

The Peasant Question and Development Policy in Nicaragua

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We know that . . . only agreement with the peasantry can save the socialist revolution . . . let us re-examine our policy . . . We must try to satisfy the demands of the peasantry who are dissatisfied and disgruntled . . . it will take essentially two things to satisfy the small farmer. The first is a certain freedom of exchange . . . and the second is the need to obtain commodities and products.

[Lenin 1921, in his collected works 1965:215-17]

Introduction

In Nicaragua, as in many other post-revolutionary societies, the attempts to introduce some form of socialist model of development has been accompanied by external aggression and war, decapitalisation and flight of human resources, acute foreign exchange shortages and a decline in productivity.² Under these conditions development can easily assume the form of a zero-sum game. This situation may be mitigated partially by large-scale inflows of 'solidarity' aid and deficit spending, but these in turn generate additional economic and planning difficulties. In practice, the possibility of imposing a degree of social control over production, distribution and investment tends to be seriously restricted by a variety of structural, technical and material constraints. Moreover, production and living levels of important socio-economic groups can be undermined by certain planning imbalances or biases favouring the rapid growth of the 'modern' urban, collective or state sectors.

Within the context of these conditions and constraints, the peasant question looms large as a central development problem. In Nicaragua, as elsewhere, this question has centred on four basic issues: the growth of overall food and agricultural production, the extraction of surplus, the improvement of the levels of living of the peasantry, and the integration of the latter into the dominant class alliance exercising state power. Four years into the post-revolutionary period, each of these aspects showed considerable signs of strain.

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² For a concise resume of the major constraints affecting transition in Nicaragua and other small peripheral societies see R. Fagan *et al.*, 1986:9-27.

In this paper it is argued that changing circumstances associated with the war, economic crisis and peasant discontent and mobilisation forced the government to alter its development strategy following 1984. This shift was reflected in a series of policy changes introduced between 1985 and 1987 which attempted to correct a number of planning imbalances that had favoured the urban population, state sector enterprises and longer term investment. The paper looks at the content of the policy changes involved, analyses why they occurred and assesses briefly their impact. The first section analyses the nature of the 'peasant problem' and the influence of planning imbalances on this problem; the second section analyses the attempt to correct these imbalances.

I. The Peasant Problem and Planning Imbalances

The commitment of the FSLN radically to transform rural social structure and social relations to benefit the peasantry was explicitly outlined as early as 1969 with the publication of the *Historical Programme of the FSLN*. This document called for an immediate and massive 'land to the tiller' programme of redistribution; the elimination of *latifundia*; an agricultural development plan to diversify and intensify peasant production; improved access of peasant producers to credit, technical assistance and markets; compensation for 'patriotic landowners' affected by the agrarian reform; the organisation of peasant producers in cooperatives; the abolition of informal debt; and the creation of improved employment opportunities for the rural population to overcome the problem of seasonal unemployment [FER 1972].

Many of these points would shape the broad agrarian reform programme implemented by the new revolutionary government ten years later. Important differences in emphasis arose, however, regarding the pace of redistribution and the relative importance of different forms of property. In resource allocation, priority was clearly given to state sector enterprises (the Area of People's Property), formed on the basis of the confiscation of Somocista properties.⁴ Also, the actual process of land redistribution to the peasantry started relatively slowly, and by the end of 1984, only 31,000 families had received access to new lands, out of an estimated total of 123,000 potential beneficiaries

[CIERA 1985].

The agrarian reform programme focused its attention on transforming credit and marketing structures, as well as the organisation of peasants in both cooperatives and trade unions. Developments such as these were instrumental in improving production and living levels of a significant proportion of peasant producers during the early years of the revolution, and in bringing much of the peasantry into the dominant class alliance exercising state power. Significant gains were achieved during the 1981-82 period when the state became more supportive of peasant grain production.⁵ This period also saw the creation of a powerful new mass organisation, the National Union of Farmers and Cattlemen (UNAG) representing small farming interests.

Developments in these areas were, however, increasingly constrained following 1982. That year saw the escalation of the war, the suspension of loans from certain US dominated multilateral lending agencies, and a considerable drop in export revenues. Also important were a series of planning imbalances that intervened to undermine broad policy objectives aimed at stimulating production and improving peasant living levels. The nature of each of these will be examined later.

