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HONDURAS COUNTRY BRIEF: PROPERTY RIGHTS AND LAND MARKETS

Richard T. Nelson

1. BACKGROUND

Honduras is the second largest country in Central America, with 112,492 square kilometers of land surface (Canales 1998: 12). Of the 11.2 million hectares lying within national boundaries, only between 24 and 38 percent, are suitable for agriculture (Ruben 1991: 7; IHDER 1980: 28). The remaining surface area is generally mountainous with over 60 percent of the national land surface having a slope greater than 40 degrees (Brockett 1987: 83). Honduras is also one of the most heavily forested countries in the region, with 5.6 million hectares, or approximately 66 percent, still covered by forest (Ruben 1991: 7; Muñoz 1993: 51). Deforestation has been of growing concern, with one author suggesting that forested lands decreased by nearly 70 percent between 1965 and 1990 (Rodriguez & Sunderlin 1995: 23).

Though of moderate size in terms of land area, Honduras is sparsely populated by any measure. The average number of inhabitants per square kilometer – 51.15 – compares favorably with the Central American average of 65 (BID 1998, Annex 1; Canales 1998: 12). This relatively low population density is made even more striking by the fact that over ten percent of the nation’s surface area is situated in the remote eastern portion of the nation known as La Mosquitia. In that largely forested and humid region, generally considered inappropriate for either human habitation or agricultural pursuits, population density stands at only 2.2 inhabitants per square kilometer (Prensa 2003).

The total population of 5,754,512 is distributed between 18 political departments and 297 local government units or municipios (Canales 1998: 12). It is estimated that 56 percent of Hondurans reside in non-urban areas (Prensa 2003). National agricultural census data reveal that the number of rural inhabitants more than doubled between 1952 and 1993 (Baumeister 1996: 18.) Two thirds of the labor force is engaged in agricultural activities (AID 1988: 1) and there are between 175,000 and 300,000 landless rural peasants (Salgado 1994: 14; Thorpe 2002: 115).

In recent decades, Honduras has competed with Nicaragua and Haiti for the distinction of being the poorest country in Latin America. With a per capita GDP of $600.00, it is now the third poorest nation in the region, with 75 percent of its citizens living below the poverty line (World Bank, 1996: 192). The national economy has traditionally been dependent on the export of such primary commodities as bananas and coffee. After 1950, however, a government-supported process of diversification of both agricultural production and exports increased the relative importance of such commodities as coffee, sugar cane, cotton, cattle, and later shrimp and melons (Baumeister 1994: 105).

Until the early 1980s, military leaders frequently governed the country. Seemingly incongruous actions such as military repression of student and peasant dissidents on the one hand and armed forces support (at times) for agrarian reform measures designed to benefit rural landless groups on the other, alternated with periods of popularly elected democratic administrations. Since 1982, when Roberto Suazo Córdova took over the presidency, the government has been in the hands of civilian leaders, with the military assuming a less public posture.
2. LAND TENURE

Within Honduras, land ownership can generally be divided into four categories: state or baldío, private, ejidal, and “reformed” (Cano 1990: 3). Baldío lands are legally, according to the constitution, the property of the national government. However, over time, peasants, large landholders and even sizeable commercial operations have occupied large sections of these national holdings. Many consider these illegally occupied parcels to be their own and can show usufruct titles (dominio util) issued by local authorities. As late as 1952, fully 52% of the Honduran land area was owned by the state (IHDER 1980: 29). Baseline data for a 1980s land titling program showed that in three western departments, 21 percent of the land was owned by the state. In the remote eastern department of Gracias A Diós, the state owned more than 50 percent of the land. Even in the 1990s, it was estimated that public lands accounted for about 50 percent of all national territory (Stanley et al. 1996: 24).

The tradition of private land ownership, in which an individual holds title to a particular parcel of land, finds its roots in the colonial era, when the Spanish crown gave land to leading citizens and government officials. Although this sort of private ownership is the exception rather than the rule in Honduras, the small group of large landowners that controls large extensions of lands often can trace their private titles back to colonial times. The large multinational fruit companies also possess private land titles to holdings that were conceded to them by the government during the last century in return for economic activity such as the building of railroads. Nevertheless, private land holdings are not the exclusive province of the large landholders. An increasing number of peasants have received either individual or collective titles to lands they had previously occupied with limited usufruct rights. Between 1982 and 1991, a land titling project awarded 37,174 individual titles, covering 319,311 hectares of land primarily to rural peasant small holders (Thorpe 2002: 284).

Ejidal land refers to those communal holdings that have been awarded to a municipio for the communal use of the inhabitants of the local municipal jurisdictions (Coles-Coghi 1993: 10). Ejidal land has also been awarded to indigenous groups. The creation of ejidos, a process which also dates back to colonial times, was intended to ensure that sufficient land would always be available for those persons that did not own land themselves. As is the case with national lands, however, many ejidal parcels have been occupied for extended periods of time so that not only do current occupants feel that the land belongs to them, but often can produce usufruct dominio util titles issued by local officials. As will be seen below, the ejidos have been off-limits to sale or purchase and thus have been traditionally excluded from any land market that might otherwise exist.

The reformed sector of the nation’s land is composed of those parcels distributed as a result of the agrarian reform legislation of the 1960s and 1970s. Although it includes a number of small private holders, a majority of the agrarian reform lands distributed in the late 1900s, has been awarded to cooperatives and other peasant groups that hold communal title to the parcels. Due to shortcomings in government record keeping, it may be difficult to accurately determine the number of groups and hectares distributed. However, one author suggests that 2,662 peasant groups were given 361,008 hectares of land that had previously been owned by the government, the fruit companies or large landholders (Thorpe 2002: 280-284).

Similar to the case of the ejidos, the government has generally excluded reformed sector holdings from the land market by prohibiting their sale or rental. This provision was designed as
a safeguard against the possibility of renewed land concentration by wealthy interests that might purchase large tracts should reformed sector beneficiaries decide to sell. A change in policy, which permitted the sale or rental of reformed sector holdings following the implementation of 1992 legislation, was quickly revised in 1994 when it became apparent that a large amount of land was being sold off (Salgado 1996: 124; Thorpe 2000: 231).

The variation apparent in these distinct types of land tenure underlines the complexity of the Honduran land tenure system. In spite of that variation, or perhaps in part because of it, Honduras continues to be characterized by an inequitable distribution of land. The familiar Latin American duality that exists between a small number of large holdings (latifundios) and a large number of small parcels (minifundios) has been somewhat modified in recent years. While the number of small plots continues to expand as would be expected in the traditional latifundio/minifundio complex, the number of large holdings – those over 500 hectares – has been reduced (Thorpe 2002: 111). This does not necessarily suggest that land distribution is more egalitarian, however.

The Gini coefficient for land distribution deteriorated from 0.7573 in 1952 to 0.7858 in 1993 (Thorpe 2002: 112). In 1952, holdings of 5 hectares or less accounted for 57 percent of all farms, but controlled only 8.1% of land in agriculture. At the same time, 3 percent of all farms had holdings in excess of 500 hectares and controlled 28.3 percent of agricultural land. By the time of the most recent agricultural census in 1993, 71.8 percent of all farms had five hectares or less and controlled between them 13 percent of agricultural land. Simultaneously, the 1 percent of farmers who owned 500 hectares or more controlled 12.3 percent of land devoted to agriculture in 1993. The number of medium size farms and the surface area controlled by them increased over this period, their growth reflecting an expansion of the agricultural frontier and the diminution of extremely large farms. The parallel growth in the number of small farms can be attributed to a population growth that has exceeded the combined effect of agrarian reform land distributions and inheritance procedures. The more detailed statistical information presented in Tables IA and IB reflect the trends in Honduran land concentration.

If the concentration of land reflected in Tables IA and IB is an unfortunate reality, the number of rural poor who own no land is no less striking. Table II reflects the evolution over time of rural peasant land ownership by families. Of even greater concern, however, is the steady and upward increase in the number of landless families and those owning less than one hectare.1 In 1952, families that owned less than one hectare of land accounted for 18 percent of all rural families. By 1993, they made up 44 percent of the total.

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1 The number of landless fruit company employees declined for a time in the 1950s and 1960s, primarily as a result of the layoffs and other cost cutting measures following the 1954 strike. Fruit company employees may not have land, but they do earn wages.
### Table IA: Land Ownership Trends: Number & Percent of Farms by Size, 1952-1993

<table>
<thead>
<tr>
<th>Farm Size</th>
<th>1952</th>
<th>1974</th>
<th>1993</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Percent</td>
<td>Cum. %</td>
</tr>
<tr>
<td>&lt; 1 ha</td>
<td>15,394</td>
<td>9.9</td>
<td>9.9</td>
</tr>
<tr>
<td>1-5 ha</td>
<td>73,617</td>
<td>47.1</td>
<td>57.0</td>
</tr>
<tr>
<td>5-10 ha</td>
<td>28,092</td>
<td>18.0</td>
<td>75.0</td>
</tr>
<tr>
<td>10-20 ha</td>
<td>18,620</td>
<td>11.9</td>
<td>86.9</td>
</tr>
<tr>
<td>20-50 ha</td>
<td>13,752</td>
<td>8.8</td>
<td>95.7</td>
</tr>
<tr>
<td>50-100 ha</td>
<td>3,865</td>
<td>2.5</td>
<td>98.2</td>
</tr>
<tr>
<td>100-200 ha</td>
<td>1,514</td>
<td>1.0</td>
<td>99.2</td>
</tr>
<tr>
<td>200-500 ha</td>
<td>803</td>
<td>0.5</td>
<td>99.7</td>
</tr>
<tr>
<td>500-1000 ha</td>
<td>284</td>
<td>0.2</td>
<td>99.9</td>
</tr>
<tr>
<td>&gt; 1,000 ha</td>
<td>194</td>
<td>0.1</td>
<td>100.0</td>
</tr>
<tr>
<td>TOTAL</td>
<td>156,135</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

These data suggest that while the harsh effects of the *latifundio/minifundio* complex may have been somewhat mitigated over the last half century by a reduction in the number of very large holdings, it is clear that land continues to be inequitably distributed. Many of the nation’s poorest rural residents still live on very small parcels of land from which it is impossible to make a living.
or to raise the crops vital to adequate family nutrition. Admittedly the data are somewhat skewed by those rural residents who rent in land or who work as day laborers. Nevertheless, a great disparity continues to exist between the economic and political power of the large landholders and the marginalized condition of the landless and near-landless sections of rural society.

