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The Politics of Agrarian Transformation in Mexico

ACADEMIC DISSERTATION
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Pekka Valtonen
Preface

In November 1985, on my first visit to Mexico, a couple of months after the terrible earthquake in Mexico City, I happened to stand together with my wife in the crowd witnessing Miguel De la Madrid Hurtado, then the president of Mexico, inaugurate the new Solidarity Park (Parque de la Solidaridad) in place of a ruined building at the other end of the Alameda Park in the center of the city. The word ‘solidarity’ referred, at that time, so I think, to the compassion towards the victims of the earthquake. Eventually, a new museum was built at the other side of the Solidarity Park, and built for one piece of art only: to portray the magnificent mural ‘Sunday Afternoon in the Alameda Park’ by Diego Rivera, rescued from the ruins of Hotel del Prado. In the painting Diego Rivera mocks the upper classes of the Porfirian era - classes that used to stroll in the park on Sunday afternoons, feeling very little solidarity of any kind with their poor fellow Mexicans that formed the overwhelming majority of the nation’s population. It was a perfect painting to match the name of the park.

After the inauguration of the park, it soon became an almost institutionalized site of demonstrations: almost every time I’ve visited the capital of Mexico, there has been a ‘permanent’ demonstration of this or that group with their tents and banderolls erected as for an eternal stay. Demonstrators - usually of the left of the political spectrum - seem to take, quite consciously, rhetorical advantage of the name of the park when presenting their claims on behalf of political prisoners, street vendors, indigenous rights, killed campesinos or human rights in general. While aiming their claims towards the government, the PRI party, the city, the national police, or this or that authority, the demonstrators have sought the solidarity of the public, of fellow Mexicans, and of tourists as well, passing by or visiting the museum to see the painting.

Pretty soon after, the word ‘solidarity’ appeared in the name of the economic policy package of the de la Madrid administration, Pacto de Solidaridad Económica, aimed at battling inflation and propagated as an accord between the state, business sector and trade unions. This time the ‘solidarity’ was used to express the presumed mutual commitment of these economic actors in times of crisis threatening the existing economic model. And after that, the word sprang up even more loudly and vigorously during the sexenio of Carlos Salinas de Gortari, as the National Solidarity Program (Programa Nacional de Solidaridad) of his government was hailed intermittently in advertisements in TV, radio and press. Now the solidarity was projected towards the poor, the victims of the economic restructuration still in process.
Why such an abundant use of the word ‘solidarity’? Why is it a word worth adding to a name of a public park or of a state-sponsored economic program? Of course the word had its direct meaning - implying that victims of a natural disaster or of poverty were not forgotten by the rest - but deep down its particular susceptibility in the Mexican context, I believe, has to do with the peculiar legacy of the Mexican Revolution: that there came to be in existence a state in which the interests of all Mexicans - the rich and the poor, the mestizo and the Indian - were supposed to be vested and in which, even more importantly, those interests were supposed to be mutually compatible. This state was to be a major vehicle, or a channel, for the solidarity between classes and interests groups, all in the name of the nation.¹ In many respects, undoubtedly, the Mexican state has indeed shown and fostered a great deal of solidarity - as in the field of education and many other social services - but yet much of the solidarity, by the state and through the state, has simply been a form of public speech, official rhetorics with few corresponding acts to make the message a reality. For sure, the blame should not always be put on the state, as in many cases the well-intended actions of the state have been torpedoed at the local level by local strongmen and politicians, business elite and corrupt authorities. But then, it is the responsibility of the state to make its rule equally effective everywhere within its borders.

This contradictory nature of the Mexican state intrigued me: perhaps in no other Latin American country, with the possible exception of Cuba, has the state been so omnipotent and omnipresent, constantly discussed and both hailed and cursed by the people, as in Mexico. Simply because of the ‘solidarity’ bias of the official post-revolutionary rhetorics, the state is very much everybody’s business, fully a compromiso común, and something that people would not only expect to require something from them but also to provide things rightfully theirs, due to the supposedly popular and anti-elitist nature of the state (as opposed to the pre-revolutionary, Porfirian state). By a fair judgement, the breach between speech and action has been the greatest in respect to the Mexican peasantry, so highly esteemed in the official rhetorics and yet so meagerly awarded, as compared to other segments of the population. In the official parlance the true victors of the Mexican Revolution, peasants, have not received their share of the growth of the country into a major commercial and industrial power - now officially an OECD country. Peasants have seen times both better and worse, but in relative terms, their lot has been weakened, especially in respect to the growth and success of the commercial sector of agriculture. Although market forces, independent from state actions, have

¹ This underlying ‘solidarity ideology’ has been expressed on many levels in the Mexican society, e.g., in the ideas of José Vasconcelos, in the art of the great muralists, in the ingenuous structure of the PRI party with its "sectors", and in the programs and annual reports of various (possibly all) post-revolutionary governments.
dictated a part of the growing difference between peasant and commercial sectors, this has been quite a recent phenomenon; for decades, the state has been the principal organizer of conditions, allocator of resources and the distributor of benefits.

In 1991, I had the opportunity to spend almost the whole year in the village of Ixtlán de Juárez, Oaxaca, in the Zapotec area in the mountains of Sierra Juárez, north of the state capital. My initial purpose was to do a fieldwork-based, community-centered study on the livelihoods of the peasants in the village. For this end I gathered material on the economic activities of the people, which actually covered a whole range of occupations and employments from agriculture (mainly maize on the hill slopes, plus home gardening) to logging the pine forests of the municipality, working in the local saw mill and pine sprout nursery, and, mainly for women, selling small items (bought from state capital) and foodstuff at their small tienditas adjoining their homes, at their stalls in the local market or from door to door, or doing small services. However, there were larger processes going on in Mexico at the time; during that year, Mexico started the negotiations for free trade with the United States, subsidies were being reduced, and just when I had left the village, the constitutional reform of Article 27 was presented to the Congress, among other things. Had I hurriedly done a succinct study on the economic ways of the villagers, it still might have been a pertinent study with not too much time lag between the information of the ‘ethnographic present’ and the realities of the rapidly changing society. Making generalizations though might have been difficult.

A great deal has been written on the Mexican agrarian sector in the last three decades - and I would dare say most of the lot has been consulted for this work - and many excellent community-centered studies have clarified local level conditions from various perspectives and from all regions of the country. Beginning to have doubts on what original contribution my local experiences would bring to that body of knowledge, I started to seek a more comprehensive analysis, first for a background for my own study and then for the sake of its own. Many valuable macro-level studies do exist, and one needs only to look at the bibliography of this work to get an idea; worth mentioning here, for example, is the nine-volume (two of which are double ones) Historia de la Cuestión Agraria Mexicana, edited between 1988 and 1990 and consisting of articles by a host of experts on the theme (but ending the analysis at the outbreak of the debt crisis). However, what seemed to be missing was an analysis that would cover the whole post-revolutionary period of agrarian policy up until the the recent changes of the 1990’s, and one that would also bring in the wider perspectives of the political economy.
In particular, the major changes facing the agrarian sector during the Carlos Salinas administration, which inspired a lot of timely and well-evidenced research, seemed to require an analysis with both a more retrospective and wider scope. Just how much continuity from previous administrations was there in the agrarian policy of Salinas, and just how much originality was there in the **salinastroika**, in respect to the agrarian sector? Had it more to do with being just the final though dramatic phase of what had begun decades before? After 1991, having returned home and having seen enough of the TV commercials hailing the National Program of Solidarity, I began to wonder that.

In the end, I did not do a village-based, community-centered study. Instead, I started to look at the larger processes, and the more time passed the more obsolete my local material seemed to turn. As a result, and over the years, my focus on rural Mexico thus changed from micro to macro level, from a particular peasant economy to the political economy of the country, to the role of the state and of the markets in shaping the conditions for peasant economies in general. Before I fully noticed it, I had started to carve out a lengthy background paper for the agrarian policy of Carlos Salinas. With the free trade agreement taking effect in 1994, the Salinas government giving way to that of Zedillo’s at the end of the year in the midst of both economic and political crisis, it was logical again not to stop at the Salinas period but to look beyond. It was this ever-growing background paper that this study started to grow out of.

Although I did not produce any local level study, my stay in the Sierra Juárez of Oaxaca, in a predominantly Zapotec Indian and supposedly one of the most backward regions in the country, affected my views in one profound way. As an anthropologist and not as an economist, I had previously cherished the idea that indeed there had to be a fundamental difference between the peasant economy and the capitalist one, a difference that would make the two mutually antagonistic and operationally separate systems (cf. Valtonen 1988). Such an idea - based on the dichotomy between the substantivist and formalist views in economic anthropology (cf. Valtonen 1987) - seemed, at the time, somehow more fit to an anthropological world view than the opposite one allowing peasants more market-oriented strategies and insight, and I must admit there was a romantic clang in the idea as well. However, the reality is more varied and plural. My experiences in the Oaxacan village, after reading of similar experiences, convinced me that in the Mexican context at least, to speak about a systemically different peasant mode of production is simply incorrect. Mexican peasants have been participating in the markets, that is in capitalism, for a long time, and although they do not necessarily know of all the opportunities and are bound by many external constraints concerning the availability of alternative
options, they are not unaware of the market forces or of the role of the state as a mediator of those forces.

Also, this realization enabled me to take peasant economic strategies for what they are - that is economic strategies as such, rational and based on available choices measured against security and risk-proneness, within a single capitalist market economy, and not any expressions of a mystified articulation between two opposing systems - and thus put them against the real world changes and challenges. Whether or not this is something to be called ‘postpeasantness’ in the way of Michael Kearney (see over) is another matter, but it is definitely a much more simple and feet-on-the-ground approach than a dual economy approach striving to present peasant economy as an autonomous entity with its own internal ‘laws’ of operation, then entering into problematic theoretizations when peasants sell their produce in the markets, engage in wage labour and hire wage labour by themselves. But I leave it to the reader to decide whether my analysis, at the macro level as well as at the level of peasant responses is even close to correct. I do not intend to fool myself nor the reader to believe that a ‘total’ truth on a topic like this is ever accessible, and even more, presentable - the complexities and the inter-linkages of the many forces and wills at work simply make it impossible - but I do hope to give an analysis that despite of its defects still makes sense and increases our understanding on the theme we are looking into.
CHAPTER I:  
PEASANTS IN MEXICO AND IN LATIN AMERICA

Introduction: The Context and the Scope

The Rural Context

The data of the last agrarian sector census (VII Censo Agropecuario) of 1991 reveal that in Mexico there were 4,280,220 rural production units, engaged in agriculture, forestry and/or livestock.\(^2\) Of these units, 4,230,310 were individually held and 49,910 were held in groups (including enterprises) or in some cooperative form. Of these rural production units, 3,794,882 had agricultural land in their use, and again, of these, 2,990,865 had only temporal land, 504,310 only irrigated land, and 299,707 both irrigated and temporal land (INEGI 1993). About 27 percent, or 25 million people, of the population of Mexico (estimated at 91 million in 1995) live in rural areas, and of these the majority consists of peasants and of agricultural labourers (jornaleros), of which the latter do not constitute rural production units (unless they also have a piece of land) yet in the rural vernacular are often called peasants (campesinos) as well. As the rural production units, in the case of individually held units, are mostly counted by heads of households, and taking into account the agricultural labourers, we may say that the total number of peasant population settles somewhere between 15 and 20 million, the exact number constantly fluctuating because of the seasonal migration and of the problematique of the further definition of ‘transitory’ peasants (those on their way to an entrepreneur or a commercial farmer category).

Most of the producers are what are usually referred to as ‘traditional’ peasants, campesinos, producing primarily maize, beans and some other locally suitable crops for autoconsumption and domestic markets, and in cases of some old export crops (like coffee or henequen) also for export markets. (However, as we shall discuss further on, this assumed ‘traditionality’ is not a mental impediment to market participation but rather an outcome of the structural position of peasants.) In 1991, there were 2.4 million rural producers (the concept roughly

\(^2\) In addition to rural production units, there were 1,783,455 urban production units with some agricultural and/or animal husbandry activities. Having a fruit orchard or a vegetable garden or tending smaller animals like pigs or poultry within areas officially demarcated as urban is thus fairly common as well, and of course, much of the industrial pork and chicken production enterprises are located in urban areas.
corresponding to that of a rural production unit) who cultivated maize, solely or along with other crops. Some 90 percent of these maize producers had a landholding of less than 5 hectares, contributing 56.5 percent of the total maize output in 1991, and of their share, slightly more than half was autoconsumed and the rest was marketed. With all farmers, maize is grown mostly on temporal land; only about 12 percent of the total maize output was produced on irrigated land during the autumn-winter season. As the principal dietary staple of the Mexican people, maize was grown on 48 percent of the total crop area in 1991 (cf. Appendini 1994).

A special case within the agrarian sector is the *ejido* sector, a particularly Mexican phenomenon. The *ejido* sector - in Mexico also called the ‘social sector’ (sector social) - is one in which land and land tenancy rights have been given, recognized, and regularized by the state through the Agrarian Reform, *La Reforma Agraria*. In an overwhelming majority of cases, the land that has been distributed since the 1915 Agrarian Law (*Ley Agraria*) and the 1917 Constitution, up until the early 1990’s, has been given to petitioners as *ejidos*, which is a concept derived from the colonial past but given a new meaning with the Agrarian Reform: an *ejido* is a grouping of at least twenty peasant households where field land is individually partitioned but pasture and forest land and other non-agricultural land is held and operated in common. Later on, the Agrarian Reform came to recognize also the collective *ejido* (*ejido colectivo* or simply *colectivo*), in which all land is collectively held and operated under an elected leadership. Also, peasant communities that could prove an existing communal land tenure prior to the 1915 law were granted the status of an agrarian community (*comunidad agraria*), legally quite similar to that of *ejidos*; these were mostly indigenous communities. In the normal usage of the word, if not specified, all these types (regular *ejido*, collective *ejido*, and agrarian community) are referred to as the *ejido* sector.

A great majority of Mexican peasants are *ejido* peasants (*ejidatarios*) or, in the case of agrarian communities, *comuneros*. In 1991, there were 29,951 *ejidos* and agrarian communities with more than 3 million producers, as counted by the titleholders (INEGI 1993). Of these, a little more than 28,000 were proper *ejidos* and the rest, agrarian communities. The share of collective *ejidos* is difficult to determine, as these have been increasingly turned into regular ones. DeWalt, Rees and Murphy estimate in their review that, in 1992, there were still perhaps 1000 to 1200 collective *ejidos* (DeWalt & Rees & Murphy 1994, 6). The whole *ejido* sector covers over 102 million hectares, which is over half of

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3 The Agrarian Reform legislation also distinguishes ‘restitution’ (*restitución*) by which usurped land could be ceded back to the rightful owner, whether it be an individual, company, an *ejido*, or an agrarian community. However, most land redistributed has been handed out to *ejidos*, initially formed to make a petition for land from the state.
the national territory. However, only about 20 million hectares of the *ejidal* land is arable land, four-fifths being pasture, forest and non-usable land. The low share of agricultural land helps to explain why only about 28 percent of the total *ejido* sector land was parcelled for individual *ejidatarios*. Yet about 85 percent of *ejidatarios* and *comuneros* did have an individual parcel in 1991 (INEGI 1993). These figures have been changing in recent years, after the January 1992 constitutional reform, which allowed for the privatization of *ejidal* and communal land if the majority of members so wished, but so far we do not have official statistics on the changes. Until the reform, *ejido* sector land was inalienable: it could not be sold, rented or mortgaged, and arable land could not be let idle for more than two consecutive years on the threat of losing the rights, but it could be left over to an heir of the titleholder. Officially, there were no land markets of *ejidal* land prior to the reform, but in practice the sale and renting of *ejidal* land was widespread and often sanctioned by local authorities (we shall discuss these issues in detail later).

Despite the fact that, in 1994, Mexico was accepted as a member of the OECD thus changing the official status of the country from a developing country to an industrial one, the agrarian sector in Mexico still reflects developmental features of a Third World country. The overwhelming majority of rural producers are small-holding peasants with only a partially commercialized and scarcely capitalized production system. From a macro-economic perspective, these peasants with their families constitute a relatively large share of the population and of the labour force, as compared to the share of agrarian producers in other OECD countries. This is a fact recognized by the Mexican government as well; in the National Development Plan of the Zedillo administration for the years 1995-2000, it is lamented that agricultural production (including livestock, forestry and fishery) still engages 23 percent of the economically active population but generates only seven percent of the gross domestic product of the country (*Plan Nacional de Desarrollo* 1995, chapter 5). And even the seven percent share of the GDP has come down rapidly: in 1996 the agricultural share of the GDP was 6.4 percent, in 1997, 6.1 percent, and the projected figure for 1998 seems to be set around 5.6 percent (INEGI 1999). The share of the food, beverage and tobacco industry of the GDP (5.3 in 1996 and 5.2 in 1997) comes close to that of primary production showing the growing industrial linkages of agriculture, the so called vertical integration of production processes.

No doubt Mexico has industrialized to a remarkable degree - thus deserving the OECD status - but at the same time a peasant way of life continues to mark rural Mexico in most parts of the country, creating the sense of a growing gap between the modern, urban, industrialized Mexico and the rural Mexico,
especially in the south-central parts of the country, the *México profundo* to use the reknown phrase of the late Guillermo Bonfil Batalla.\(^4\) From the viewpoint of the political elite the existence of such a large segment of peasants is indeed a ”problem”. The more streamlined and modern the elite would like to see their country to be, the more annoying and obsolete a traditional peasantry would seem to become. The peasants, of course, do not see themselves constituting any ”problem”; the problem they see is in the external conditions adversely affecting their livelihood. Striking proof that the visions of the political elite and the peasants had departed a long way from each other was the emergence of a rebellion in Chiapas, deliberately set to start on the very day the North American Free Trade Agreement came into vigour and outspokenly directed against the neoliberal policies. Although the leaders of the rebellion are mostly of non-peasant origin, the rebellion and its objectives do have considerable support among the poor rural dwellers in the southern parts of the country.

**The Scope**

It is the juxtaposed and politically sensitive relationship between the peasant sector and the Mexican state on the one hand, and the commercial, capitalized and increasingly internationalized agricultural sector on the other hand, that is at the center of this study. Both state and capital - and ‘state capitalism’ as an ideological fusion of the two - have affected, moulded and transformed the agrarian sector in general, and subjugated the smallholding peasant sector in particular. Although capitalist development always has its own workings, independent from and immune to state policy interference, the Mexican state has in many ways paved the way for, contributed to, and directly participated in the Mexican model of capital accumulation. In respect to the agrarian sector, the state has exercised - since the early days of the Mexican Revolution - an extensive array of agrarian policies, varying through times and administrations, but always reflecting the guiding principles that the goals set for the agrarian sector were subservient to other sectors and that within the agrarian sector the goals set for the peasant subsector were subservient to the commercial subsector.

This has meant a net transfer of resources, in terms of capital and labour, from the peasant sector to the commercial sector (and from the commercial agrarian

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\(^4\) Anthropologist Guillermo Bonfil Batalla used the expression *México profundo*, the ‘profound’ or ‘deep’ Mexico, to describe the fundamental difference between the ‘western’, national and official Mexico and the local, backward, indigenous and ‘non-western’ Mexico (‘western’ referring to the European civilization); ”*Los diversos proyectos nacionales conforme a los cuales se ha pretendido organizar a la sociedad mexicana en los distintos periodos de su historia independiente han sido en todos los casos proyectos encuadrados exclusivamente en el marco de civilización occidental, en los que la realidad del México profundo no tiene cabida y es contemplada únicamente como símbolo de atraso y obstáculo a vencer*” (Bonfil Batalla 1987, 11).
sector, to a degree, to other sectors in the economy). On many occasions, peasants have received resources from the state, no doubt about that, but they have been losing down at the bottom line. As Goodman and Redclift once noted, "it is hard to dispute the Mexican state’s responsibility for the impoverishment of the Mexican countryside" (1981, 186). A curiously Mexican phenomenon has been that this impoverishment, after the Revolutionary period, has taken place without large-scale and militant peasant mobilization. Mexico has not experienced the wave of guerrilla movements so common elsewhere in Latin America from the 1960’s to the 1980’s, although rural conditions in Mexico have not been that much different (only very recently has this tranquility been broken with the Chiapas uprising). This has been due to the Mexican state’s skillful use of cooptation of dissidence through the peculiar political structure uniting the interests of the state with those of one political party in a nominally multi-party democracy. An important part of the cooptation has also been the lip-service that has been paid to the revolutionary ideals, presenting the state as the foremost guardian of peasant interests.

Now, looking for a theoretical back-up is an ungratifying attempt, since the basic intention of this study is to look at the development of the Mexican agrarian sector and the position of the peasantry within it, free of any pre-constituted abstract theoretical formulations. What I am especially referring to is the largely obsolete ‘agrarian transition’ debate (referring to a transition from the dualism of two separate modes of production, capitalist and peasant, towards a single capitalist system through the gradual subsumption of the latter by the former), which has overshadowed much of the structurally oriented, society-wide research and interpretations on the structural position of the peasantry (see the next Chapter and Appendix 2). However, I would gladly take as my ‘theoretical’ point of departure the suggestion of Luis Llambi "to build structural notions (such as the international economic order, national regimes of capital accumulation, or forms of production) as interlocking analytical categories, and thus to identify the directions of multiple causation and feedback loops (macro-micro/micro-macro) of the processes under scrutiny, in our case agrarian transitions" (1990, 177).

Such a perspective "allows the relinquishing of unduly ‘agrarianist’ approaches when studying the agrarian dimension in overall structural change” (ibid.). Also, it would perhaps breach "the barrier between two entrenched groups in political economy: those who stress the structuring effects of productive relations in the immediate labour process, and those who stress the role of exchange relations in the direct surroundings of the workplace, the so called productionist versus circulationist debate”. The importance of bridging the gap between the productionist and circulationist views is obvious when considering
the growing vertical integration in agriculture, the growing role of peasants as producers and marketers of their produce, or, historically and more related to Mexico, the role of the state as an agent of both production (through various incentives) and markets (through its buying agencies and price regulations). Therefore, I fully agree with Llambi that both "markets and the labour process, as well as other allegedly non-economic dimensions such as legal and political conditionings, are here considered to be prerequisites for explaining historical productive processes within capitalist economies" (ibid.). The ways agrocapitalism has advanced and internationalized and the ways the state has intervened directly in the agrarian sector or changed the external conditions of the sector (e.g., by setting the models of capital accumulation or by making free trade agreements) have affected not only the productive processes of peasants but also their possibilities and options for the commercialization of their produce. In what follows, I hope to be able to show the prevailing patterns through the times of the conditionings of markets, production and policy in respect to the Mexican agrarian sector and the peasantry within it.

I also agree with Giner and Sevilla-Guzmán that what is needed is a shift of viewpoint - among social scientists, economists and policymakers - from the expressed or latent assumption that peasants, in the long run, are bound to disappear under the overwhelming power of capitalist expansion and modernization, towards a more constructive approach that allows, at least tentatively, alternative options for the development of the peasant sector. The survival of peasants (as small scale agricultural producers) and modernization need not be mutually exclusive processes: the adaptation and transformation of peasants need not result in their elimination. But, as the authors continue, this would require significant changes in the structural position of peasants "as a thoroughly subordinate class". This in turn necessitates that the prevailing depoliticized approach to rural development (in strategy-oriented research, development projects, in the work of agrarian institutions, state and private, etc.) be politicized; involvement in national and regional politics is inevitable, as "national politics often include systematic depeasantization" (1980, 21-22).

Since the words of Giner and Sevilla-Guzmán were written, two decades ago, peasants in Latin America and elsewhere in the developing world have met with more rapidly changing conditions than ever (the dramatic economic stagnation with the debt crisis in the 1980’s followed by an equally dramatic economic opening and structural adjustment), yet peasants have not disappeared. They still form an important social and economic segment in the majority of Third World nations. Their continuous existence speaks for the inherent elasticity and susceptibility for transformation of the peasant sector, if needed, and reinforces the argument for not accepting its demise as predestinated. Through these
pages, I wish to be able to assure the reader that there is no mental, structural, nor even a meaningful theoretical gap between peasant and commercial production, one that would act as a definitive barrier against peasants turning from producing for subsistence to producing for markets, if only state-imposed constraints and production and marketing conditions would allow it.\(^5\)

Of course, the idea of politicizing the peasant context is not a novelty; in fact a good proportion of the earlier theoretical discussion in peasant studies was centered on the political mobilization and the revolutionary potential of the peasantry. However, the focus in that discussion did not hit the relevant point in today’s globalized socio-economic environment. As will be discussed later (see Chapter IV), class-based political struggle, as propagated by progressive and radical urban-based political parties eager to recruit peasant constituents for their (mostly electoral) campaigns, did not result in enhancing the peasant agenda in local and national politics, at least not in Mexico. The issues crucial for peasants did not and do not score very high in the day-to-day political battles and manoeuvering of national political parties, left-wing or right-wing, despite their (especially of the former) often pro-peasant political vocabulary and official statements. It seems as if the Left had been instinctively suspicious of peasants being a too ”conservative” element with their aspiration to a piece of land of their own, and as if the Right had been equally suspicious of peasants being a too ”radical” element because of the same aspiration.

Instead, the politicization of the peasant context has today more to do with seeing both peasants and the state as actors on their own right and, in view of the subordinate position of peasants, with enhancing and clarifying the options and opportunities of peasants to act independently (not necessarily a rebellion in mind as the odds are almost invariably against them, but to achieve more pragmatic goals linked to the specific conditions of their respective production). This brings about the issue of peasant organizations. The former types of peasant organizations, coopted by or linked to political parties, are more and more giving way to new kinds of organizations, which are more directly addressing the focal concerns of peasants and which are perhaps more representative than before. In other words, the new peasant organization is more like a producer organization of the type found in developed, First World economies but bearing in mind the specific requirements of small-scale and family-based peasant production. In addition to this production-oriented vision, the new peasant organization has other ‘novel’ issues on their agenda, such as local and regional democratization, human rights or ethnicity (in the case of

\(^5\) In peasant studies, there has been proposed the idea of a particular ‘subsistence ideology’ of peasants (e.g., Gudeman 1978, 38-45), but even if such an ‘ideology’ can be discerned, I would take it rather as an \textit{ex post facto} rationalization by the peasants of their lot than a self-imposed mental structure disciplining peasant decision making between alternative strategies (see chapter 3).
Indian peasant organizations) - issues which have to do with what Kearney calls "postpeasant politics" (1996, 8). It is a fact that many issues of the utmost importance to peasants and the agrarian sector as a whole, in any given country, are today conditioned, regularized and dictated at a globalized level by (allegedly) anonymous market powers, by transnational buyers and suppliers and by international agreements and institutions, over which national politics may have little to say, and it does not serve peasant interests trying to deny this and clinging to political strategies and alliances formed in an era of much more closed economies. Certainly, peasant organizations may (and they should, in my opinion) seek allies among other grass-root movements as some of their claims and goals do coincide with those of the latter (say democratization in general), but they should not forget or surrender their inherent and contextual claims in the name of a more abstract ‘class-struggle’. Corresponding to these needs, such new peasant organizations have been emerging in Mexico as well as in other Third World countries. And most recently, for the first time, these organizations have been building international networks: since the mid-1990’s, the organization Via Campesina (The Peasant Way) has been uniting peasant and farmer organizations from both industrial and developing - mostly Latin American - countries.