The above constraints had a negative effect on each of the four components of the peasant question referred to earlier. *Food and agricultural production* levels generally declined following the 1983/84 crop year. This was due to a large extent to the impact of the war, which had the effect of disarticulating peasant economy in much of the interior of the country where the production of key products such as maize, beans, coffee and livestock (milk and beef) was concentrated. The massive displacement of an estimated 250,000 people (17 per cent of the total rural population) from the regions affected by the fighting plus the incorporation of men into both armies, left large farming areas abandoned and the rural economy depleted of labour reserves. At the same time, supply systems linking rural and urban markets were disrupted, intensifying the problems of shortages of essential inputs, implements, consumption goods and transport resulting from foreign exchange restrictions and planning imbalances [see Utting 1987:134-6]. In 1984, it was estimated that the war had contributed to the loss of a third of the coffee and basic grains crops in the war regions affected by the fighting [FitzGerald 1987:205]. Livestock and dairy production, another

important activity of peasant producers, was also seriously affected. Increases in production recorded in several product sectors between the 1980/81 and 1983/84 agricultural cycles were subsequently reversed until 1986/87.

The *extraction of surplus* grain (over and above that retained by the peasant household for food, animal feed and seed) via purchases by the state procurement agency ENABAS, fell sharply following the 1983/84 cycle.⁶ This was particularly evident in the case of beans, which represent for the peasant producer more of a cash crop than maize. ENABAS procurement levels for beans during two of the three main harvest periods collapsed by 83 per cent, from 15,000 to 2,600 metric tonnes between the 1983/84 and 1985/86 agricultural cycles =CIERA/DGRS 1987:7].⁷ The sale of milk to processing plants producing pasteurised and powdered milk primarily for urban markets, also fell sharply during this period. The extraction of surplus in value terms was particularly affected by the fall in production of certain agro-export crops, the procurement and export of which were monopolised by the state. Most important in this respect was coffee, produced to a significant extent by peasant producers and dependent on the poor peasantry or 'semi-proletarians' for harvest labour. As real wages fell and access to land increased, many traditional coffee pickers failed to turn up for the harvests and the state had to rely increasingly on inexperienced voluntary pickers from the city.

The *living levels* of significant sectors of the peasant population were seriously affected. With the escalation of the war in the interior and border areas, rural social services which had expanded rapidly between 1980 and 1982 were disrupted. Many schools and health centres had to be closed; social infrastructure also became a target of contra attacks.⁸ Restrictions on the availability of basic goods in rural areas, the deterioration of the domestic terms of trade from the standpoint of the rural producer, as well as declining levels of production and marketed surplus, all contributed to a general deterioration in living levels for many peasant families and communities. As indicated above, many were forced to abandon their lands and homes altogether. By the end of 1986, 110,000 people had been relocated in rural resettlement schemes.⁹ Although they received a high priority for the allocation of material resources and social

⁶ Here we are referring to beans and maize. In Nicaragua beans as well as maize, rice and sorghum, are referred to as 'grains'. Beans and maize are produced primarily by peasant producers while rice and sorghum are produced on relatively large-scale capital-intensive farms, both state and privately owned.

⁷ The two harvest periods referred to are *primera* and *postrera*.

⁸ Between 1980 and 1985 it was estimated that as a consequence of the war, 20 health centres had been destroyed and 99 abandoned; 48 schools were destroyed and another 502 closed; while 840 adult education groups had ceased to function. See Vegara *et al.*, 1986:55.

³ The term 'levels of living', increasingly used in UN parlance, is preferred to that of 'living standards', given the normative connotation of the latter.

⁴ For a discussion of the factors influencing this prioritisation and the debates surrounding development strategy see Kaimowitz, 1986.

⁵ For a discussion of changes in levels and forms of state economic support for peasant grain production during the post-revolutionary period, see Zalkin, 1987:961-84.

services, living conditions, at least in the short-term, were rudimentary, while culturally adaptation to a life away from traditional communities proved extremely difficult.

On the political front, we see during this period a *weakening of the base of peasant support* for the revolution in certain regions of the country. Some opposition parties were able to capitalise on peasant discontent. The highly positive results achieved nationally by the Sandinista Party in the 1984 elections were far less in evidence in many rural areas with a relatively large peasant population [Kaimowitz 1986:113]. Moreover, peasant populations in the more isolated areas of the country, with marginal or no access to government development programmes yet feeling the effects of shortages, inflation and government military service were susceptible to the ideology of the *contras*. As a result, the *contras* were able to enlarge their armed forces and extend the war from the border regions to the interior of the country.¹⁰

This overall exacerbation of the peasant problem was a major component of a more generalised 'crisis' to which the government responded in late 1984 and 1985 with a series of policy measures which implied an important shift in development strategy. While, its room for manoeuvre was limited, a space existed for the government to deal with the peasant question and 'manage the crisis' by taking measures to correct the type of planning imbalances that had aggravated the situation. As the agricultural producers' organisation, UNAG, grew rapidly in strength, pressure for change also built up 'from below'. What, then, was the nature of these imbalances?