**Table II: Rural Families & Land Tenure, 1952-1993**

<table>
<thead>
<tr>
<th>Sector</th>
<th>1952</th>
<th>Percent</th>
<th>1974</th>
<th>Percent</th>
<th>1993</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banana Workers</td>
<td>20,800</td>
<td>11</td>
<td>18,000</td>
<td>6</td>
<td>22,000</td>
<td>5</td>
</tr>
<tr>
<td>Landless</td>
<td>19,077</td>
<td>10</td>
<td>89,955</td>
<td>30</td>
<td>126,383</td>
<td>27</td>
</tr>
<tr>
<td>&lt; 1 Hectare</td>
<td>15,394</td>
<td>8</td>
<td>33,771</td>
<td>11</td>
<td>80,088</td>
<td>17</td>
</tr>
<tr>
<td>1-5 Hectares</td>
<td>73,617</td>
<td>37</td>
<td>91,010</td>
<td>30</td>
<td>147,573</td>
<td>32</td>
</tr>
<tr>
<td>5-50 Hectares</td>
<td>60,464</td>
<td>31</td>
<td>62,654</td>
<td>21</td>
<td>77,701</td>
<td>17</td>
</tr>
<tr>
<td>&gt; 50 Hectares</td>
<td>6,660</td>
<td>3</td>
<td>7,901</td>
<td>3</td>
<td>11,837</td>
<td>2</td>
</tr>
<tr>
<td>TOTAL</td>
<td>196,012</td>
<td>100</td>
<td>303,291</td>
<td>100</td>
<td>465,582</td>
<td>100</td>
</tr>
</tbody>
</table>

The high percentage of landless or near landless rural residents may be due to population growth, finite resources of agriculturally suitable land or other factors. In terms of the land market, however, the reasons for their landless condition is less important than the fact that many of the poorest rural residents – potential participants in land markets – are unable to participate because their assets (almost exclusively limited to small parcels of land) do not provide a sufficiently broad resource base with which to gain entry to the land market. Conversely, large landholders, with the collateral provided by their land, are able to gain access to land markets where their economic clout gives them an unfair advantage. In addition, their economic and political power permits access to decision-making processes that directly impact the functioning of the land market.

In summary, the most striking features of the land tenure system are the large percentage of ejidal/national lands excluded from land markets, inequitable land distribution, concentration of a great amount of agricultural land in the hands of a small number of families, and the high number of peasants with little or no land. This structure, while not of recent origin, has been the target of much discussion, scholarly analysis and governmental regulation since the 1950s. Several processes that have altered both the land tenure system and the feebly functioning national land market were already in place in the early post World War II years.

### 3. Factors Affecting Land Distribution and Land Markets

From the early years of the republic, it was recognized that legislative action would be needed to address the land tenure imbalances created during the colonial period, and the government has from time to time attempted to provide landless peasants with greater access to land. In 1829, in an effort (which in some respects bore remarkable similarity to twentieth century legislation) to
stimulate agricultural production and encourage a more equitable distribution of the nation’s land, Honduras’ first agrarian reform law was passed (Trackman et al. 1999: 1). Subsequent attempts to reform the national system of land holding were passed in 1877, 1898, 1924 and 1936. These efforts were largely unsuccessful in bringing about meaningful changes in the way that Hondurans owned, purchased, sold and distributed land.

Throughout the twentieth century, but with increasing frequency in the 1950s, the government began to make at first symbolic and then more genuine efforts to provide land to those rural families that owned none. The largest of these actions occurred in the Leán Valley in the northern coastal department of Atlántida, where 366 lots comprising 12,256 hectares were handed out in 1954. Distribution of land to peasants was not limited to 1954, however. A total of 1,676 lots and 37,775 hectares were parceled out through 15 different projects across the country between 1951 and 1961 (Casals 1974: 35).

Clearly, the landed oligarchy that controlled both the military and the government either recognized the need to address the issue of inequitable land distribution or the need to placate the landless rural peasantry. Nevertheless, in a nation that possessed over 2 million hectares of agricultural land and at a time when 55 percent of rural families owned five hectares of land or less, the distribution of 37,775 hectares was insignificant (IHDER, 1980: 48). Furthermore, government attempts to placate the peasants focused on grants of government land in sparsely populated (often forested) areas of the country (Naciones Unidas 2001: 22). The land tenure system remained unchanged, the marginalized peasantry and the vast majority of land remained outside of the functioning of any effective land market and rural peasants were increasingly dissatisfied.

If government efforts during the first half of the 1900s were ineffectual in their attempts to significantly impact peasant land ownership, a second trend that had actually begun in the late 1800s, gained momentum in the early 1900s, and left an indelible imprint on land tenure and land markets. Foreign fruit companies that showed up in Honduras in the late nineteenth century, had, by the early twentieth century effectively taken over the production and export of bananas from small local producers (Salgado 1996: 102). In so doing, they also took control of vast holdings of agricultural lowlands in the north of the country along the Atlantic coast.

Benefiting from the Honduran Government’s desire to create a national rail system, Standard Fruit received generous land grants in exchange for the building of rail lines in the northern coastal regions where its banana operations were centered. These land grants had the double effect of increasing the concentration of land in the hands of the fruit companies while at the same time providing them with a competitive advantage over smaller local producers. Small operations, gradually forced out of business by their larger foreign competitors, frequently sold their land to add to the fruit companies’ already extensive holdings. By the early 1950s in the department of Atlántida, on Honduras’ north coast, the fruit multinationals owned 15.4 percent of all agricultural land (Thorpe 2002: 110). Fruit company land remained largely outside of any national land market.

A final domestic factor that contributed to a redefinition of Honduran land holding and land markets was the rise of an increasingly vocal and belligerent peasant movement in the early 1950s. The above-mentioned re-distribution of land by the state in 1954 in the Leán Valley to unemployed fruit company workers was in large part a result of peasant agitation, triggered by the example of the successful union activity of fruit company workers.
Of even more importance is the strike in the same year of banana company workers that threatened the profits of their foreign employers. Following that strike, the fruit companies in Honduras laid off large numbers of workers. A labor force of 35,000 in 1953 was reduced to 27,000 in 1955 and to 16,000 in 1959 (IHDER 1980: 58). The fruit company firings were the result of three factors: company reorganization to increase productivity, the need to abandon extensive areas due to the spread of a banana disease, and, finally, the desire to avoid further confrontations with an increasingly militant labor force.

Large numbers of unemployed politicized rural workers were left without either employment or land. Enraged at their dismissal and with few economic alternatives available to them, many of the former fruit company employees took over company lands to begin subsistence farming (Derclaye 1987: 9). They were transformed almost immediately from an angry proletarian labor force into an angry landless peasant work force. Growing agitation among former fruit company workers spread to peasant groups across the nation. Those groups in turn organized into a peasant movement that came to be identified in the popular imagination with a legitimate nationalistic response to foreign economic aggression (IHDER 1980: 59). That same peasant movement was pointed to as a model for other Latin American peasants.

Peasant mobilization affected land markets in two important ways over the next half century. First, the very presence of an organized and vocal peasantry constituted a counterweight to the landed elites. Peasant agitation, as will be seen in the following discussion, was the moving force behind landmark legislative initiatives. The peasantry had established itself as a stakeholder in the decision making processes at a national level and even during times of repression, was a voice that had to be heard. Second, peasants, demanding access to land, succeeded in restructuring both the debate over land and – to a significantly lesser degree – the land markets, by providing the first tentative openings to peasant participation in land market activities. Up until the middle of the previous century, the dominance of coastal lands by the fruit companies and the exclusion of peasants from those lands effectively prohibited the functioning of land markets.

The seeds of these traditions of government intervention in the land tenure system, growing influence of multinational fruit companies, and increased peasant mobilization had already been sown by the early 1950s. Two other interrelated forces originating outside of Central America also had far reaching effects on the evolution of Honduran land markets throughout the rest of the century.

The first of these was the Cuban Revolution which brought Fidel Castro to power in 1959. The model presented by Castro’s revolution seemed to offer workers and peasants throughout Latin America an alternative to the inequitable system of governance by landed elites. This new revolutionary option was readily received in Honduras, a country that had experienced the frustration of fired banana company workers in 1954 and the growing militancy of the peasant sector in succeeding years. Furthermore, memories of the unsuccessful insurrection of Padre Idelfonso Orellano Bueso in the Department of Cortés in the late 1950s were still fresh in the minds of Honduran peasants and government leaders (IHDER 1980: 72).

The Cuban Revolution was relevant not only because it provided an armed alternative to Latin Americans weary of an oppressive status quo, however. It also affected the way in which the United States sought to achieve foreign policy objectives in the Western Hemisphere. An avowed Communist leader 90 miles from the United States gave Washington policy makers
pause at a time when Cold War hysteria saw communist threats at every turn. At all costs, the United States wanted to prevent the success of similar revolutionary movements in other Latin American countries. U.S. aid dramatically increased, the Alliance for Progress was launched, the Peace Corps was formed, and policies aimed at relieving the poverty and hopelessness of the region’s poorest sectors were supported.