I very much agree with Michael Kearney that the study of rural Mexico - and for that matter, of any rural society - must be situated "within the transnational and global contexts that effectively dissolve old intellectual oppositions such as rural-urban, modern-traditional, and peasant-nonpeasant" (1996, 3-4). Therefore, I do not enter into lengthy discussions on the peasant livelihood being essentially rural, as opposed to urban ways, or on the level of modernization or traditionality of Mexican peasants. Even more importantly, I do not try to carve out a precise definition of a peasant as opposed to wage-labourer or proletarian, since, like Kearney notes, the peasant-proletarian debate has already been superseded. The fact remains that no strict line can be drawn between a peasant and a wage-labourer when talking about peasant economy in general, and even less so in the Mexican context. Kearney even suggests that the concept of ‘peasant’ has come to be so vague that it is not very useful

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6 The fashionable and good-for-every-purpose affix ‘post’ appeared in the context of Mexican peasants even before Kearney: Othón Baños has used the concept ‘postpeasant’, in its Spanish equivalent (poscampsesino), to describe the current life of Mexican peasants in a neoliberal economic climate characterized by tendencies of losing the ways of traditional agriculture and the peasant class identity, of changing consumption patterns and family hierarchies, and by a non-focused general orientation, due to which peasants defend their interests weakly (Baños 1991, 125). I may accept other features of this ‘postpeasantness’ but not the non-focusedness; peasants have not lost their focus - it is still in their specific interests - it is only that the address for defending their interests has changed from party politics to the market forces. The loss of peasant class identity is also dubious and takes us into semantics: it may well be that peasants have lost something of their ‘class identity’ but not so much of their ‘peasant identity’.
anymore (1996,2) - in this respect it shares the inflationary fate of the concept of ‘feudal’. There is much truth in this, but I still consider it indispensable to use the concept, however vague it may be, not least for the simple reason that in Mexico the Spanish equivalent for peasant, *campesino*, is still valid in the parlance of politicians, economists, peasants and non-peasants alike. For the sake of style, I may also use corresponding euphemisms like ‘small-scale producer’ but to substitute ‘peasant’ with those altogether would only sound like an arbitrary attempt to be politically correct.

A peasant can, simultaneously or alternatingly, be a wage-labourer as well, or within a peasant family, there can be a division of labour between the members into ‘peasant’ and ‘wage-labour’ activities without breaking the concept of a ‘peasant economy’, which somehow seems to be a more crucial concept than the evading ‘peasant’, although ontologically dangerous as well because it includes the latter. The totality of the peasant family economy matters more than the exact occupational label of a family head. Therefore, I simply take a peasant as a small-scale direct producer of agricultural commodities but without excluding other means of gaining a livelihood, simultaneous, temporary, or even permanent if based on a division of family labour. In turn, the definition of ‘small-scale’ is in this work largely the function of the Mexican statistics to categorize producers by the size of their landholdings, small-scale being usually those with 10 hectares or less of agricultural land (the figure may vary somewhat according to the census, which has been carried out every ten years or so in Mexico). It is worth remembering that over eighty to ninety percent - depending on where the line is drawn - of Mexican agricultural producers have fallen and do fall within the category of small-scale producer.

Today, Third World rural economies world-wide seem to be characterized by the diversity of income sources. A tribesman can be a trader, gardener and part-time tourist guide, a peasant can be a producer, artisan, truck-driver and wage-labourer simultaneously and alternatingly, and the members of a single tribesman or peasant family can hold a number of different occupations without jeopardizing the identity of the family as a whole. In a study on village economies in rural Tanzania, Pekka Seppälä, building on the notion of Robert Chambers that peripheral rural economies can be characterized as being complex, diverse and riskprone (CDR), shows that even in a seemingly traditional rural milieu, diversification of income sources is a rational resource management strategy in today’s world, and this strategy is constantly affected and enhanced by changing government policies and other economic hazards (Seppälä 1998, especially 19-28). Also, these CDR economies are found in many kinds of rural environments, from more developed ‘green revolution’ areas to the most marginal areas, and not just in the latter. Built on the
multiplicity of CDR economies, a ‘diversification theory’ - if one is to call it a
theory - is a non-essentialist theory based on the analysis of the “deviations
from the unrealistic models of perfect markets and single-role actors” (ibid.,
194-195). The question a peasant poses in the face of the deteriorating terms of
trade in primary production is, of course, how to cope with and how to secure
the bread for today and tomorrow, irrespective of the conceptual boundaries of
his/her specific trade.

I take it too that peasant economies in Mexico can be characterized with
complexity, diversification and risk-proneness, and that just because of this
nature, an analysis of the Mexican peasantry does not bend itself according to
any rigid theoretical formulations of the ‘peasant’ as an agricultural producer or
of the ‘peasant economy’ as a specific mode of production, without making
violence of the reality. It is exactly the deviations - wage-labour, trading,
services, etc. - from the classic single-role models of a peasant (as expressed in
Shanin 1971 or Wolf 1966) that may consume a major part of the time used for
reproductive activities and of the total labour amount of a peasant family (I shall
discuss these aspects in the next chapter.) This is not to say that peasants are
prone to cease farming their land - most likely they struggle hard to carry it on -
but that the diversification of economic activities has helped to maintain their
peasant status in general. Considering the long subjugation of the Mexican
peasants to the state and to agrocapitalism, with the almost constant extraction
of their surplus and labour resources, most peasants could not have survived
just following a single-role peasant model. However, to acknowledge this is not
a return to the debate on the semi-proletarian status of Mexican peasants: they
are peasants, but with a CDR economy.

As noted by Gledhill (1991, 7), a large number of Mexicans, despite the actual
way of earning their living and the fact that only a small minority of them is
engaged solely with small-scale cooperative or private family farming, still
consider themselves campesinos. From the society-wide perspective, this is
important to acknowledge, since it not only affects the results of the censuses
but has political consequences as well (the way people identify themselves
affect the ways they take sides in national, regional and local political issues).
Of course, to be a campesino today may not mean the same thing - and it would
be dangerous to assume so - as it meant in the 1920’s or in the 1950’s, but still
there exists a social category of peasants, of campesinos (Gledhill 1991, 25),
with all the historical continuities and discontinuities of such a category. With
stressing the more subjective perception of peasantness, it is also admitted that
peasants can see their true interests and available options more clearly than
outsiders - scientists, authorities, politicians or others - who are seeking to force
peasantness into a neat conceptual package be it for research or manipulation.
The importance of the self-identification of peasantness seems to hold true in the larger Latin American context as well. As Marc Edelman notes for the Central American case, the characterization of being a peasant may be ambiguous and troublesome for social scientists but not for the people who assume a *campesino* identity, which may not be their only or univocal identity but a central part of the spectrum of their possible social positions. And yet, this apparently vague subjectiveness of being a peasant does not prevent the very subjects from making analytical distinctions between the various socio-economic groups within the peasant category (smallholders, cooperativists, squatters or the landless) or from recognizing the privileged position of material aspirations in the political practice of peasants (Edelman 1998, 74-75). As it is, by abandoning, or at least reducing, an abstract class-struggle perspective in their organizational politics in favour of more precisely defined material ends linked to their specific trade, peasants have not become more apolitical - quite the contrary, as the surge and networking of independent peasant organizations demonstrate. More precisely defined material ends do intensify the peasant struggle especially at horizontal local and regional levels, as well as at vertical sectorial levels of the national economy; thus, the struggle becomes more politicized, if politics is understood, *prima facie*, as the ways of allocating scarce resources within a society.

Therefore, instead of going deep into the rather useless theoretical debate on peasants as a social class or on their economy as a mode of production (as any precise theoretical definitions would only cover a fraction of the people regarded as peasants by themselves and by others), I will go into such transnational contexts as neoliberal economic policies, internationalization of production structures, free trade, and migration and situate the odds of the Mexican peasantry within those contexts. And of course, while we are still talking in terms of nations, the transnational aspect inevitably involves the national aspect, as it is the middle ground between global and local. Historically, there has been an undeniable and visible development from a "more national" to a "more transnational" Mexican peasant economy, but this is without implying any correspondence with a change from ‘traditional’ to ‘modern’, whatever those may be, or with a change from peasant to non-peasant. In Mexico, peasants have long since been modern in the sense that they have taken part in processes larger than their village, district or region.7 And the dimension of a cultural change from traditional to modern, undeniable as it is, is simply not the issue here.8 Rather, the development from national to

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7 In this respect, see the classic work by Luis González (1968) on the history of a single Mexican village tracing its linkages with the outside world throughout the centuries.

8 It is perhaps commonplace, but it deserves mentioning that the processes of economic, political and cultural changes need not go hand in hand. Mexican peasants have been taking part in national/transnational capitalist
transnational is seen in the light of the Mexican political economy. That is, the socio-economic ‘exodus’ of the Mexican peasantry is linked to the macro-economic change from national to transnational - those who know of Mexico’s recent history might even say from intensely national to intensely transnational.

It is this long-term development of the Mexican agrarian sector from national to international and its impacts on the peasantry that is at the focus of this study. On a general level, my intention is to give a comprehensive and up-to-date view of the whole process of structural transformation in Mexico’s agrarian sector, with multiple sub-processes going on simultaneously and affecting each other: the development of Mexico’s political economy, the guidelines set by the state’s agrarian policy, the development of capitalism in the agrarian sector, and the development of the peasant sector itself. Within such a milieu of multiple actors, direct ”chains of command” are often difficult to discern, and therefore, there is no single, simple pattern of cause and effect into which the whole process could be crystallized, but a weave of crosscutting and sometimes contradictory actions and forces. However, I wish to be able to show that the process has not been a haphazard one either, that indeed there has been a logic and a rationale in the process, even if the outcome of actions has not always been that predicted or sought for.

The debate on the ‘agrarian transition’ is not the issue in this work, nor is the question of the dual economy thesis, not to mention any specific ‘peasant mode of production’. There has been an undeniable agrarian transition towards the new agro-industrial complex, but as I take it, it has not been a profoundly systemic transition from one ‘mode of production’ (a pre-capitalist, feudal or whatever) to a new (capitalist) one, but a gradual, though sometimes abrupt and never even movement from one stage to another, yet always within capitalism.

If we are to stick with the transition debate, are we, as Llambi rhetorically asks, processes long before they switched from pulque to Coca-Cola and whether or not they have been illiterate or literate; today they can participate in free trade and cater to specified markets abroad (say, with organic coffee) while still being bossed by local caciques and authorities and coopted by the PRI machinery as they were fifty years ago.

9 However, reflections of these issues in respect to Mexico are reviewed in the overview of peasant studies in Mexico, see Appendix 2.
10 In this respect, and if I have to choose sides, I am more inclined to the ‘Frankian’ world-system view than other views in the old transition debate (see Frank 1971, esp. pp. 249-282). In my view, Latin American agriculture was increasingly attached to the European capitalism through the colonial economic system right from the conquest, and also the hinterlands in the colonies were drawn into it with the orientation towards colonial centers (such as Mexico City or Lima), with the reorganization of labour systems (encomienda, repartimiento, slavery, free labour, etc.), with the forced trade by the corregidores (the so called reparto de bienes), with the taxation policy of the Spanish Crown, and so forth. In the late 19th and early 20th century, the export-oriented economy of Latin America, based on hacienda and plantation products, was clearly capitalist, although in its labour relations apparently ‘non-capitalist’ forms of labour use and recruitment were largely applied (cf. Winson 1983). Even in the economic periphery of Latin America in the 19th century, there was nothing ‘pre-capitalist’ in the production of the major product, coffee, as is brilliantly displayed by Robert Williams (1994).
trapped "between the Scylla of ideal-type structuralisms and the Charybdis of systemic and/or subjectivist teleological reasonings?" (1990, 179). Most certainly, yes. Instead, if we are accepting the basic principle that the transition has taken place within a capitalist system and that no true ‘articulation’ with systemically different modes of production has been involved except for in exceedingly marginal occasions (such as when isolated rain-forest indigenous peoples have been brought into contact with market economy), I would choose to speak about different ‘models of capital accumulation’ under which the agrarian transition, or rather transformation, has taken place, different in terms of the organic composition of capital, of the participation and the extent of command by the state, or of the degree of participation of peasants in the markets, but all within capitalism. Surely these actors (capital, state, peasants) have articulated with each other, in the very vernacular meaning of the word, but not so to assert any ‘articulation theory’.

At least, how the old agrarian transition debate describes the story is not what has happened in Mexico. As I try to point out later, already the 19th century hacienda economy, despite all the hindrances set by an undeveloped Mexican national economy, was capitalist by nature, although in many ways weak and vulnerable. The significance of the Mexican Revolution for the agrarian sector then was not anything like a break with an old pre- or non-capitalist system, but a bourgeoisie-led reorganization of some of the factors of production within a capitalist framework. In the same vein, I reject the dual economy thesis in regard to the nature of peasant economy, in Mexico at least, although I would strongly make the case for most of Latin America as well.

Also, I will touch upon peasant responses to the forces involved in the process and look into some of the future options available for the peasants. Although, in my opinion, most of the forces affecting the Mexican peasantry have had their sources outside the peasant sector, which clearly has been subjected to them, the peasants have been actors capable of making decisions at their own micro-level of action and sometimes, in the case of peasant organizations, also at local, regional or sub-sectorial, or the middle-level of action. It seems a curious paradox that the more exposed the peasants have become to transnational and global forces the more active they have become and the more room for manoeuvre they seem to possess. Certainly, it is no paradox but a consequence of the reduction and streamlining of the state’s role in the economy in general and in the agrarian sector in particular, resulting in the loosening of the state’s cooptative grip on peasants. Likewise, the liberalized and internationalized markets increase peasants’ room for manoeuvre, often only in theory, as the squeeze of international competition combined with the lack of infrastructural facilities such as transport and storage may put the peasants in a more tight spot.
than before, when the state was there as a major wholesale buyer of their crops. In such a situation, the increased peasant activism is no surprise.

A quarter of a century ago, Rodolfo Stavenhagen envisioned four alternatives for the future of the peasantry in Mexico: (1) marginalization, (2) capitalist agriculture (that is the ‘farmer’ type of industrialized countries), (3) peasantization, and (4) socialization (Stavenhagen 1974). Stavenhagen concluded that the first one was so far the advancing tendency but should be rejected as being contrary to peasant interests, and the second one was not feasible within the Mexican social and economic structure. The third alternative he considered feasible up to a point but being no long-term solution to the agrarian problems; the feasibility of the fourth alternative, socialization, would require a new historical development project for the whole country and depend on the organizational capacities of the peasant movement (1974, 83). From today’s perspective, one can say that marginalization has continued, that the chances of peasants taking up capitalist agriculture have increased but only slightly and only for a minority of peasants (structures have changed yes, but financing and infrastructural problems as well as the availability and quality of land still form formidable hindrances), that peasantization has been stopped (with the closure of land distribution), and that socialization looks like a much more distant, if not impossible, alternative than it looked in the early seventies. However, not only the survival of peasants until today but their increased activism, productivist orientation and auto-determination suggest that some sort of peasant way, *una via campesina*, may still be a feasible alternative.

Finally, I also want to include a comparative aspect, to a degree, as to Mexico in relation to the rest of Latin America. While the agrarian history and politics of Mexico are unique and cannot be extrapolated to a continentalist interpretation, there still have been macro-level similarities between many Latin American countries when it comes to broad economic policy orientations and strategies, like the export-led model of growth before the First World War, the import substituting industrialization policy, the debt crisis and the subsequent neoliberal policies with trade liberalization, and withdrawal of state interventionism to list just the obvious phases of the political economies in Latin America. Likewise, the peasant sectors of many countries in the region share some structural similarities (these aspects are discussed in the next Chapter). However, the comparison is not at the main focus of the study and Latin America is therefore mentioned only here and there, especially when the similarities of Mexico with the rest of the region are evident enough to merit mentioning. Rather, the comparison works the other way around: by presenting the patterns of Latin American agrarian development, I wish to say more about the Mexican context, about its historical specificity. The underlying message is
to express my conviction that the more widespread regionally a socio-economic or political phenomenon is the more structurally rooted it tends to be. It is no surprise that such phenomena should be found all over Latin America, a region with so many common traits stemming from the colonial past and from the legacies of the political and economic experiences of the independence era.
Peasant Economy and Capitalism

Peasant Land: Not a Simple Commodity

Land is the base of agricultural production, and consequently, peasant struggles all over the world have been linked to access to land. For peasant economy, land has been the buffer against changing external conditions and outside domination: with an access to a piece of land for their own use, peasants have been able to survive against heavy labour duties, usurious interest rates and land rents, exploitative contracts, wages less than enough for reproduction, underpricing of their produce, and other forms of surplus value extraction out of their meager livelihood. It is no wonder then that for peasants, land is something more than just another factor of production, or a simple commodity. For peasants land has intrinsic value as such: it is a guarantee for future survival and the only major thing one can ever dream to leave one’s heirs. With careful tending it is an almost inexhaustible resource, like a magical bank account that never ends up totally empty. As stated by Gudeman and Rivera (1990, 18), ”the earth is not simply a material resource, to be used or neglected; it is the repository of the 'strength' of 'force' (la fuerza) that is drawn upon in agriculture and contained in a harvest”.

The intrinsic value is there also when peasants are operating within capitalism, in an otherwise highly commoditized economic environment: commercial production for markets and awareness of the existence of specific land markets does not reduce land, for peasants, to a simple commodity with only a use-value and nothing more. In fact, there is something in land even in commercial, enterprising large-scale farming that does not bend it to a totally controllable production factor, and although commercial farmers probably do not adhere the same qualities and values to land as peasants, this, to some degree, uncontrollability and unpredictability of land in production has made it slightly an anomaly for capitalist subsumption. Consequently, there has been a long-run tendency in the expansion of capitalism in agriculture to diminish the signficance of land in production: hybrid seeds, agrochemicals, machinery, irrigation systems, greenhouse technology and biotechnological innovations have all sought to undermine the role of land in the production, that is, to reduce the dependence of production on the specific quality of land in question (cf. Goodman & Redclift 1985, 241).

In countries with a large peasant sector, this peasant valorization of and yearning for land has often led, historically, to agrarian reforms of the ‘agrarianist’ type, in which the essence of the reform has been the distribution
of a small piece of land, with an individual or collective ownership, to as many peasants as possible within the overall scope of the reform. This was the case in Mexico, and in some other Latin American countries as well. But then, in Mexico, with a large peasant sector and with a reluctance by the political elite to change the land tenure pattern profoundly, the agrarianist solution has led to a situation in which the parcels distributed have been too small to provide the level of peasant livelihood locally understood as sufficient for full reproduction. With the population growth the agrarianist solution, as it has been carried out (slowly and not to the full extent in the first place), has led to an impassé. Much of the rural population was left totally without land, and for most of those who benefitted the plots are definitively too small, but these cannot be enlarged anymore, because there is no more potential agricultural land available, since touching the re-established large-scale commercial sector is today out of the question, more strictly than it was from the 1920’s to the 1970’s. Then, the logical solution to the impasse was to end the agrarian reform, leave it as it was, and open the "social sector" (here including regular and collective ejidos and communal land) to market forces as if the market regulated "freedom" would provide a sort of ‘natural’ solution to the impasse.

The all too scarce access to land is the fundamental ‘problem’ of peasant production in Mexico (and, no doubt, in many other Latin American countries as well) - the ‘problem’ understood from the national economy viewpoint (i.e., with a relatively low contribution to the gross domestic product) - and not the peasant production methods often deemed as tradition-bound and obsolete. A comparison between four Mexican peasant communities by DeWalt and DeWalt showed that access to land, and especially access to good quality irrigated land, was a major factor in the relative well-being of the communities. The community with the best access to land and other input resources (in amounts usually only available to commercial farmers) had the best overall economic (plus nutritional and health) situation: the peasants in the community were productive and were making good use of their resources and the out-migration was the lowest. What is more, in communities with better access to land, the better economic situation seemed to have spill-over effects to all members of the community, even to those with no access to land: a prosperous peasant community had more wage-labour opportunities with a better pay both in agriculture and in the ancillary services (DeWalt & DeWalt 1992, 183-184).

Yet, despite the under subsistence amount of land of an average peasant, there is an inverse relation between productivity and the size of the plot. The comparative studies provided by Berry and Cline affirm the relation: the smaller the farm the more efficient it is, in terms of output per total land area and taking into account the inputs used. And this inverse relation is not linked to any
supposed premodern phase of large-scale farming; instead, it holds true even in the presence of Green Revolution technologies which have decreased labour but increased capital inputs (Berry & Cline 1979, 54-58). The Mexican ejido peasants in the Pedernales region, Michoacán, have cane fields of only 0.8 hectares on the average, yet their productivity is well above the national average in terms of tons of cane per hectare, sugar content per ton of cane and of sugar per hectare (Chollett 1996, 109, note 3). Sometimes the inverse relation holds true even after differences in production factors like land quality or irrigation are allowed for, as in the case of India, reported by Bhalla (1979, 154) in Berry & Cline, although it may be safer to say here that peasant production is more efficient than large-scale farming within the same given set of circumstances. With a particular crop, yields per hectare may be higher in large-scale capitalized farming, but not without significant capital input in irrigation, fertilizers, pesticides, machinery and other technology, etc., which peasant production seldom has the chance to enjoy. If peasant production and large-scale farming were provided with land of equal quality and equal external incentives, including government credit and infrastructural assistance, the inverse relation would be very likely to appear. In sum, peasants make a better use of their land and resources than large-scale farmers, relatively speaking.

In Mexico rural land markets have been relatively scarce, due to the fact that over a half of agricultural land has been ejido and communal land, the commoditization of which has been, until the constitutional changes in the early 1990’s, forbidden by law (in principle, that is, as parallel and because of the illegality also cheaper markets for ejido land have existed), and due to other restrictions - although with possibilities for circumvention - on private landed property in terms of size, use, property rights, and subsoil resources. This scarcity and state regulation of land markets has had a double effect: on the one hand and without a doubt, it has protected peasant land from usurpation, and on the other hand, it has prevented the smaller, sub-subsistence level units from growing, in an organic way, to a supra-subsistence level and has sometimes led to further, often factual but not legally sanctioned, parcellation of the small sub-subsistence units. With the constitutional changes (to the Article 27), the land market situation is about to change. With the present situation of rural financing (see over), however, the increased volatility of land, as a commodity, is not likely to increase the peasant share of land, and perhaps only slightly the average size of peasant holdings; instead, the concentration of land ownership

11 These massive inputs of modern capitalized farming are often overlooked in making comparisons. Marvin Harris has noted, somewhat polemically, that for example in the United States before 1910 agriculture yielded more calories than were invested in it, whereas by 1970 to produce 1 calorie of food, 8 calories of energy in the form of fossil fuels were required: in an acre of land for food production, 15 tons of machinery, 22 gallons of gasoline, 203 pounds of fertilizer, and 2 pounds of chemical insecticides and pesticides per year were invested (Harris 1985, 217).
to the large-scale farmers and the wealthier top layer of peasants is about to grow. This is, one might say, a social-Darwinist approach to the aforementioned agrarian impasse.

Peasant Labour: Workers and Consumers

In capitalism there is, in a sense, an inverse relationship between production and labour; the objective is to increase production while minimizing the necessary labour. In capitalist development in general, there has been a historical strive from labour-intensive towards capital-intensive production, but, of course, minimizing labour does not usually mean an absolute reduction of the total amount of labour but an increase in its productivity, so that more is produced with the same amount of labour. In peasant economy instead, labour productivity seems not to be the kind of tug of war as in capitalism. In peasant economy production and labour are in a more parallel relationship: increasing production is carried out by increasing labour, provided that there is room for a potential increase allowed by other factors of production, especially by the access to land. Peasants too have adopted more effective farming methods, but as they normally cannot compete with capitalist farming in these - because their lands are often of lower quality, often inaccessible with machinery and because they lack capital to invest in fertilizers, irrigation, etc. - they respond by investing more labour in the production process. In fact, when other factors of production are limited and utilized to their limits (all available land is utilized with the best methods within the reach of peasants) labour may be the only variable factor of production.

Indeed, in their survey study on the Mexican ejido sector, de Janvry, Gordillo and Sadoulet (1997, 74-75) found that small farms used 29 percent more labour on hectare than large farms, and even more strikingly, this applies to both family and wage labour. In cultivating maize, which is the most traditional and least commercialized crop, the median of paid work days per hectare was 22.2 on farms smaller than 5 hectares (of national rain-fed equivalent land) and 5.2 days on the larger ones. Including unremunerated family labour, the total labour used on hectare was also higher on small farms, 24.5 work days per hectare against 19.0 days on larger farms. The ratio of family labour of total labour used was about the same (94-95 percent of paid labour) on both small and larger farms (as when the farm size grows, the use of both family and paid labour decreases). The research team concluded that the higher intensity of wage labour on small farms could indicate that wage labour is more efficiently used on small farms due to the possibilities of stricter supervision with more family labour and fewer employees in general, and that small farms tend to work the land more intensively, and that larger farms tend to substitute labour by using
more machinery on a per hectare basis. Whatever the main reason, the higher labour-intensity on small farms is undoubtedly a major factor in the aforementioned higher productivity of small farms per land unit.

A peasant production unit is usually a family unit as well, meaning that the relations of production cannot be separated from the social relations of the family. (Sometimes, in certain tasks, the production unit can be the community, in which case the relations of production cannot be separated from the social relations of the community.) This makes it an almost natural fact that in determining peasant labour processes, social factors are taken into account to a degree not found in capitalist wage labour relations of production. This is not to argue that social factors must always outweigh other factors (economic), but it would be equally erroneous to deny the significance of social factors in peasant labour processes. Family members are not ”fired” and ”re-hired” according to economic cycles, and as most peasant labour is unremunerated family labour, there is no point trying to calculate labour costs in the production and to base the labour process on these costs. As labour costs are not calculated, it becomes equally difficult to determine the precise level of labour input where the reproduction costs are covered and the workers start to produce surplus. All labour is undivided family labour, all labour costs are undivided family reproduction costs, and all income is undivided family income where no permanent surplus is distinguished.

A classic notion of peasant economy, derived from the (kin-based) social character of its relations of production, is that there is a need to allocate work to each economically active member of the unit (family, community) in a more or less equal manner in order to maintain their social status, even if this would mean under-utilization of labour resources and a decrease in productivity per worker. It is a social obligation for the peasant production unit to provide work for each of its able-bodied members, and it is a social obligation for the member of the unit to work. The category of an ‘unemployed person’ would be an anomaly in an ideal type of peasant economy (where there is no extra-agricultural productive activities). From the peasant point of view then, the allocation of work to each member of the unit is a way of keeping the self-exploitation of an individual peasant worker to the minimum. Now, admitting

12 Of course, as most of the agricultural land is controlled by units larger than 5 hectares, this pattern of using relatively more wage labour by small farms does not affect the fact that, in absolute terms, most of the paid agricultural labour is employed by large farms. Also, to the supervision factor in the labour intensity I would add the factor of personal relationships: it is likely that small farmers make more use of known members of the community than ”imported” day-labourers when hiring people and that these relationships affect the quality of the work.

13 In James C. Scott’s truly ”moral economy” case Malaysian peasants aggressively demanded from the large landowners the reallocation of the reduced work opportunities to every peasant of the community on equal basis (Scott 1986).
that the socially based work allocation may easily lead to a below-the-maximum labour productivity, we must emphasize that it does not necessarily do so: at certain phases the demographic composition of a peasant family unit can be of such a type that labour productivity of the working members is by necessity at the maximum - say, a father and a mother with several dependent, non-working children. In such a situation, exactly by virtue of the social bonds, working family members can be exploited and self-exploited to a degree not even possible with free wage labour.

This takes us to the significance of family cycle in peasant economy. We do not have to buy the whole package of Alexander Chayanov’s theorizations on peasant economy in order to value his contribution to the importance of the demographic development of a peasant family to its functioning as an economic unit (see Chayanov 1966). At the bottom lies the fact that a peasant family is at the same time both a production and a consumption unit. Normally or more precisely, ideally, these two aspects are more or less in balance: production covers the consumption needs (including reproduction and culturally necessary social expenditure costs), and these needs take into account the average long-term production level. Production tends to follow the family cycle: when the family grows, production grows and when the family size decreases, production decreases. It is not, however, a simple automatic: what counts in the cycle, at any given time, is the ratio between those who work and consume and those who only consume (small children, the sick, the elderly). The more consumers there are against workers the less favourable the economic conditions are and the harder the working members must work.