Firstly, there was the phenomenon of *urban bias*,¹¹ reflected most explicitly in a cheap food policy and the planned distribution system for essential goods which, in 1982 and 1983, had established family and/or regional quotas for products such as grains, sugar, vegetable oil, flour, salt and soap to be distributed via a territorial network of official price stores. Official producer prices established for certain products associated with peasant production, such as beans, maize and milk, failed to keep pace with the prices of basic manufactures purchased by the peasant household. Another essential component of cheap food policy, namely food subsidies, benefitted mainly

urban consumers, as did the family quota system for essential products. Even the regional distribution system, which had intended to correct the historical bias whereby distribution was centred on Managua, tended to concentrate products in the main provincial towns.

Shortages of basic goods acted as a disincentive to peasant production and contributed to the deterioration in the terms of trade from the point of view of the peasant producer. Other policies which had the effect of displacing traditional agents engaged in urban/rural trade aggravated the situation by rupturing marketing circuits. In this sense, a number of policies aimed at correcting historical inequities in the marketing system, provoked unwanted dislocation in production and distribution systems.

This urban bias must be understood with reference to the predominantly urban character of the insurrectionary struggle and of the dominant class alliance which came to power in 1979. Urban mass organisations, in contrast to their rural counterparts, assumed an active role in reinforcing state initiatives to reorganise the distribution system for basic consumption goods. Planners attempting to reach the maximum number of people with limited resources felt justified in focusing attention on populations concentrated in small areas, i.e. cities and towns, particularly when faced with the difficulties of establishing a quota system among a highly dispersed and mobile rural population and in areas affected by the war.

Secondly, there was a clear *state sector bias* in the allocation of resources determined by the plan. Key production and investment resources were concentrated in state agricultural and agro-industrial enterprises, which were considered the 'engine of growth' for the economy. This was most apparent in the concentration of investment resources in relatively large-scale state projects. In addition, the state enterprises assumed an enclave character with limited links with other local forms of property and farming systems. This relation (or lack of it) contrasted sharply with the pre-revolutionary model, where large land-owners performed a series of functions which, while contributing to the reproduction of poverty, were also necessary for the reproduction of the peasant household (provision of credit, certain inputs, transport, consumption goods, etc.). The transformation of social relations associated with revolutionary change disrupted this system, and the failure of state enterprises adequately to substitute these functions made the access of some peasant producers to essential goods and services even more difficult. To the extent that the state did attempt to substitute, it did so by setting up a complicated network of institutions and service enterprises which made life difficult for producers.

⁹ Figures on the number of people displaced by the war and relocated in organised settlements were reported by President Ortega in his annual address to the National Assembly, reported in *Barricada*, 22 February 1987, p. 3.

¹⁰ For a Nicaraguan analysis, see Instituto Histórico Centroamericano, 1987:24.

¹¹ The term 'urban bias' is used here in a fairly restrictive sense, in relation to food pricing policy and programmes associated with the distribution of basic consumption goods. Many other policies and programmes attached a high priority to the rural and agricultural sector, notably those associated with credit, health and education.

The *planning imbalance favouring investment* over consumption emerged clearly in 1982 when resources were increasingly concentrated in relatively large and slow-yielding development projects. Imports of consumer goods increasingly had to compete with those of capital goods. Between 1980 and 1984 capital goods destined for industry and agro-industry increased their share from 7 to 18 per cent of total imports, while the proportion of non-durable consumer goods was reduced from 24 to 13 per cent. This tension between investment and consumption contributed to the shortages of basic consumer goods that became increasingly apparent from 1982 onwards. Financing so many large-scale, slow-yielding projects also added to inflationary pressures derived primarily from the deficit spending required to finance the war, an expansionary credit policy coupled with low recuperation rates, foreign exchange losses and stagnant or declining production levels. The public investment programme, while highly ambitious to start off with, became unsustainable while the country was at war.