If the Cuban Revolution provided an alternative for Honduran peasants, the increase in U.S. foreign aid was intended to counter the appeal of that revolution. More importantly, dollars from Washington supported agrarian reform measures aimed at reducing the poverty and hence the frustration of the peasantry and other poor Hondurans.


It is within the context of these domestic and international currents that Honduran leaders decided to launch the first comprehensive national program of agrarian reform. Under the watchful eye of a reformist leaning military fearful of popular discontent, Ramón Villeda Morales, who came to power on the strength of his populist appeal to students, workers and peasants, was given the opportunity to address the popular agitation that increasingly disrupted national life (Mejía Turcios 1996: 22). Villeda Morales instituted a broadly ambitious policy that hoped to diversify the nation’s economy, increase agricultural productivity and provide more economic opportunities for the poor. Of long lasting importance for the nation’s agrarian structure was the creation of the Instituto Nacional Agrario (INA) in 1961. Villeda Morales gave that institution the responsibility of overseeing Honduras’ agrarian reform programs. While its policies and significance have changed with time, it survives today as the central institution of the nation’s agrarian reform. The Villeda Morales administration did not only institute bureaucratic changes, it also passed the first significant agrarian reform law in the nation’s history on 29 September 1962 (Yesilada et al. 1988: 34).

That law hoped to provide landless rural peasants with their own plots, specifically targeting idle banana company holdings for expropriation and national lands for allocation to peasant groups. Initial efforts focused on individual titles, but the success of the peasant cooperative at Guanchías in 1967 validated a more collectivist approach (PROCCARA 1975: 8; Stringer 1989: 368; Ruben 1991: 31). This approach garnered widespread popular support from Hondurans who saw confrontation with the international fruit companies as a justified attempt by the Honduran nation to assert its sovereign rights. Similarly, the attempt to provide land to rural peasants was interpreted as a legitimate attack on both the inequitable distribution of national lands and the power of the oligarchy.

The 1962 legislation was important for several reasons. Symbolically, it represented the first attempt at agrarian reform legislation. Furthermore, it demonstrated the efficacy and power of militant peasant organizing campaigns. Finally, to some extent, it succeeded in legitimizing reformist attacks on the land tenure system. For reasons primarily associated with the political power of the landed elite, however, the 1962 legislation failed to significantly modify the inequitable national agrarian structure. Sidestepping the latifundio/minifundio complex, it initially targeted fruit company lands on the north coast and subsequently focused on national and ejidal lands. The continued economic and political strength of large landholders left many rural peasants with little or no land and allowed the large landholders to maintain political control and possession of their land.
Not only did the 1962 legislation fail to produce significant changes in the national agrarian structure, its tacit support of the status quo also allowed those social and political institutions that blocked the formation of a meaningful land market to remain in place. Land market activities were frustrated in at least three ways. First, the Villeda Morales initiative expressly forbade the sale or rental of land distributed through the 1962 legislation. Reformed sector land, then remained outside of the land market. Second, the agrarian reform law provided only usufruct rights to the land. If land was not worked under the terms of the legislation, it could in effect be repossessed by the government and given to other peasants. The goal was increased production through collective enterprise rather than support for the creation of a land market. Finally, the rural peasantry, denied ownership of the land that represented the only viable asset available in most rural areas, lacked the financial resources necessary to allow entry into the existing, though poorly functioning, land market.

The popular support that Villeda Morales enjoyed did not prevent his overthrow in a 1963 military coup. The reduction in peasant militancy that conservative elements within the military had hoped would follow upon Villeda Morales’ progressive legislative program was not forthcoming. The military opted for a more repressive policy designed to silence rather than meet the demands of the landless. The ouster of Villeda Morales on October 3, 1963 reflected the military’s frustration and ushered in a decade of repression. The army aggressively fought peasant groups through legal measures, assassination and repression. During this period, land redistribution through agrarian reform dropped precipitously and the peasant movement was effectively controlled.

It was the same military establishment, however, that in 1972, implemented a new agrarian policy designed to go even further than Villeda Morales had been able to. Colonel Oswaldo Lopez Arellano, one of the leaders of the 1962 coup that ousted Villeda Morales, headed the military government that came to power in 1972 following increased peasant agitation and the killing of several protestors in February of that year (Brockett 1987: 79). Lopez Arellano, now a reformist, passed a new agrarian reform measure, known as Decreto Ley No. 8, on 26 December 1972. Intended as a transitional measure that would be in force for two years, it granted peasants temporary usufruct rights on national and ejidal lands that they occupied. Furthermore, unused public and private lands would be subject to distribution (IHDER 1980: 78). In 1973, under the authority of this legislative decree, more land - over 41,000 hectares - was distributed to peasants than during any other year in the history of the republic (Posas 1989: 12).

In 1975, when Decreto Ley No. 8 expired, the Lopez Arellano administration made the provisions of the 1972 law permanent. Building on the 1962 Villeda Morales legislative contention that land has social value, the new law (Decreto Ley No. 170, issued in January 1975) stipulated that if land did not contribute to the social good, its expropriation was justifiable. Favoring a collective form of agricultural exploitation, it exposed even the holdings of large landowners to redistribution and use by rural landless peasants, who would presumably farm it, return it to production and thereby realize its social potential (World Bank 1972: 20; IHDER 1980: 97-98; Posas 1994: 7).

Precursors of the 1980s and 1990s legislation designed to stimulate the land market are to be found in these decrees issued by the reformist military government of the early 1970s. First, the Lopez Arellano policies authorized expropriation of private lands that were not fulfilling their social function, i.e., that were not being exploited to their full agricultural and economic potentials. Later policies were similarly aimed at allowing the forces of the free market to
determine how land should be used. The Lopez Arellano policy essentially hoped to remove artificial barriers to participation in the land market by prohibiting ownership of land that was underutilized.

Second, it was hoped that the provision of idle land to peasants for cultivation would have the effect of eliminating both financial and tenure barriers that prohibited peasants from accessing land and putting it into production. Again, while the primary intent of the Villeda Morales administration may have been to placate the rural peasantry, the effect of the 1972 and 1975 laws would have been to reduce barriers that kept both peasants and land out of the land market.

Another factor that impacted the poorly functioning land market was the military’s desire to ensure that the land left behind by 130,000 Salvadorans following the 1969 Soccer War be taken over by Honduran citizens in an effort to prevent further border conflicts (Ruhl 1984: 41). The flight of the Salvadorans had the effect of freeing lands for occupation by Hondurans. While there are no statistics to determine the amount of land that was made available by the border problems, it is reasonable to assume that the flight of the Salvadorans had the effect of freeing lands for occupation by Honduran citizens.

The agrarian reform measures passed by reformist military leaders in the early 1970s were an extension of the distributive land policies of the previous decade. As Tables I and II have shown, however, the number of families affected and land distributed was insignificant as a percentage either of total agricultural land or of the number of landless or near landless peasants. Furthermore, as has been indicated above, the land distributions did not appreciably impact either the national land tenure system or the existing feeble land market. Fully 81 percent of distributed lands were either national or ejidal, meaning that less than one fifth came from the private sector (Brown et al. 1981: 11). These distributive measures were seen as the solution to inequitable land distribution and widespread peasant militancy at a time before land markets were regarded as the answer. Policy makers did not look to land markets as the key to success. Nevertheless, as Table III indicates, the reform minded military governments were able to redistribute large quantities of land to rural peasants.

Just as Villeda Morales was able to stay in office for only a short time following the passage of the 1962 agrarian reform legislation, so, Lopez Arellano could not hold on to the government any longer than a few months after passage of the 1975 law. He was deposed on 4 April 1975. More conservative military officers, under the leadership of Juan Alberto Melgar Castro, were, not surprisingly, disinclined to actively support the process of agrarian reform. The distribution of land slowed, the director of INA was replaced and there was again active repression of the peasant movements (IHDER 1980: 103; Salgado 1994: 5). In 1975 fourteen people were killed in a protest march that ended in confrontation with the military (Dерclaye 1987: 10).

Beginning in the late 1970s, Honduras’ Central American neighbors experienced increased internal strife. In Honduras at this time, interest in agrarian reform efforts took on secondary importance as concern over the civil strife in other Central American countries became the focus. The Honduran military government cultivated close ties with the United States and used resulting increases in foreign aid in part to clamp down on groups and individuals it considered subversive, including those peasant organizations that clamored for a more equitable distribution of the nation’s land resources.
Table III: Land Adjudications, 1962-1991