Theoretically, in a family of a young couple with no dependent children the consumer/worker ratio is 1, as both the man and the wife are considered capable of producing what they consume, but with children the ratio grows. Assuming that a child of 14 years of age will begin working in the production, the ratio will be at the highest point just before the oldest child reaches that age, and thereafter starts to decline. (Chayanov counted only an able-bodied man to be a full worker and a full consumer, marked as 1.0, and women and children to be somewhat less, say, a woman being a 0.8 worker and a 0.8 consumer.) The result from a high consumer/worker ratio is that the total product of the workers’ labour input is divided into so many parts, and in such a situation even a considerable increase in the labour efforts of any one worker raises the consumption of all family members by only a fraction. According to the Chayanov theory, there is a limit after which the self-exploitation of the workers is simply not considered worthwhile, which can mean even decreasing consumption per family member. With changes in the consumer/worker ratio it is not only labour but also consumption that fluctuates; the balance will settle
somewhere between adequate but not excess labour and adequate but not excess consumption.

The division of peasant family unit into workers and consumers is perhaps the most useful one can do with respect to the relations of production in peasant economy, as it contrasts production and reproduction in a meaningful way thus helping to explain seasonal wage labour occurrence and peasant migration, for example. There are however, a couple of remarks to be made. First, the fact that production is, to a point, a function of the consumer/worker ratio does not mean that it must always follow the subsistence, the minimum-for-reproduction line: that at no point of the family cycle there is an incentive for a beyond subsistence level production, i.e. an intentional surplus creation. It certainly makes sense that when the consumer/worker ratio is high there is not much point in trying to make a significant surplus, as it would be likely to be “eaten” even by a slight increase in consumption per family member - the labour effort required would be simply too much. But when the ratio is low the chances to make a surplus even after a slightly increased consumption per person are much better, and it would be theoretically dangerous to presuppose that peasants would not perceive the new conditions or that they would perceive them but would never react to them accordingly.

Thus, the conclusion here is that the peasant labour input can reflect the consumer/worker ratio in two ways. First, it can reflect it in a direct, Chayanovian way: when the ratio grows, the necessary increase in consumption requires extra labour and when it decreases, extra labour is no longer needed. Second, it can reflect the ratio in an inverse way: when the ratio decreases chances for a surplus may result in an extra labour effort. In other words, peasant family cycle can affect the susceptibility of peasants to try to produce a surplus. Of course, another thing is whether surplus creation is at all possible within peasant agricultural production; as said, labour can be the only variable factor in production, and not infrequently this may mean wage labour. Wage labour, in turn, makes the concept of ‘surplus’ more problematic, but it does not undermine the argument made here.

In addition, admitting that there is a limit to the self-exploitation of peasants - that at different phases of the family cycle there is a corresponding level of labour input after which extra work is viewed as not worth the effort - does not mean that the idea is accepted that in peasant economy labour is constantly underutilized and that, therefore, there is a structural, permanent surplus labour force within it. (And that the socially based labour allocation to all capable workers would then conceal that surplus labour force so that no open unemployment exists.) Most peasants must work hard to make ends meet and to
suggest that they are not working up to their capacity would be a gross misunderstanding of peasants’ lot. Besides, there are limits to the self-exploitation of workers in every type of economy; perhaps only in outright slavery can workers be externally exploited continuously far beyond those limits. For sure, it is in the nature of agricultural production that labour demand is not constant throughout the year, but then the same fact enables peasants to seek other work opportunities, especially seasonal wage labour. If such opportunities do not exist (resulting in excess labour force temporarily) it is not a structural element of peasant economy but of the dominant economy. The high-rate rural-urban migration (at least in Latin America) is further proof that peasant economy - despite its certain flexibility concerning the relations of production and labour - cannot accommodate surplus labour permanently, implying that surplus labour is not a structural element in it.

Peasant economy is not an island; it must take into account and cope with the external conditions set on it by the larger society (including taxation, land rent, land price, land usurpation, terms of trade for peasant products, wages below the reproduction costs causing indebtedness, among others). These conditions can be so tight that the adjustment of production to the changes in the family cycle is not possible - especially when it comes to increasing the output in production. This means that in the optimization of labour use other solutions must be sought. One of the solutions - often the only one - is to lower the consumer/worker ratio deliberately by the expulsion of one or more family members for good. Sending out an able-bodied worker (who produces at least the amount he/she consumes) does not lower the consumer/worker ratio as much in a direct as in an indirect way. If the upper limit of the total peasant production output, because of the external conditions, is considerably below what could be achieved with the labour force available, sending out a family member or members could increase the consumption level of the rest of the family without making the required labour effort of the remaining workers go beyond the accepted limit of self-exploitation. What is more, a sent-out family member could be expected to send remittances home while taking care of his/her own consumption, at least for a time.

**Peasant Production**

Among authorities and policy-makers there has been a tendency to see peasant production as inefficient (judging from the agrarian policies in various Third World countries), a tendency that has become even more manifest with neoliberal policies. The undeniable poverty of most peasants has been seen as a

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14 In the Chayanov theory taking up extra land under production when the consumer/worker ratio grows was essential - no doubt that there was more extra land available for use in Russia from the late 19th century to the 1920’s than there is in Latin America today.
direct consequence of the inefficient, obsolete character of their production systems, and fighting this poverty has been equated with the modernization of ‘traditional’ peasant production. Looking only at the macro-economic figures - like the size of rural populations against the share of agriculture in the GDPs or in exports - may certainly lead to that kind of conclusion. Seen from the top, the existence of large traditional, small-scale peasant sectors in any given country seem to create an air of backwardness and stagnation and an illusion that agricultural resources are grossly underutilized. However, as we already mentioned, peasant production, in general, is very efficient in respect to land area and to productive inputs, though not necessarily to productivity per worker (a fact affected by the family composition). In fact, from the national economy perspective peasant production may indeed be the most cost-effective way of rural production, taking into account the amounts of state-provided incentives, infrastructure and social costs linked to the dislocation of people in capital-intensive farming. Also, the issue of efficiency may be looked at from another angle: peasant production is often the only form of efficient and cheap enough to keep the most marginal lands (deep slopes, dry temporal land, etc.) under productive use in general. Because of their efficiency, peasants can survive in areas where capitalist farming fails, if it ever risks the capital inputs by going to such areas in the first place. Thus, as Schultz commented already in the 1960’s, the poverty of peasants is due not to inefficiencies in factor allocation but to the fact that under existing circumstances peasants cannot produce more with the factors available to them (1964, 48).

Another assumed characteristics of peasant production is that it is mainly subsistence-oriented, meaning that it is not geared towards reinvestment and accumulated growth but towards self-consumption on a socially accepted level and towards the fulfillment of social needs and obligations (following the classic formula based on Eric Wolf and Alexander Chayanov). The needs of a peasant family tend to set to a level where the basic requirements of livelihood and reproduction are met on a long-term basis but where no permanent surplus is created. Stephen Gudeman has called this peasant interpretation of the conditions of life a "subsistence ideology"; it is a cultural value to be able to cover the basic needs but to go beyond that is the opposite. In his Panamanian case, anything beyond the basic needs are thought of as ‘vices’ (vicios), like tobacco, alcohol, lotteries and gambles, or ‘luxuries’ (lujos), like industrially made consumer items (clothes, furniture, etc.); meat as part of the diet every now and then is a basic need, but consumed too often it becomes a vice (Gudeman 1978, 38-45).

A subsistence-level economy is undoubtedly true with most peasants, and for certain cultural ideas that value the existing levels of consumption and
production are found among peasants. However, I would argue that the subsistence orientation and the values ('ideology') attached to it do not result automatically from the inner nature of peasant production but from the external conditions under which peasant production must function. Most peasants (in Mexico at least) have such small plots of land in their use that a constant supra-subistence level in production, and, consequently, a constant surplus that would enable accumulation, is simply impossible and peasants are forced to complement their incomes from other sources, which in turn, are seldom abundant enough to raise the total production permanently above subsistence level. Then, the values attached to subsistence production can be seen as *ex post facto* rationalizations due to the external conditions outside the limits of peasant influence. To accept a subsistence ideology inherent to peasant production is to accept peasant world view(s) as inherently fatalistic and static and a kind of elliptical reasoning: a peasant produces because he has needs and his needs are determined by what he produces.\(^{15}\)

A subsistence orientation does not mean that peasants do not make economic calculations and rationalizations, nor that they are not aware of market mechanisms and of the fluctuations of the relative prices of their production factors, their products and the consumer items they need. Gudeman (1978, ibid.) says that the Panamanian peasants do not fully understand the concept of ‘profit’ (*ganancia*): it remains a mystery to them, a trick of the shrewd merchants and intermediaries. I would consider this a peasant way of speech rather than a direct statement of truly not understanding what takes place in the market exchange. It is a remystification of something in which peasants are at a disadvantage, roughly in the same manner as the Colombian sugar plantation workers remystify the money made out of others and associate it with devil in Taussig’s classic work (1980). In fact, in an excellent analysis of a Latin American peasant vernacular Gudeman himself makes it explicit that although peasants do not talk about profit in respect to their own production (instead, they use phrases like ‘to make savings’) they do know how the merchants make their profits (Gudeman & Rivera 1990, 151-152, 158, 179-180).

Most peasants do not make profit, but not because they are bound to a cultural system that does not permit it but because they are economically and politically bound to another system that, while allowing profit-making, keeps them from making it. I do agree with de Janvry (1981, 105) that peasants’ inability to make

\(^{15}\) I agree that in peasant societies culture (including values, religious and political institutions, etc.) can affect the ways production, distribution and consumption are organized, as asserted by Halperin (1977, 2-6), but only inasmuch culture can be thought to affect economy in any given society. Culture - say, a subsistence ideology - does not totally control the economy, at least not among peasants that form a substratum in a larger society: peasants are aware of the external forces and they do accommodate their production systems within the means available, if deemed rational.
profit has been confused with a presumed non-desire for profits. Peasants produce within a single, dominant mode of production, that is capitalism, and they do not do so under some false consciousness; they are aware of the rules of the game and they try to apply those within the means available to them. This is evident enough in the strategies of the new, independent peasant organizations in Mexico (as will be discussed later).

The fact that peasants have little or no means to affect market mechanisms and the terms of trade does reduce their willingness to accommodate their production to the changing market conditions on a short-term basis - their proven ‘traditional’ production system offers them more economic stability and security. But, the fact that today’s peasants often receive their incomes from many sources, including wage labour and market exchange, show that in their economic strategies they are in no way prisoners of the ‘tradition’, or of their ‘peasantness’. Peasantness is not a state of mind but a way of getting a livelihood. Peasants do not resist change *per se* in their production patterns; should opportunities with views of long-term economic security open, peasants do grasp them, after careful calculations. Sometimes the triggering events for seizing the opportunity can be rather trivial. Papousek describes how the Mazahua Indian peasants specialized in making earthenware pottery adapted their trade to the markets after the death of a former monopoly buyer of their pots and after the price of gasoline had gone down in the 1960’s: in the village of Santiago Coachochitlán, the number of trucks owned by peasant potter families, used for carrying their rather heavy merchandise to the markets, rose from five trucks in 1967 to almost a hundred in 1976 (Papousek 1981, 118).

Likewise, in regard to the agricultural production process itself peasants are not captives of tradition; they do not just repeat their age-old production methods from time to time never unquestioning them, as government agrarian reformers are prone to think in order to justify their interference. I find no evidence in the vast body of research literature that anything in their Redfieldian ”Little Tradition” effectively denies peasants from adopting new methods and improvements. There are factors that reduce the responsiveness of a peasant producer - such as the availability of seed varieties, the lack of appropriate

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16 For example, Binford (1992) describes how the peasants in Santiago Laollaga, southern Oaxaca, continued to produce sugar cane for the processing of *panela*, a semi-refined sugar product that was much preferred by the poor and the indigenous people in the region but that was losing ground for industrially refined, crystallized sugar against deteriorating market conditions. The peasants - and, for that matter, the petty capitalist owners of the *trapiches*, the simple mills used to extract the juice out of the cutted cane - were reluctant to invest financial resources in their sugar cane and *panela* production to make it more efficient, not because ”of a specifically ‘peasant’ consciousness associated with a simple reproduction orientation” but because of a ‘safety first’ strategy, ”related to the industry’s position on the margins of the capital-intensive, State-dominated sugar industry” (p. 49). But, in the 1980’s, when the retail price of *panela* could not compete with that of industrial sugar anymore, the peasants turned to more profitable activities, especially to growing mango, except for a few elders who lacked the capital or physical energy to enter into a new production system.
storage facilities, the absence of a whole-sale buyer for a new crop within a reasonable distance, or the lack of credit for necessary investments - but these are not inherently cultural factors deriving from a ‘peasantness’ as such. In a study on the adoption of new technology in a Mexican *ejido* Billie DeWalt (1975) noted important intragroup variation in the willingness of peasants to use fertilizers or to take up a new crop under production, going against a built-in peasant traditionalism. Of course the certain cautiousness in peasant behaviour due to past experiences, as stated earlier, seldom makes the peasant a standard-bearer of agricultural modernization, but one should not take it as a predestinated cultural disposition. The cautiousness can even be interpreted as rational behaviour by conscious agents of capitalist economy vis-à-vis unstable markets (cf. Alanen 1991, 285), thus making peasants, in effect, prime examples of economization and rational choice theories.

Even in the seemingly most traditional areas of Latin America, as in the southern sierra of Peru, peasant production is, against all odds, intimately linked with market economy. A detailed study by Adolfo Figueroa (1984) show that for a typical peasant family of the southern Peruvian sierra about 50 percent of the total income is resulting from exchanges with markets, including the sale of produce and monetary income from seasonal wage labour. One can hardly consider a ratio of 50/50 a sign of any alleged ‘closedness’ of peasant economy. In fact, this kind of ratio effectively disproves the whole idea of a ‘dual economy’ in rural Latin America: that agricultural production is divided into a commercial, entreprenurial sector and to a non-commercial peasant sector, and that these two seldom overlap each other, except in cases of the former encroaching and exploiting the latter (which is understood as ‘articulation’ between two separate ‘modes of production’). The studies by Figueroa and by others (e.g., Babb 1990; Cook & Binford 1990; Diskin & Cook 1975; Papousek 1981; de la Peña 1981) demonstrate that marketing, whether of produce or labour, is an essential element of today’s peasant economy. As noted by Figueroa (1984, 120), ”it seems that cultural and social duality...has been confused with economic duality”.

The Cook & Binford study, for instance, show that in the valley of Oaxaca, Mexico - an area, again, regarded as one of the most ‘peasantish’ and traditional in the country - the incidence of participation in handicraft production was high among peasants: 57 percent of the 1008 rural households surveyed operated both in agricultural and craft production, while 19 percent were solely agriculturalists and an equal 19 percent solely artisans (and the remaining 5 percent were having other occupations). True, the sample was highly selective - villages known to have craft production were purposely selected - but more important than the actual figures, to my view, was the finding that participation
in craft production did not correspond inversely to the size of land in use, as one might easily expect; there was little difference in access to land between peasants who were also engaged in craft production and those who were not (1990, 42-47). Thus, to take up craft production is not necessarily a sign of "losing the ground" - literally and metaphorically - in agriculture; instead, it is a sign that in peasant economy market-oriented activities, non-agricultural as well as agricultural, can be integral parts of the total production system.

Then, arguing that the agrarian sector in Latin America is not dual, or that its division into bimodal sectors is blurred, at least, we can admit that a certain dualism still exists at the micro-level: within a peasant household, production is still divided into a non-marketed, self-consumed section and a marketed, exchangeable section (of produce or labour), as reflected in the Figueroa’s 50/50 ratio. The existence of this micro-level dualism, or, more precisely, the continuing existence of a significant non-marketed and self-consumed section is why we can still speak about peasants in general, and not about farmers or entrepreneurs. This dualism, however, does not mean a systemic separation of the two sections: although food crop and cash crop activities - or food crop production and wage labour - can be separate work processes, the two are understood as parts of the total peasant income, in which reproduction costs are allocated from the total and not within the two sections separately.

Theoretically, of course, this micro-level dualism has totally different implications than the presumed macro-level dualism. First, dualism at the micro-level points towards the conclusion that today’s peasants in Latin America are more or less semi-proletarianized. A considerable part of peasant income is from wage labour or from the market exchange of products, agricultural or non-agricultural, at prices regulated outside the sphere of influence of the producers. This is to diminish the relative independence of peasant economy to a point where a great deal of the income composition and aggregated value of the total peasant production is dictated outside the peasant level of decision making. In craft production, for example, peasant producers can be under terms of trade that come close to the putting-out system of early manufacture capitalism (on craft production and marketing systems in Guatemala, cf. Smith 1977 and 1984).

Second, accepting that peasant economy is not so very closed, self-sustaining and self-absorbing but to a considerable degree integrated with the larger economy emphasizes the role of the state in the analysis as a mediator between the peasantry and the rest of the ‘macro-economy’. The more peasants depend on both market exchange and labour markets the more they are affected by state

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17 I have dealt with the issue elsewhere (cf. Valtonen 1988).
policies. For example, until very recently it has been an almost universal rule in Latin America that the state has determined the prices of basic food products destined for domestic consumption, a great deal of which has been produced by peasants and exchanged at local markets. The state has had an influence on the availability of the critical production factor, land, through various types of agrarian reforms. The state has affected the production process by means of infrastructural improvements, technical assistance, agricultural credit, etc., and by means of selectively making these available to some producers while denying them from others. The state has offered wage labour opportunities in many parts of rural Latin America through various kinds of state-sponsored development projects, no matter whether these projects have ultimately been successes or failures. On the contrary, accepting the macro level dual economy thesis would make it difficult to understand the role of the state in moulding, fostering or delimiting peasant economies. The Mexican state in particular has been active in this respect, and I would not consider it very fruitful to try to analyze, for example, the *ejido* peasant economies from the dual economy perspective.

Another theoretical consequence - and practical for this work - of rejecting the dual economy thesis is that we do not need to go into the futile and entangled issue of trying to define a specific ‘peasant mode of production’ (sometimes ‘simple commodity mode of production’ or ‘domestic mode of production’), the existence of which is a *sine qua non* for the dual economy thesis. A distinct mode of production has its own internal ”laws” of how to function; it may be subordinate but it is yet separate and systemically independent from other modes with which it may have certain interlinked spheres of ‘articulation’. This view has been at the base of the Chayanovian model of peasant economy, adopted in much of the Marxist-oriented theoretization on peasants (in Mexico, most of both the *campesinistas* and *descampesinistas* seem to have more or less shared the view, whatever their actual definitions of the peasant mode of production were).

Finally, a more pragmatic implication of this theoretical stance has to do with the capability of modern peasants (in Mexico and in Latin America) to adjust their production systems to the increasingly capitalized and globalized markets of agricultural products. The fundamental question is whether peasant production can continue to exist, even if greatly diminished, under the present neoliberal, transnational capitalism. If we accept the idea proposed here, that peasants have long since been adjusting their production according to the requirements of capitalism and that they do respond to changes in market conditions, then the answer can be positive: though certainly not all, a good proportion of today’s peasants (in Mexico and elsewhere in Latin America)
could continue to make their living as peasants. Given the adverse conditions against the peasant way, it will not be easy but it is not inherently impossible either. Even if we turn to the conclusion that ultimately, the more successful peasants will turn into farmers of a capitalist, enterprising type and the not so successful will perish, a certain flexibility and responsiveness of peasant production accepted here will help to make the transition a more gradual and voluntary process instead of accepting it becoming an abrupt and painful decimation of rural populations.
Trends in the Agrarian Development of Latin America

Agriculture in the Post-War Latin American Political Economy

Following the Great Depression of the 1930’s, and increasingly after World War II, Latin American countries, one after another, adopted an economic strategy known as the ‘import-substituting-industrialization’ (ISI) model. The economic crisis caused by the world-wide depression had disclosed the vulnerability of the earlier model based on the continuous expansion of primary product exports, and when the high conjuncture of the war-time years faded out, it was generally thought in Latin America that creating domestic industry, which would substitute and reduce imports, would both decrease the dependency on world markets and industrial countries and put domestic capital into more effective use, creating more value added and employment. Tariff barriers were raised to protect domestic production, imports were often licensed and taxed (and in many cases exports too, to provide funds for state-led industrialization programs), domestic manufacturing was subsidized and the role of the state was expanded in all levels of the economy (in regulation, infrastructure and production).18

For agriculture, the adoption of the import substituting model had far-reaching consequences. Agriculture lost its key position in the eyes of the policy-makers: although the sector remained as the major source of export earnings in Latin America for years to come, it was now put in a sub-servient position vis-à-vis the manufacturing sector. Agriculture would serve the ISI policy by providing ”(1) foreign exchange from exports for the purchase of capital goods abroad; (2) capital for urban and industrial expansion; (3) cheap food for an expanding urban work force; (4) a pool of cheap labor for newly created industries; (5) raw materials for manufacture; and (6) a market for domestic manufactures” (Grindle 1986, 48). This new position and the objectives set for agriculture did not mean that the sector was left without attention. On the contrary, extensive agrarian policies and development plans were created almost everywhere, with the attendant state institutions engaged in research, planning and provisioning of infrastructural improvements, credit and other incentives. Certainly it was in the interests of the state to increase agricultural output: increasing agricultural exports and achieving self-sufficiency in domestic food production would generate more funds to the industrial development.

18 There are many excellent economic histories of Latin America dealing with this policy change from primary export production to the ISI model. A particularly informative chapter on this is found in Bulmer-Thomas 1994 (pp. 194-322).
Consequently, there is no contradiction in the fact that agriculture’s role was being scaled down, relatively speaking, at the same time the sector experienced a tremendous boom period, absolutely speaking, from the late 1940’s to the 1960’s. Partly, the boom resulted directly from new state incentives, and partly from the advances made in agricultural production technology and biology. The so called Green Revolution brought about new machinery, pesticides, herbicides and chemical fertilizers in growing quantities, and new seed varieties that were more yielding and more resistant against pestilence or drought. The Green Revolution had an exponential impact on agricultural productivity first and foremost in industrialized countries, where there was enough capital to bring in the full advantage of all its potentials, but it did increase productivity significantly also in Latin America and in the Third World in general. In Latin America, total agricultural production grew by some 75 percent in the period from 1948 to 1969 (as calculated from the index figures in Grindle 1986, 80). The rapid population growth, however, partly resulting from the increase in agricultural output, did offset the effects of the latter: agricultural production per capita remained constant throughout the period. In this average Latin American scheme though, Mexico was clearly a showcase of the Green Revolution, capable of increasing its food security and agricultural exports despite the equally rapid population growth during the period.

The new role designed for the agrarian sector put repetitive pressure on the existing patterns of land tenure and ownership, which in Latin America were perhaps the most polarized and unequally concentrated in the world. The pressure was there even in Mexico, where the land distribution program initiated by the Revolution had not significantly changed these patterns: all post-war governments were forced to continue land distribution despite the preference given to large-scale commercial farming. In the mid-1960’s, in an influential survey by the Interamerican Committee of Agricultural Development, the need for a profound agrarian reform throughout the continent was made manifest. In seven countries of the region (Argentina, Brazil, Chile, Colombia, Ecuador, Guatemala, Peru) an extremely polarized pattern of land ownership, long perceived by many and propagated by guerrilla movements, was now confirmed by organizations whose authority was not easily dismissed by national political elites. The survey revealed that in all seven countries, infra-subistence and subsistence level categories of agricultural production units

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19 The Interamerican Committee of Agricultural Development, CIDA (Comité Interamericano de Desarrollo Agrícola), was an organ inspired by the Kennedy administration’s Alliance for Progress program and created by the United Nations’ Economic Commission for Latin America (ECLA), FAO, Organization of the American States, Interamerican Development Bank and the Interamerican Institute of Agricultural Sciences after the OAS’s Punta del Este meeting in 1961. Individual country reports were published between 1966-1970; the surveys on Venezuela and Bolivia were never published, for various reasons. After the initial results of the survey became known, there was even opposition within the OAS and the US State Department against their publication, as the implications for a sweeping land reform in the region were so obvious (Feder 1974, 31).
included an overwhelming majority of the units but controlled only a fraction of the land, the categories roughly corresponding to the small scale peasant sector.\textsuperscript{20} In the extreme case, the units belonging to the infra-subsistence and subsistence categories comprised 96.5 percent of all units but controlled only 11.9 of agricultural land, and even in the least polarized case, Argentina, these two categories, which formed 91.9 percent of the units, controlled no more than 48.1 percent of agricultural land (for an account of the survey, cf. Barraclough & Domike 1966; also Feder 1974).

In another comparison of Latin America’s land ownership, based on FAO’s statistics of the agricultural censuses of around 1970, the land distribution pattern of seven South American countries (Brazil, Colombia, Ecuador, Peru, Suriname, Uruguay, Venezuela) was much more polarized than that of a group of nine Asian and Middle East countries (India, Indonesia, Iraq, Israel, Japan, Korea, Pakistan, Philippines, Sri Lanka); in the South American group, holdings of under 10 hectares comprised 62.4 percent of all holdings but controlled only 4 percent of the land, while in the latter group such holdings comprised 96.5 percent of all holdings and controlled 68.2 percent of the land. At the other end of the spectrum, in the South American group, holdings of over 100 hectares, 6.9 percent of all holdings, controlled 76.6 percent of land, while in the Asian/Middle East group such holdings comprised less than one-tenth of one percent of holdings and only 1.6 percent of land (Cardoso & Helwege 1992, table D.1).

The bipolar land tenure system of latifundios and minifundios, with the adjacent phenomena of sharecropping, unfree labour due to peasant indebtedness and the local political, sometimes coercive, power of the owners of large landholdings, seemed as if it had been deliberately preserved from another, bygone era. From the social stability perspective, the potential explosiveness of such a structure, taking into account also the rapid population growth, became obvious even to many conservative regimes alarmed by the Cuban revolution and the surge of guerrilla movements all over in Latin America. Also, from a macro-economic perspective, the poor productivity of large landholdings of the traditional hacienda type was evident, especially in comparison with the enclaves of transnational companies operating in the agri-business of Latin America but also in comparison with the small scale peasant agriculture, both of which were making more efficient use of their respective resources.

\textsuperscript{20} In the survey the infra-subsistence and subsistence level categories were labelled as ‘sub-family holdings’ (predios subfamiliares) and ‘family holdings’ (predios familiares). In the former category there was not enough land to sustain a family according to local standards (or the equivalent to provide less than two man-labour years of work); in the latter, there was just about enough land for the basic needs of a family according to local standards (or the equivalence to provide work for 2 to 4 man-labour years) (cf. Barraclough & Domike 1966).
As the Green Revolution growth potential was largely remitted by the 1960’s, the growth of agricultural production was threatened to become blocked by the land tenure system. For sure, a part of the landed elite had been taking part in the modernization of the agrarian sector, but the voluntary change from a ‘seigneurial’ landownership to a modern entrepreneurship was too limited and slow when compared to the overall modernization of the Latin American societies and to the pressure put on the agrarian sector as a source of capital for the industrialization. The agrarian sector was beginning to lag behind the rest of the society. At the same time, from a political perspective, the traditional political power held by the landed oligarchy was eroding as a result of a number of things, including rapid urbanization, the emphasis given to industrialization, the pressure from the rise of a new left-wing opposition, and the new surge of military coups in many countries of the region. As a consequence, agrarian reforms became both necessary and possible in the 1960’s. In a way, it was as if the Barrington Moore hypothesis (1966, especially pp. 413-432) - that for a country becoming an industrialized and developed democracy, the separation of political elite from landed oligarchy was inevitable - had been instinctively recognized.

