

Land Reform lesson from Peru

From: Raul Enrique Injoque Espinoza [<mailto:raul.injoque@upc.pe>]

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To: John Purchase <john@agbiz.co.za>

Subject: Land Tenure Reform? Old recipes that make people poorer cannot happen again!

Hola John

It was nice having lunch with you today at IFAMA

I just want to drop some ideas about the land expropriation topic in reference:

1. In 1968 Peru's dictatorship forced a land tenure reform: They took the land from people who invested on it in exchange for bonuses to be exchanged/paid in the future. Never were paid.
2. In 1979 a new constitution was promulgated. This constitution enacted some important changes:
 - a. Article 157.- The State guarantees the right of private property on the land, individually, cooperatively, communally, self-managed or any other associative way, directly driven by its owners ... There is direct driving when the legitimate or immediate owner has the personal address and the responsibility of the company. This statement did not generate confidence in the system.
 - b. Article 159.- The Agrarian Reform is the instrument of transformation of the structure rural and integral promotion of rural man. It is directed towards a fair system ownership, tenure and work of the land, for the economic and social development of the Nation.
 - c. To that end, the State:
 - Prohibits "latifundio" and, gradually, eliminates the minifundio by means of plans of land consolidation
 - The law sets its limits according to the peculiarities of each zone.

As a result of these changes, investment in agriculture in Peru decreased and productivity dropped to their lowest levels in history. Poverty in the rural areas increased and migration to the cities was sought as a solution.
3. **In 1993 a new constitution was voted in, there was one key change related to land ownership:**
 - a. **Article 88. - The State supports agrarian development. It guarantees the right of ownership over land, privately or communally or in any other associative ways.**
4. After this constitution was enacted investment in agriculture came back, especially in the coast of Peru where climate, soil and water conditions were positive for fruit and vegetable enterprises.
5. In the year 2000 the government enacted complementary laws to promote further investment, these laws allowed flexibility of labor force (elimination of labor stability) and it lowered tax bracket from 30% to 15%.
6. During the first decade of the 21st century Peru signed several free trade agreements that opened the door for its exports.
7. As a result of these changes investment started pouring in and export growth showed right after:
 - a. In 1993 Peru exported around US\$300 Million in agricultural products
 - b. In 2017 Peru exported US\$5,700 Million in agricultural products

- c. There is full employment in the agriculture related areas and the economy is very dynamic.
8. It took 30 years for the “successful” land tenure reform to distribute poverty, it took free market economics less than 10 years to convert that sad story into an economic miracle



(US\$5,700 Million were agri-exports)

We have a saying in Spanish...”there is no worse blind one than the one that does not want to see” ...should you need help to document more info, let me know,

Saludos,

R



UPC
Universidad Peruana
de Ciencias Aplicadas

Raul Injoque, PhD

Director de Carrera

Administración y Agronegocios

+51 943 223 934

+511 313-3333 anexo 2787

Avenida Alameda San Marcos cuadra 2
Chorrillos