<table>
<thead>
<tr>
<th>Year</th>
<th>Hectares</th>
<th>Groups</th>
<th>Beneficiaries</th>
</tr>
</thead>
<tbody>
<tr>
<td>1962</td>
<td>175</td>
<td>1</td>
<td>55</td>
</tr>
<tr>
<td>1963</td>
<td>49</td>
<td>2</td>
<td>139</td>
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<tr>
<td>1964</td>
<td>134</td>
<td>1</td>
<td>33</td>
</tr>
<tr>
<td>1965</td>
<td>117</td>
<td>1</td>
<td>40</td>
</tr>
<tr>
<td>1966</td>
<td>211</td>
<td>2</td>
<td>97</td>
</tr>
<tr>
<td>1967</td>
<td>2,539</td>
<td>5</td>
<td>193</td>
</tr>
<tr>
<td>1968</td>
<td>2,392</td>
<td>8</td>
<td>250</td>
</tr>
<tr>
<td>1969</td>
<td>3,729</td>
<td>19</td>
<td>1,311</td>
</tr>
<tr>
<td>1970</td>
<td>6,860</td>
<td>32</td>
<td>1,421</td>
</tr>
<tr>
<td>1971</td>
<td>7,114</td>
<td>32</td>
<td>1,722</td>
</tr>
<tr>
<td>1972</td>
<td>9,577</td>
<td>71</td>
<td>3,101</td>
</tr>
<tr>
<td><strong>Sub Total '62-'72</strong></td>
<td><strong>32,977</strong></td>
<td><strong>174</strong></td>
<td><strong>8,362</strong></td>
</tr>
<tr>
<td>1973</td>
<td>28,221</td>
<td>177</td>
<td>7,057</td>
</tr>
<tr>
<td>1974</td>
<td>41,044</td>
<td>255</td>
<td>7,394</td>
</tr>
<tr>
<td>1975</td>
<td>38,825</td>
<td>163</td>
<td>6,424</td>
</tr>
<tr>
<td>1976</td>
<td>27,102</td>
<td>168</td>
<td>5,198</td>
</tr>
<tr>
<td>1977</td>
<td>19,978</td>
<td>108</td>
<td>3,537</td>
</tr>
<tr>
<td>1978</td>
<td>12,964</td>
<td>75</td>
<td>2,031</td>
</tr>
<tr>
<td>1979</td>
<td>12,789</td>
<td>94</td>
<td>2,531</td>
</tr>
<tr>
<td>1980</td>
<td>13,475</td>
<td>110</td>
<td>2,870</td>
</tr>
<tr>
<td>1981</td>
<td>18,837</td>
<td>156</td>
<td>4,346</td>
</tr>
<tr>
<td>1982</td>
<td>18,732</td>
<td>174</td>
<td>4,869</td>
</tr>
<tr>
<td><strong>Sub Total '73-'82</strong></td>
<td><strong>232,567</strong></td>
<td><strong>1,480</strong></td>
<td><strong>46,257</strong></td>
</tr>
<tr>
<td>1983</td>
<td>10,297</td>
<td>136</td>
<td>2,481</td>
</tr>
<tr>
<td>1984</td>
<td>14,316</td>
<td>147</td>
<td>3,477</td>
</tr>
<tr>
<td>1985</td>
<td>15,866</td>
<td>143</td>
<td>2,763</td>
</tr>
<tr>
<td>1986</td>
<td>15,468</td>
<td>155</td>
<td>2,715</td>
</tr>
<tr>
<td>1987</td>
<td>12,352</td>
<td>162</td>
<td>3,223</td>
</tr>
<tr>
<td>1988</td>
<td>11,943</td>
<td>100</td>
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</tr>
<tr>
<td>1989</td>
<td>15,223</td>
<td>165</td>
<td>3,300</td>
</tr>
<tr>
<td>1990</td>
<td>8,588</td>
<td>116</td>
<td>1,752</td>
</tr>
<tr>
<td>1991</td>
<td>13,348</td>
<td>143</td>
<td>2,656</td>
</tr>
<tr>
<td><strong>Sub total ‘83-’91</strong></td>
<td><strong>117,401</strong></td>
<td><strong>1,267</strong></td>
<td><strong>24,397</strong></td>
</tr>
</tbody>
</table>
Agrarian policies during this period focused especially on the reformed sector and those groups that had been awarded land through the land distribution measures of the preceding two decades. Although land distribution continued at a much slower pace, policy essentially de-emphasized land distribution and aimed more specifically at reorienting the reformed sector to the production of products for export – notably African palm, bananas and other fruits (Noe Pino 1992: 18). Article 345 of the 1982 national constitution envisions the agrarian reform as a social undertaking and states that efforts will be focused on “education, housing, employment, infrastructure, commercialization and technical and credit assistance” (Noe Pino 1992: 18). This emphasis on the reformed sector, however, had the effect of limiting the scope of agrarian measures. At the same time, it essentially restricted participation by the landless and near-landless peasantry in the land market both by ignoring their needs and by continuing to prohibit the sale or rental of reformed sector lands (Childress 1991:8).

The various governmental programs to promote agrarian reform during the first two decades following the 1962 legislation, then, continued to function within the framework of the reformed sector. Land distribution schemes of 1972 and 1975, along with the ideological underpinnings of the 1982 constitution continued to see the main objective of agrarian reform as the awarding of land to peasants, and issuing collective land titles. The overarching goal of the process was to put idle lands into production and to provide peasants with the means of increasing their personal and, in aggregate, the national production of agricultural commodities. Little if any attention was paid to the need to create land markets. As a matter of fact, the relevant legislation removed reformed lands from any land market that did exist by prohibiting their sale or rental and providing for repossession of any land that was being underutilized.

It became increasingly clear to both policy makers and academics that the agrarian reform was doing little either to raise agricultural production or to stimulate meaningful involvement of the rural peasantry in the national economy. This realization was in part responsible for the decision by military leaders to allow civilians to take over the reins of government again in the early 1980s.


In 1982, Roberto Suazo Córdova became the first popularly elected Honduran president to hold long term office in two decades. Although he belonged to the same Liberal political party as Ramón Villeda Morales, his administration was not wed exclusively to a similar agrarian policy of land distribution. In the 1980s peasants continued to receive land from the government, but at rate which did not significantly change from that of the late 1970s. One author, criticizing this slowing of land distributions, has characterized the Suazo Córdova regime as attempting to constitutionalize conservatism (quoted in Noe Pino et al. 1992: 76). Land occupations (or invasions), which had been one of the most effective tools used by peasant groups seeking land, were outlawed and peasant leaders were persecuted. The invasions continued nonetheless.

The newly elected Liberal government, under the watchful eye of the Honduran military, attempted to supplement the increasingly discredited land distribution measures with other programs to address the issues of inequitable land tenure and imbalanced access to land. An innovative policy initiative of the Suazo Córdova administration, Decree 89, is known as the Land Titling Project (Proyecto de Titulación de Tierras or PTT). This 1982 legislation represented an important departure from the distributive policies of previous governments.
Adapting the neo-liberal approach that increasingly dominated Honduran thinking in the 1980s and 1990s, the PTT was designed to stimulate the creation of a viable land market within the country (Noe Pino et al. 1992: 97; Salgado 1996: 108). Critics of earlier measures pointed to the fact that many peasants actually had rights – albeit informal and extralegal – to the parcels they worked. Use of land, then, was not the problem. Rather, they reasoned, the difficulty was to be found in the absence of secure title to the properties that many peasants worked. While previous land distribution policies had indirectly affected the functioning of Honduran land markets, from this point forward, agrarian policy would be aimed at the twin gems of neo-liberal thinking – land titling and land markets (Bonnard 1995: 22; Thorpe 2000: 243).

Neo-liberal theorists convinced both the Suazo Córdova administration and peasant leaders alike, that with the secure land titles provided by the PTT, the rural poor would be more interested in improving their holdings because these new documents would guarantee long term legal possession. Furthermore, the argument ran, with secure title, these same peasants would be able to access credit more easily as lending institutions would now have collateral in the form of securely titled land with which to support loans (Salgado 1987: 36). Finally, with secure titles, peasants would have the opportunity to sell land to those potential buyers who would presumably be more willing to spend money on a legally titled parcel. Purchasers, in turn, would be more likely to pay fair market prices for land that was legally titled (Stanfield 1990; Ponce-Cambar 1990: 59). The national standardization of titles envisioned by the PTT would form the basis for the creation of an efficient land market (Salgado 1994: 118).

In the ideal world conceived by this reasoning, improvements would be made to peasant holdings. Land would become more productive. Idle or underused parcels would be cultivated. An efficiently functioning land market would be created via the workings of free market capitalism. Peasants would live a more secure life with access to better food, credit and technical assistance. In short, both the peasants and the national economy would benefit from the land-titling project (Noe Pino et al. 1992: 97; ANACH 1983: 2).

Previous agrarian reform policies had focused on land distribution and the granting of usufruct rights (dominio útil) to peasant cooperatives. The Suazo Córdova administration, recognizing the limitations of these earlier measures, chose to provide full legal title (dominio pleno) to individual peasants through the PTT (Salgado 1996: 6). Thus, the new legislation represented an important break with previous thinking in four important respects. First, land titling rather than land distribution was selected as the policy of choice to address the problem of unproductive lands. Second, emphasis shifted from the plight of poor landless rural peasants to the under-utilization of potentially valuable rural land resources. Third, collective agricultural operations, while not entirely discarded, took on a decidedly secondary importance as the focus shifted to titling of individual property. Finally, full legal titles were deemed preferable to the usufruct titles of earlier agrarian reform programs.

The PTT was seen both by the Suazo Córdova regime and by the United States Agency for International Development (USAID), which in large part underwrote the project, as an efficient way to stimulate Honduran land markets. Initially, the scheme was intended to cover seven of Honduras’ eighteen political departments. An eighth was added early in the process and the project was expanded to a total of thirteen departments in 1995. In that same year, the original agreement between the Honduran Government and USAID expired. It was extended with additional funding from USAID and complemented with further financial support from the Interamerican Development Bank, the Canadian Government and the Honduran National Coffee
Growers Fund (Fondo Cafetalero Nacional). INA continued to administer the program for the Honduran Government (Salgado 1996: 118).

Enthusiasm for the new approach was shared by government leaders and academics who confidently predicted that the PTT would be self financing and capable of handling up to 15,000 claims a year, while providing peasants with full titles and thereby reducing insecure tenure (Development Associates 1984: 6). Table IV contains data on the number of hectares and beneficiaries of the PTT during the nine years of its operation.

The data presented are noteworthy for several reasons. First, while the PTT by 1991, had only issued 37,174 titles, those dominio pleno documents covered 319,311 hectares and presumably provided their holders with increased tenure security (Thorpe 2002: 284). While the rate of titling may not have kept up with early optimistic predictions, proponents were also thrilled to note the large amount of land involved. In addition, while the PTT and land distribution programs continued to function alongside one another, as Table IV shows, the PTT affected more land, benefited more people and had a greater average plot size than did the distributive schemes over the same period (Thorpe 2002: 286). Finally, there is some indication, at least among small scale coffee producers, that peasants with land titles provided by the PTT were more likely to make improvements to their holdings (Childress, 1994: 183). If this was in fact the case, then one of the goals of the program – stimulation of agricultural production by small holders – had been achieved.