Then, in the 1960’s, there was a marked surge of agrarian reforms in Latin America. In the first half of the decade, there were agrarian reforms initiated in fourteen countries of the region, and in five more countries in the second half of the decade, while prior to the decade reforms of any significance had been carried out in only three countries, Mexico, Bolivia and Cuba. The reforms varied expectedly from one country to another in intensity and scale, that is, as to the relative share of agricultural land affected and as to the relative number of beneficiaries, but the surge of reformism was no coincidence. It reflected the growing awareness among political elites - civilian and military - that the existing rural economic and political structures were obstacles to economic progress in general, as had been implicated by the structuralist analysis of ECLA since the 1950’s and by the advocates of the Alliance for Progress program since 1961, even if the possibility for social unrest due to the rural conditions was not taken into serious consideration (cf. Dorner 1992, 14-21; Grindle 1986, 139-142).

However, these land reforms of the sixties (and seventies) were nowhere near as extensive as those initiated earlier in Bolivia, Mexico and Cuba. Of course, the peculiar agrarian structures in each country (with their production system, land tenure pattern, class division, differentiation among the peasantry, etc.) and the

\[21\] In a widely read contemporary analysis of the Latin American reality, edited by James Petras and Maurice Zeitlin, José Nun argued that Latin American military coups of the time had the peculiar characteristics of being a middle-class phenomenon (Nun 1968), thus being inherently against the oligarchic landed elite.
lack of truly comparable data makes comparisons difficult, but one can quite safely assess, drawing from various sources, that in no country (with the exception of the three mentioned) did the agrarian reform benefit more than 30 percent of families engaged in agriculture and in most cases the percentage was very much lower. Thus the reforms tended to be very partial and in addition to that, sometimes quite distorted as well, the better-off peasants being granted more land than those in a more urgent need, and with inadequate follow-up services, the abandonment of the distributed land was sometimes substantial (Dorner 1992, 32-50).

Alain de Janvry suggests (1981) that the many Latin American agrarian reforms of the 1960’s and 1970’s did not really benefit small scale peasant production nor were they truly intended to do that. Rather, they were instruments with which it was possible to avoid more deeper reforms by creating more stable social conditions in the rural areas and decreasing the revolutionary potential of the peasantry. (Indeed, also in Mexico in the latter half of the sixties the otherwise rather conservative government of Díaz Ordaz hastened up land distribution to pacify peasant unrest and radicalization but avoided to touch large landholdings except for a few showcases.) The infrastructural and financial incentives that accompanied many land reform programs were directed disproportionately to the commercial instead of the small scale peasant sector. In addition, from the economic policy perspective, the reforms also served as a device to encourage agricultural modernization of large landholdings: the mere threat of expropriations forced landlords to become more productive or to sell off their surplus land to more entrepreneurial producers. Also, the state gained greater control over the agrarian sector as a whole and more directly over those producers who benefitted from the reforms, as they usually became dependent upon further services offered by the state (Grindle 1986, 157-159).

That the reforms did improve somewhat but did not radically alter the existing structures of land ownership was verified in the early 1980’s by an ECLA/FAO report, based on national census data of the Latin American countries. Of the agrarian production units 22 percent were ‘entrepreneurial’ (which included all large landholdings, private and corporate) and 78 percent were ‘small

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22 In Bolivia the share of beneficiary families was about 75 percent in the late 1970’s, since the moderately left-wing revolution of 1953, and in Mexico about 43 percent in 1970 or 52 percent in 1980, since the beginning of the agrarian reform (Dorner 1992, 34). On Cuba we have no corresponding data, and in every case the socialization of landed properties and the subsequent collectivization makes Cuba a case apart.

23 For sure, doubts on agrarian reforms as a truly equitative and efficient solution to the agrarian productivity problems, to the exploitation of peasants and to rural poverty in general had been expressed earlier as well. For example, David Lehmann, in his edited volume of comparative case-studies of land reform, wryly notes that those "who seek capitalist development without an exploited peasantry, or without the exploitation of the proletarianized mass of the peasantry by the enriched few, may be trying to have their cake and eat it” (Lehmann 1974, 21).
producers’; of the land area that the two types controlled, 82 percent belonged to the former and 18 to the latter (of cultivable land the percentages were 63 and 37, respectively, indicating the relatively larger share of unused land of large landholdings). The share of the entrepreneurial sector of the total export production was 68 percent, and 32 percent for small producers. Of the total production for domestic consumption, the share of small producers was 41 and 59 percent for large producers (cf. Guerra 1993). The figures on land ownership are considerably more equal here than in the earlier CIDA survey, but we must take into account that the CIDA survey on the seven countries included most of the worst cases in the region so that the average on all Latin America would have been higher even in the 1960’s. But also, for sure, a part of small producers had been able to move to the entrepreneurial sector thanks to the reforms, increasing the number of entrepreneurs and decreasing that of small producers. In that light, what the reforms brought about was not an equalization of land tenure among all producers but internal differentiation within and reduction of the small producers. Yet, what is interesting is the relatively large share of production for domestic consumption that peasants - assuming we can roughly correspond ‘small producers’ to ‘peasants’ - still provided, and also of exports, only slightly less than their share of agricultural land, implying that their productivity could not have been so much inferior to that of large producers to prevent them from taking up commercial crops and allowing for the inequality in access to productive inputs and subsidies between the two groups.

The Modernization and Capitalization of Latin American Agriculture

Despite the fact that the age-old land tenure patterns did not change that radically, Latin American agriculture has been modernized to a considerable degree. It appears that the modesty or half-heartedness of land reforms was not an obstacle for modernization. But then, who says modernization and unequal land tenure would not go hand in hand? Looking at the global process of concentration of commodity chains from direct production to processing and marketing by agro-industrial TNCs and at their crowding out of national markets from local small and medium-size producers and companies (e.g., Green 1990), one is tempted to say that aspiring for a more or less equal land tenure system through extended land reform would have been against the global trend for concentration, like paddling one’s canoe up-river in a strong current, fiercely but hardly getting anywhere. And in fact, as mentioned, simply the threat of a reform was an accelerating factor for modernization. Thus, we might also say that because of the timidity of land reforms, modernization has taken place in the Latin American agrarian sector, although this is not to say that modernization and land reform need to be mutually exclusive.
Theoretically, the pathways of the traditional *hacienda* economy - including the constituencies of the landlord economy and that of sharecropping or tenant peasants - into either oblivion or to a capitalist enterprise has depended on which one of the two constituencies has been advancing and which one retreating (cf. Fajnzylber & Schejtmn 1995, 159-161; Schejtmn 1993, 2-4). When landlord and peasant economies have ended up in a contradiction over the use of land, water and labour resources, stimulated by the dynamics of the demand for the *hacienda* products, the productive potential of the land in question, the entrepreneurial skills of the landlord and his access to capital, and the internal or external pressures by an organized peasantry have influenced the path taken. In irrigated or otherwise highly productive lands (and therefore with easier access to capital) it has usually been the landlord that has taken the upper hand, and the peasant economy has been retreating or disappearing, giving way to capitalist farming practices and the proletarianization of peasants. Where landlords have lacked capital and land has not been particularly apt to commercialization, peasant economy has been advancing and that of *hacendados* retreating, sometimes in a more direct and rapid way with the help of land reforms. Then, of course, the capital needed in the transformation of *haciendas* into more capital-intensive agricultural enterprises could be provided by the state, as in northern Mexico, where large landholdings were supported in their transformation by abundant public credit and large-scale irrigation projects, among other state incentives.

In the modernization of the Latin American agrarian sector Jacques Chonchol finds seven impulsive factors, or trends rather, which jointly have produced or formed the modernization from the 1970’s to the 1990’s. First, there has been a notable increase in Latin American agroexports despite the downward curve of the real prices of most of these commodities. Second, there has been an expansion of the internal markets of the countries in the region as a result of urbanization and population growth and of changes in the consumption patterns. Third, there has been changes in the production systems, giving more room and impetus to the development of large scale commercial agriculture. Fourth, in the majority of the countries in the region the governments have implemented policies which have favoured the industrialization of the agro-food sector. Fifth, there has been a growing participation of the private sector in the generation and transfer of technology to agriculture. Sixth, the agro-food sectors in the

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24 Sometimes retreating or disappearing landlord economy may spring up again and cause a corresponding retreat to peasant economy, as in the Chilean case, where land reform was followed by a counter-reform after 1974 (on this, cf. Collins 1980). Schejtmn mentions (1993, 3-4) that such a development may also follow the Mexican *ejido*-reform of January 1992; if the privatization of *ejidal* land results in a rise of the value of the land so that peasants, with their previous subsidies and other state incentives simultaneously reduced, are unable to exploit their valuable lands or buy more land if needed.
region have been increasingly transnationalized. Seventh, new types of agricultural entrepreneurs have emerged, that is farmers and companies of the capitalist type for which land is just another marketable commodity and a production factor with no intrinsic value as such, unlike peasants or the old-school haciendas (Chonchol 1994, 340-345).

As a consequence, in the most modernized areas in Latin America, though not throughout, the old latifundio-minifundio complex has been superceded by the new agro-industrial complex, characterized by vertical integration of production processes (from direct production to processing and to marketing) and horizontal integration of various branches of production under the same capital, national or foreign. Quite a lot has been written on this ‘agrarian transition’ in Latin America: whether it was a transition from feudalism to capitalism, from pre-capitalism to capitalism, or whether there was capitalism existent already before the transition (the debates of the 1960’s and 1970’s are best analyzed in Goodman & Redclift 1981). The transition issue was carried over to the peasant sector as well: whether peasants were still having a pre-capitalist economy while the rest of the agrarian sector was turning capitalist and whether this ended up in a dual economy within the agrarian sector, where two separate ‘modes of production’ (capitalist and a disputable ‘peasant’ one) had an interplay that was frequently coined as ‘articulation’ (as if the concept was more precise and analytical than any other way of describing the mutual connectedness and relations of the two modes).  

Recent trends

The vertical integration of the global agro-food sector has sometimes led to the assumption that the restructuring in agriculture has, to a point, paralleled industrial restructuring in the post-war era; that is, that the development of agriculture has gone along similar Fordist lines of production and labour systems (cf. Marsden 1992). For sure, there has been - especially during the Green Revolution and the rise of agro-food industries - a trend towards mass production of agricultural commodities of uniform quality, towards a more capital-intensive model of capital accumulation also in agriculture, and towards a regulatory agrarian policy which favours mass production while intending to keep market and labour conditions stable. But, as Goodman and Watts (1994) point out, agricultural development does not bend itself easily to Fordist interpretations - and even more to the interpretation of the present situation as

25 In my view, there was hardly a more vague approach in peasant studies than the ‘articulationist’ one. Although individual case studies were usually validly based on empirical evidence, the use of the concept of ‘articulation’ as an all-encompassing explanatory theoretical key-word was inflationary: when all relations between peasant economies and capitalism were taken as ‘articulation’, what was finally explained with the concept? Only that the two had a relationship, which was already evident in the first place.
something post-Fordist. No doubt recent trends do give an impression of a post-Fordism or a ‘post-something’. Regulatory agrarian policies have been liberated and become de-regulatory, and, as noted by Llambi (1990, 190), "new trends in labour recruitment by both manufacturers and farmers alike not only reassert traditional forms of partial employment such as temporary or seasonal labour, task contract arrangements and payment by the piece...” and while with this reassertion greater labour productivity is pursued the entrepreneurs are bypassing many costs "linked to the welfare legislation of the previous accumulation regime". This is something that has been apparent in Mexico as well, from the *maquiladora* sector to the use of migrant day-labourers in the export agriculture.

However, to regard this as post-Fordism in agriculture would mean the recognition that the previous model was a Fordist one. The simple fact that a great part of agricultural production has been and still is autoconsumed by the producers (peasants) themselves or reaches only narrow local markets makes a Fordist characterization untenable; basic food crop production in Latin America has been and still is markedly not mass production of uniform quality for the markets (although peasant livelihood may depend on those markets). With certain crops - fruits and vegetables and animal feed crops - this kind of mass production has become more and more common (but then, even with these crops we are still in a process towards mass production, not passed it, and in any case we are dealing with a minority of all producers). Simultaneously, however, deregulation of the production complex has advanced to a point where a Fordist system cannot become the prevailing reality anymore. As a result, Latin American agriculture is moving from a pre-Fordist capitalism towards a Taylorist capitalism rather than from Fordist to post-Fordist, if we want to use these concepts of organization of production at all. The concepts themselves are rather irrelevant here, but it is necessary to make the notion that, in the Latin American agriculture, there has not been any linear and smooth development from one specific phase to another as corresponding to the European development, where the agrarian sector’s development was more parallel and more closely interlinked with that of the industrial sector.26

As elsewhere in the Third World, in Latin America too there has been an extensive process of substitution of basic food crops by animal feed crops, as an adjunct of the commercialization of agriculture. To a degree, there has also been a change of preferences within the basic food category as well: traditional crops (such as maize or potato) have been substituted by ”modern” food crops (such

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26 One can speculate also whether there has been such a linear development in the Latin American industrial sector either: in many countries of the region it seems that what has taken place is a transfer from a ‘pre-modern’ (pre- or protoindustrialized) society to a ‘post-modern’ one (consumerized service society) without the phase of a ‘modern’ (industrial) society. The massive growth of the informal sector seems to confirm this.
as wheat and rice) - as an adjunct of changing (mainly urban) consumption patterns. The traditional basic food crop most affected has been maize. And the crop that has expanded most is sorghum, which in Latin America - unlike most varieties in the Old World - is produced only for animal feed, not for human consumption. The area used for sorghum has grown to about 10 percent of all cultivable land area in Latin America by the early 1990’s. Of course, the increase of demand for animal feed crops is linked to the growth of cattle ranching and to the industrial production of pork and chicken, which, in terms of available agricultural land, have further "crowded out" the space for the possible expansion of basic food crops. Consequently, of the six largest Latin American countries (Argentina, Brazil, Colombia, Mexico, Peru, Venezuela) all but one (Argentina) have turned into large scale importers of basic food crops, in order to be able to feed their growing populations (Barkin & Batt & DeWalt 1991, 49-83). This bias - for animal feed crops over basic food crops - is something that has deeply affected peasant economies, by causing the diversion of public funding, crediting and subventing away from peasant production (public resources being often the only channel to extra-sectorial resources, as private capital has seldom shown interest in peasant production) and by weakening the ‘terms of trade’ of peasant production in both national and international markets. As a result of all this, by the 1980’s, there was something of a ‘food crisis’ in almost every Latin American country (Redclift & Goodman 1991; of the Mexican case, see below).

Partly simultaneously with and partly succeeding the growth of animal feed crop production has been the growth of non-traditional agroexports (NTAX), mainly vegetables, fruits (other than bananas) or cut-flowers. NTAX growth has also crowded out room from traditional basic food crops - though not nearly to the same extent as animal feed crops in terms of agricultural land area occupied - but it has mostly been a response to the stagnation of traditional export crops due to market saturation, whether those traditional exports have been basic food crops, cotton, sugar, animal feed crops or other, depending on

27 There has been many factors facilitating the expansion of sorghum, mostly at the cost of maize: sorghum tolerates more drought than maize; it belongs to the same family of plants as maize, making it easier to adopt by maize producers; it is less labour-intensive than maize, requiring less labour-days per hectare; state policies have subsidized the relatively high costs of mechanization linked to such "bulky" commercialized crops as sorghum; with the growth of beef industry, the markets for feed crops have been steadily expanding; and on the whole, sorghum has proved to be a less risky crop than many traditional food crops.

28 Non-traditional agroexports can be defined in a number of ways and according to the specific exporter country. They may include products which have not been produced in a given country before, or products which have been produced for domestic consumption but never exported before, or products which have been produced and exported but are now exported to completely new markets (cf. Barham & al. 1992, 43). Perhaps the most common way to use the concept is to refer to products not previously exported by a country, whether or not these have been produced for domestic markets. However, a more strict definition is that of ECLA/CEPAL: vegetables, fruits (except banana) and flowers (cf. Marañón 1998, 293). This definition is, obviously, quite suitable for Latin America, but would probably not hold that well in the case of European countries.
the case. Also, there has been a change in demand in the northern consumer countries: the "post-modern diet" now requires fresh fruits and vegetables all year round, new "exotic" tropical fruits and ingredients for "exotic" meals, and new varieties of old products (e.g. 'baby'-tomatos or -maize). No doubt this response has been linked to and been part of the growing internationalization and capitalization of Latin American agriculture: many NTAX products require some processing (like frozen vegetables) and most of them require different and more "consumer-friendly" packaging than the traditional bulky exports, not to mention specific requirements in transportation, all of which may require capitalization and new channels to reach the retail outlets abroad. With these requirements different from traditional exports, NTAX has perhaps been the typical subsector in agriculture where the aforementioned Fordist organization of production has been approached and sometimes reached (say, a packing-house of tomatoes or mangoes, selected by size and colour for uniform quality, is probably the closest one can get to Fordism in the agrarian sector).

Worldwide, the NTAX category has already passed the value of traditional agroexports; in Latin America, the value of NTAX of all agroexports reached about 30 percent at the turn of the 1990’s (Marañón 1998, 294, 297) - a good guess would be that their share has kept growing ever since. Relatively, the countries leading in recent NTAX expansion are Chile, Costa Rica and Guatemala, although the top positions in specific NTAX products are divided between various countries (like Mexico in tomatoes, Brazil in orange juice, or Colombia in cut flowers). NTAX expansion is probably a mostly positive development trend from the national economy viewpoint of Latin American countries: the value per volume of NTAX products is usually higher than that of traditional products, there is usually more value added locally (in processing and packing) and there is usually some extra employment generation if compared to the use of same land area for traditional products. However, there are risks also. Growing NTAX exports can cause unexpected saturations of markets, as producers in many countries may simultaneously respond to the demand, which, in turn, may cause price reductions. Especially with perennials requiring considerable initial investment (like in establishing fruit orchards), the supply side is rather inflexible in responding to demand decline. And to produce more at lower prices to cover the losses - the strategy historically used with many traditional exports crops - may not be valid; as it is rhetorically asked, "how many macadamia nuts or mangoes" can northern consumers "be expected to eat, even at lower prices" when such products are not an essential part of the daily diet or do not perhaps fit the taste of more traditional consumers. At the producer level, there are risks linked to the inexistence of mitigating institutions to help in a successful adoption of NTAX production and to reduce risks in cases of crop failure (Barham et al. 1992, 46-47).
For peasant producers, NTAX products are not the easiest choice, unless they have previous experience on producing the same product for domestic markets. The initial capital costs required by many NTAX products is a limiting factor for peasants to enter into the business, as is the marginalism of much of the peasant land (e.g., many NTAX crops do not succeed without irrigation). As a result, NTAX expansion may actually increase the cleavage between the peasant and commercial sectors, due to this exclusionary nature of NTAX production, which has been largely the case in Costa Rica for example. Yet, despite this, the evidence from Guatemala suggests that NTAX can offer opportunities also for small producers. In Guatemala the expansion of NTAX has been able to improve the rural employment situation - at least in contrast to the less labour-intensive cattle growing, so widespread over the country - and the inclusion of small producers to the export economy. In the case of broccoli, in 1990 there were eight companies producing frozen broccoli for export, and a survey of six of these companies showed that the companies in general do not grow the broccoli by themselves but mostly contract with individual farmers and cooperatives. Individual farmers produced over 80 percent of the broccoli that the companies used, and within these farmers, small producers were well represented: farms of less than two manzanas accounted for 36 percent and farms of two to ten manzanas accounted for 27 percent of the production. Cooperatives, also mostly made up of small producers of less than two manzanas, accounted for a one-sixth of the broccoli production for the export companies. Thus, with such labour-intensive vegetable production the overall distributional effects among rural populations can be positive (Barham et al. 1992, 71-74). As such, NTAX products are both a threat and an opportunity for peasants.

Since the debt crisis years of the 1980’s and resulting from the structural adjustment policies which followed in Latin America (and most likely also in the rest of the debt-ridden developing world), the agrarian sector as a whole - both peasant and capitalized sectors included - has experienced a ‘scaling down’ in relative structural and policy option terms. This has included, among other things, the growing institutional weakness of the agrarian ministries29 (with respect to the ability to make decisions in favour of their respective sectors), the diminishing bargaining power and room for negotiation on the terms of trade of the agrarian sector due to the rapid and deep macro-economic adjustment, and the growing tendency to see the countryside and its problems through an urban optic, meaning that the agrarian sector and its production has

29 And within ministries, a contrast is growing between the profiles of a new modern and pragmatic type of Minister and that of the Ministry itself, which is obsolete, bureaucratic and has exceedingly scarce resources (Cebreros 1990, 912).
been sacrificed to the protection of urban consumers and to the anti-inflationary policies required by the adjustment policies (Cebreros 1990, 912). In one sentence, the Latin American agrarian sector has been exposed to neoliberalism in the political field and transnational capital in the economic field. And this has taken place simultaneously with the fact that the leading trading partners of Latin America have retained much of their subsidies and tariff protection for agricultural commodities (the US trade remedy laws and the subventions of the Exim-bank or the Common Agricultural Policy of the European Union), not to mention their susceptibility to take other ad hoc protectionist measures against Latin American competition in specific fields,\textsuperscript{30} despite all the rhetorics at international fora on behalf of free trade.

\textsuperscript{30} Examples of unilateral import restrictions or bans, on whatever grounds, abound in the case of the United States’ trade policy, the leading trading partner of most Latin American countries: during the 1980’s and 1990’s, there have been US bans on Mexican avocados and tuna fish, Chilean salmon, Costa Rican and Colombian flowers, and many others.
CHAPTER II:
THE POLITICAL ECONOMY, THE STATE AND THE AGRARIAN POLICIES

Historical Roots of the ‘Agrarian Question’ in Mexico

Roots of the Mexican Political Economy

After the independence, gained in 1821, the economy of the newborn Mexico was in ruins. The economic boom of the late colonial period, based on silver mining, had ended due to the wars of independence: most of the wealthy peninsulares (those born in Spain), civil servants as well as entrepreneurs, had left for Spain with their fortunes, and many mines had fallen into disuse. There was a severe lack of capital, relative and absolute, as a result of a drop in the amount of silver coinage in circulation, leading to high interest rates, difficulties in the rehabilitation of the mines and to a low level of investments in general. The lack of money and savings hindered the development of domestic markets and the lack of foreign reserves hindered foreign trade - the output of trade fell drastically during the first two decades following independence. There was a prolonged stagnation up to the middle of the century, and even after that the recovery was slow and interrupted by the liberal wars in the 1850’s and 1860’s. From 1800 to 1860, according to Enrique Cárdenas (1997, 65-66), the estimates available suggest a 37 percent drop in the gross domestic production per capita.

The problems were enhanced by infrastructural and extraeconomic factors. There was no safe, efficient and economical system of transportation in the country (nothing compared to the channel-, river- and coastal sailing in Europe); what little there was to transport was taken from place to place by muleteers (arrieros) across roadless, rugged terrains. A day’s journey seldom exceeded seven leagues, about 35 kilometers (Olivera & Crété 1991, 72). In a country of such magnitude - before the US-Mexican War including also the vast territories of Texas, New Mexico, Colorado, and Upper California - this led, almost inevitably, to local or, at most, regional economies, weakly monetarized and weakly integrated into anything considered a national economy. Trade from region to region was not only costly and inefficient but extremely risky as well because of the wide-spread banditry in rural areas. In fact, in the mid-century the Congress did not gather, as the representatives from the provinces feared to travel to the capital because of the threat by bandits. Also, unstable political climate did not favour entrepreneurship which would have required stable
relations with legislators. However, agriculture, especially basic food production, was not that much affected by the adverse circumstances, as it had been weakly monetarized and largely confined to local markets also before the independence. Along with decimated mining, the cotton textile industry was the only adequately functioning field of manufacturing (Haber 1992, 2-10).

The Mexican state was not in the position to push the economy with public spending or to clear off the extraeconomic obstacles. The state was, in fact, part of the problem, as the bulk of the scarce money supply went for government loans instead of private investments. The government, in turn, suffered from the high interest rates and ran a constant fiscal deficit. The state was unable to find sources of tax income and had to use its major source of revenues, customs duties on imported goods, as securities for the loans it took. In times of war or political crisis, which was not unfrequent, the government might also repudiate servicing its debts, causing further havoc in the financial markets and bankruptcies among money lenders (Marichal 1997, 121-123). The government was unable to provide for infrastructural improvements and many services, like road maintenance and postal system, were contracted to private companies which were allowed to collect fees and taxes on such services, raising their costs for the user. The government founded a public development bank in 1830 but was never able to raise sufficient capital for it, and finally closed it in 1842 and used the reserves for financing the army (Cárdenas 1997, 69). As domestic capital was insufficient there was a great demand for foreign financing both in the public and the private sector. Thus foreign, mainly British, capital came to control many economic activities from mining to trade and public utilities.

The recovery probably would have started earlier had there not been the intermittent internal and external warfare that plagued the country from the 1840’s to the 1860’s. Stable economic development was difficult in such conditions and long-term economic policy and planning simply impossible. The liberals, with the 1856 Lerdo Law and the 1857 Constitution, sought to lubricate the economy by ordering the privatization of the lands of the church and the common lands of indigenous communities, but they had to wait until the fall of the French-imposed emperor Maximilian in 1867 to be able to implement their agenda, and at that time the country was almost as war-torn as after the wars of independence. Ousting the French had created a new sense of nationhood, but the provinces had grown nearly autonomous, most of the confiscated church property had been consumed by war efforts, mines were

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31 The US-Mexican War from 1846 to 1848, the Caste War in Yucatán from 1847 to the mid-1850’s, the liberal-conservative wars from the ousting of Santa Anna in 1855 to the Three Years’ War from 1858 to 1860, the French-British-Spanish attack in 1861 (which was due to Juárez’s decision to suspend foreign debt payments), the subsequent French invasion and the liberal war against Maximilian in 1866-67 were only major conflicts under the shadow of which many minor local or regional incidents took place.
again in ruins and the treasury of the state remained literally empty for most of the period of Benito Juárez from 1867 to 1872 (Katz 1991, 49-53).

Although the outlook was not rosy, the economy did begin to recover during the liberal restoration from 1867 to 1876. In the latter half of the 1860’s the volume of trade increased by 4 percent annually, and the gold and silver coinage grew at an average 3.1 annual rate, fuelling investments and the monetarization of commodity markets. Despite damages, mining started to expand because of new discoveries of silver deposits, and so did the cotton textile industry: in 1879 there were almost 260 000 spindles and over 9000 looms installed, more than double the amount in 1865 (Cárdenas 1997, 76-77). The liberal restoration meant also the restoration of the state’s control over many regions where local caudillos had held practically absolute powers. During the presidency of Sebastian Lerdo de Tejada (1872-76) the first railway was inaugurated (1873), connecting Mexico City with the trading port of Veracruz, which hastened economic development by reducing transport costs to and from the capital. Concessions were also given to US railway constructors on the northern frontier areas (Katz 1991, 62-67). So, when the former hero of the French War, general Porfirio Díaz, toppled Lerdo in 1876 and got himself elected as president the following year, the Mexican economy was well on track for a spectacular growth period. Originally a liberal himself, Díaz did not start as an outright reactionist dictator. He maintained most of the liberal legislation and some of the ”liberties” in vigour but gradually began to build up a centralist state machine in which he would have the unquestionable power and which would make him one of the most durable heads of state in the Latin American history.

During the first Díaz administration (1876-80), the interregnum of Manuel González (1880-84), 32 and the subsequent quarter of a century of an uninterrupted dictatorship (1884-1910), there were three major policy practices. First, foreign investors, US and British as well as others, were granted generous concessions of every kind; second, in order to balance the US influence, links to Europe were strengthened as much as possible (e.g., after diplomatic relations with France were established in 1880, French capital began to play a major role in the creation of the National Bank of Mexico and was an important source of government loans); third, political stability was to be maintained at any price. Until about the turn of the century these practices helped to fortify the state, but from 1900 to 1910 they laid the basis for the Mexican Revolution (Katz 1991, 69-71). The influx of foreign capital and the adjacent internationalization of the

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32 Keeping the promise he had made in 1877, Díaz was not a candidate in the 1880 elections, but he hand-picked a candidate loyal to him, Manuel González, who had no problems beating the quarrelling opposition candidates. González’s period is regarded as one of the most corrupt in Mexico’s history.
economy, especially of its infrastructure, and the internal peace and order were the key features of the boom period of the last quarter of the 19th century.

