua New Guinea, “Ontena people do not consume any of the coffee that they grow, nor do they make any ritual use of coffee. . . . The cultural meaning of coffee is its ability to make money.”⁹

The term *peasant* is also problematic because its use tends to evoke two images: one is the historically specific feudal serf of Europe; the other is the more generalized and contemporary poor, dark-skinned subsistence farmer, generally found in Latin America, Africa, or parts of Asia. In contrast, no matter how poor or oriented toward meeting family needs, farmers in the United States or in modern Western Europe are rarely if ever conjured as peasants.

To use the term *peasant* in its historical sense, referring to peasant relationships in Europe, positions the discussion within the long debate about the transition from feudalism to capitalism, the future of the peasantry, and the possibility of the peasantry playing a revolutionary role in the transition from capitalism to socialism, a debate that has its roots in Marx and was elaborated by V. I. Lenin and A. V. Chayanov.

Lenin, in *The Development of Capitalism in Russia*, outlined two possible paths of agrarian transition, the Junker or the farmer. The Junker (or Prussian) path, drawn from Eastern Europe and Prussia, showed a capitalist sector of large farms developing from old feudal or semifeudal estates, with the accompanying proletarianization of the workforce. In the farmer development pattern, seen in much of Western Europe, bourgeois-democratic revolutions destroyed feudal institutions. In the American version of the farmer pattern, which has been adapted to the areas of new settlement in the United States, Canada, Australia, and New Zealand, no transition was necessary because feudal institutions had never existed.

By the 1950s in Latin America, as scholars tried to explain continued poverty and the persistence of a poor “peasantry,” questions emerged about whether the region was feudal or capitalist to begin with. If Latin America were already capitalist, as argued by Andre Gunder Frank and others in the dependency school, then clearly a transition to capitalism would not bring forth any of the expected patterns of transition. In fact, it would be capitalism itself that required the creation, existence, and retention of a poor peasantry. Frank was countered by Ernesto Laclau and a host of others who debated whether Latin America was indeed feudal or semifeudal, a debate that focused largely on whether capitalism and feudalism were distinguished by commercial definitions, focusing on production for the market or for subsistence, versus production definitions, focusing on the organization of labor as free wage labor or unfree labor with extraeconomic ties.¹⁰

This debate in turn led to discussions of the mode of production and whether there could be a separate peasant mode of production, existing in some space between feudal and capitalist modes. The peasant mode school looked to Chayanov, who argued that peasants have their own economy characterized by a subsistence mentality in which work levels were linked to family demographics. Modern interpreters posited that this mode could then be linked, or articulated, to an overall economic organization, capitalist or feudal, to explain the persistent peasant.¹¹

The articulation theorists were countered by other scholars, who saw peasants as proletarians in disguise, with their labor not directly appropriated by capitalist bosses, but indirectly appropriated by capital through the lending process, taking away peasant independence as well as surplus value.¹² If peasants were really proletarians, they would argue, then clearly Latin America was capitalist, and peasants are just workers by another name. It is not clear why these workers are called peasants rather than farmers. Keep in mind that small farmers all over the world are at the mercy of lenders who limit their decision-making

power and indirectly appropriate their labor and surplus. In this view, small U.S. farmers are in the same boat—which sank during the 1980s farm crisis—yet no one would call them peasants.

Harriet Friedmann uses the term “specialized household producers” to describe family farmers in the nineteenth-century North American West.¹³ Indeed, if Carazo’s small farmers were located in the United States, they might well be called yeoman farmers. But this label has proven to be no less problematic than that of peasant south of the border. Stephanie McCurry notes that there have been a variety of definitions presented for the yeoman farmer of the U.S. South, “ranging from nonslaveholding farmers to small slaveholding ones.” She goes on to say, however, that “the best conceptual definition is the one lowcountry yeoman themselves offered to federal officials after the Civil War in explaining what, precisely, had distinguished them ‘from the higher class of planters’ in their neighborhoods. ‘We were self-working farmers,’ one after another proclaimed, by which they meant to differentiate themselves by the character of their labor; by the plain fact that they worked the land with their own hands.” In her definition, self-working farmers owned fewer than 150 acres of improved land and fewer than ten slaves.¹⁴ I would venture that most Carazo farmers with minifundios and small farms were self-working farmers, even if they hired extra labor.