### Table IV: Land Titles Granted under Land Titling Project, 1983-1991

<table>
<thead>
<tr>
<th>Year</th>
<th>Area (Hectares)</th>
<th>Direct Beneficiaries</th>
</tr>
</thead>
<tbody>
<tr>
<td>1983</td>
<td>22,603</td>
<td>3,201</td>
</tr>
<tr>
<td>1984</td>
<td>61,378</td>
<td>8,638</td>
</tr>
<tr>
<td>1985</td>
<td>14,732</td>
<td>2,459</td>
</tr>
<tr>
<td>1986</td>
<td>24,531</td>
<td>3,684</td>
</tr>
<tr>
<td>1987</td>
<td>46,293</td>
<td>5,631</td>
</tr>
<tr>
<td>1988</td>
<td>57,263</td>
<td>5,159</td>
</tr>
<tr>
<td>1989</td>
<td>12,788</td>
<td>1,872</td>
</tr>
<tr>
<td>1990</td>
<td>40,127</td>
<td>3,498</td>
</tr>
<tr>
<td>1991</td>
<td>39,596</td>
<td>3,032</td>
</tr>
<tr>
<td>TOTAL</td>
<td>319,311</td>
<td>37,174</td>
</tr>
</tbody>
</table>

In spite of the impressive nature of the numbers and the apparent success of PTT in providing peasants with secure titles to their holdings, the project fell short on two counts. First, it failed to meet its own ambitious goals of providing 70,000 producers with titles to 3.24 million hectares of land (Thorpe 1997: 45). Second, and perhaps more importantly, the PTT failed to realize the broader programmatic goals of enhanced peasant tenure security, a freely functioning national land market and increased agricultural production (Stanfield 1990: 2). The land titling project
failed to convince many peasants that they should pay for titles\(^2\) to land that they felt they already owned as a consequence of the traditional extralegal and informal tenure structures (Bonnard 1995: 26). Furthermore, although a large number of titles were issued to peasant landowners, many failed to abide by the newly established procedures to register those documents. As a result, the tradition of less than fully legal land titles was validated. Even more disconcerting, an analysis of land markets in areas where the PTT had been implemented showed no significant difference from areas where the PTT had not been applied (Stanfield 1990; Salgado 1994: 46-47; Thorpe 2000: 237). Finally, the flurry of legislation produced by recently elected civilian leaders during this period led to the creation of conflicting provisions that clouded both INA’s authority and the land titling process itself (Thorpe 2002: 287).

In addition, decreased national agricultural production during the 1980s served to weaken enthusiasm for the PTT and the agrarian reform had lost its vitality (POSCAE/LTC 1994: 2). At the same time, this poor showing in agriculture led to the strengthening of the neo-liberal call for policy changes (Salgado et al. 1994: 6). Policy makers increasingly recognized that land titles, regardless of their legal basis, were a necessary but not sufficient remedy for the country’s land problems (Wachter 1997: 185; Childress 1991: 3). Discussion among academics, government officials and international funding sources—principally USAID—ultimately led to the passage of new legislation in the form of Decreto 31-92, Ley para la Modernización y el Desarrollo del Sector Agrícola (LMDSA) approved by the Honduran congress on March 4, 1992.


Up to this point in time, the foci of agrarian policy had been land distribution (1962-1991) and land titling (1983-1991). Land markets were necessarily impacted during the first three decades of agrarian reform. The impact was often, however, indirect and in some respects harmful. In the case of the land distribution efforts instituted by the early agrarian reform legislation, for example, the reformed sector lands were legally removed from the land market by sanctions that prohibited their sale, exchange or rent (Hendrix 1995: 38). By contrast, as the preceding discussion suggests, the PTT was designed in part to stimulate the growth of a land market. Nevertheless, as its thrust was to provide peasant farmers with secure land titles, the shortcomings of that titling process limited the impact that the PTT had in creating a viable land market. The 1982 law did strengthen the foundation of the national land market, but the legislative shortcomings described above made additional legislation necessary.

The Ley para la Modernización y el Desarrollo del Sector Agrícola (LMDSA) was the first law that aimed specifically at directly stimulating the Honduran land market. It was part of a broader program of structural adjustment instituted by the administration of Rafael Leonardo Callejas that came to power in January 1990. In spite of much popular opposition, a policy that included privatization, currency devaluation and a broad program designed to substantially reduce government involvement in the economy was undertaken (Secretaría de Recursos Naturales 1991: 2).

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\(^2\) There is no fee to title a national or ejidal parcel of less than 50 hectares; the cost for a parcel larger than 50 hectares is estimated to be US$600.00 (Stanfield et al. 1990: 5; López 1995: 30). Nevertheless, smallholder families do have other costs related to the titling process (meeting with PTT teams, providing them documentation as to possession of the land).
Several important provisions of the LMDSA were intended to modify the 1982 PTT in a direct attempt to spark the formation of a land market. First, peasants illegally occupying national lands, were given the right to obtain a title after only three years of occupation, rather than the ten years specified by the PTT (Thorpe 1997: 46; Honduras 1992). This allowed those lands with precarious legal status to be legally secured seven years earlier than the preceding legislation would have allowed. They could potentially, then, be bought, sold, rented or used for collateral for land improvements.

Second, land titling was made possible for holdings as small as one hectare (Thorpe 1997: 46; Honduras 1992). Earlier measures designed to combat the minifundio problem had not permitted title for parcels smaller than five hectares. The unintended consequence of such a policy, was the exclusion of all holdings under 5 hectares from the titling process and thus, from the land market. Table I, presenting data from the last agricultural census in 1993, shows that fully 71.8 percent of all rural holdings were less than 5 hectares. If it can be argued that absence of full title (dominio pleno) effectively excludes parcels from the land market, then, in effect, nearly three quarters of all rural holdings had been excluded from the land market by the PTT.

Reversing a nearly sacrosanct provision from the 1962 legislation, the LMDSA permitted rental of both private and reformed sector lands as long as they were fully titled (dominio pleno) (Thorpe 1997: 46; Honduras 1992). This too allowed previously excluded lands into the land market. On the other hand, it is important to point out that rental of reformed sector land was widespread before the LMDSA legitimizied such activity (Thorpe 1995: 9). The LMDSA also allowed the lands owned by those collective enterprises formed through the Agrarian Reform process to be subdivided and awarded to individual members of the cooperatives (Thorpe 1997: 46; Honduras 1992). These holdings could be sold under certain conditions and were, therefore, available for activity within the land market.

In an even more direct attempt to stimulate the land market, Article 69 of the LMDSA says that the “State will promote the creation of necessary mechanisms to facilitate the acquisition of productive rural lands by means of market transactions, with the purpose of expanding access to land and developing a stable and orderly land market” (Thorpe 1997: 46; Honduras 1992). Whereas the promotion of a meaningful land market through the PTT was a hoped for result of the provisions of that legislation, the LMDSA specifically stated its intent to “develop a stable and orderly land market.” The other provisions of the law were designed to support the achievement of this important goal.

The LMDSA also eliminated gender discrimination by allowing women to receive titles on their own (Honduras 1992; IICA 1995: 27). While previous legislation had permitted only widows and single women to hold land titles, the 1992 law removed gender limitations completely (Thorpe 1997: 46; Honduras 1992). This provision permitted a larger number of rural peasants to participate in land market activities.

7. HONDURAN LAND MARKETS: IMPACTS AND CHANGES

It is important to point out that the evolution of agrarian policy in Honduras cannot be neatly segregated into the periods and modalities that have been suggested for the purposes of discussion in this paper. As has been demonstrated above, the distribution of land continued long after the 1982 PTT legislation seemed to offer an alternative policy. Similarly, the sale of reformed sector land that had been prohibited until the 1992 LMDSA actually began several
years before that important legislation. The most notable and one of the earliest cases involved the sale of the reformed sector cooperative, Las Isletas, to Standard Fruit in 1990. This sale was especially noteworthy because the land of Las Isletas had formerly belonged to the fruit company and had been seen as a triumph of the agrarian reform when peasants were awarded the holdings of the foreign enterprise almost thirty years earlier (Salgado 1996: 123).

Similarly, it should not be assumed that with the recent emphasis on land titling and even more recently on land markets that previous policies of land distribution, colonization and occupation have been completely discarded. Peasants continue to invade land, though not with the frequency or the popular notoriety of earlier years (Ganther 1994: 9). In the 1990s, Carlos Roberto Reina supported colonization schemes that opened land of the Sico-Paulaya river valleys to landless peasants from the western part of the country. Reformed sector land was being sold off so quickly that in 1994 the national congress passed legislation permitting the sale of reformed sector cooperative lands only with the approval of INA (Salgado 1996: 124; Thorpe 2000: 231). As the data presented in Table III indicate, distribution of land has continued down to the present day.

The preceding discussion has documented the historical evolution of Honduran land tenure through the agrarian reform program, the land titling project and the agricultural modernization law. During this forty-year history, land markets have become increasingly active, though even in their present form, it would be less than accurate to describe them as efficiently functioning mechanisms for the sale and purchase of land at prices established by the workings of the free market.

Other related processes, including titling, technical assistance, infrastructure and credit services also facilitate the functioning of the market (ANACH 1983: 5-13). Peasants frequently lack access to commercial credit and agricultural technology in large part because they lack clear title to the national lands they occupy without clear title (Childress 1991: 6). Beyond title, however, their poverty and attendant inability to access economic resources of virtually any kind limit their productivity and affect family health and welfare.