The singular most important impetus for economic growth came from the building of railways from the 1870’s onwards. By 1892, there were almost 10 300 kilometers of track, linking major urban and mining centers, and by 1910, the total length of tracks had grown to over 19 700 km. Most of the tracks were built and operated with government concessions and subsidies and infrequently by foreign companies. The effects of the railways were many-fold. Domestic markets began to develop, when railroads connected hitherto isolated regions to each other and transporting merchandise from region to region became safer and cheaper. However, the low buying capacity of the majority of the people remained a major obstacle for the growth of the domestic sector. In mining, cheap transportation made mines, which were not so rich and otherwise would have been left unoperated, profitable and, even more importantly, extended the profitability to exporting non-precious metals (copper, zinc, lead) for the first time. Agricultural products also benefitted from the cheap transportation. Economic activity was spread more evenly across the country; in the 1880’s and 1890’s, the ports of Tampico on the Gulf and Progreso in Yucatán, as well as the frontier towns of Ciudad Juárez, Nogales and Laredo emerged as important gateways for foreign trade, because of railroads (Cárdenas 1997, 77-81). Maintaining order and establishing state’s control became easier with railroads. The rural police corps, policías rurales or simply rurales, founded in the Juárez era, now became the perfect instrument in fulfilling the first part of the Porfirian battle cry ‘order and progress’, orden y progreso. By train, these troops with their horses and equipment could be swiftly sent to a region where bandits or local caudillos were causing trouble (cf. Vanderwood 1986, esp. 91-passim.).

During the last two decades of the 19th century economic growth was spectacular. Gross national product rose at a rate of perhaps as much as 8 percent annually. Silver production tripled from 1877/78 to 1900/01, and copper, zinc and lead as new profitable products in mining. In agriculture, products like henequen (sisal), rubber and coffee emerged as new export categories. Some light industries for domestic markets developed, including fields like paper, glass, shoes and beer (Katz 1991, 74-75). The engine of growth was the export sector. Between 1978 and 1910 the volume of exports grew on an average of 7.6 percent annually, and the value in dollars 5.3 percent annually. External factors behind the export boom were favourable: the industrializing Europe and North America needed the primary products Mexico produced - metals, rubber, and henequen for ropes and harvesters. Simultaneously, the lowering of maritime freight rates during the second half of the 19th century - due to steamships of growing capacities - made cross-ocean
transportation cheap enough for bulky goods (Cortés Conde 1992, 164). An internal factor fuelling exports was the depreciation of the currency. As the international price of silver fell by a third between 1872 and 1891, the nominal exchange rate of the Mexican peso, based on silver standard, fell accordingly; the depreciation continued even more drastically in the 1890’s (Cárdenas 1997, 81-83). Revenues for the state increased as well further strengthening state’s power and control over the national territory. In 1896 the federal budget was balanced for the first time in the history of independent Mexico, and that year also marked the abolition of internal customs between the various states of the federation.

There were, however, flaws in this model of export-led economy, aggravated by the policies or rather by the lack of them by the Díaz government. Perhaps the most serious was the long-term trend of weakening terms of trade. The real prices of the raw materials Mexico exported decreased in relation to the manufactured goods Mexico imported, and even more so from the latter half of the 1890’s onwards. Added with the depreciation of the currency, this made industrialization, which depended heavily on imported capital goods, an expensive venture as less could be achieved with the increasing earnings from exports, relatively speaking. Although in the 1890’s over 30 percent of the growth in manufacturing was of the import-substitution kind, reducing the need to import corresponding products from abroad (Cárdenas 1997, 84), there was never a deliberate policy by the government to promote heavy industries that would produce capital goods, as in Europe at the time (Katz 1991, 76). It was mainly the textile industry that benefitted from selective protectionist measures. In addition to the price fluctuations of many export commodities, the growth of demand in industrial countries was not stable for the whole Díaz period; in the decade 1900-1910 the growth rate of the Mexican export earnings was 75 percent, notable but much less than the 144 percent in the previous decade (Hansen 1971, 31). Another flaw was that exporting primary products did not contribute much to the growth of domestic demand. An urban, consuming working class, a pre-requisite for a domestic consumer goods industry, remained modest, and the overwhelming majority of Mexicans continued to live in the countryside as direct producers for their own consumption needs.33 The growth of the light consumer industry oriented towards domestic markets (breweries, shoe factories, etc.) had soon encountered its limits.

Another important feature of the Mexican economy was the extended control of foreign capital over it. It was perhaps not a flaw in the short run, as at the outset domestic capital had in any case been insufficient and it was foreign capital that

33 In 1910 of the 15 million or so Mexicans, slightly over 6 percent lived in cities of over 50 000 inhabitants, representing a modest rise from 5 percent in 1900 (Rosenzweig 1989, 22).
primarily fuelled the growth. But it turned to be a flaw in the long run as the key branches of the economy (with the exception of basic agriculture) were in foreign hands, and the spheres of operation became limited and blocked for domestic capital when domestic savings and export earnings started to accumulate. In a way, foreign capital was "crowding out" the opportunities for domestic capital. Much of the foreign capital was invested in infrastructure, in public works, under generous concessions from the Díaz government. US companies operated most railways and British companies operated the port facilities of Veracruz, for instance. The revenues from the use of such facilities then went abroad, with a modest license fee or tax remaining to the federal government, which was generally indifferent as to Mexican ownership in the economy. However, the government did pay attention to where the foreign money came from; a care was taken to ensure that the participation of US and British capital would be balanced by that of continental Europe (Katz 1991, 77).

However, we should be cautious of not placing the inadequacies of the export-led model only in the external conditions (terms of trade, control of foreign capital). Recent studies in the economic history of Latin America point to the perception that many factors which led to the stagnation of the export-led model - or, to put it otherwise, inhibited it from growing faster - were internal: institutional inefficiencies of legal and financial systems, government policies, etc. (cf. Haber 1997, 15-16). While not arguing that internal flaws were always more important than external, it seems that their importance, on a general level, has been underestimated. In the same vein, we should reject the oversimplified dependentista idea that the export-led growth did not benefit the peripheral economies of Latin America but only the metropolitan countries. And, as noted by Cortés Conde, the alternative solution, an inward-oriented growth, might not have been any more successful (Cortés Conde 1992, 178-179), considering the scarcity of capital and domestic demand in the peripheral countries.

Yet these flaws, internal as well as external, were not serious enough or had not been developed enough, to lead the Mexican economy into an acute crisis in the years preceding the outbreak of the Mexican Revolution. The export-led growth continued right until the Revolution, although at a somewhat slower rate than in the 1890’s, and had there not been a revolution it probably would have continued until the First World War years, possibly beyond, as elsewhere in Latin America. Aside from the rural hacienda economy, there seems to have been no specific economic factors within the export model that would have ignited revolution, other than the relative exclusion of the bourgeoisie middle classes from the decision-making by the political and (exporting) economic elite. The concessions given to foreign capital and the strong position of it in the economy may have alienated nationalistic domestic capitalists and
intellectuals, but perhaps not to the point of forming a base for revolution. In fact, for the domestic capital it was also an asset that foreign capital took care of the extremely important but costly and low-profiting railway construction and operation, the single most important public works, allowing the insufficient domestic capital to concentrate on more high-profiting activities like mining and commerce, as remarked by Riguzzi (1995, 165). However, the major extra-economic policy practice - maintaining order at any price - that eventually led to increasing repression of political opponents and freedom of speech was a more fundamental factor in creating revolutionary sentiments, given the slow but steady growth of a bourgeoisie class toward the end of Porfiriato, a class that was to push the mounting opposition to a point of turning it into a revolution.

The Agrarian Sector in the Colonial Period

The consolidation of large estates, i.e. the hacienda system, began in the 17th century. The basic element in this was the gradual development of the usufruct rights (like estancias for cattle or sheep grazing, or caballerías for agriculture) first into de facto and subsequently de jure property rights on the land itself. The very meaning of the word hacienda transformed from designating any sort of property to that of landed real estate exclusively. In principle, all the land that was not specifically donated to anyone by royal grants belonged to the Crown, and lands belonging to Indian communities could not be transferred to private Spaniards, but in practice unauthorized occupation and self-proclaimed title deeds became the common way of acquiring land. At the end of the 16th and the beginning of the 17th centuries land itself was not an exceedingly scarce resource in the colony, as the Indian population in the central areas was at its lowest historical level due to the demographic collapse and in the frontier settlement areas to the north there was plenty of land, only sporadically inhabited by “unpacified” Indians which were not frequently living in settled villages.

In the long run, of course, vacant plots disappeared as claims multiplied, the unavoidable trend being that the most powerful and influential Spaniards as well as the Church and the religious orders were able to acquire enormous holdings compared to lesser Spaniards. The Crown clearly saw the unlawful nature of these appropriations, but in its constant need for cash it sought not to revoke the claims (with occasional exceptions, especially in cases involving the most flagrant violations of indigenous rights) but to take money out of the situation: from 1591 onwards the Crown issued various royal orders asking fees for the unauthorized usurpation of its lands. At first, when land was more abundant and therefore cheaper, the occupants resisted the whole idea of

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34 This chapter is mostly drawn on my earlier article in Spanish (cf. Valtonen 1997).
payments, regarding them as yet another form of taxation, and Crown’s revenues from this were minimal. But eventually, from the 1630’s onwards, they began to see that by paying the royal settlement fees they could legalize their holdings. And in this process of legalization many holdings grew even larger than they had been when illegitimate, as exact land surveys were seldom carried out. Those that suffered most in the process were the community Indians. Chevalier, in his classic work on land in colonial Mexico (1966, 277), regards Crown’s settlement tax as one of the most important events in the colonial history of the 17th century: “Its consequences were far-reaching. The country was impoverished, to be sure; but at the same time, the great estates attained their definitive boundaries and were ensured continuing, even heightened, predominance. The new title deeds were like a Magna Charta for the rural hacienda; its status had been strengthened and its territory considerably enlarged."

The consolidation of *hacienda* was accompanied by the expansion of the debt-peonage system. In a way it can be seen as a process of ‘peasantization’ of the Indians. In the colonial era the realm of the Indian communities, to an extent protected by the Crown, was conceived socially and legally separate from that of the whites and *castas*, mixed-bloods groups (hence the common usage of the expression *dos repúblicas*, two societies in the usage of the time); now, as Indians began to abandon their communities and settle on *haciendas* they became a more integrated part of the colonial economy and society, with more intense and more manifestly asymmetric economic and political relations with the wider society and with the local sources of power and with less interference by the seclusionary Indian policies of the Crown. According to Enrique Florescano (1976, 105), Indians that settled on the *haciendas* as resident peasants, as *peones*, were those that had lost their land or had been born without it, or had been recently liberated from slavery, and/or those that had already worked on the *haciendas* under the forced labour systems of *encomienda* or *repartimiento*. It is reasonable to assume that for some Indians settling on *haciendas* meant an improvement, compared to the insecurity of earning a living as a free migrant worker (*gañan*, *laborío*) or to the harshness of being a slave, and that for some it meant an involuntary change from a member of one’s culturally familiar community to an openly inferior subject within an alien culture. It is also likely, as Chevalier points out (1966, 282), that some Indians became *peones* almost accidentally: they were offered money which they took and spent at once without fully realizing the implications of the transaction and then found themselves bound to the soil of a *hacienda*.

For the evolving *hacienda* system labour that was bound to the soil was practically a *sine qua non*, and debt-peonage was probably the most handy way
of securing it. It was not land as such that was the critical resource but labour. The infamous encomienda system was for the most part abolished towards the end of the 16th century, and the outright slaving of Indians was likewise curtailed and restricted to the unacquiesced Indians of the frontier areas; the repartimiento system that was adopted from the late 16th century onwards was never able to satisfy the labour needs of private Spaniards, especially if engaged in agriculture, as the labour duties levied on Indian communities were allocated by royal authorities and were mainly directed to mining which was of more importance to the Crown. In fact, since 1632 the use of repartimiento labour in agriculture was banned altogether to keep the mines in full operation (e.g. Zavala 1966, 79). Imported black slaves against the use of which the Crown had no objections - were very expensive and used systematically only in sugar production, as only sugar mills had constant and adequate capital inflows from their ever-expanding exports and as Indians were considered physically unfit to work on the lowland sugar plantations (besides, major sugar producing areas were in the Caribbean islands where the Indians faced total extinction during the early decades of the colonial period). For the haciendas free labour was thus an imperative, but the demographic collapse of the Indian population and the reluctance of the Indian communities supported by Crown’s Indian policies kept its supply at levels lower than was the demand. Consequently, on the haciendas there was a need to secure a permanent labour force.

With the establishment of debt-peonage Indian peasants were increasingly seen as a part of the hacienda property, despite their juridical status as free wage labourers. The tendency went not unobserved by the Crown: for example, it was expressly prohibited - in 1601 and again in 1609 - to mention Indians in the documents for the sale or donation of real estate, and in 1630 it was decreed that the maximum period a labourer could be detained on hacienda for his unpaid debts was four months. However, debt-peonage was becoming so wide-spread and socially accepted in the colonies that royal authorities found it difficult to enforce these and other such measures against the practice, and the land-owners, hacendados, always found new ways to circumvent restrictions. Ultimately, hacendados could even present the system as working for the financial interests of the Crown: as every individual Indian was to pay a head tax land-owners found it wise to pay the tributes of their Indian labourers beforehand to the royal treasuries, against which the Crown would not voice a criticism, and then keep the Indians in debt at least temporarily. With the time passing, also more and more Indians were being born on the haciendas, and they were regarded as almost naturally bound to the soil. By the end of the 17th century or the beginning of the 18th, a hacienda with its indebted, soil-bound peasants was a firmly established institution (Chevalier 1966, 282-285; Florescano 1976,
Institutionalized as it was, it was “the true precursor of the Mexican hacienda of more recent times” (Zavala 1966, 79).

In the eighteenth century the economic reforms of the Bourbon monarchs of Spain did not affect greatly the agrarian structures in Mexico. The key areas of the most rapidly expanding agrarian sectors (sugar, tobacco, cacao) were outside Mexico, though Mexico remained as the economic hub (along with Peru) of the colonial system because of its expanding mining sector and the size of its population. The Bourbon reformers were not so much interested in the rights of their Indian vassals as the Hapsburgs had been but more in the overall economic performance of their colonies. Beginning from the second decade of the century the Crown even explicitly allowed peasants to be sold along with the land (Florescano 1976, 108), thus giving the final touch on the hacienda as an institution.

However, we should bear in mind that debt-peonage did not cover the total agrarian labour force. In the populous Central Valley of Mexico, for example, according to Charles Gibson, debt-peonage in the late colonial period affected less than half of the hacienda labour force (quoted in Florescano 1976, 108). While not knowing how the Central Valley situation would represent the rest of the colony, it seems highly plausible to assume that debt-peonage “retreated” somewhat, relatively speaking, towards the end of the colonial period. A likely reason for this would be the growing availability of free labour: the number of castas (mestizos and other mixed-blood groups) had increased substantially, and that of the Indians had recovered after the demographic slump in the early 17th century. Those of mixed-blood were attached to the dominant Spanish society and although they formed the majority of the urban labour force there was plenty of them engaged in agriculture as well, either as independent small producers and/or as free wage labourers on haciendas, seasonal or full-time. As the population of the Indian communities started to grow again and as their labour duties under the repartimiento were being scaled down, community Indians found it both lucrative and physically possible to hire themselves out seasonally to haciendas to acquire some monetary incomes. It also seems that in the 18th century tenant agriculture was rather common, and that the larger the landed property was the more likely it was that the hacendado would give up direct production and become an absentee landlord, renting out the whole hacienda in parcels to individual tenants, who, in turn, might sometimes themselves hire seasonal labour (cf. Brading 1977, 32-33).

This points to the conclusion that in the late colonial period labour was not anymore as scarce resource as before, and that, consequently, the pressure for the further enhancement of debt-peonage had weakened. In the Central Valley
most of the debts of the *peones* run only to the equivalence of three weeks’ labour or less (Florescano 1976, 108-109), implying that the indebtedness was not impossible to overcome if wanted. The almost complete lack of peasant uprisings against *hacendados* also hints that, in the late colonial period, landowner and peasant relationships had reached a certain state of equilibrium, at least in a social sense. Like Florescano states (ibid.), obviously the work itself on *haciendas* was no different from work under any forced labour systems, but there were other factors that compensated the duress of the work (like economic security, social order). On the other hand, then, the achieved relative stability of the rural forces of production left plenty of room for the renewed *hacienda* expansion a hundred years later during the Porfirio Díaz regime.

*The Agrarian Sector from Independence to the Revolution*

During the first decades since the independence of Mexico the agrarian conditions in the country prevailed pretty much the same they had been in the late colonial period, not counting the direct damages caused by the wars of independence between 1810 and 1820. After the grip of the European mother country had ceased a number of factors prevented the takeoff of a truly commercial agrarian sector based on the large estates: lack of capital and credit, small and unstable domestic markets, notoriously poor transportation infrastructure, wide-spread banditry in the rural areas, among others, all of which effectively hindered the development of export- and nationally-oriented commercial agricultural production. For the peasantry - both for the independent, community-based peasants and for the soil-bound *peones* living on *haciendas* - this meant the continuation of colonial practices in production and in land tenure. There was no significant new competition of the basic resources, land and labour, on the part of large scale production units. In fact, studies show that large estates were only sporadically able to utilize local and regional markets successfully, not to mention international markets (e.g. Brading 1977). For sure, there was rural instability in the decades preceding the *Porfiriato*, but this was mainly due to ethnic factors and to the distrust of community Indians towards the new liberal state that periodically attacked the Church and their communal rights (Miller 1991, 65-67).

Eventually, the new threat for the small-holding and communal peasants came from the liberal state, not so much from the upper crust of the rural society. The centerpiece of the liberal economic thought was the concept of private property, seen as a pre-requisite for economic motivation in general and for the necessary modernization of the national economy. After the fall of the conservative regime of Santa Anna in 1855 the liberais were free to pursuit a policy based on this economic rationale: in June 1856 the new Constitutional Assembly decreed
the law that was set to abolish the corporate land-ownership of the Church and of the Indian communities: *Ley de desamortización de fincas rústicas y urbanas propiedad de las corporaciones civiles y religiones*. The law, generally known as the Lerdo Law, was primarily targeted against the Church, and most of the land actually sold to individuals and to private companies was church land - the sales benefitted the Church with some 23 million pesos - but what was significant for the Indian communities was that it opened the way for the legal expropriation of their communal lands or, sometimes, for the legal affirmation of the existing *de facto* expropriations, i.e. illegal grabs, of Indian lands (Velasco Toro 1993, 38-39). For the liberal legislators the disruption of the communities was not a goal as such: they opted to create a class of independent small and medium size producers, motivated by an enterprising spirit based on their private properties.

However, the full enactment of the Lerdo Law could not be accomplished. First, the community Indians rebelled in various parts of the country, and second, more important, a civil war broke out between Liberals and Conservatives in January 1858, lasting for three years, and after Benito Juárez had reinstalled his liberal cabinet in 1861, the debt crisis of the government soon led to the French occupation and the Maximilian’s monarchy. In fact, Maximilian tried to solve the conflictuous agrarian situation with minimum harm done to Indians: he set up a protectoral authority (*Junta Protectora de las Clases Menesterosas*) to ensure that the Indian community rights and rights of the *hacienda* peasants (*peones*) and day-labourers (*jornaleros*) be respected (Velasco Toro 1993, 47-48). But, as mentioned, Maximilian institutions were revoked right after his short-lived period.

The agrarian conditions began to change more systematically under the Porfirio Díaz regime. Originally a liberal himself, Díaz sought to tranquilize the political turbuience that had followed the restoration of the liberal regime, and after his election in 1876 established a dictatorship that was to become rather conservative and lasted for three and a half decades (Díaz himself as president with the exception of a four-year period in the 1880’s). Gradually, commercial agriculture found more competitive edge, even in the ‘low-profit’ domestic production, due to the improving pre-requisites for marketing and to the growing demand generated by the accelerated population growth. Banditry being curtailed by the mounted rural police, and the expanding railroad network offering impetus for regional, national and international agricultural markets and for the extension of the agricultural frontier, agricultural exports began to grow. During the *Porfiriato* (1876-1911), the Mexican export sector grew, on the average, six percent annually, with most of the growth in the export agriculture (Knight 1986, 47). In the period, Mexico can be said to have formed,
for the first time, “a relatively integrated market economy” (Miller 1991, 67). A sign of the new unity was the fact that internal custom-houses between various states were abolished in 1896 (Rosenzweig 1989, 20).

These new conditions strengthened the hacienda economy, which started to grow, much at the cost of the peasant economy. The “rampant hacienda“, using Miller’s (1991) expression, sought to monopolize land and to render peasants a cheap labour force. The state actively supported the new line of development not just by improving infrastructure but by opening unused public lands (tierras baldíos) for agricultural colonization with the laws of 1875 and 1883. In the colonization private companies and immigrants of European origin were favoured, but, the state not succeeding very well in its campaign to lure foreign immigration, there was public land available also for the aggrandisement of local landed properties. The laws first set a 2500 hectare limit for land given per person, but the restriction was abolished in 1894 along with the obligation to cultivate and colonize the land demarcated. It is also important to notice that the earlier Liberal laws (like the Lerdo Law) were not only maintained but were being implemented with more vigour than before during the years of Liberal restoration and early Díaz period, which meant a revitalized threat against the communal lands of peasant villages. Between 1867 and 1910 some 40 million hectares, one-fifth of the Mexican territory, were given away, often to the detriment of small property owners and especially of the Indians’ communal land (González Navarro 1989, 3).

As a local level example, Schryer offers an account (1986) on how the communal lands in the Huasteca region in the state of Hidalgo were surveyed in 1888 and land titles were issued to individual peasant Indian farmers. The act both legalized the existing situation with many de facto usurpations of communal lands and led to the sale of the titles of poorer Indian peasants to wealthier landowners, them being whites, mestizos or caciques (local Indian strongmen). Many poorer peasants were thus converted into landless peasants. Similar processes happening elsewhere in the country as well, at the end of Porfiriato, in 1910, 54 percent of the national territory was held by the large estate owners (individuals and companies), 20 percent by the small estate owners (individuals and communities), 6 percent by the towns, and the rest was state owned public land (González Navarro 1989, 8).

The true nature of the hacienda economy during the Díaz period is still under discussion. According to Miller (1984;1991; 1994), the more “traditional“ view has hold that eventually the hacienda, though favoured by the circumstances and continuously expanding, was ineffective, obsolete and unable to seize the opportunity fully, and was thus unable to transform its precapitalist relations of
production into capitalist ones. Had there not been enough room for its expansion and growth, the system might have collapsed sooner or later by itself, even without the Mexican Revolution. The view has given an *ex post facto* justification for the Revolution, in the sense that peasant rebellion was long due and inevitable: given the large-scale dispossession of peasants from their lands, the intensification of the “feudal” relations of production and the declining living standards of the poor in the face of the population growth, the Revolution was building up through the Díaz years. As an example of this approach, Frank Tannenbaum’s classic work from 1930 gives the expansion of sharecropping and debt-peonage as factors inhibiting the investment of capital in the Mexican agriculture and thus its genuine modernization (citated in Miller 1984, 332). This backlog of development then created pressures that erupted into a revolution. The view of, say, Roger Bartra is essentially the same, deserving here a brief quotation (1974, 21), as it presents in a succinct paragraph the basic arguments of the approach:

*En efecto, durante los últimos años del siglo XIX y el primer decenio del siglo XX es sorprendente la velocidad que adquiere la concentración de la tierra y el despojo de los campesinos. Este acelerado proceso no encontró correspondencia en el desarrollo del capital agrícola, de tal forma que se crearon inmensos latifundios con bajísimas inversiones de capital. La composición orgánica del capital agrícola permanecía muy baja; los hacendados prefirieron superexplotar la mano de obra (usando incluso sistemas feudales) que realizar inversiones productivas con las ganancias. Con ello condenaron a muerte la posibilidad de un desarrollo agrícola “junker“ y abrieron las vías para una revolución.*

Sharecropping and debt-peonage certainly inhibited the capitalization of the agriculture, but they were perhaps not employed as kind of anachronistic, left-over forms of organizing the production, deeply rooted in the past and in the “feudal“ minds of land-owners. Instead, Miller is arguing for the view that the Porfírian *hacienda* operated rationally and effectively in the given conditions and showed far more aptitude and flexibility towards the markets than is generally admitted, even in the production of domestic staples such as maize grown on rainfed land. It is undeniable that capitalist wage labour relations did not enter the agrarian scene on par with the expansion of the *hacienda*, but more than this was due to an assumed “feudal mentality“ of the system it may be due to the very merits of the kind of labour relations already existing. According to Miller (1984, 322-328), it seems that sharecropping was the most cost-effective and least risky way of keeping the *hacienda* lands in productive use, especially if the lands were temporal (rainfed) and in areas where crops frequently failed because of draught. Sharecropping reduced the initial costs of starting up production, offered unremunerated (and motivated,
one might add) peasant family labour for weeding and other care-taking activities during the growth season, and divided the risks between the landowner and those who worked on it, which wage-labour could not have done. 35

For the hacendados it was easy enough to secure labour within the sharecropping and debt-peonage systems, in the context of a rapid population growth and the eroding of the communal village economy. This seems to have happened without any significant amount of some “feudal“ type of coercion on the part of the landowner class: peasants came to live and work on the haciendas because it was an opportunity to gain access to a modest but decent livelihood - but of course the push factor had to do with the expansion of haciendas at the cost of peasant economies. Only in Yucatán and in the lowlands of southeastern Mexico was there more systematic coercion and labour conditions were generally harsh (Knight 1986a, 42-44). ‘Classic’ debt-peonage (with ‘extra-economic coercion’) seems to have been less common during the Porfiriato than previously thought. Peasant indebtedness was widespread, but in many cases debts (in the form of cash-advances) were seen by the peasants as a gained advantage, a sort of fringe benefit that they frequently asked when negotiating their contracts and the hacendados only reluctantly conceding. In northern and central Mexico where there were stronger tendencies towards the use of the abundant free wage labour of the dispossessed and proletarianized peasants, indebtedness, from the peasant point of view, acted as a bulwark against eviction and de-peasantization. And as labour markets were abundant the hacendados, in turn, were less eager to secure their labour supply using debts as bonds (Knight 1986a, 48-49).

Then, the bottom line is that the nature of the Porfirian agriculture was not only more contradictory but also curiously much more “unrevolutionary“ than what has been thought: not only landowners but peasants too were a conservative element, at least to an extent not previously understood. In the words of Miller (1991, 72), “in many areas of Mexico the hacienda had achieved a certain popular legitimacy in the countryside“. An important implication is that this ‘conservatism’ (in here, only in the sense of tending to maintain the existing conditions) had not so much to do with a “feudal“ mentality, but that it was a prudent strategy in participating the export-led, unquestionably capitalist, economy of Mexico of the time, by both large landowners and peasants,

35 Sharecropping seems to have been a highly institutionalized practice: if the sharecropper could provide his own oxen and plough, he was called a mediero and he received 50 percent of the harvest (the costs were also equally divided between him and the landlord), and if not, he was a quintero and received 40 percent of the harvest (and accounted for 40 percent of the costs, respectively) (Miller 1984, 325). On the basis of the accounts of only one particular hacienda, it seems likely that sharecroppers came to benefit more from the commercialization of the hacienda production than tenant peasants with a fixed rent; thus, many tenants became sharecroppers in order to raise their living standard (Bazant 1977, 79).
however pre-capitalist the land tenure system and the relations of production may seem in appearance. This is not to say that the interests of hacendados and peasants were uniform and that there were no mutually recognized antagonism between the two - quite the contrary, as in capitalism such are bound to appear - but that both were operating within the same system, that is, in capitalism. The peasant way (not the only one, though) of seeing debts as a negotiable fringe benefit or as a safety valve against eviction supports the basic argument in this work that peasants are constantly ‘negotiating’ their livelihood, calculating on strategies to make ends meet, and are not acting out of an abstracted and reified ‘peasantness’, bound to a distinct ‘peasant mode of production’. Also, all this is supporting the view that the Mexican Revolution did not signify an ‘agrarian transition’ from pre-capitalism (even less, from feudalism) to capitalism in the agrarian sector, but that there was a transition within capitalism, from the power of the landed oligarchy to that of the bourgeoisie, which evolved into an all-encompassing power of an apparently class-free state.36 There was a change in the model of capital accumulation, but not in the basic principle of accumulating the capital.