Significantly, Caraceños did not see themselves as peasants. In no Carazo document does the word *campesino*, or peasant, appear. The people who registered property in Carazo used the term *agricultor*, which means farmer. With the rare exception of an occasional “*hacendado*,” farmers chose the label *agricultor* whether the farm was five or five hundred *manzanas*¹⁵ in size. At the lower end of the scale, these were definitely self-working farmers—along with their families—who self-exploited to succeed not just at subsistence, but also at growing commercial crops for the market. To the extent that they were all farmers, they shared many of the same concerns and likely many of the same values, despite disparities in wealth.

Landholding Categories

Central to this discussion, and potentially controversial, is the classification of landholdings by size. This study takes as its starting point the conventional landholding categories for use in Central America as outlined by Nicaragua's Centro de Investigación y Estudios de la Reforma Agraria (CIERA): less than 10 manzanas, 10–49, 50–499, and 500 and above.¹⁶ These are the categories commonly used by social scientists in Latin America. However, I find the category of 50–499 manzanas to be problematic, since the resources available to someone with 499 manzanas are far greater than to someone with 50. I have broken this sector into two: 50–199 and 200–500. The division at 200 is not entirely an arbitrary one: loan data from Carazo show that farmers with property in the 50–199 category paid different interest rates than those of both smaller and larger farms, putting them in a distinct category. Jeffrey M. Paige also finds the optimal coffee farm size in Nicaragua to be 200 manzanas.¹⁷ There are some scholars who will take issue with property up to 199 manzanas as medium farms, but I contend that it is an improvement over the most common categories used.¹⁸

I have chosen to label these five categories minifundio, small, medium, large, and latifundio, focusing on them as categories of landholding, rather than the frequently employed categories based on the family: subfamily, family, and multifamily farms. While these may be useful labels for the late twentieth century, historically these are *all* family farms. Furthermore, what is now considered subfamily—defined by the United Nations' Economic Commission for Latin America as “a farm that does not have sufficient acreage to satisfy the basic necessities of a family . . . throughout the year”¹⁹—differs over time, with the depletion of soil fertility in later years markedly changing this size category. The label *multifamily* frequently would refer to corporate farms today, quite different from the latifundios owned by a handful of farmers earlier in the century. Even within this framework,

however, CEPAL includes a category called medium, whose range is an overly broad 50–500 manzanas.

I have also steered away from definitions that are based on calculations of supposed labor needs, with definitions that put all farmers who hire labor in the same category. Attempts to calculate labor needs are problematic. Robert G. Williams uses data gathered by U.S. Consul Harold Playter in the 1920s to calculate that a family of five could maintain a maximum of twenty thousand trees and could harvest up to five thousand trees without hiring additional labor. Therefore, he considers farms with up to five thousand trees to be “peasant farms;” up to twenty thousand to be “family-sized farms;” and anything larger, requiring outside labor for maintenance and harvest, to be “capitalist farms” because labor would be required for both maintenance and the harvest.²⁰

The most significant problem with this model is that the labor needs are estimated based on data provided to Playter by a large grower, who was likely to use a higher standard for maintenance than smaller growers and therefore employ more workers year-round. Even his harvest needs would be greater, if they were based on the selective picking of berries rather than the quick stripping of branches. At a lower level of maintenance, a family could care for and harvest a larger number of trees. Williams also does not factor in the arrangements that he notes Lowell Gudmundson found in Costa Rica for cooperative work exchanges among neighbors and kin groups, which would also enable families to maintain and harvest more trees.

Williams’s focus on trees instead of land also ignores the extent to which land is a resource. There is a great difference between having twenty manzanas planted fully in coffee and twenty thousand coffee trees planted on a hundred manzanas of land, which provides room to expand coffee production, to grow other crops, or to draw extra income through rentals or sales, in addition to providing extra collateral for loans.

The categorization of everyone who hires labor as a capitalist

follows the capitalist agro-export model, or Wheelock-Biderman approach. As Kaimowitz puts it, “Class is defined solely on the basis of the balance of purchase or sale of labor. Any household which hires labor, but does not itself engage in wage labor is considered a capitalist household. For operational purposes, however, farm size is taken to be an adequate indicator of class status.”²¹ But what about households that both hire labor and engage in labor themselves—not for wages, but on their own farms? I envision these small farmers to be much like McMurry’s yeoman farmers of South Carolina, who even owned a few slaves or hired slaves, yet found that the work they did on their own farms, alongside slaves and employees, was what differentiated them from their larger neighbors, categorized as planters.

The Case of Carazo

The Carazo region was selected for this study for three simple reasons: It was the first place where coffee was grown in Nicaragua, it was one of the most important coffee regions in the country, and its Registro de Propiedad records are virtually complete from 1877 to the present.