II. Redefining Policy Towards the Peasantry

To deal with the worsening economic situation, the government introduced in February 1985 a comprehensive package of measures designed to contain growing macroeconomic disequilibria, boost agricultural production, curb parallel trading activities and the rapid growth of the urban 'informal' sector and protect the levels of living of specific social groups. Subsidies were reduced, a freeze imposed on central government employment levels and expenditures in certain sectors, stricter priorities established for investment projects, the national currency devalued, considerable price increases announced for agricultural producers, access of the working class and the peasantry to basic manufactures improved, productivity incentives introduced for agricultural and industrial workers, significant wage increases announced for the working class and state employees, a number of controls imposed on informal sector trading activities and new taxes imposed on merchants and self-employed professionals [Pizarro 1987].

The policy changes introduced to deal directly with the peasant problem were a crucial component of this broader set of measures geared towards maintaining what was labelled a 'survival economy'. This involved, on the one hand, gearing the pattern of resource allocation more towards defence and the production of essential goods and, on the other, shoring up the revolution's weakest political flanks, namely relations with the peasantry and the ethnic populations of the Atlantic Coast.

When analysing the nature of the peasant question in Nicaragua and the response of the state, it would seem

useful to identify two sets of problems. The first relates to the peasantry in the war zones and the more isolated areas of the country. The second concerns peasant households (including cooperative members) whose reproduction is to a large extent dependent on commodity relations. To deal with these two aspects of the peasant question, different approaches on the part of the state were required.

The problem of the peasantry in the interior of the country where the war was being waged could not be tackled by economic policy reforms alone, but required a far more integral approach. In mid-1985 a special plan was drawn up to deal specifically with the peasant question in the two northern interior regions of the country where much of the peasant population was located, and which at that time were the main theatres of war.¹² This contained seven specific objectives:¹³ (1) to satisfy increasing demands from the poor peasantry for land; (2) to improve the supply to rural areas of agricultural inputs, work implements and certain basic consumption goods; (3) to transform the role of the state agricultural enterprises away from entities that competed for resources with other local producers to ones that provided services to stimulate local production; (4) to reorganise procurement and distribution networks by expanding the role of the state in wholesale activities and encouraging greater participation of private agents in retail activities; (5) to improve the transportation system to facilitate the movement of people and goods; (6) to resettle populations affected by the war; and (7) to reorganise defence activities on a territorial basis in order to increase the capacity of each locality to defend itself.

Considerable emphasis was placed on accelerating the agrarian reform process, particularly in the Departments of Matagalpa and Jinotega where land redistribution had been slow. At the national level the number of families receiving new land increased from an annual average of 10,000 between 1982 and 1984, to 15,600 in 1985 and 1986. Particularly important was the new emphasis on redistribution to individual producers and not just to production cooperatives. The amount of land distributed to individual families increased from an annual average of approximately 11,000 hectares between 1982 and 1984 to 99,000 in 1985 and 1986. In order to accelerate the redistribution process it was necessary to amend the 1981 Agrarian Reform Law (which had established generous limits — 350 hectares in the Pacific coastal region and 700 hectares in the interior regions) to the amount of land that an inefficient or unproductive landowner could possess before being liable to expropriation. The

¹² These two regions comprise the Departments of Matagalpa, Jinotega, Esteli, Madriz and Nueva Segovia.

¹³ The content of the 'Plan General Unico' was outlined by Comandante Luis Carrion in an interview published by *Barricada*, 10 July, 1985.

revised law of January 1986 effectively did away with these limits, thereby expanding the potential pool of land available for redistribution. Large private producers, however, were not significantly affected by the new law. Both in the interests of national unity and in response to a redefinition of the role of the state sector in the economy, particular emphasis was placed on the redistribution of farming land controlled by state enterprises. As lands were handed over to cooperatives and individual peasant families, the size of the state farm sector decreased from 1.2 mn hectares in 1983 to 761,000 hectares by the end of 1986, that is, from 20 to 13 per cent of the total agricultural area.

To deal with the problem of the peasantry dependent on commodity relations, policy changes were required to correct those planning imbalances outlined earlier which had restricted the access of the peasantry to goods, services and infrastructure.

The problem of urban bias was tackled by attempting to *shift the terms of trade in favour of rural producers*. A series of measures was implemented affecting relative prices and the supply of so-called 'peasant goods'. Through the Peasant Supply Programme, the Ministries of Agricultural Development and Agrarian Reform (MIDINRA) and of Internal Trade (MICOIN) gave priority to the supply of 38 basic means of production and consumption goods to rural areas. The number of privately owned rural retail outlets working within the MICOIN system was expanded. In addition, the agricultural producers' association, UNAG, decided to involve itself directly in the task of supplying the countryside. With considerable assistance from the Swedish Government and several NGOs, the UNAG rapidly set up an extensive network of 'peasant stores' which numbered more than a hundred by the end of 1986.