Land markets also depend on the easy availability of land information. Honduras has both cadastral services and land registries that could serve as the basis of such land information. Nevertheless, these institutions are only recently – especially since the 1982 PTT – becoming more uniform and more complete (Stanley et al. 1996). Attempts to improve the land information system have been only moderately successful, due in large part to the fact that many land transactions continue to be informal and carried on outside of the formal legal structure established over the last two decades.

Building on Decree 186 from 1975, enabling legislation for a national cadastre system was passed in 1980 (Stanley 1996: 25). Designed to map and delineate all properties, the project has found it difficult to complete its mission due to a failure to complete the national surveys that would serve as its base. Furthermore, the imprecision that accompanies the informal land tenure structures described above, confuses the boundaries of even those parcels that are measured. In support of this cadastral system, each political department in Honduras has at least one property registry office in which land documents are to be registered (Trackman 1999: 7). Lack of coordination between the cadastral system and the departmental property registries has limited the positive impact that these offices might have on land market activity. The disorder that characterizes these structures limits both their legal validity and popular acceptance.
Furthermore, uncertainty surrounding boundaries, titles and land tenure complicate the collection of property taxes.

As has been the case historically, the present performance of the land market is affected by a series of non-market forces. First, the characteristics of the latifundio/minifundio land tenure system, have presented serious impediments (and at times incentives) to the working of the land market. Second, the presence of large multinational fruit companies have impacted the way in which land, especially holdings along the north coast, is bought and sold. Third, the implementation of government policies, the creation of land-related institutions and the passage of national legislation designed to regulate land have all combined to stimulate – or, alternatively – restrict, the operation of national land markets. Fourth, international aid programs, especially those of USAID, but including funds from other sources as well, have helped to shape the Honduran land market that is beginning to emerge and function more efficiently today. Finally, there have been, especially in recent years, attempts by the government to stimulate the land market through the support of related activities such as land market information systems, land registries, a cadastral office, agricultural credit and technical services.

7.1 INEQUITABLE LAND DISTRIBUTION

The land tenure system in Honduras continues to be dominated by an unequal distribution of land, with a small number of large landholders continuing to control over 50 percent of the nation’s total acreage (Stanley et al. 1996: 24). At the same time, a large group of rural peasants with less than the five hectares considered essential for basic nutritional needs own only 13 percent of Honduran lands (Thorpe 2002: 111). Recent estimates suggest that fully 300,000 rural families own no land at all (Salgado 1994: 14). The various agrarian reform measures described above failed to target the latifundios (Naciones Unidas 2001: 22). The result has been the long term preservation of an asymmetrical land tenure system that impedes the development of the land market in several important ways.

Smallholders continue to find themselves excluded from the land market through their lack of the secure title, which serves as the basic prerequisite for formal land sales and for collateral to request loans needed to finance land improvements. This group of landless peasants and small holders is further limited in their land market participation by an inability to purchase land due to low-income levels. Finally, as the quality of the land of this group of peasants deteriorates due to both the inability to finance improvements and the lack of resources to prevent erosion, improve soil or protect existing flora, its market value is likely to diminish.

At the same time that smallholders are routinely excluded from participation in the land market, large landowners are potentially able to increase the size of their holdings through economic, political and even coercive pressure. As they expand the amount of land devoted to export agriculture, they frequently force peasants with only usufruct rights to leave the land which often represents their only asset and source of livelihood and security. Those smallholders that have full legal title, dominio pleno, may be forced to sell at prices below the fair market value when they find themselves in need of cash or out of work. Thus, unlike many rural peasants who are excluded from the land market, large landholders, through their economic and political power, are able to control land transactions to the point that they undermine the free functioning of the land market.
Just as the land tenure system and land distribution structures have influenced the free functioning of the land market, so have the policies of the international fruit companies. These companies directly and indirectly affected the functioning of the national land market. In a direct and obvious manner, the economic enclave, comprised of the companies’ growing land holdings, effectively eliminated large portions of the national patrimony from involvement in the domestic land market. Landless rural peasants, clamoring for their own parcels, could not hope to compete with the economic power of the fruit companies to purchase land on the north coast. Furthermore, even if the companies were inclined to sell their holdings, peasants did not have the financial resources that would enable them to purchase. Thus, fruit company lands along the north coast were in effect excluded from the Honduran land market by the companies’ refusal to sell and by the inability of most Hondurans to pay the price that fruit company lands would certainly command on the open market.

The fruit companies also affected the land market indirectly. The growing disaffection of company workers, especially following the massive layoffs in 1954, spread as laid off workers were transformed into landless rural peasants who brought their history of vocal agitation for social change to the peasant movement. Former union leaders helped to organize the peasants in their call for agrarian reform measures directed at company lands. The impact of this mobilization extended far beyond fruit company lands, however. The activism of the Honduran peasant organizations served as a model for the rest of Latin America. Within the context of the Honduran land market, this activism was largely responsible for the agrarian reform legislation passed by elected and military reformers in the 1960s and 1970s. The peasant movement’s own energetic pressure on the Villeda Morales government in support of agrarian reform led to the 1962 legislation that started the government sponsored land distribution program. Continued pressure by the peasants down to the present day has played an important role in further agrarian reform legislation.

**7.2 Government Policies**

Government policies affected the creation of a Honduran land market not only by means of the agrarian reform legislation, however. While the exclusion of 330,000 hectares (Muñoz 1993: 54) of adjudicated agrarian reform land from the possibility of sale or rental directly impacts land markets, most government policies have a more indirect effect. Government policies, both colonial and modern, excluded the *ejidal* lands of local governments from the land market by prohibiting their sale. Peasant families were granted usufruct rights to *ejidal* land; after enjoying these rights for long periods of time, families tended to consider *ejidal* land as theirs. The national government, by laying claim to all lands not covered by legal titles (*dominio pleno*) while failing to provide uniformly adequate procedures for their sale, also confused the legal status of usufruct holders of national lands. That same government’s failure to provide either a uniform cadastral system or titling process that would be applicable on a national level, legitimized the informal system of land titling and land transfers that has complicated land sales and confused ownership rights across the nation. Finally, legislation prior to the LMDSA sanctioned peasant occupation and government expropriation of land. This long-standing provision of land reform measures had the effect of making land tenure more insecure (Norton 1991: 3).

Well-intentioned government attempts to improve on the informal titling structure in the 1960s and 1970s often served only to complicate the already confusing land tenure system and formal
titling procedures. These government initiatives have either intentionally removed land (e.g., in the case of reformed sector and ejidal holdings) from the land market or confused the process to such a degree that ownership is thrown into question and the affected lands are thus effectively excluded from the market.

On the other hand, more recent government initiatives have intentionally stimulated the market for land. The 1982 PTT and the 1992 LMDSA both attempted to improve the functioning of the national land market. They established relatively inexpensive uniform titling procedures, eliminated previous exclusions of some reformed sector and ejidal land from the market, and provided funding incentives to support a land bank. Furthermore, the 1992 LMDSA modified previous legislation that had prohibited either the rental of reformed sector land or investment by outsiders in joint business ventures involving reformed sector land (Naciones Unidas 2001: 45).

At each succeeding juncture, the government and its advisors seemed to think that they had hit on the ultimate cure – land distribution, titling programs, land market stimulation – only to find out later during implementation of the programs that the Honduran agrarian structure is too complex for a simple quick fix. Many of these government initiatives would have been impossible without outside financial support. Funding from the United States Alliance for Progress supported the initial agrarian reform measures legislated by Ramón Villeda Morales in 1961 and 1962. U.S. support for the reformist agrarian stance of Osvaldo Lopez Arellano in the early 1970s was in keeping with long-standing policy from Washington that tied aid packages to agrarian reform. In the early 1980s, the Honduran government began implementation of a USAID-funded land titling project. Broader policy initiatives couched in the terms of neo-liberal structural adjustment have provided the context into which these more recent specific legislative programs have been implemented.

**7.3 HONDURAN LAND MARKETS AND SUSTAINABLE RURAL DEVELOPMENT**

The varied policy initiatives and programmatic designs of the last four decades of Honduran agrarian reform have all been based in part on the fundamental belief that a key to solving the problem of rural poverty is to be found in the redistribution of assets – primarily land – to the rural poor. However, as the shortcomings of the redistributive efforts of the 1960s and 1970s became apparent, policy makers and academics searched for alternatives. In the 1980s a broad consensus appeared and pointed to tenure insecurity as a major barrier to smallholder agricultural development throughout Latin America (Stanfield et al. 1990: 1; Delgado Fiallos 2002: 1).

Beginning in the 1980s and continuing to the present day, this approach (which found its most comprehensive Honduran expression in the PTT and LMDSA legislation described above) has been grounded in the proposition that “A key to sustainable rural development is legally secure entitlement to land on the part of the disadvantaged” (Bloch & Stanfield 2001). Having reviewed the history of the agrarian reform movement in Honduras, this section will attempt to gauge the success of Honduran land titling initiatives in promoting sustainable rural development. This will be done by examining performance in several key areas identified by policy makers as targets of land titling programs.

**7.3.1 Tenure Security**

The foundation of land titling programs rests on security of land rights. Without secure title to their land, disadvantaged farmers are excluded from productive economic activity. Reformers in
Honduras reasoned that legal land titles issued by the central government should provide smallholders with the sort of tenure security that informal documents could not (Montaner-Larson 1999: 362; Montaner-Larson 1995: 20). They pointed to the extra-legal (at least from a national perspective) nature of the widely accepted and locally produced property deeds as the cause both of land insecurity and rural poverty. More specifically, they highlighted the fact that a majority (up to 60 percent) of agricultural land is not legally titled (Stanfield et al. 1990: 2-1) and that at least 50 percent of rural Honduran smallholders lack legal title to the land that they work (López 1995: 1). This absence of formal documentation was seen as proof of the insecure nature of landholding in the 1980s and 1990s.