Inevitably this interpretation entails further historiographical and political implications. The image of the Mexican Revolution as a genuinely agrarian revolution, in which superexploited and oppressed peasants rise spontaneously en masse against a wealthy landowner class that has kept them in a feudal servitude close to slavery, needs some revision. Peasant participation in the Revolution was numerous, but the causality of the participation with actual agrarian conditions is not so direct: there is little correlation between the degree of exploitation and the level of revolutionary activity in different regions (Brading 1980, 15). Miller suspects (1991, 72) that further studies may reveal that most of the Mexican countryside remained quiescent and only served as resource bases for the conscription of peasant rank and file for the various revolutionary armies that criss-crossed the country during the Revolution. Miller re-cites (ibid.) the phrase originally proposed by J. Harrington on the English Civil War and already previously cited by Brading in relation to Mexico (1980,7), that it was the dissolution of the government that caused the war, not the war the dissolution of the government. Consequently, we should keep in mind not to take it for granted that the agrarian reform that followed was a direct outcome of the collective bargaining of the peasantry by means of their revolutionary performance.

36 In the Mexican historiography, already from the 1970’s, it has been occasionally claimed that the leadership of the Revolution had a bourgeois character, although the rural social base of the Revolution has been maintained (see the review of Luis Anaya (1995) over the works of Adolfo Gilly, Arnaldo Córdova and Ramón Ruiz, from years 1971, 1974 and 1984, respectively.
The political implication of the revised interpretation has to do with the exploitation of the legacy of the Revolution, practiced by the Mexican state until today. The traditional (and official) imagery of the Revolution has helped to perpetuate the idea that the post-Revolution political system in Mexico has been based on the autochthonous and ultimately victorious campaign of peasants and that therefore the system has been almost inherently pro-peasant ever since. This has greatly facilitated, perhaps even made it possible in the first place, the cooptation of not only peasants but of other “popular” classes into the political system. Had it been admitted that the revolutionary project might had been less markedly dependent on the aspirations of the peasantry than on the fractitional military campaigns and on the emerging new state apparatus, both mostly bourgeoisie-led, post-Revolution political rhetorics would have sounded somewhat hollow. But understandably, the traditional view, stressing peasants’ role, has had tremendous appeal among the Mexicans by and large: it has offered a less controversial and easily comprehensible interpretation with strong sentiments of sacrifice and heroism. With the re-interpretation, the sacrifice and heroism of the largely peasant rank and file in the Revolution do not disappear, but their strategic role seems to shift from a spear-head of revolution more to that of cannon-fodder, to put it bluntly.
The Agrarian Reform

*Political Economy: The Foundations of State-Led Capitalism*

Porfirio Díaz had long been successful in containing any opposition to emerge, but after the turn of the century voices of dissatisfaction began to be heard, belonging mainly to middle-class intellectuals and merchants. Nationalism was also an element in the dissatisfaction, triggered by the strong position of foreigners in the economy. In addition, there was a deep recession in 1907-08, causing a wave of strikes because of lay-offs and wage reductions. The bad harvest that coincided with the recession spread the woes to the country-side. At the same time prices rose because of inflation and real wages fell, according to an estimate, by a quarter between 1898 and 1911. The Díaz government contributed to its downfall; it did little to alleviate the problems. Instead, when government incomes were falling the taxes on the middle class were increased, while the tax exemptions of the elite were kept in vigour. This and the repression brought the middle and working classes closer to each other (Cockcroft 1990, 93-99; Hansen 1971, 31-34; Katz 1991, 107-113).

However, the actual push for overthrowing Díaz came from the middle and upper class landowners, businessmen and military of the northern states of Chihuahua, Sonora and Coahuila. In the north, the commercialization of agriculture had developed more rapidly than elsewhere, and the northern caudillos and wealthy families had retained much of their power without being linked to the oligarchy grouped around Díaz. For the June 1910 elections, the northern middle and upper classes put their hopes in Francisco Madero, a wealthy landowner from Coahuila, who had formed his Anti-Reelectionist Party. Madero also courted workers and peasants; in the north, the middle and upper classes did not have as strong fears of a peasant uprising as did their counterparts in the south, due to a sparser population and differing patterns of land use, as many of the landowners were cattle ranchers with few peasants living on the estate (Katz 1991, 119-121). Just before the elections, Díaz had Madero imprisoned and the anticipated result was that Díaz won as so many times before. Díaz was so convinced that the opposition had been beaten that he let Madero free to wait for a trial. Madero escaped and, from exile, called for a general insurrection, but it did not materialize right away. However, a group of revolutionaries in the north began a campaign that turned out to be so successful they soon controlled most of the state of Chihuahua. In February 1911, Madero returned from exile and took the leadership of the northern campaign, and then rebellions broke out all over the country. With further US pressure on Díaz, he was forced to resign and go into exile in May 1911.
The story of the Mexican Revolution need not be told here. Suffice it to mention that the Madero government was not capable of controlling the revolutionary sentiments that the fall of Díaz unleashed: the Revolution evolved into a series of factional civil wars. Some groups simply contested for power, while others thought that Madero had betrayed the cause by not fulfilling his program and by maintaining much of the old order intact. Of the latter type was the peasant movement of Emiliano Zapata, which had begun as an anti-Díaz rebellion in the central state of Morelos. Zapata demanded land to the tiller, an idea expressed in Madero’s early call for insurrection. At its peak, Zapata’s movement controlled a large part of central Mexico, including the capital, but it was eventually crashed and Zapata himself assassinated later in 1919. The most turbulent period ended in the installment of Alvaro Obregón’s government in 1920; regional rebellions did not come to a halt, but the obregonistas were able to install the power of the government over most of the Mexican territory.

The true nature of the Mexican Revolution has spurred an intense debate among historians. By now the view, cherished by all post-revolutionary governments in Mexico, that the Revolution was in its essence a social one in which the masses rose into rebellion because of the unbearable plight they were living in, has been discredited by professional historians. This is not to say that the masses were not suffering in the conditions they were living, but that it was not this suffering that ignited them in rebellion. John Womack (1991, 128) expresses the prevailing view of the Revolution in a few lines:

> The struggle that began in 1910 featured not so much the lower versus the upper class as frustrated elements of the upper and middle classes versus favoured elements of the same classes. In this struggle masses of people were involved, but intermittently, differently from region to region, and mostly under middle class direction, less in economic and social causes than in a bourgeois civil war.

The new revolutionary Constitution, which was accepted by a mostly liberal convention in January 1917 and which has been the Constitution of Mexico ever since, appeared as a rather radical document if considered as a product of a bourgeois revolution. However, most of it was based on the Constitution of 1857, and the radicalism can be traced mainly to a single chapter, Article 27, which declared all land and natural resources ultimately a property of the nation and gave guidelines for the expropriation of large landholdings. Except for the official eight hour working day and the rights to unionize and to strike, other major amendments were more reactionist: the power of the president was

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37 Brief but balanced views are offered by Womack (1991) and Aguilar & Meyer (1993). For a reader more inclined to the period, Alan Knight’s two-volume work (1986) is a standard on the whole revolutionary period.
strengthened while that of the congress and the states was weakened. Article 27 reflected as much an angry nationalism directed against the generous Porfirian concessions to foreign companies as a genuine radicalism of the legislators.

For the years of armed strife, 1911-1920, economic data are incomplete, but evidently the wars, frequent changes of governments and an overall insecurity meant a disruption of the economy. Public expenditure went into war efforts and great damage was done to the railway system. The population fell from 15.2 million to 14.3 million people. The ”opportunity costs” of the Revolution have been estimated at 37 percent in terms of GDP not produced (Aguilar & Meyer 1993, 71). The estimated GDP in 1921 (11.2 billion pesos) was lower than that in 1910 (11.6 billion pesos). However, because of the mostly rural character of the war campaigns, the industrial structure of the country was not severely affected: manufacturing and mining remained stagnant but their material facilities were not destroyed. As noted by Rosenzweig (1989, 23-24), it is amazing that the impact of the war years was not much worse. In general, ”business adjusted and continued” (Womack 1991, 128). If the reconstructed statistics are to be believed, exports did not suffer that much in terms of value, as only in 1914 and 1915 were their values lower than in 1910 - this was partly due to rising world mineral prices and the growth of the oil industry (Womack 1991, 134-135), although the profits of the latter went to foreign companies owning most of the reserves and drilling rights.

The economic reconstruction began in 1921. A great effort was made to repair the railways and to build highways for the growing automobile transportation. The recuperation of the economy was rapid, aided by the growth of incomes from oil exports and by the streamlining of the state’s finances (Meyer 1991, 219). The national bank, Banco de México, was founded in 1925. Significantly, the revolutionary process and the revolutionary Constitution did not prevent foreign capital from making new investments in Mexico; for instance, in 1926 the Ford Company founded the first automobile plant in Mexico (Rosenzweig 1989, 25). In the late 1920’s, foreign capital controlled certain sectors even more than in 1910, mostly because during the years of upheaval US companies had bought their smaller Mexican counterparts. By 1926, US companies controlled most of the mineral sector, including oil, and 98 percent of the textile industry, and the number of US controlled commercial enterprises had increased substantially (Solís 1970, 96).

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38 The very strong position of the president in the Mexican political system is the reason for the fact that the post-revolutionary history of Mexico is so conveniently periodized by the six-year presidential terms, sexenios; as heads of government and with virtually no opposition from the, until lately, PRI-controlled congress, the presidents have made their terms very much the way they have liked.
Although increased public spending on infrastructure fuelled domestic sector growth, the economy still rested on the export sector. The performance of the sector was now based on oil and its derivatives. The first half of the 1920’s was the golden age for Mexico’s oil, and the country ranked as the second producer in the world, after the United States. In the peak year of oil exports, 1921, over three-quarters of the total exports (by value) were from oil, and about a third of state revenues came from duties and taxes on oil. However, towards the end of the decade the oil boom began to wear out. Many of the wells were depleted and instead of actively searching new deposits, the foreign companies directed their new investments to Venezuela, which surpassed Mexico as a world producer in 1927. By that time other minerals (especially zinc, lead and copper) and agricultural products were both surpassing oil in the Mexican exports. The growth of other exports, however, could not prevent an economic crisis from taking place in the late 1920’s, resulting in a decline of foreign investments and in a capital flight (Meyer 1991, 221-227). The railway companies went bankrupt and were taken over by the state, many public works had to be halted, and the public sector wages were paid in arrears. The situation was aggravated because of new rebellions that had flamed after 1926, the most serious of which was the cristero rebellion of religious peasants in central Mexico.

This was but a domestic introduction to the world depression of 1929. The heavy dependence on exports exposed its vulnerability when the depression reduced the import capacity of the industrialized nations. Agricultural exports declined from 161 million pesos in 1927 to 52 million pesos in 1930, and the value of the mining output was halved between 1929 and 1932, due to drops in both production and prices (Meyer 1991, 227). In most Latin American countries the Great Depression caused a shift in economic policy from an export orientation based on primary products towards an import-substituting-industrialization (ISI) policy, and so it did in Mexico too, but not that rapidly, comparatively speaking. Still, the incapacity to import did encourage manufacturing for domestic markets (Solís 1970, 99).

The 1920’s marked a consolidation of the political system that the (bourgeois) revolution had given birth to. During the decade, despite the economic downturn in the latter half of it, the central government was able to strengthen its control over the country; each military or popular rebellion suppressed added to the power of the government. Along with the suppression by power, cooptation of enemies and dissidents became a normal political strategy during the Obregón period (1920-24). The culmination of this policy was the founding of the National Revolutionary Party, PNR (Partido Nacional Revolucionario), in 1929. The PNR included nearly all key revolutionary figures and it was from the beginning the dominant party, not only geared to win all elections through
legal as well as illegal means but to discipline the Revolution itself. At the time of its birth, the party was also the vehicle for Plutarco Elias Calles to maintain his power after his presidency (1924-28); with the help of the party machine Calles could influence the politics without any formal political position. Because of the strong constitutional ban on re-election, Calles could not become a president again, but he was the recognized supreme chief, *Jefe Máximo*, behind the three presidents from 1928 to 1934, and the period became to be known as the *Maximato* (for the period, cf. Medin 1982). The party was not meant to be internally democratic but to congregate and cooptate all relevant, possibly contesting, sources of power under a single political umbrella at the top of which was the *Jefe Máximo*. As stated by Lorenzo Meyer, ”the political system of the new regime had an essential feature in common with the old one - that is, the existence of democratic forms devoid of all content” (1989, 35-36).

The cooptation of the various segments of the society was utterly necessary for the government. The Revolution had set forth social and political mobility to a degree that the federal government, still in the process of building the state machine, could not rely a hundred percent on the support of any one segment. This was particularly true with workers, peasants and the military. In respect to workers, ”confronted with the presence of workers as a recognized social force, with their own rights, the victorious Revolution had to begin to create the specialized mechanisms to process their demands in an organized fashion” (Aguilar & Meyer 1993, 125). Under Calles, Luis Morones, the secretary-general of the anti-communist labour union CROM (Confederación Regional Obrera Mexicana), was (*sic*) the minister of industry, commerce and labour. The purpose of Morones was to ”reconcile capital and labour under the aegis of the state” (Meyer 1991, 227). CROM was not the only labour union but it was an important instrument in stabilizing labour markets in the late 1920’s, when the economic downturn stirred up strikes.39 In the same vein, the Agrarian Reform can also be seen as a cooptating instrument. In order to pacify peasant militancy a land reform was necessary, but it was exactly with and through this reform that this militancy could be subdued and controlled. The reform was plausible because the revolutionary leadership did not have a great stake in the *hacienda* economy, yet the relatively slow progress of the *Reforma Agraria* up until the years of Cárdenas reveals the reluctance of the leadership to radically alter existing economic structures.

With the coming into power of Lázaro Cárdenas (1934-40), there was a change of generation at the charge of the Revolution still understood as an ongoing

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39 CROM’s self-proclaimed leadership of the labour movement was later taken over by CGOCM (Confederación General de Obreros y Campesinos de México), which in turn paved way for the cooptative instrument of Lázaro Cárdenas, the CTM (Confederación de Trabajadores de México).
process. Although Cárdenas had long experience in the military, up to the rank of general, political experience as the governor of Michoacán and as a one-time president of the PNR, he was younger (born 1895) than the previous leaders had been. What was more, he was from Michoacán and not from Sonora as both Obregón and Calles had been. When he was chosen the official candidate of the PNR, it was believed that Calles would continue to exert his ultimate power from behind the “throne” on Cárdenas too. But Cárdenas, with careful political manoeuvering, was able to wrest the power from Calles and eventually force the latter to leave for exile. With Cárdenas, there was also a definitive change in the tone of the revolutionary process as the apparent conservatism of Calles was now followed by an equally apparent social radicalism. However, the radicalism did not mean a break with the old; recent research has stressed the continuities in state-building, corporatism and capitalist development during the Cárdenas period (Knight 1991, 245). The period of Cárdenas can be seen as the high noon, of the Revolution; it was a ”redemption” of the sentiments that the Revolution had created among the masses, for the final legitimation of the new state that had been forged in the 1920’s. After Cárdenas, the state structure remained basically the same for decades, with little doubts expressed about the powers of the state, the presidency and the official party. The fact that the political system was able to reproduce itself from the most radical era of Cárdenas through periods of conservatism shows at least two things: that the system was truly an ingenuous creation and that the apparent radicalism of Cárdenas could not have been that profound, after all.

When Cárdenas came to power the depression was almost over and the economic growth gave the government more room for manoeuvre. Between 1935 and 1940 the Mexican GDP grew by 27 percent (Aguilar & Meyer 1993, 133). The most important Cardenist projects included the acceleration of the land reform, the reorganization of the labour, the reorganization of the PNR and the nationalization of oil resources. The massive land distribution was fundamental to the final legitimization of the state and to the final stabilization of peasant unrest. State-labour relations achieved a phase of unseen stability since 1910: with the creation of CTM (Confederación de Trabajadores de México) most of the organized labour now came under a single organization, loyal to the government. The loyalty was achieved by progressive labour legislation and by the fact that in most disputes between labour and industry, Cárdenas publicly sided with workers. This, however, did not result in disrupting the industries, thanks to the mediating role of the state (for example, in March 1938 the president personally asked the unions to avoid going on strikes). It was also a question of political rhetoric: ”paying lip service to the

40 In a sense, the political platform of Cardenismo was also prompted by the Great Depression, corresponding with the New Deal of F.D. Roosevelt in the United States, following the conservatism of the late 1920’s there.
construction of a Mexico of and for the workers, the incipient domestic bourgeoisie, both industrial and commercial, consolidated itself without great difficulties” (Aguilar & Meyer 1993, 138). In fact, during the Cárdenas years manufacturing grew much faster than the GDP as a whole. Political stability increased investments, the federal highway construction program facilitated transports while creating demand for construction material, and the growing economy increased domestic consumption (Haber 1992, 29-30).

The reorganization of the PNR was the triumph of the cooptation policy started in the previous decade. When the party had been purged of callistas, it began to form the solid base of ”postrevolutionary presidential power” (Aguilar & Meyer 1993, 148). In 1937, a leftist popular front, directed against the right-wing and fascist tendencies of the time, was formed, including CTM, PNR, peasant organization CCM (Confederación de Campesinos Mexicanos) and the Communist Party PCM. In this, Cárdenas saw the possibility for advancing state corporatism and he proposed the reorganization of the PNR party structure so that it would include the elements of the front in an institutionalized form. In March 1938 the party assembly made the changes: instead of individual members, the party now consisted of ”sectors”, represented by their respective organizations. The worker sector was represented by CTM, CROM and three other unions, the peasant sector by the newly formed CNC (Confederación Nacional Campesina), taking the place of the dissolved CCM, and the military sector by the army. An unofficial fourth sector, called the ‘popular sector’, consisted of various middle class elements, like teachers and civil servants; it was accepted as a formal corporate body a few years later in 1943. The party was also renamed: it was now the Party of the Mexican Revolution, PRM (Partido de la Revolución Mexicana). The reorganization resulted in a substantial growth. The party could now count four million members in a country of about 19 million inhabitants, thus covering almost half of the adult population (Aguilar & Meyer 1993, 148-149; Knight 1991, 288-289).

The expropriation of the oil reserves of foreign oil companies, controlling 98 percent of the industry, has been hailed as the major achievement of Cárdenas, not only for the economy but for the sovereignty of the country as well. If the oil sector was to be nationalized, it could not have taken place under any other government than that of Cárdenas - not only because of his ideological stand but because the time was right, with all its nationalistic undertones and with the United States committed to the Good Neighbor Policy of F.D. Roosevelt. Already in 1935 the government had reached an anticipating agreement with the English El Aguila oil company over the richest oil deposit in the country: in exchange for the right to exploit the deposit the company had agreed to pay substantial royalties and recognize the ultimate property right of the Mexican
nation over all oil resources. Yet the final move to nationalize the reserves in March 1938 came more or less as a surprise and as a consequence of what had begun as a labour dispute; the companies had refused to obey a Supreme Court decision over a pay rise favouring the workers. The dispute thus evolved to a political one. The presidential decision to nationalize the oil resources as a solution aroused an expected uproar abroad. A blockade on Mexico’s oil exports did not get Cárdenas to revoke the nationalization, which in Mexico inspired a wave of nationalism and enhanced the popularity of the government. In the United States, president Roosevelt abstained from using military power for coercion of Mexico, as he tried to maintain his Good Neighbor Policy in order to keep Latin America from allying with the Axis. Great Britain was in a similar position. When the Second World War broke out in 1939, pressure for a compromise with Mexico amounted, and soon the question was only on the amount of compensations. In 1940, just before the end of the sexenio, the first agreement with one of the companies was reached, signalling the eventual victory of Cárdenas over the issue (Aguilar & Meyer 1993, 150-156; Knight 1991, 279-288).

There was a gradual slow-down of the Cardenist radicalism towards the end of the sexenio. Although in the program of the new PRM, there was a statement of the intention to build a socialist regime, the years 1939 and -40 marked a withdrawal from the earlier ideological fervour. The political climate was changing; an early start for the 1940 presidential elections produced heated political debate, and new, more conservative parties were being founded to support various candidates, as there was no self-evident successor for Cárdenas. Of the conservative parties the National Action Party PAN, founded in 1938, was to survive as an opposition party through the elections. In the PRM there were factions for radical, moderate and conservative candidates. The oil expropriation still unsettled and the economy slowing down, Cárdenas finally put his own support on the moderate Manuel Avila Camacho, his former Minister of War. In July 1940 Avila Camacho won the elections expectedly. A shift to the right was obvious. By the end of the year, Cardenist policy was clearly on the defensive, if not in retreat (Aguilar & Meyer 1993, 156-158; Knight 1991, 289).

The last two years of Cárdenas can be seen as a preparation for the more conservative periods to follow. With Cárdenas, the Revolution had, to a degree, fulfilled its social promises and it was now time to get back to business as usual. After Cárdenas, there was but two roads to go: either towards a socialist or a market economy system, and with the Revolution being guided by a liberal, bourgeois leadership there really was no other choice but to follow the latter one. Looked at from a distance of decades the continuities from the Porfirián to
the post-revolutionary era are obvious. In the economy, the Revolution did not fundamentally alter the basic structures; during and after the Revolution, the economy was still based on the export-led capitalist growth model, a *desarrollo hacia afuera* (Knight 1991, 241). The oil expropriation caused uproar, but not enough to expel or deter foreign investors in other sectors.

In the politics the change from the Porfirian to the post-revolutionary era seems more dramatic: from a one-man dictatorial rule to a representative system with a strong ban on re-election. Yet there was continuity; ”the concentration of power was just as appreciable” as under Díaz (Meyer 1989, 38). The power became institutionalized in the presidential office, and with the help of the official party the president could pull strings all over the country; the function of the party militants and local agencies became, in a way, vaguely parallel to the role of the *rurales* for the Díaz administration. And although the Cárdenas period appear to be a destabilizing one, it was, in fact, a great stabilizer; the state was now finally able to count on the support of the majority of workers and peasants. Without Cárdenas, the Mexican state would probably have entered into more manifestly capitalist policies, but it would have been weaker, less cooptative and more confrontational. And after Cárdenas, the trust in Mexico’s keeping on the capitalist track was fully restored. Symptomatic of the fact that the state had gained more strength during the Cárdenas period was the depolitisation of the army: no longer a source of factionalist politics and therefore less in the need to be coopted, the army sector within the PRM was dissolved at the end of 1940, as one of the first political measures by Avila Camacho.

*La Reforma Agraria Before Cárdenas*

On November 1911, the leader of a group of land-hungry peasants from Morelos and the surrounding states, Emiliano Zapata, declared his Plan of Ayala with the famous cry for ‘land and freedom’, *tierra y libertad*. Since Zapata’s cry, the need for an agrarian reform could no longer be ignored, and soon all revolutionary fractions had to make concessions toward a reform, even though it was not necessarily considered as their primary goal. The Revolution sweeping back and forth, with changing constellations of power, the first concentrated effort in the direction of a land reform took a few years to develop after Zapata’s cry. In January 1915, the first agrarian reform law was passed. The law, *Ley Agraria*, was consistent with the liberal character of the Revolution; it aimed to restitute lands that since the Liberal Reforms of the 1850’s had passed from peasant villages, hamlets and communities to private landholders back to their original, pre-1856 owners, and, though communally restituted, to be run more on individual than collective basis (Velasco 1993, 68-69). In a sense, the law was a *post facto* attempt to solve the claims arising from
existing land invasion situations. The scope of the law was very limited: it did not implicate any fresh distribution of land and it only spoke about communities of juridical character as beneficiaries, while the majority of peasants were still living on haciendas as sharecropping tenants and rural labourers, that is, as arrendatarios and peones acasillados (González 1988, 197-201).

The January 1915 law clearly fell short of the demands of Zapata and of the aspirations of the majority of the rural population. The Zapatistas formulated their own proposal for an agrarian law (dated October 1915), but the proposal was never accepted as such. It had, however, an effect on the new Constitution prepared under the Venustiano Carranza regime. The Constitution of 1917 was a lot more radical in its agrarian content than Ley Agraria, which, though, had served as a starting point for the legislators of the Constitution. Thereafter, Article 27 of the Constitution was to be the centerpiece of the new agrarian reform. The acceptance of the idea of expropriations of large landholdings reflected not only the perseverance of the Zapatista movement but also the fact that most of the liberal legislators were not landowners themselves and that the large landowners in the central and southern parts of the country - where the peasant population was dense - had mostly been uncritical supporters of Díaz.

Article 27 restituted the ultimate ownership of all lands and subsoil resources to the Mexican nation. As a protagonist of the nation, the state had the right to regulate the use and distribution of land and to concede the control (el dominio) of it to private citizens in the name of public good. It was the responsibility of the state to give land to those who lack it or do not have it sufficiently to maintain a livelihood, or from whom the land had been illegally usurpated. Further on, the Article provided guidelines for the expropriation of large landholdings and for the Agrarian Reform in general. The right to own land was restricted to Mexican nationals only, a paragraph that foreign landowners, oil companies in particular, resisted for the fear of confiscation (their fears being realized in 1938).

The radicalism of Article 27 was much more apparent in its use of expressions than in its actual consequences. Although the Article spoke about the ultimate ownership of the nation, it did not specifically revoke the private ownership of landed property; in fact, it indirectly recognized it by reserving the right of ownership to Mexican nationals. As Gutelman notes (1974, 76), no group of revolutionaries questioned the existence of the market for the means of production, including land, and their private ownership. Thus, Article 27 - nor any other article in the Constitution - cannot be equated with any act of socialization, as was the outcome of the Russian Revolution. The objective was to level the excesses of the Porfirian land tenure pattern and to tranquilize the
mobilized peasants inspired by the Zapatist cry. Paragraph XIV of Article 27 - taken from the January 1915 law - offered a legal guarantee, known as *juicio de amparo*, against expropriations of landed properties which did not exceed the maximum size limits set for various types of land. Landowners could avoid expropriations by dividing their estates to relatives and friends on paper and then claiming an *amparo* for each of these ”small properties” (Gutelman 1974, 84-85). Another, even more profound deficiency was the exclusion of landless peasants living on haciendas (*peones acasillados*) from the beneficiaries: only members of judicially independent villages, hamlets and Indian communities were entitled to petition for land.

Successively, the constitution was followed by a web of more detailed regulations for the conduct of the Reform, in decrees, circulars and specific laws. Article 27, for example, does not mention *ejido* as a specific form or unit entitled to land; the basis of the *ejido* system was laid in the Law of the Ejidos (*Ley de ejidos*) in December 1920. Land could thereafter be distributed as private parcels, as communal land to the Indian communities and as *ejidos*, each consisting of 20 or more individual *ejidatarios* with their individually held parcels and usually with some common land, administered by elected officials. With the Law of Idle Lands (*Ley de Tierras Ociosas*), also in 1920, it was meant to touch the unused but productive lands of large estates: it authorized municipal authorities to redistribute workable private land that had been uncultivated or unused for so and so many years to anyone willing to take it under cultivation. It was accompanied by the Law of Public Agrarian Debt (*Ley de Deuda Pública Agraria*), which was to facilitate the payment of indemnities to landowners affected by expropriation. The *ejido* law was supplemented with the Agrarian Regulation (*Reglamento Agrario*) in April 1922, setting the maximum limits for each type of private land and giving instructions on the proper procedure for soliciting land (Rivera 1988, 32-38; Velasco 1993, 72-74).