Changes in pricing policy sought to alter the relative prices of basic grains and manufactures which had been steadily deteriorating from the point of view of the peasant producer. Though increases in producer prices were announced in late 1984 and 1985, it was not until 1986 that a significant shift in relative prices occurred, reflecting both the substantial increases of approximately 450 and 750 per cent in the official prices of beans and maize respectively that year, and the increased supply of manufactures to rural areas at regulated prices [CIERA/DGRA 1987].

For the 1985/86 agricultural cycle, trade in basic grains was partially liberalised enabling private merchants to buy grain. This they did, normally at double the price paid by ENABAS. The 'free trade' measure was first applied in the three interior regions of the country where the dispersed character of grain production and the war had prevented ENABAS from organising an effective procurement system. It was subsequently extended to other regions, although very

different interpretations as to what 'free trade' actually meant could be found at the regional level. The inability of ENABAS to compete with the private merchants in 1985 led it not only to announce significant price increases but also to offer producers turning up to sell grain at the agency's procurement depots the possibility of buying cheap manufactures. Regional governments were also free for the first time to set their own official producer prices in response to local costs of production and market conditions.

A concerted effort was also made to improve conditions for those sectors of the peasantry (semiproletarians) which had to sell their labour power during the harvest periods. Wages for harvest labourers were increased, as was the supply of consumption goods to the coffee and cotton farms. Certain social services on larger farms were also improved, notably the provision of child day-care centres.

Correcting the planning imbalance which had implicitly favoured urban consumers, involved a redefinition of the broad basic needs approach that had benefitted urban consumers in general. In addition to the peasantry, the army, the working class and state employees were identified as priority groups to the exclusion of the so-called urban informal sector [Ortega 1987:12].

To deal with the planning bias towards the state sector, *a new role for the APP enterprises* was defined which involved a different form of articulation of the various property sectors engaged in agriculture. This process of redefinition began in earnest in 1985 and continued in 1986 and 1987 with a number of pilot projects. According to this new conception the key concern of the APP would not be solely with the growth of production in state agricultural and agroindustrial enterprises but rather with what was referred to as the 'territorial organisation of production', that is, with the growth of production of all the major property forms that existed in the area where each state enterprise operated [MIDINRA 1986]. It would achieve this by improving the distribution of inputs, capital goods, certain consumer products, technical assistance, as well as marketing, repair and maintenance services among the different types of producers, be they cooperatives, capitalist enterprises, state farms or individual peasant producers. This was an attempt to incorporate different forms of property more effectively in the development process and to rearticulate disrupted production and marketing circuits. By centralising these activities at the level of the state enterprise, the government also sought to overcome the problems caused by the dispersion of services among numerous institutions and agencies. Increased emphasis was also placed on the incorporation of cooperatives and private producers in public investment programmes.

Liberating resources for peasant production also required *altering the investment/consumption balance* in favour of the latter. At the end of 1984 stricter priorities were established for investment projects. From 1985 to 1987 the number of new projects implemented each year was progressively reduced and an attempt was made to rationalise ongoing investment projects. Several projects in non-priority areas were delayed using existing capacity more effectively. To achieve significant reductions in the level of investment, however, was extremely difficult, given the economic and social costs involved in halting numerous large-scale projects that were already well advanced, and the influence of technocratic opinion within the bureaucracy favouring rapid modernisation. While the 1986 Plan, for example, had intended to reduce the fixed investment/GDP ratio from 19.6 per cent to 15.5 per cent, the real figure was 18.1 per cent. Nevertheless, we see during this period a shift in composition of imports away from investment goods to so-called 'operational resources', namely, inputs, raw materials, spare parts and consumption goods.¹⁴ The 1987 Economic Plan set the goal of reducing the share of investment goods to just 19 per cent of total imports¹⁵ in comparison with over 40 per cent during the early 1980s. By mid-1987 it was apparent, however, that the investment/consumption balance was still too heavily weighted in favour of the former, and further adjustments were necessary.¹⁶

These policy changes, then, sought to address the four aspects of the peasant problem outlined in Section I of this paper. With these changes the state implicitly recognised the limits to central planning and direct state control in an underdeveloped economy. As stated by FitzGerald:

'Planning in the peripheral socialist economy . . . is severely limited by the fact that neither foreign prices . . . nor all basic needs provision . . . are under state control. Central aspects of economic strategy must therefore be the management of commercial relationships with the world economy . . . and with the small-producer sector . . . rather than the planning of production in the state sector itself [FitzGerald 1985:11].