They acknowledged the existence of an informal or “customary” system of land tenure based on both oral agreements and quasi-legal documents such as the widely used escrituras públicas. These papers represented the documentary basis of traditional land tenure systems that have historically controlled the ownership and exchange of land parcels in rural peasant populations (Jansen & Roquas 1998: 85; Stanfield et al. 1990: 3; Montaner-Larson 1995: 62). This method of land titling is still widely recognized at the local level as providing whatever tenure security a smallholder might need to protect her/his land from other claims.

Recently, some analysts have argued that tenure insecurity, if it did exist prior to the reform legislation embodied in the PTT and LMDSA, was certainly neither as widespread nor as acute as the authors of land titling programs have claimed (Montaner-Larson 1999: 378; Wachter 1997: 185). Although peasants prior to 1983 may not have had official titles issued by the Honduran Government, they routinely claimed, purchased, worked, and sold land as if they were the legal owners (Stanfield et al. 1990: 13). The informal system of land tenure served to administer land rights for local residents. The complications introduced through the central government’s titling programs have, in the opinion of some, served to cloud the issue of land tenure and to exacerbate rather than ameliorate land conflict (Barham et al. 2003: 37). A more strident rejection of the contention that formal land titles provide greater security is put forth by Jansen and Roquas. They argue that by circumventing socially accepted local methods of regulating land tenure, the PTT has in fact done quite the opposite, causing an increase in land conflicts (Jansen & Roquas 1998: 101). Nevertheless, based as it is on locally prepared documents and informal verbal arrangements, the security provided by this informal land tenure system is restricted to the residents and area of the local community.

7.3.2 Credit Access

It has been argued that the limited utility of these informal documents is reflected in the unwillingness of banks and other sources of commercial credit to accept land as collateral unless it is supported by other more formal proof of ownership. Two separate studies report that before the beginning of the PTT, only about one fifth of rural farmers had actually succeeded in accessing commercial credit (Stanfield et al. 1990: 29; Montaner-Larson 1995: 62).

Land titling was seen not only as a method of improving the security of land tenure and addressing the issue of rural poverty, but also viewed as an avenue through which smallholders could gain access to the credit that they needed to make investments in their land. Credit access would in turn support increased agricultural productivity and an improvement in the living standard of the disadvantaged. The success of land titling efforts to improve this access to credit is the topic of vigorous debate. López reports that by the early 1990s credit access was
substantially higher among rural landholders that had received PTT land titles. He shows that in 1992-93 29 percent of all farmers who had received land titles after 1983 had also been the recipients of credit. The same set of data indicates that only 22.1 percent of those farmers who had not benefited from a post 1983 title actually received any sort of credit (López 1995: 7, 36).

In a more interesting study, Stanfield et al. indicate that by the end of the 1980s there was an increase of 107% in credit received by those peasants that had received titles as a result of the PTT and a contrasting drop of 39 percent in a control group that had not received land titles (Stanfield et al. 1990: 29). Thus, it seemed that titling efforts had indeed paid off—those with title were more likely to receive credit than were their untitled counterparts. This study revealed, however, that the increased access to credit occurred only in two communities where innovative bank managers were pro-active in approving loans to the newly-titled farmers, while in other communities there was no increase in credit access for titled farmers. The conclusion was that titling should be accompanied by efforts to educate bankers and modify bank policies so as to validate the legal standing of titles, thereby attesting to their value as collateral for credit.

By way of contrast to this generally positive assessment of the effect of land titling on credit access, several authors suggest that the land poor, due to their economically disadvantaged status, continue to encounter constraints in the wealth-based rural Honduran credit market. They argue that formal loan access is beyond the reach of the poorest segments of rural Honduran society, whether they possess land titles or not (Barham et al. 2003: 37; Boucher et al. 2002: 20; Fandiño 1990: 12). In an analysis that focuses more specifically on the correlation between the Honduran land titling programs and access to credit, Montaner-Larson contends that access to credit did not appreciably increase with receipt of a PTT title. Rather, she presents evidence that points to farm size and NGO activity as the primary causal factors in determining access to credit. In both of the Departments encompassed by her study, households with less than five hectares of land were less likely to solicit credit than their neighbors with larger holdings (Montaner-Larson 1995: 119).

7.3.3 Land Market Activity

If tenure security was designed in part to increase access to credit, it was also hoped that the titles provided by the national government would facilitate the functioning of a land market in which parcels would be freely bought and sold, finally ending up in the hands of the most efficient producers (Montaner-Larson 1999: 362; Boucher et al. 2002: 11). This line of reasoning holds that due to the insecurity implicit in the informal ownership and transfer documents, many potential local participants are excluded from the land market. Furthermore (and with implications for the efficient functioning of a national land market) prospective buyers from outside the immediate area are left out because they are suspicious of the unofficial character of the land documents (Montaner-Larson 1995: 63).

Building on this reasoning, it was expected that exchanges of land through rental or purchase agreements should increase following the issuance of formal titles recognized by a central governmental authority. The sort of tenure security problems reported by many authors (e.g., Jansen & Roquas 1998) would hopefully be reduced with the distribution of legal titles issued by national authorities. Several studies have used data provided through the USAID-funded PTT project to gauge activity in the Honduran land market over the past twenty years. Analyses have
both supported and criticized the effectiveness of land titling efforts to encourage a more robust land market.

It is generally agreed that the Honduran land titling programs have not significantly stimulated land sales (Strasma 1991: 3; Stanfield et al. 1990: 29; Montaner-Larson 1995: 210). This is not an altogether negative finding, however, as critics of land titling had warned that the ease of sales transactions occasioned by the awarding of a title would possibly lead to a massive sell-off of small parcels by the rural poor who, thus divested of their most valuable assets, could logically be expected to join the growing trend of migration to urban areas. Stanfield, writing in 1990, reported that land sales among those rural residents that had received land titles through the PTT program varied little from others that had not received titles (Stanfield 1990: 3).

While there is significant support for the proposition that land titling has had only minimal effects on land market transactions, one recent analysis reports some evidence that the titling program may in fact be reinforcing the bifurcated Honduran land tenure structure. It suggests that on the one hand the number of smallholders is growing as small plots are subdivided and transferred through inheritance or gifts to family members. On the other hand, persons already in possession of large landholdings do purchase additional land, possibly from smallholders who now have PTT titles (Barham et al. 2003: 54). Evidence for the latter type of purchases is limited, however.

If land sales have not increased as a result of titling, the case appears to be different for land rentals. Results from a survey of 850 households undertaken in 2001 in five departments show that the percentage of households renting in land increased from 6 percent in 1993 to 26 percent in 2000. Of the lands rented, a majority came from large landholdings (more than 50 manzanas) and was rented by landpoor households (Boucher et al. 2002: 21). Using the same data, other reports indicate that households owning 5 manzanas or less, are actually renting land in quantities sufficient to increase by 50 percent the total amount of land that they are working (Barham et al. 2001: 14; Barham et al. 2003: 47). The authors make two observations regarding land rentals: rental markets are more active today than they were prior to the passing of the neo-liberal reform legislation, but land loans rather than fixed cash rentals and sharecropping arrangements account for the majority of the reported upsurge in land rental activity. These land loans may be a continuation of pre-titling informal arrangements between friends, relatives or neighbors that are carried on without the benefit of state-issued titles or other formal documentation.

Changing prices for land are important aspects of land markets. An intriguing result from the 1990 Stanfield et al. publication is that peasants with INA titles perceived that the value of their land had increased subsequent to the awarding of title. The data from that study referred only to perceived increases in values for titled land and not prices actually paid in sales, but they do support the notion that titling does affect land holder thinking about the land and its value to them. Statistical evidence to bolster these conclusions was not presented in the Lopez 1995 re-study. Bonnard’s 1995 investigation also revealed peasants’ perceptions that land values had increased with titling, allowing her to tentatively conclude that a positive relationship exists between INA titles and land prices. Data from a large number of actual land sales over time, titled and un-titled is needed to make more definitive conclusions about the effect of titling on land values.
There is lack of definitive evidence concerning the impacts of the titling program on the dynamism of land markets (number of transactions) and on the value of land. Several possible explanations should be considered. First, it has been demonstrated that rural Honduran peasants had traditionally been involved in land market transactions, even before the implementation of comprehensive land titling programs (Stanfield et al. 1990: 13). Thus, plots of land were bought, sold, and rented using the mechanisms of the informal land tenure system mentioned above. Also, the actual meaning of formal titles to land takes time to demonstrate to landholders through the operations of land markets. It may be unreasonable to expect such effects within a five or even ten-year period. It is also difficult, with survey methodology, to follow landholdings over lengthy periods of time. People inherit, acquire, and dispose of land within the family using various arrangements so that it is difficult for researchers using survey research techniques to establish what exactly happened to the ownership of land studied, for example, ten years previously.

7.3.4 Transaction Costs

Of particular relevance to the issue of land sales is the cost of effecting a land transfer, whether it is a rental, a sale, a gift, or an inheritance. As will be discussed in the following sections, land transfers of any type typically involve, in addition to the exchange of property, a monetary cost. (One of the advantages of the land loans discussed above is the avoidance of such costs as the transfer is temporary and entered into on an informal basis between trusted parties.) As these transaction costs increase, the ability of resource-poor rural residents to engage in land transfers decreases. If land transacted informally incurs relatively small transfer costs, an economically disadvantaged rural landholder may decline to pay additional costs associated with new administrative procedures. The issue of transaction costs merits closer scrutiny.

Transaction costs pertaining to sales and mortgage transactions are of crucial importance when considering the land market in general and land sales in particular. It has been argued that the additional costs associated with official titles—the necessity to pay for lawyers and registrars to register transaction documents—has increased the cost of land transactions and thereby served as a damper to land sales (Jansen & Roquas 1998: 102; Strasma 1991: 7). These increased transaction costs may combine with the unequal credit access mentioned above to reduce the frequency of land sales involving the rural poor. With limited resources, resource poor rural households may find it difficult to pay what appear to the outside observer to be relatively minor transaction costs (Jansen & Roquas 1998: 95).