The process of land distribution did not proceed in a routine way once the necessary legislation had been decreed: it was carried out at a different pace and to a different extent in different regions from year to year. It was strongly affected by local politics; the *hacendados* and local strongmen (*caciques*) could affect the decisions of the state authorities in charge of the distribution, either with corruption or with threat, and the beneficiaries and non-beneficiaries were poised against each other in vicious circles of violence and envy. In the new

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41 As it turned out, landowners with good relations with the government and authorities were able to secure themselves enormous indemnities, while those with conflictuous relations received much less and had to wait for longer periods for their claims to be resolved (Rivera 1988, 35).

42 An interesting example of local meddling is from the mountains of Puebla, where Gabriel Barrios Cabrera, a local strongman of *ranchero* origin, while resisting the federal agrarian reform initiated his own private reform
ejidos, those who got to hold positions in the administrative committees could organize the parcelling of plots to their advantage, inviting corruption and conflicts in the ejidos themselves, not to mention conflicts with the neighbouring communities. As the Agrarian Reform was initiated amidst the period of the revolutionary state still searching its course and legitimacy, its application was linked to the local political constellations of the revolutionary factions. As it was, there was a great variety of local contexts and a lack of overall control: sometimes the reforms were executed with vigour, sometimes evaded or postponed (Meyer 1991, 234). In many cases the legacy of the Agrarian Reform has been a prolonged conflict over land and local power between individuals, ejidos and communities. The agrarian legislation itself, in turn, was uncoordinated and complicated enough to turn it into an "unpenetrable juridical jungle" (Gutelman 1974, 90).

The initiation of land distribution was not very rapid and did not encompass large masses of people craving for land. The distribution had begun, in a very limited way, from the 1915 law, and it gained much more impetus from the Constitution, but still in the five-year period of the Carranza regime from 1916 to 1920, only about 168 000 hectares were given to 46 400 beneficiaries, the area representing 0.1 percent of the national territory and the average plot size being 3.6 hectares (Betanzos 1988, 167). In fact, Carranza was rather reluctant in putting the Reform into practice, and most of the titles he authorized were post facto legitimations of the spontaneous usurpations of lands by peasants during the armed strife period (Gutelman 1974, 88). The pace hastened during the presidency of Obregón (1920-24), reaching about 1 100 000 hectares to over 128 000 beneficiaries, with an average size of 8.6 ha and representing 0.6 percent of the national territory (Betanzos 1988, 173). A major part of these distributions took place in Tlaxcala and especially in Morelos, the home state of the Zapatist movement with high potential for rural unrest. President Calles (1924-28) continued this selective regional favoritism, in which the petitions of peasants in certain "risky" areas were fulfilled, while in other areas peasants’ aspirations were mostly blocked. Thus, by 1927, 80 percent of peasant families in Morelos had provisional or definite control over land and there were only five large haciendas left in the state. The tactics paid off, as these formerly radicalized peasants remained calm and were also turned into a loyal militia - as

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43 The amounts of land distributed during various periods are subject to variation, according to sources, as the hectareage announced in presidential decrees was not always the same as actually demarcated for the petitioners, and neither has the information provided by the Ministry of Agrarian Reform been up to a hundred percent trustworthy. However, the figures given here (see table 1 in Appendix 1) do indicate the relative magnitude of the distribution over the periods. It has been customary in Mexico to present also the figures of land distribution by the presidential terms, as it was ultimately the president who signed the title decrees and whose overall policy preferentials always affected the pace of the land distribution.
during the Cristero rebellion from 1926 to 1929 in Michoacán, when these _agrarista_ peasant troops aided government troops in crushing the rebellious _cristeros_, peasants too (Betanzos & Montalvo 1988, 224-225; Aguilar & Meyer 1993, 114-115).

The Calles administration distributed almost 3 million hectares, about 1.5 percent of the national territory and more than doubled the amount distributed by the previous governments together, but as the average size of the plots increased to 10 hectares, the number of beneficiaries remained at 297 000 (Betanzos & Montalvo 1988, 228-229). The pace of the Reform was still relatively slow: the land tenure patterns and power structures of rural Mexico had not changed significantly, save for a few specific areas (Morelos, state of México, Federal District, Puebla, Yucatán) where the power of _hacendados_ had been markedly broken. Calles was not enthusiastic with land distribution and only saw it as an unavoidable transitional phase on the road towards modern, commercial farming; had there not been such pressure from below he probably would have authorized much less of it. And towards the end of his period, there was a slow-down in the distribution process while he began to advocate the closing of the chapter on the Agrarian Reform (Aguilar & Meyer 1993, 115). His successor, Emilio Portes Gil, however, went on with the Reform and even invigorated it: in only fourteen months in office (December 1928 to February 1930), Portes Gil distributed 1.7 million hectares to 171 000 beneficiaries (Betanzos & Montalvo 1988, 228-229), but in doing so contributed to his own downfall, as Calles still wielded power as the _Jefe Máximo_.

The Great Depression was used as a pretext for an attempt to bring down the Agrarian Reform after the ousting of Portes Gil. The _Jefe máximo_ himself declared in a newspaper interview in 1930 that the Reform had been a failure so far and that the road, if continued, would only lead to a disaster (Gutelman 1974, 98). The landlords of large estates, grouped in the National Chamber of Agriculture, were encouraged enough to propose a time limit for further petitions for land. The government of Pascual Ortiz Rubio (1930-32), although not answering officially to the proposal, did begin to declare the Reform completed, first in Aguascalientes and then, within a year, in eleven other states, including the Federal District. The development caused agitation, and in Veracruz, radicalized peasants and _agraristas_ had to be suppressed by military means (Aguilar & Meyer 1993, 113-115). During the four year lapse of the

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44 A beautiful anthro-historical account on the _cristero_ rebellion and the governorship of Lázaro Cárdenas in Michoacán in those years is offered by Becker (1995).

45 The pressure came especially from local "agrarian leagues" (_ligas agrarias_ and from the National Peasant League, LNC (Liga Nacional Campesina), formed in 1926 and with links to the Mexican Communist Party (for an account of LNC and the local activities of _ligas_, cf. Rivera 1988, 58-147).
Ortiz Rubio and Abelardo Rodríguez (1932-34) governments, only about 1.7 million hectares were distributed, about the same amount that was given within the short period of Portes Gil (Betanzos & Montalvo 1988, 228).

In the early 1930’s, at the onset of the Cárdenas administration, the balance of the Agrarian Reform so far was not so remarkable. In 1934, nineteen years after the first Agrarian Law and seventeen years after the Constitution, less than 8 million hectares, i.e. 3.9 percent of the national territory or roughly 10 percent of the cultivated land, had been given to about 10 percent of the peasant population, forming perhaps 4000 ejidos in addition to individual parcels (Betanzos & Montalvo 1988, 228; Meyer 1991, 234). And, as said, the distributions had concentrated on certain densely populated and agitated areas: only in Morelos had the ejido become the dominant mode of land tenure, and in Yucatán, the Federal District, State of México and Puebla ejidos comprised from 30 to 18 percent of land, but in the whole country the average was only 7 percent (Aguilar & Meyer 1993, 120). Partly due to this concentration on a few regions and partly due to the unwillingness to touch large landholdings more profoundly, the average size of an ejido plot remained small: around 60 percent of the ejidos consisted of individual plots smaller than 4 hectares (Gutelman 1974, 100). Also, the land distributed was in many cases of poor quality, as the better core areas of haciendas were usually left out of expropriation (because they were already under cultivation and especially if they remained within the designation of a "small property") and since the public land distributed under the 1926 Colonization Law (Ley de Colonización) was more or less marginal land. Thus, overall, the "agrarian question" was far from being solved, even in areas where significant amounts of land had been distributed, if one keeps the long-term sustainability of the small-holder as a parameter for a solution.

The bottom line of the Agrarian Reform so far was that the agrarian structure based on large landholdings had survived, and indeed was flourishing: the uneven pattern of land tenure had not changed markedly from the Porfirian era. According to the 1930 census, there were about 610 000 agrarian production units in the country, and of these, 526 000 (86 percent) - all those smaller than 50 hectares each - controlled only 3.4 percent of the land controlled by all units. In contrast, estates of over 1000 hectares (13 500 units) controlled 83 percent of land and, even more poignantly, those of more than 10 000 hectares, that is, 1800 haciendas (0.3 percent of all units), controlled 55 percent of the land (Betanzos & Montalvo 1988, 232; Escobar 1990a, 10). Many of the relatively rare cases involving a total expropriation of a large estate were those carried out by the peasants themselves during the revolutionary upheaval and were the victories, backed with such a popular legitimacy that made the reversal
politically difficult. However, such cases never were the landmarks of the Revolution.

As put by Meyer (1991, 235), the revolutionaries in power never had a true agrarian programme - they had an agricultural programme, which was not the same thing. They never questioned the very principle of the *hacienda*. The land distribution was seen only as a temporary solution to the social problems of rural Mexico - and not even the best solution but an inevitable one - while the long-term vision of the leading revolutionaries from 1920 to 1935 was the technological and entreprenueiral modernization of the agrarian sector by conserving those large estates that could modernize and by redistributing only the land of the non-productive ones to create technologically advanced small properties - distribution of land for peasant production was only a temporary phase (Velasco 1993, 75). Calles in particular did not see the modernization of the agrarian sector and the distribution of land to peasants as converging paths: as noted by Meyer (1991, 237), there was scarcely an *ejido* to be found in the northern states and yet there were impressive irrigation works being carried out in those states, representing a quarter of public investment between 1925 and 1935.

*The Cardenist Redemption*

When Lázaro Cárdenas had consolidated his power against Calles in 1935 there was a change in the direction of the Agrarian Reform. In fact, the change had begun to take shape already a little earlier, but had not had the time to influence the praxis of the agrarian policy before Cárdenas. In 1933, when discussions on the next year’s presidential elections began within the PNR, moderate *agraristas* - those between conservative *callistas* and more radical, socialist-inspired *agraristas* - unified their forces by establishing the Mexican Peasant Confederation, CCM (Confederación Campesina Mexicana), which then proposed the candidacy of Cárdenas and was able to affect the formulation of party’s first Six Year Plan to become more pro-Reform.\(^{46}\) The moderate tide grew strong enough to put pressure on the Abelardo Rodríguez government not to scale down land distribution but to reopen the possibilities for new petitions in regions were the chapter had been declared closed. The most progressive achievement of the moderates was to get the new Agrarian Code (*Código Agrario*) accepted in the Congress in 1934: it allowed, for the first time, the peasants tied to land of *haciendas* (*peones acasillados*) to petition for land, and it also made the founding of collective *ejidos* possible. There were still some 2.5

\(^{46}\) The Confederation’s leadership included such prominent figures as the former president Emilio Portes Gil and the influential *caudillo* of San Luis Potosí, Saturnino Cedillo, another hero of the Revolution and often cited as *the* typical regional *caudillo* of the time (on Cedillo, cf. Ankerson 1980).
million peasants without access to their own land, some three quarters of the population engaged in agriculture, the majority of them being *peones acasillados* (Escobar 1990a, 10).

Because of these advances just prior to his presidential term, Cárdenas, when in power, had to make very few changes or add very little to the agrarian legislation, although his agrarian policy differed greatly from that of the previous governments in quality and in quantity. Therefore, his agrarian policy built on the (more thorough) enforcement of existing laws rather than on tracing new paths. A major amendment to the existing legislation his government made was the redefinition of the legal base of the collective *ejido*: a collective was only possible when the final product required some (industrial-type) processing beyond the means of an individual small-holder (Michaels 1970, 61-62). Although collective *ejidos* were allowed to have other activities alongside, not requiring processing, in practice the redefinition meant, a bit retroactively, that collective *ejidos* became centered on crops like cotton, sugar or henequen. In crops like these there was also the economy of scale factor that favoured large units.

In accordance with his cooptative policy, Cárdenas sought to form a unified peasant front supporting his government. No doubt he was popular among the peasants, but what was needed was a political vehicle that could unite the spectrum of the already differentiated peasantry, which consisted of collective *ejidatarios*, regular *ejidatarios*, individual small-holders and landless *peones* and rural labourers yearning for their plot. The Mexican Peasant Confederation (CCM) had been mainly an electoral instrument, created by politicians and with little grass-root activity, and did not serve the purpose. In July 1935 Cárdenas issued a decree on forming regional, state level leagues of agrarian communities, which eventually would unite to create a national level peasant organization. The party, PNR, was to be in charge of forming the leagues. It took some time to build the leagues, but in August 1938 the National Peasant Confederation, CNC (Confederación Nacional Campesina) was founded, a few months after the renaming of the PNR to PRM with the adjacent changes in the party structure towards a more corporatist system. The CCM was dissolved and its leader (Graciano Sánchez, a teacher by profession) was nominated the first president of the CNC. The new organization was the representative *en corpore* of the peasant sector in the PRM - thus, all members of the CNC were also considered members of the party without any act of joining into the latter (cf. Medin 1973, 88-98).

The political platform of the CNC was openly left-wing oriented: the charter of the organization demanded the socialization of the land and the elimination of
latifundios, as well as a socialist education for the peasantry (Aguilar & Meyer 1993, 145). As the representative (albeit self-proclaimed) of all peasants the CNC could boast a much larger constituency than any other of the corporatist bodies within the party and because of this, one would assume, it could have had an impact on the party ideology and politics, particularly towards the further radicalization of the party. But the corporatist system did not allow such majority-based flows of influence: each party sector separately and the party as a whole were obedient to the Cárdenas government, the intent of which was not to install any socialist system. Even the basic declaration of the renamed PRM - formulated in the midst of the political agitation caused by the nationalization of the oil - included an aspiration towards socialism (Medin 1973, 106-107). The leftist orientation of the CNC, as well as that of the party, was merely rhetorical, a fact that became obvious in the next decade when there was a shift to the right in the governmental policy. Then, the socialism of the CNC being only rhetorics may have been fortunate for the peasants, as there is very little indication that they were cherishing socialist ideals, save for a tiny minority of devoted agraristas. They only craved land for their private possession if possible but if not, for ejido parcels.

And land they did get, more than the Revolution had given so far. The record of Cárdenas in land distribution was impressive. With his authorization almost 18.8 million hectares were transferred to peasants, more than double the amount distributed by all previous governments together, and representing 9.6 percent of the national territory (summing the total accumulated distribution of land to 13.5 percent of the national territory). The number of beneficiaries was 729 000, slightly less than the accumulated number of beneficiaries during the pre-Cárdenas period. Thus, the average size of an individual plot was raised to close to 26 hectares (Betanzos & Montalvo 1988, 228-229). This meant a significant improvement, if compared to the sub-subsistence size of many of the earlier distributions, especially those given during the Carranza-Obregón years. For sure, there were now many more of those entitled to make a petition, as the Agrarian Code had extended the right to peasants residing on haciendas and also because of population growth, so not even the commitment of Cárdenas could make the solution final, but it was a bold effort. In addition to the land distribution, the agrarian structure was also indirectly affected: as noted by Escárcega (1990, 88), after the irreversibility of the Cardenist reform became evident to the landowners they started to fraction and sell their land to avoid possible expropriation and to gain more money than through indemnifications, which were unsecure and in the best of cases would take time to receive, thus adding to the number small and middle size properties.
Practically all land now distributed was given as *ejidos*, and the importance of the *ejido* sector in the total spectre of agricultural production grew significantly. From 1934 to 1940, the share of *ejido* land of all agricultural land rose from 6.3 percent to 22.5 percent (including newly distributed land and land previously privately or communally owned now turned into *ejidos*). More importantly, the share of *ejidos* of irrigated land rose from 13 percent in 1930 to 57.4 percent in 1940 (Escobar 1990, 425-426). This indicates two things: the land distributed was now more often than before prime agricultural land and the *ejidos* could now benefit much more from government credit and irrigation projects. In the *ejido* system Cárdenas saw, to an extent, a solution to the agrarian question: 
”...la institución ejidal tiene hoy doble responsabilidad sobre sí: como régimen social, por cuanto libra al trabajador del campo de la explotación de que fue objeto, lo mismo en el régimen feudal que en el individual; y como sistema de producción agrícola, por cuanto pesa sobre el ejido, en grado eminent, la responsabilidad de proveer a la alimentación del país”. 47

There was also a novelty now introduced: the collective *ejido*, in which field lands were not parcelled to each member but managed as a single unit (pastures and forests had also been non-parcelled and collectively owned before). In principle, when founding an *ejido* the members had to vote between choosing collective organization or individual parcelling. As peasants were usually suspicious of a collective land tenure system - a model set from the top down and probably seen by the peasants as yet another whim of the government - state agraristas used persuasion and the carrot of a loan from the new Ejido Bank (see over). Collective *ejido* was, in addition to its ideological appeal as a corporatist instrument, a means deliberately used to maintain expropriated productive *haciendas* as a single productive unit. Although the share of collective *ejidos* remained at only a few percent of all *ejidos*, all the major expropriations of commercially oriented large estates, as in the case of La Laguna, were transformed under the guidance of state officials into collectives. By the end of 1940, 471 collective *ejidos* had been found (Medin 1973, 173).

For the first time, in earnest, some of the better lands of large estates were now touched with the expropriatory capacity of the state, as had been allowed by the Constitution. The large landowners’ possibility for a legal inaffectability (*juicio de amparo*) had been revoked in 1934 and was not introduced again until 1947. The expropriation cases by Cárdenas, listed state by state by Escárcega (1990, 89-120), show that nation-wide only about 23 percent (according to my own calculations based on Escárcega’s information) of the land distributed was state-owned, the rest being owned by private persons and companies. The relatively high presence of companies among the landowners affected indicate that a

47 Cited in Córdova 1974, 98.
significant amount of the expropriated land had been in commercial use - of course the companies also had vast tracts of idle lands, but the pattern to focus on the better agricultural land is evident enough.

There were also a few showcases in which vast tracts of already productive, partly irrigated land was expropriated and given to peasants as collective ejidos. These were cases in which the aim was not to create peasant communities producing for their subsistence on the remnants of commercial agriculture but to show that ejidos as well could operate commercially and produce for markets. For sure, at the background there was also the indispensable need to maintain the productive base of the agrarian sector despite the peasantization of the sector that was taking place. Thus, in La Laguna area (between Coahuila and Durango) some thirty thousand peasants, organized in three hundred ejidos continued to produce mainly cotton for markets on the lands of an expropriated cotton hacienda. In Yucatán, 34 000 peasants took over the henequen (hemp) production, and in Los Mochis, Sinaloa, 3 500 peasants, as 28 ejidos, took over the canefields of a foreign company and continued to produce for the local sugarmill (which was not expropriated). The ejidos formed on the expropriation cases of the Yaqui valley in Sinaloa and of the two enormous estates in Michoacán were not that monocultural but no less commercially oriented (Aguilar & Meyer 1993, 143-144). Though perhaps not tremendous successes, these collective yet commercial ejidos were not outright failures either, as landlords and other opponents had predicted. The productivity, in general, was lower in ejidos than on private farms, but the latter required a higher level of capital input and, in most cases, were still having most of the best lands. In the case of the ejidos in La Laguna, cotton production rose steadily in the next decade with the exception of a temporary slump in 1940-41 (Knight 1991, 259-260). However, it is also obvious that the fundamental problems of the collectives (bureaucracy, decreasing peasant access to decision making, etc.) were not yet visible during Cardenas’ time.

The restructuration of the land tenure system was of such magnitude that it needed infrastructural support in order not to disrupt Mexico’s productive base in agriculture. The most important means in this respect was the new Ejido Bank (Banco Ejidal, or Banjidal - officially Banco Nacional de Crédito Ejidal), founded in 1936 and based on the Agricultural Credit Law of 1934 (Ley de Crédito Agrícola). The Agricultural Credit Bank (Banco de Crédito Agrícola), having been in operation since 1926, had not had enough capital and, in any case, had favoured medium size and large estates, leaving the ejido sector practically without funding. Now the Ejido Bank received more ample resources: already during its first year of operation it lent double the amount that the Agricultural Credit Bank did, and in 1940 the former lent almost 60
While the latter was lending only less than 5 million pesos (Escobar 1990b, 428). Clearly there was a commitment by the Cárdenas administration to make the *ejido* sector economically and productively viable. The Ejido Bank did not grant loans to individual *ejidatarios*: a collective *ejido* applied as a unit, and in the case of a regular, non-collective *ejido* the members had to establish a credit association to apply for a loan and, according to the Credit Law, the money itself was to be used collectively whenever possible or convenient (Medin 1973, 171). The emphasis on the collective use of loans no doubt served the purpose of fostering larger infrastructural projects by the *ejidos*.

In 1940, the total number of regular credit associations (including those formed before the period of Cárdenas) was 5400, uniting nearly 430 000 *ejido* members. About three fourths of the credit associations (77 percent) and of the peasants (74 percent) organized in these associations had received funding from the Ejido Bank. Of all *ejidatarios* since the beginning of the Agrarian Reform, 16.5 percent did receive credit from the bank. Although forming only a minority of the *ejidos* that received credit, the collective ones took the bulk of the credit granted, reflecting the privileged position of the collectives over the regulars. And, among the collectives, a relatively large share of the credit was received by a small number of ”showcase” *ejidos*, especially by those of La Laguna and the Yucatán henequen areas. There were vast differences in the amounts granted: for instance, in the Mérida office of the bank (serving the collective henequen *ejidos*) the average loan per credit association was 28 000 pesos, while the neighbouring Campeche office granted loans of only 1500 pesos per association. Credit was also regionally concentrated: most funding was directed to the north and certain areas in the south, while the central and south-central areas received little, despite the fact that there were more peasants and more credit associations in those areas than elsewhere. The bank’s Torreón office in Coahuila, serving La Laguna, counted for 43 percent of all lending by the bank until 1940, and the Pacific North offices another 20 percent. The preference was thus given to more commercially oriented *ejidos*. The Ejido Bank was in the position to control the production process, as credit was calculated on the basis of the size of the area and the type of production, taking into account the planning of the state. The bank administered some warehouses and processing plants, thus also controlling the harvest end of the process in some areas. However, despite the control and occasionally even the use of coercion (including the use of federal troops) the bank had difficulties in getting the debts serviced on schedule (Escobar 1990b, 427-439).
Agrarian Policies from the 1940’s to the 1980’s

The Political Economy from the World War II to the Debt Crisis

In the 1940’s, Mexico entered into an era of stable, long-term growth. For almost three decades, until the latter half of the 1960’s, the average annual growth rate of the Mexican GDP was over 6 percent, and even on per capita basis about 3 percent. The average industrial growth rate was almost 8 percent annually for the whole period, while the growth rate of agriculture experienced an all-time high season in the 1940’s and then set down to some 4 percent, still above the population growth rate (cf. Table 3-1 in Hansen 1971).48 The World War years and the following twenty years or so were relatively prosperous time in all Latin America, but Mexico’s economic performance was outstandingly positive. Such an extended period of growth resulted in substantial changes in the structure of the national economy. The share of agriculture of the GDP declined from 27.7 percent in 1936 to 15.9 percent in 1967, while that of the manufacturing sector (even excluding mining, oil, construction, electricity) rose from 16.4 to 26.5 percent (Solís 1970, 220). The share of people engaged in agriculture went down from 65 percent in 1940 to around 50 percent towards the end of the 1960’s (Hansen 1971, 59), despite the tremendous growth of agricultural production.

There were external factors that contributed to the growth. At first the wartime years meant an increased demand for Mexican raw materials in the United States, and then the high conjuncture continued as a result of the circumstances created by the Korean War. Direct US investments to Mexico started to grow at a pace that accelerated until the 1970’s, gaining impetus from both the proximity of Mexico and the political stability of the country, unusual in the Latin American context. For the agricultural sector, new improvements were developed (better seeds, fertilizers, machinery, etc.), the result of which was a giant jump in productivity (the Green Revolution). However, despite favourable external conditions most factors behind the applauded ”Mexican miracle” were internal. And here, analyses point to the central role of the state in generating the growth. The state actively participated in the creation of new industries, in accordance with the import-substituting-industrialization (ISI) model of macro-economic policy that surged throughout Latin America in the 1940’s, and paved the road, with various methods, for private capital accumulation. It was, in the

48 Statistical data are never absolute. Solís (1970, 217) gives somewhat different figures for the period; in the years 1940-1955 the growth rates for industry and agriculture were 6.9 and 7.4 percent, respectively, and in the years 1955-1967 industrial growth rate climbed to 8.1 percent while that of agriculture went down to 3.2 percent, slightly less than the population growth. However, statistical differences do not alter the fact that those decades witnessed an unparalleled era of economic growth, first led by the agrarian and then the industrial sector.
words of Cypher (1992, 69), as if the state had "reinvented the bourgeoisie". This union of interests of public and private capital was successful in the sense that it helped Mexico in not becoming bogged down in a neocolonial 'enclave economy' and made Mexico more industrialized than most of Latin America (Cockcroft 1990, 151). It also succeeded in basing the growth more solidly on domestic capital; while in the first decade of the century almost two-thirds of total investments were of foreign origin, from the 1940's until the 1960's about 90 percent of them were financed with domestic capital (Hansen 1971, 58). Investments changed the nature of capital accumulation: while in the 1940's the accumulation still relied on the reduction of real wages, by the 1960's it was based on increases in productivity (de la Garza 1994, 196).

The share of public investments was high, averaging about 30 percent of total fixed capital in the period 1940-1967, and during the sexenio of Manuel Ávila Camacho (1940-1946) the share of public investments was over half (Hansen 1971, 61). The state funneled the money into various infrastructural project, of which transports, communications and agriculture formed over half, and into the segment of industry directly owned by the state, producing a wide range of products from steel to fertilizers. Of primary importance in that policy was Nafinsa (Nacional Financiera S.A.), the state's financing institution founded in 1934 but reorganized in 1940 especially to promote industrialization (of basic and import-substituting kind) and infrastructure. The heydays of Nafinsa were in the 1940's and in the early 1950's, but it was a powerful instrument of the state still in the 1960's - in 1965, for example, the financial resources of Nafinsa represented a quarter of the total resources of the Mexican financing system (Cypher 1992, 70-71; Solís 1970, 223-224).

The massive direct participation of the state in the economy could have caused a fierce competition between private and state enterprises, which in turn could have alienated the private sector from the state-directed scheme of development. In fact, the private sector did seek to reduce the role of Nafinsa during the administration of Miguel Alemán (1946-52), resulting in that the priorities of Nafinsa were geared a bit more towards infrastructure from production. But the state had means to keep the private sector happy. The main policy means to accomplish this can be classified into three categories: resource allocation, taxing, and trade policy measures (Solís 1970, 223). Resource allocation included of course the facilities of Nafinsa but also other sources of public and private financing. It was decreed, for example, that banks should devote a certain minimum share of their loan portfolios to industrial financing. Resources were allocated also by providing transportation on railways, petroleum, electricity, chemicals, construction material, etc., at subsidized prices. The means of taxing included tax exemptions: a 1941 law exempted "new" and
"necessary" industries from federal taxes and import licenses, and, after extensions in 1945, any industry that satisfied an existing domestic demand was interpreted as "necessary" (Cypher 1992, 75-76). Through trade policy domestic capital was given a marked advantage over international one; the objective was to reduce imports and save the emerging domestic industries from international competition. The range of foreign products requiring an import license was gradually extended: in 1956, 18 percent of all imports by value were subject to licenses, ten years later, 62 percent and in 1976, 90 percent (Weiss 1992, 44). The devaluations of the peso in 1949 and 1954 further discouraged imports while encouraging exports.