Crucial elements in development strategy became then the improvement of the terms of trade from the point of view of the peasantry and the provision of goods and services to rural areas. The shift towards a more peasant-oriented strategy reflected not only the seriousness of the economic and military situation and

the pragmatism of political leaders and planners, but also the growing strength of the producers' organisation UNAG during this period. The emphasis on issues related to prices, marketing, and the provision of goods and services for production, consumption and investment, reflected the strength of small commercial farming interests within the organisation. Historically this had been an important sector in the rural social structure but under the previous regime had been deprived of essential resources (apart from land on the agrarian frontier) conducive to economic growth, social development and power. That the interests of this sector should come increasingly to the fore reflected not only the extent to which these producers had been able to organise and increase their collective bargaining strength, but also the major structural changes which had transformed thousands of landless labourers and poor peasants into middle or rich peasants or members of collectives integrated into commodity markets.

There were some signs in 1986 and 1987 that the policy changes were having a positive effect in dealing with the peasant question. We see a considerable expansion in the area sown to maize and beans during the 1986/87 agricultural cycle — approximately 40 per cent, according to preliminary government estimates. The incidence of pests and drought, however, meant that production increases were not so spectacular. Not all of the increase in area could be attributed to the new policies since the increasing military dominance of the Sandinistas, which has enabled production to be renewed in previously disputed territories, was also responsible. ENABAS still had major difficulties in reversing the trend of declining procurement levels for most basic grains, but was able to do so for the one product produced almost exclusively by peasant producers, namely beans.

Another positive sign was the return in large numbers of traditional coffee pickers during the 1986/87 harvest and significant increases in labour productivity. State purchases of coffee, however, were affected by producers opting to sell raw coffee on the black market.

While it is difficult to talk of a significant improvement in rural living levels, there were clear indications of a definite reversal of the negative trends of 1984 and 1985. In addition to improved access to certain basic consumption goods we see a recuperation in the coverage and quality of health services in the interior and the Atlantic Coast. Also, the Ministry of Education was able to reopen 223 schools in the two regions most affected by the war [CIERA 1987].

One of the most significant developments related to the integration of the peasantry into the dominant class alliance. The declining strength of the *contras* reflected in part a weakening in their social support

¹⁴ The shift in trade and aid relations to facilitate greater access to operational resources is analysed in S. Barraclough *et al.*, 1987.

¹⁵ See *Plan Económico 1987*, Secretariat of Planning and the Budget, Managua, 1987.

¹⁶ D. Ortega, speech of 6 June 1987, printed in *Barricada*, 7 June, 1987.

base. The changing military tactics of the rebel forces served to alienate the rural population. Unable to take on Sandinista army units, the contras were largely reduced to attacking more vulnerable rural targets, including economic and social infrastructure as well as cooperatives. Meanwhile the pro-Sandinista producers' organisation, UNAG, grew in strength.

There is no space here to assess more fully the impact of the policy changes or the likely tensions that could undermine their success. One important question concerns the relative advantages accruing to producers and merchants as trade is liberalised. The type of structural changes that have transformed rural economy and society are unlikely to lead to a recomposition of a powerful merchant class, but the extent and form of participation of merchants in the accumulation process will have to be closely scrutinised. As the new policy regarding the territorial organisation of production is applied nationally, it also remains to be seen how objective the decision of planners and state enterprise managers will be when allocating scarce resources to non-state sectors.

Another tension concerns the allocation of basic manufactures between the peasantry and the working class as well as other support groups of the state, notably the bureaucracy and the army. It will also be interesting to see how rising food prices affect low-income urban consumers, particularly in the context of a more general tension concerning the response of the so-called urban informal sector to a situation in which it is being increasingly squeezed by policies that explicitly seek that end. If the present peace negotiations lead to the State of Emergency being lifted, it is to be expected that opposition parties will actively seek to mobilise this sector against the government.

Tensions such as these indicate that the type of planning imbalances that characterised development planning throughout much of the post-revolutionary period are by no means dead and buried, and that the future direction of development strategy is still very much in the balance.

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