7.3.5 Land Registry

An important component of a land titling program is an efficiently functioning land registration system. Properly registered land claims reinforce the ability of land holders to defend those claims. As titles to land are issued, a national property registry serves to record those titles and subsequent land sales, thereby providing documentation to further validate claims to land holdings. Just as the titles themselves are designed to provide security for the titleholder, so a comprehensive system of land registry offices is meant to back up those titles with the authority of the central government.

In 1994, the Honduran Supreme Court established the Comisión Interinstitucional para la Modernización del Registro de la Propiedad Inmobiliaria, which was designed to regularize land
tenure on a nation-wide basis (Trackman et al. 1999: 19-20). The commission, funded in part by the World Bank in 1997, was designed to improve a deficient system already in place (Delgado Fiallos 2002: 19; Strasma 1991: 8). As mentioned previously, each political department in the nation has at least one office where property registry information is recorded. The comprehensive plan for property registry set up by the Supreme Court, however, will not promote either tenure security or improved economic conditions if land titles and transactions are not recorded in those offices.

Certain parallels can be seen between the way titling has proceeded and the manner in which the land registry has performed. As mentioned above, there has been a general reluctance on the part of some rural land holders to apply for the titles offered through the government sponsored land titling program. Similarly, the success of the reformed land registry has been hampered by the widespread failure of rural holders to record land transactions entered into after the initial titling (Stanfield et al. 1990: 39). The failure to use the property registry may in part be a negative reaction to what is perceived as a redundant procedure for land transactions that are sanctioned at the local level by the informal land tenure system that has been in place for such a long time. Finally, the costs of registering land transactions (including legal and travel expenses) may be seen by disadvantaged rural land holders as a barrier to registration.

Experts have recognized the importance of an efficiently functioning land registry to tenure security. In turn, that land registry has to be accessible to low income land holders if it is to function as a comprehensive inventory of all land transactions. Thus, an important focus of reformers has been to guarantee low land registration costs as a means of encouraging universal registration of land exchanges. Lower registry costs should promote both tenure security and a more robust land market by reducing the costs of land sales.

### 7.3.6 Farm Investments

Just as the land titling programs had intended to increase security, access to credit and land market activity, it was also hoped that they would stimulate investment by rural smallholders in their own land. Investment should increase, the argument ran, because landowners, with legally issued titles, would feel more confident that they would not lose their land and therefore benefit from their investment. Furthermore, with greater access to credit, smallholders’ desire to increase productivity would be complemented by the ability to purchase fertilizer, improved seeds, technical assistance, tools and machinery (Thorpe 2000: 237; Stanfield et al. 1990).

Nevertheless, as early as 1990, Stanfield et al. reported that titled and untitled smallholders showed no appreciable difference in the rates at which they invested in their land (Stanfield et al. 1990: S-6). Subsequent studies concurred with this assessment (Montaner-Larson 1995: 210 & 1999: 378; Jansen & Roquas 1998: 101). A more nuanced analysis is presented by López, who suggests that while INA titles did not affect investment in machinery and equipment, they did lead to increased investment in infrastructure. He attributes this increase to an attempt by newly titled farmers to catch up to those land owners that had previously obtained titles to their land (López 1995: 24). The López assessment has been criticized for methodological weaknesses and mathematical inconsistencies (Thorpe 2000: 238). A similar conclusion is drawn, however, by Montaner-Larson who compares the use of a variety of inputs and improvements (from improved seeds to fertilizers to terraces, machinery and windbreaks) between titled and untitled groups over a ten-year period. She reports that while investment in new coffee trees did in fact show a
greater increase for titled farmers, there is no clear link between title and increased investments in other inputs and improvements. She attributes the investment in coffee trees to other factors, such as the influence of a technical assistance project (The Small Farmer Coffee Project), rather than to the possession of a formal title (Montaner-Larson 1995: 163, 210).

The lack of evidence showing that PTT titles contribute to an increase in on-farm investment may in part be based on the fact that many small holders already felt secure in their land ownership even without titles issued by the Honduran government (Montaner-Larson 1995: 214; Fandiño et al. 1986; Wachter 1997: 185). Smallholders who felt secure on their land would not be likely to change their behavior if the new documents received via the land titling programs were not felt to provide them with any greater legal rights to their land. If access to long term credit is not available to smallholders, their ability to make long term investments is severely limited, with or without PTT titles.

8. CONCLUSIONS
The problem in Honduras has not been that a land market does not exist. Land is bought, sold, improved, and used as collateral both for land improvements and other ends, whether titled or not. Rather, the difficulty with today’s Honduran land market is its inefficiency. Its shortcomings can be traced to those factors that the previous analysis has highlighted:

- Continued inequitable distribution of land and strength of landed elites
- Continued strength of the fruit companies
- Existence of a large number of landless peasants
- Absence of national uniformity in titling documents and procedures
- Lack of comprehensive land registry
- Cadastral deficiencies
- Inefficient distribution of technical and credit services
- Incomplete land information
- Confusion over validity of land titles and need for INA title.

Focusing on the impact of land titling in Honduras, we have reviewed a large number of studies, using comprehensive datasets collected over a period of two decades. Unfortunately, the quantity of information and the breadth of analysis available have not decreased debate regarding the overall effectiveness of those same programs. The discussion has produced, however, a broad range of alternative suggestions.

A comprehensive approach to improve the effectiveness and impacts of land titling encourages further documentation of the customary land tenure system, a determination of the reasons for the lack of participation in the titling program, verification of land-value increases, and attempts to change lending policies to support legally-issued titles as sufficient collateral for loans and other measures (Stanfield et al. 1990). Another school of thought suggests that wealth-based market imperfections affecting access to credit, technical assistance and even land itself, must be addressed if the original objectives of the land titling program are to be achieved (Montaner-Larson 1995; Barham et al. 2003; Barham et al. 2001). Yet another option is to use land taxes to
redistribute wealth away from the land rich to the land poor (López & Valdés 2000; Delgado Fiallos 2002: 15). In sharp criticism of the land titling program, a more radical proposal has been made to discard large-scale titling schemes in favor of local programs that recognize and build on existing indigenous systems of land tenure (Jansen & Roquas 1998).

Within the context of this far-reaching debate, however, at least four general conclusions can be drawn. First, there is general agreement that the PTT titling effort, in and of itself, is not sufficient to increase tenure security, access to credit, on-farm investments, or land market activity in Honduras’ rural smallholder population (Stanfield 1990: 3; López 1995: 32; Wachter 1997: 185; Barham et al. 2002). There is evidence, however, that under some conditions improving tenure security through the issuance of PTT titles plays a positive role in credit access and on-farm investments.

Second, the level of participation in land titling programs continues to be low. In 1989, seven years after the start of the titling programs, only 18 percent of households with less than 5 hectares possessed an INA title in six departments surveyed (Stanfield et al. 1990: 17). In a 1994 follow-up survey in the departments of Santa Barbara and Comayagua, only 56.4 percent of respondents reported that they had an INA title for at least one parcel of land. Furthermore, for the highest income group 63 percent owned at least one INA titled parcel, while the two lower income sectors reported only 54 and 52 percent respectively (López & Romano 1995: 24).

Third, the resiliency of the dualistic system of Honduran land tenure, in which a relatively small number of landowners controls a large percentage of national lands, limits the effectiveness and impact of land titling initiatives. There is evidence that the inequitable distribution of agricultural land has in fact increased in recent years. A panel data set comparing calculations from 1994 and 2001 shows that the Gini coefficient for land concentration increased from 0.71 to 0.76 for land owned and from 0.71 to 0.75 for land operated (Barham et al. 2001). This trend has left the vast majority of rural households with limited access to land. As the preceding discussion has pointed out, there has been evidence of some changes in credit access, land transfers, on-farm investment, and tenure security, although not to the degree that some theories predicted. It is reasonable to argue that these disappointing results may be more a function of the entrenched character of an existing land tenure system than a valid critique of land titling.

Fourth, the combined impact of a broad and complex series of forces at work in Honduras over the past four decades makes it difficult to assess the effect of a single factor – titling programs – on either the land market or the titling process itself. Reference has been made in the preceding pages to the broad complex of influences affecting Honduran land tenure. These include such disparate forces as the exit of 130,000 Salvadorans after the Soccer War, the precipitous increase of foreign aid in the 1980s, and complex legislation aimed at tourism, coffee producers and the environment. To varying degrees, each of these influenced the land tenure system and the process of land titling. As a result, changes in such things as land transaction costs, frequency of land transfers, and credit access by the rural poor are difficult to attribute solely to titling programs.

In conclusion, while recent scholarship has provided some evidence of the beneficial impacts of land titling, limitations on that research restrict reaching definitive conclusions. The evidence that has accumulated indicates that land rental and land lending are more active following titling, but that the number of actual sales do not change in titled versus un-titled land. Perceived land values do seem to increase for titled land, an important indicator of landholder appreciation of
titled land and an indicator of the “capitalization” of peasant landholders following titling. Credit access seems to be improved for the holders of titled land, if banks change their procedures. Investments in land improvements do not necessarily occur after titling, although capital items seem to be higher on titled land. These mixed and sometimes conflicting results may be due to methodological limitations of survey research, even longitudinal studies. That type of research should be complemented with case studies that are able to focus on structural and institutional factors that influence the effectiveness of titling.

Legally secure entitlement to land continues to be one of the necessary pre-requisites for sustainable rural development. Honduras’ land titling programs have laid the groundwork for that security. Additional reforms will be needed, however, if those titles are to continue to promote land security, access to credit and land market activity and broader, more equitable and more sustainable development of agriculture in Honduras.

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