Between 1821 and 1848,²² Dr. Manuel Matus Torres founded the finca La Ceiba in Jinotepe and introduced coffee growing to Nicaragua. In 1846 a report on the Departamento Oriental rhapsodized that the town of Jinotepe “is named for the fertility of the terrain, for its climate and the abundance of landowners, being a numerous and rich people. The cultivation of coffee, which has produced such riches in Costa Rica, could be established in this town, where they have experimented with pleasing prospects.”²³

Jinotepe and the neighboring communities of Diriamba and San Marcos became the most important coffee zones in this region of western Nicaragua, which began as part of the Departamento Oriental, then the Departamento de Granada, and eventually became the

Departamento de Carazo in 1891. The department also included the towns of Dolores, La Paz de Oriente, El Rosario, and Santa Teresa. The town of La Conquista appeared at times to be under the jurisdiction of Carazo, and at times under the Department of Granada.

Carazo is located in Nicaragua's Pacific zone, bordering the Sierras of Managua. At just over 350 square miles, Carazo is one of the smallest and most densely populated departments in the country. It rests on a high plateau, bordered by the department of Masaya to the north, the Pacific Ocean to the south, and the departments of Managua to the west, Granada and Rivas to the east. Though small, Carazo encompasses varied climatic and geographic zones, including the fresh climate of the coffee and sugar lands in Jinotepe, Diriamba, San Marcos, and Dolores, and the drier cattle-grazing regions found in El Rosario and the coastal portions of Diriamba and Jinotepe.²⁴

Typically, Nicaraguans speak broadly of two coffee-growing zones: the Pacific, including Carazo, Granada, and Managua, and the north-central or northern highlands, including Matagalpa and Jinotega. Carazo is a part of the region known as the Southern Upland, which includes the Cuchillos de Abajo and the Sierras de Managua, both in the Managua area, and the Carazo Plateau, which geographically includes Carazo, Granada, and Masaya.²⁵ However, Consul Playter, in a 1926 report, describes three zones: the Sierras of Managua, which at the time produced 32 percent of the country's coffee; the Matagalpa district, producing 21 percent; and the Pueblo district, comprising Carazo, which produced 44 percent of the country's coffee. "The [Pueblo] district . . . is geographically a continuation of the Managua district," Playter wrote, "[one of the principal] differences being . . . that the steep hills of the Managua [d]istrict become table-lands in the Pueblo section, allowing of better cultivation and consequently better production both as to quality and quantity."²⁶ Although data on the number of trees planted in Nicaragua are of questionable accuracy, all the evidence shows Carazo as second only to Managua throughout the period Playter studied.²⁷



Political Division of Nicaragua (1930s)

From the 1870s to the 1970s

I begin this study by tracing the economic history of Nicaragua leading up to the development of coffee as the main export (chapter 2). I then consider the most important aspects of the coffee economy: land, labor, and capital. Chapter 3 shows how public lands were distributed to subsistence growers rather than becoming the main land supply for the coffee sector, and chapter 4 shows how coffee production led to a volatile market in private land sales. Chapter 5 considers

the requirements and costs of coffee production, and chapter 6 addresses the availability of credit. The biggest expense facing larger growers was the acquisition of a labor force, and chapter 7 shows the difficulties of keeping workers on the estates. Chapter 8 shows how the coffee economy affected social structures by simultaneously challenging and reenforcing the patriarchal system while creating a new group of social elites. These economic and social elites also came to dominate the political system as well; nonetheless, as chapter 9 shows, the system remained relatively open. In the final chapter I consider how this view of Nicaragua casts new light on the country's history and on the period of Sandinista government.

My contention that Nicaraguan landlessness was less extreme than has been thought, and that landlessness became widespread much later than previously believed, goes a long way toward explaining the rural situation under the Sandinistas. Most Nicaraguan farmers turned down interest rates of 7 and 8 percent, which required joining cooperatives, and instead chose to pay 11 percent interest on loans but have individual, private landholdings. Nicaraguan rural consciousness proved to be that of farmers rather than workers, for even the landless have a family history of grandparents or great-grandparents as farmers. This Nicaraguan rural scenario brings to mind Jean-Paul Sartre's travels in Cuba, where, after visiting cooperatives and state farms, he asked his guide, "Don't they sometimes want to divide up the land?" The answer was: "Why should they? The taste for private property isn't inscribed in advance on the brain. To make private property tempting, it's necessary to have experienced it. These men, from father to son, have never possessed anything except that black sickle at their belts. . . . [T]he possession of the soil—individual and even collective—for them is an abstraction."²⁸ In Nicaragua, that was not the case.