In the domestic markets the government of Alemán first tried to introduce legislation that would have given the state the control over prices, but, in front of the business elite's criticism, revoked it and passed a new law in 1951 that gave the industrialists and the state a collective power to regulate prices. In a similar fashion, the government of Adolfo Ruiz Cortines (1952-58) first tried to increase the taxes in order to balance state finances, but retreated in front of criticism. What is more, the composition of the state's tax revenues began to favour capital incomes: in 1955, about 48 percent of direct federal taxes came from wages and 52 percent from capital incomes, but in 1966, about 83 percent came from wages and only slightly over 14 percent from capital incomes (and the remaining from other direct taxes). In 1953, the business elite became yet a grade more intimate with the state with the creation of the Council for Production (Consejo de fomento y coordinación de la producción nacional), in which the state had 3 seats, the state-affiliated labour movement 4 seats and various business organizations 18 seats (Cypher 1992, 81, 86-87, 102).

In addition to these direct measures the most important contribution of the state to the new model of capital accumulation was its ability to maintain political stability in the country. Without having to resort to outright dictatorships, the governments were able to control the politics, while maintaining an officially representative, multi-party political system. Thus, after 1940, Mexico entered into an era of political and social stability unparalleled in Latin America. The stability was maintained mainly in the more subtle ways of cooptation through the political machinery (the official party and other state-affiliated organizations) and of political rhetorics (in speech, all governments "defended" the achievements of the Revolution and enhanced nationalist sentiments), but more crude means of intimidation were also sporadically and selectively employed. The new strive was reflected in the legislation as well. In 1941, a "law of social dissolution" was passed; initially, it was aimed against the fascist tendencies of the time, but it was not revoked until three decades later and was frequently used against leftists and other dissidents presumably trying to
"dissolve" the society (Cockcroft 1990, 150). In 1947, the strings on labour unions were tightened, when the Ministry of Labour was granted the right to refuse to accept elected union officials - which, in fact, gave the ministry the power to appoint "suitable" persons as union leaders (Cypher 1992, 78).49

The key instrument of the state was the party, which in 1946 changed its name from Partido de la Revolución Mexicana (PRM) to Partido Revolucionario Institucional (PRI). Changing the name was utterly significant: the political elite wanted to make it crystal clear that stability was the name of the game, that even revolutions could be institutionalized, no matter the conceptual contradiction. The party structure with its labour (CTM) and peasant (CNC) sections was able to contain the feelings of dissatisfaction from erupting in any mass-based ways, by giving each section a sense that its specific needs were being heard and taken care of. Conflicts did occur - like the peasant campaign of Rubén Jaramillo in Morelos from 1953 (he and his family were finally assassinated by the army in 1962) - but they did not escalate to a point of seriously shaking the power structure. For sure, it is to be admitted, the mission of the PRI could not have been so successful without considerable mass support - which is, no doubt, one of the explanations for the longevity of its grip on the power.

Despite the "miracle" there was reason for dissatisfaction on the part of the poor. Real wages did not follow the growth trend of the economy. Beginning from 1940, real minimum wages declined for the whole decade, and the subsequent recovery was so slow that the 1940 level was not reached until 1962 (cf. Barkin 1991, 144). The low level of labour costs was a positive factor in the industrialization process and also helped the expansion of labour-intensive export agriculture (like coffee), but then the corporatist grip on the labour was indeed necessary; the many strikes in the 1940's indicate that the trend of falling incomes went not unobserved by the workers. Another thing that could have caused social friction was the fact that despite the general modernization Mexico remained a polarized class society with a highly uneven income distribution. The income distribution became even more polarized between 1950 and 1969. In 1950, the lowest 20 percent of families earned 6.1 percent of all family incomes while the highest 20 percent earned 59.8 percent; in 1969, the figures were 6.0 and 64.0 percent, respectively (Cockcroft 1990, 188-189).50 Thus, despite the Revolution, the agrarian reform, many ambitious social

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49 When the militant Railway Workers' Union was tamed in 1948 by appointing Jesús Díaz de León, nicknamed El Charro, to the leadership, the nickname gave rise to the concept of charrismo, symbolizing corruption, anti-communism, intimidation of opponents and allegiance to the state-directed central union CTM.

50 The figures of Barkin (1991, 117), based on personal incomes, are slightly different: from 1950 to 1970, the share of the lowest 20 percent of the people dropped from 5.6 to 3.8 percent of all incomes, and that of the highest 20 percent from 59.3 to 55.8 percent, indicating that middle groups experienced some relative growth. The fact remains, however, that the Mexican society was highly polarized in a stable way.
programs and high-pitched revolutionary rhetorics, Mexicans saw the gap between the haves and have-nots remain the same or widen even more.

Wayne Olson (1985, 8-9) sums up the characteristics of the post-revolutionary model of capital accumulation in Mexico into five central "institutions": (1) state enterprises, (2) high external tariffs and import licenses to speed up the industrialization, (3) capital-intensive private agricultural sector for export production, (4) land distribution and ejido sector for the domestic food production, and (5) institutionalization and minimization of the class struggle by incorporating workers and peasants into state-led organizations and legitimating the state as being 'revolutionary'. For over a quarter of a century the model was able to produce substantial economic growth without severe social or political turbulence. However, the model had weaknesses which led to a "gradually decelerating growth", in relative terms, from the late 1960's onwards. Partly the weaknesses were inherent in the ISI-model in general and were thus apparent elsewhere in Latin America as well, like the unequal terms of trade between the imported, necessary capital goods and the exported primary goods or the low international competitiveness of the domestic industries protected by tariffs and import licences. But there were also weaknesses specific to the Mexican model. Each of the institutions that had previously facilitated the growth now began to block it, as they were "crowding out" the space for the expansion of private capital (ibid.). While it is doubtful that growth would have continued at the same level had the institutions been changed, reduced or removed, the idea that the model began to have its original mission more or less completed seems to have sense. It was as if the junior-size bed, cozy and comfortable, that the state had prepared for private capital at the outset, was now turning out to be too small, the junior having grown out of it.

The year 1968 can be taken as a culmination point in the Mexican political economy, not that there was any sudden jump in economic indicators but more in a mental sense. In 1968, Mexico hosted the Olympic Games, and while the political elite wanted to make the occasion for showing the world a developed country the public spending on the games and the international interest sparked an unseen wave of grass root movements and demonstrations demanding the respect for human and political rights. On October 2nd, ten days before the Olympics, a student demonstration at the Tlatelolco square in the capital was met with army gunfire, with over 300 demonstrators being killed. Since the Tlatelolco massacre no pretensions were left and a feeling of frustration crept into the society. In the words of Carlos Monsiváis (1990, 386), 1968 "meant a

51 In this respect, many post-war Mexican governments made the error of believing that "the entry of foreign capital into the manufacturing sector of an underdeveloped but rapidly industrializing economy automatically results in an increase in the technological capacity of the host country" (Wionczek 1986, 292).
vigorous denial of the government's dream of a policy of growth (a dream in which it was possible to believe that the country was modern because the elite were modern, or considered themselves so)".

In the economy, the late 1960's marked a slow-down of the long-term, high-rate growth period. The economy still kept growing, but the boom years seemed to be over. The business elite began to talk about the sluggishness of domestic consumer demand and of entering into a phase of increased competition and uncertainty (Olson 1985, 9-10). Obviously a point of saturation had been reached in the domestic markets, meaning that the consumer goods industry had grown to the level in which it could supply what the society could absorb, the growth being more or less a corollary of the population growth. Domestic demand could not expand indefinitely because of the income distribution, with only a small segment of the society able to consume more than the daily basics; and the uppermost segment could always afford to buy the licensed, imported goods (which they, in general, thought to be of better quality than the domestic equivalents). The rupture of social order was linked to the economy; the destabilized society after 1968 was both a result of and a factor in the stagnation. As put by Olson (1985, 14), "the state began to lose organizational and ideological control of the class struggle in the late sixties such that social instability and class conflict also disrupted capital accumulation".

The state responded to the situation in a somewhat disconcerted manner. On the one hand, it wanted to save the established order, and on the other hand, it needed to make concessions to the lower classes in order to regain legitimacy. Luis Echeverría (1970-76), who had served as the Minister of Governance (i.e., of interior affairs) in the ill-terminated administration of Gustavo Díaz Ordaz (1964-70), began his term by speaking about a "democratic opening" (apertura democrática). There was a perceivable detachment of the government's position away from the state-business elite axis. Echeverría's government decreed price ceilings for a number of basic products, introduced wage rises, increased public spending on health and education, revitalized the agrarian reform by speeding up the almost dormant land distribution, and lowered the average import tax, among other things. In public Echeverría spoke about a shared or "distributed" development (desarrollo compartido), saying that income redistribution and economic growth were not incompatible goals (Cypher 1992, 119). However, hidden under the populist overtone was the fact that the measures would only go as far as to relegate the discredited state and would not alter the structures of the political economy in any profound way.52

52 The accusations, presented in his time, that Echeverría was hostile per se towards entrepreneurs cannot be confirmed on the basis of his actual policies (Cypher 1992, 129).
Things did not work out that smoothly, given the inherent discrepancy between the efforts to respond satisfactorily to the emerging social pressures and to maintain the previous growth-generating model basically intact. The level of real wages did rise (see Barkin 1991, 144), but as the business sector reacted to wage rises and price controls by raising the prices of uncontrolled commodities and by creating artificial shortages of price-controlled commodities, the vicious, inflationary cycle of alternating cycles of wages and prices was complete (Cypher 1992, 120). Landless peasants who had become agitated by the revival of the agrarian reform now became frustrated with the pace of it and land occupations multiplied, some of which were met with acceptance and some with reprisal. The "democratic opening" did not materialize, and demonstrations demanding democracy and respect for human rights were still met with violence; the government even encouraged right-wing groups (los halcones) that sprang up to intimidate left-wing and independent labour union activists (Cockcroft 1990, 243). Frustration led to the appearance of leftist guerrilla groups, although small and relatively inactive by Latin American standards. The business elite, in turn, felt that the government was steering the country towards socialism, and the flight of capital out of the country accelerated. State budget deficit was chronic and public expenditure was financed with foreign loans. It all ended in 1976 in a severe economic crisis, with exhausted central bank reserves, a 40 percent devaluation of the peso, growing inflation and decreasing overall production (Lustig 1994, 37).

José López Portillo (1976-82) tried to rescue the situation with his Alliance for Production program (Alianza para la producción), which called for the private sector to invest more and the workers to limit their demands for wage rises. He also had to sign the stabilization plan of the International Monetary Fund, with austerity measures to balance the budget, wage freezes and the abolition of price controls. But towards the end of the decade, luckily enough for the government, a new life buoy was there at hand: petroleum. During the Echeverría years Mexico had gained self-sufficiency in oil, and by 1977 the oil monopoly of the state, Pemex (Petróleos Mexicanos) had begun to export it. With rising world market prices, the years 1978-80, or until mid-1981, marked a genuine oil bonanza for Mexico. There was again room for manoeuvre in the economy, and the austerity measures of the IMF needed not to be applied so strictly. The share of oil revenues of public incomes rose from 25 percent in 1976 to 50 percent in 1980. During the boom, the principal task of the government according to its own words, was to "administer the abundancy" (Cypher 1992, 143-146).

However, abundancy was exactly the problem with the administration of López Portillo. The envigorated public expenditure brought in impressive figures of growth: between 1978 and 1981 the GDP grew by 8.4 percent annually and total
investments by 16.2 percent (Lustig 1994, 39). But there was the other side of the coin. Despite the oil revenues, the bold investment program kept the state budget continuously in deficit - it was easy enough to cover the deficit with cheap loans, eagerly supplied by foreign banks against petrodollars. And despite the abstention from significant wage rises and the maintenance of price controls (which were popular among the people), inflation was running high because of the public spending and the expectations the easy money created. The average inflation rate for the López Portillo period was over 37 percent annually, and this meant a drop of 10 percent in the real minimum wage (Cypher 1992, 153; for the wage level, cf. Barkin 1991, 144).

The crucial mistake was the belief that oil prices would go up and interest rates down indefinitely. Around mid-1981, the air in the balloon escaped as oil prices started to go down, and as oil had reached a 70 percent share of export incomes, the turn had a dramatic impact on the economy. Capital flight increased magnifolds as the business sector anticipated the inevitable devaluation of the overvalued peso - the government's indetermination made the situation worse. The devaluation came finally in February 1982 with almost 80 percent. The state had to borrow short-term money from abroad while interests were rising. In August 1982, the debt burden reached the level where half of the public debt was short-term, due to be paid back within one year. Reserves emptied, the government had to freeze all foreign currency accounts and suspend all payments on the debt for three months (Cypher 1992, 144-160; Lustig 1994, 38-45). This was the origin of the Latin American debt crisis that eventually came to shake the economies across the continent.

Both the Echeverría and the López Portillo governments are usually considered as populist ones. They both tried to court the public with excessive public spending and with hollow political rhetorics (Echeverría in particular), without conceding anything relevant from the centralist state apparatus for a true democratization. In an economic sense, both administrations were manifest failures; their economic mismanagement has been coined in the expression docenio trágico, 'the tragic twelve years'. However, in addition to the mismanagement, or maybe behind it, there was the basic factor that the previous model of capital accumulation was not so functional anymore as it had been from the forties to the sixties. The new model, based on the internationalization and opening of the economy, was yet to be discovered by the political elite.  

Turn to the Right in the Agrarian Reform

53 Symptomatically, there were opposing views already in the López Portillo cabinet: some were in favour of the elimination of restrictions, while others feared that it would ruin the achieved industrial base (Lustig 1994, 47). Also, López Portillo sought to take Mexico into GATT but gave it up as it had no support in the business sector.
With president Ávila Camacho the shift to the right in the political economy was extended to the agrarian policy as well. The process of land distribution slowed down, although continuing at a pace comparable to the pre-Cárdenas period: from 1941 to 1946, about 7.3 million hectares were given to 158,000 beneficiaries (see table 1).54 In aspects other than the sheer volume of land distribution the shift was more evident. Private property rights on land were fortified in January 1941, by decreeing that properties not confiscated in the proper manner were to be compensated in irrigated land, and, in 1942, that the limit for an inalienable private property was to remain at 300 hectares of field land but for poor land the limit was raised to 50,000 hectares - say, semi-deserts dedicated to cattle ranching (Gutelman 1974, 113-114). In the distribution of land, the policy of Cárdenas of favouring collective ejidos in terms of land quality was revoked: with irrigated land the preference was now given to private solicitors while ejidos received temporal land, although still in ample quantities. The "socialist" appearance of the collective ejido was to be reduced: in 1941 a presidential act opened the possibility for collective ejidos to parcel and title their land into individual plots for each member (thus, to transform the collectives into regular ejidos), but this caused friction among the leading agraristas in the Agrarian Department responsible for land distribution. The agraristas interpreted the act in the manner that the parcelling could only be carried out in collectives "susceptible" for individual production - most of the larger collectives, such as La Laguna, were maintained intact (De la Peña & Morales 1989, 21-23).

An even more profound move to the right took place during the sexenio of Alemán. During his campaign the changes produced by the descending government had provoked a fierce debate on the direction of the Agrarian Reform: while peasants complained about the slow-down of the land distribution, growing bureaucratic obstacles and the persistence of large estates, cattle growers demanded all land dedicated to cattle ranching be declared inaffectable, that is, exempt from any future expropriations. In this debate Alemán had to choose his side. On the third day in office, Alemán presented substantial amendments to Article 27 of the Constitution, which, taken together, mark the consolidation of commercially oriented, capitalist farming and animal husbandry based on not-so-small estates, still within the pretext of the "revolutionary" Agrarian Reform.

First, the chance for landowners to seek an exemption of their affected lands from expropriation (juicio amparo) was restituted, having been revoked in

54 As the presidential terms in Mexico begin in December, for all practical reasons the year 1940 belongs to the Cárdenas period.
1934. This resulted in a mass petitions for the certificates of inaffectability, to which the government responded mostly favourably. Second, the concept of ‘small property’ (la pequeña propiedad) was altered: previously set at 50 hectares of irrigated land, the upper limit was raised to 100 hectares, 150 if planted with cotton or 300 if planted with other commercial crops (coffee, banana, henequen, sugar cane or fruits). In the case of livestock production the limit for small property was set at the amount of land needed to raise the maximum of 500 heads of cattle or a corresponding number of smaller livestock, the actual amount of land depending on its quality. Furthermore, the upper limit was calculated separately for each married member of the family - an addendum that greatly enhanced the preservation and reconstitution of large estates (Gutelman 1974, 114-118; De la Peña & Morales 1989, 140-144).

Third, the minimum amount of land distributed to ejidos was set at 10 hectares per member of naturally humid or irrigated land or its equivalent of arid lands. Superficially this was a pro-ejido act, as many of the parcels hitherto distributed were clearly too small to sustain a family, but in practice it meant that no more irrigated land was distributed to ejidos but to private proprietors. As also much of the private land became untouchable with the reinstituted juicio amparo, most land given to ejido peasants was poor land, not well, or at all, suitable for agriculture. This explains the fact that during the Alemán years the average amount of land given to an ejido peasant was 51.7 hectares: almost 3 million hectares was distributed to some 56 000 ejidatarios. At the same time, 336 certificates of inaffectability covering 3.4 million hectares were given to cattle ranchers (with an average of more than 30 000 hectares each). What is more, arable land in most regions had become so scarce that many peasants whose petitions were solved favourably did not actually receive their parcels but a derecho a salvo, a right on paper of being entitled to a piece of land at some occasion in the future. Despite the millions of hectares given to ejidos the share of the sector of agricultural land diminished from 47 percent to 44 percent from 1940 to 1950, and as also the access of ejidos to irrigated land, capital and machinery was reduced, the share of the ejido sector of agricultural production dropped from 50 to 37 percent during the decade (Gutelman 1974, 114-116; De la Peña & Morales 1989, 144-146).

In order to ease the pressure for further expropriations a considerable part, close to 1.4 million hectares, of the total amount of land distributed in the Alemán years (4.6 million ha) was unused public land opened for colonization with the new Colonization Law of 1946, seeking to expand agricultural frontiers outside the heavily populated Central Mexico. Two thirds of the colonized land were located in the northwest (Sonora and Baja California) and the rest mainly in the tropical south. In the colonization very few ejidos were created: most land was
given in private ”parcels” that fit the new designation of ‘small property’ - the colonist was to pay an indemnification with annual payments within a period of 10 to 27 years. There were 13 400 beneficiaries from the colonization during the Alemán period (though some of them only as holders of derechos a salvo), almost the amount of colonists having benefitted from the first colonization law of 1926 until 1946 (14 100). However, the colonization project was a source of corruption, fraud and speculation that eventually permitted the concentration of land into fewer hands than the official number of colonists would suggest (De la Peña & Morales 1989, 143-145). In Sonora, where the agricultural frontier was expanded with heavy federal expenditure on irrigation works, there was a real fever of land sales, often with credit from Banco Agrícola, in which all kinds of ”nylon farmers” (agricultores nailon) from businessmen and public servants to the employees of Banco Agrícola took part without ever planting a single seed. In Sonora the share of the ejido sector of agricultural land dropped from 40 to 17 percent from 1940 to 1950 (Hewitt de Alcántara 1978, 126-127).

The collective ejido was clearly on retreat during those years. As mentioned, Ávila Camacho had opened the way for the parcellation of the collectives, and with Alemán the pressure against collectives increased. At the end of the Cárdenas period there had been 934 collective ejidos in the country and after Alemán, in 1953, there were only 483. Obviously the collective ejido was not the kind of solution for Mexico’s agriculture that the radical agraristas had hoped for: during the Cardenist hybris the problems of the collectives were not that imminent, but in the 1940’s they had become more visible. The leadership of the larger collectives was often corrupt, and frequently the local representatives of the Ejido Bank exercised uncontrolled power over the management of the ejidos, appearing as kind of bureaucratic hacendados (Knight 1991, 263). The work moral in such circumstances was not very high (as it may have been during the euphoria of the Cárdenas years), even if the ejidatarios were not opposing the collective system as such. Also a problem with many collectives was that they had too many members in regard to the labour needs, and this turned into a more severe problem with the advance of the mechanization of agriculture during the forties. Not surprisingly, in many collectives the demand for the individual parcelling of land came from within, and combined with the external pressure of the official policy led to the decimation of the collective sector (De la Peña & Morales 1989, 148-151). But then, on the other hand, it remains an open question how the collectives would have made it had the official policy supported them. The relative run-down of the whole ejido sector - both collective and regular - was not a by-product of the more commercially-minded official policy but a goal in itself: the ejido, the collective one in particular, was considered a hindrance to the expansion of the capitalist agriculture. In fact, it seems plausible to think that the most important
reason for keeping the *ejido* sector alive at all was the fact that *ejido* peasants formed the base of the ruling party’s power through their affiliation to the CNC.

The agrarian policies of Adolfo Ruiz Cortines (1952-58) continued on the foundation laid by the two predecessors of his. An amendment, in December 1954, to earlier legislation made it possible to reclassify existing *ejido* land, regular or collective, to be redistributed: land that had been improved to raise its productive value by someone else than the *ejidatarios* themselves could be re-expropriated and given to peasants with insufficient rights on cultivable land. Such lands did exist, as many *ejidatarios* - themselves often with insufficient land - worked outside their *ejidos* and had rented their plots to fellow *ejidatarios* or even outsiders, despite the fact that such practice had never been legal. The amendment was not applied to private property - according to the earlier legislation, any improvement on private land, by whomever, that turned unproductive land productive, turned it also inaffectable by expropriations whatever the size was. In 1955 the credit legislation was modified, making it less easy for local credit unions (representing *ejidos*) to obtain credit.

Officially the Agrarian Reform continued; during Ruiz Cortines *sexenio* some 3.5 million hectares were distributed to 57 000 beneficiaries, most of it unused state land - distributed under the colonization law but seldom apt for agriculture - and some of it redistributed *ejido* land. In addition, there were some 2.5 million hectares of communal land of Indian communities now legally recognized - in official statistics this land (*tierra restituida*) that had already mostly been in the possession of the communities was added to new distributions, making the statistics show a total of 6 million hectares distributed. More than a million *derechos a salvo* were also issued to landless peasants or to *ejidal* peasants whose parcels had been too small to begin with (Gutelman 1974, 19-120; Moguel 1989, 122-129). The vast difference between actual beneficiaries and those with only a promise on paper indicate that the Agrarian Reform as carried out was far from fulfilling the needs of peasants. One has to remember that there was yet a greater number of those who had not received even a *derecho a salvo*: it was estimated that the number of landless peasants reached over 3 million by the late sixties (Gutelman 1974, 121). Only during its last months in power, did the Ruiz Cortines government touch some large properties in the North, where peasants had again become restless and where they were organizing themselves apart from the CNC.

During his campaign, Adolfo López Mateos (1958-64) seemed to relish slightly more progressive and radical views, but this was due more to the political atmosphere of the time than to a genuine ideological departure - even the right-wing candidate of PAN showed more preoccupation for the humble man than
had been customary to the party. There was considerable peasant unrest, which evoked a change in tone, especially towards appraising the ejido sector and towards the state taking more direct responsibility on the agrarian development. In general, López Mateos respected the property rights of large landowners. At the beginning of his term, he approved the expropriation of the enormous cattle hacienda Cananea of 261,563 hectares (it was given to 853 families as a collective ejido), but that was a legal battle inherited from the previous government. Instead, López Mateos emphasized the colonization of public lands as a way of easing the tensions. In 1959 he created a new state organization, Department of Agrarian Issues and Colonization, DAAC (Departamento de Asuntos Agrarios y Colonización), to address the specific needs of the ejido and communal sectors and to promote the colonization of new lands. He also created the National Ejido Promotion Fund, FONAFE (Fondo Nacional de Fomento Ejidal), to promote productive investments in ejidos and to the industrialization of the products of ejidos (Moguel 1989, 130-135).

It was the first time since Cárdenas that the ejido got that much attention. And indeed, the attention was provoked by ex-president Cárdenas himself, who in the late 1950’s began - after being silent during the three previous sexenios - to criticize the conservative course the country had taken after his own period. The highly publicized tours of Cárdenas over the country and his open support for the Cuban revolution no doubt affected López Mateos, who responded to the popularity of Cárdenas with a relative radicalization of his own public political image. In July 1960 López Mateos went to the point of declaring himself to be of the ”extreme left”. However, the radicalism of López Mateos remained at the level of speech only, and even at that level he later moderated his words in front of the loud opposition from the business elite, the church, the conservative PRI elements and of the queries of the US ambassador, declaring himself to be above the battle between the Left and the Right (Moguel 1989, 135-156).

During the latter half (1962-64) of López Mateos’ term, the return to the line of his three predecessors became more obvious. There was a departure from the Cardenist demagogy to an Alemanist one, in which the constitutional rights of ”small proprietors” (i.e., private landowners) against the threat of expropriation were reassured while peasant unrest and independent mobilization was equalled with anarchy. In the early 1960’s, new local peasant movements sprang up, some of which actively participated in local elections opposing official PRI candidates, sometimes rendering the PRI to resort to fraud, as in Mexicali, Baja California (Moguel 1989, 156-172). Independent peasant activism was
frequently met with repression, a notable case being the assassination of the peasant leader Rubén Jaramillo and his family.55

The most important new independent peasant organization was CCI (Central Campesina Independiente), which began to take shape in 1961 (but was not officially founded until 1963): it united various leftist or Cardenist peasant groups, including the ejidatarios of La Laguna. At first, CCI was linked to the leftist Movement of National Liberation (Movimiento de Liberación Nacional), a front inspired by Cárdenas, but later took on a separate life and even presented its leader, Ramón Danzós Palomino, as a candidate for the 1964 presidential elections. The other major national-level independent peasant organization UGOCM (Unión General de Obreros y Campesinos de Mexico), created in 1949 and linked to the Popular Socialist Party PPS, became cooptated by the CNC and PRI in 1963 (Moguel 1989, 174-178; Grammont 1989b; Flores Lúa & Paré & Sarmiento 1988, 33-36).

In his final annual speech for the nation, López Mateos nevertheless presented himself as having been one of the most pro-peasant presidents. He claimed to have distributed 16 million hectares of land, a third of all distributed until then, and he maintained that the Revolution “will continue to distribute land until to the last spot that is not in compliance with the strict judicial requirements that exempt the small property”. However, his claim of 16 million hectares is a gross exaggeration: the official data of DAAC give the figure of 9.1 million hectares of signed dotations, with the effective figure of 8.9 million hectares. With that, López Mateos occupies the fifth place in total hectareage distributed (yet fourth in terms of temporal field land and third in terms of irrigated land) (Moguel 1989, 179-182, 218; see table 1 in Appendix 1).

Although Gustavo Díaz Ordaz (1964-1970) clearly came from the right side of PRI, he became president in a situation with considerable rural agitation, which could not be ignored. Therefore, the agrarian policy of Díaz Ordaz appeared as relatively more progressive than the rest of his economic policy.56 Also, the Alliance for Progress program of the US government contributed to the need to

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55 Rubén Jaramillo had been active since the 1940’s, when he was a candidate of the local PAOM party (Partido Agrario Obrero Morelense) for the governorship of Morelos. He and his followers had to go underground several times during the late forties and fifties, as they were regarded as rebels and sought after by the army. The jaramillistas were particularly active among the sugar workers and sugar producing peasants. In the late 1950’s he had been pardoned by López Mateos, and he again surged as a peasant leader who campaigned for land distribution. In the early 1960’s he defended a group of peasants who had invaded lands under a real estate development scheme, was confronted by the powerful and, in May 1962, taken from his home and executed together with his wife, two stepsons and a nephew (Grammont 1989c).

56 Again, as usual, the peasant was hailed high in rhetorics. In one of his campaign speeches Díaz Ordaz had eulogized the peasantry: “La clase campesina es leal, es noble, es abnegada, ha dado los mayores contingentes de heroísmo y de sangre a los movimientos libertarios de México y es la más numerosa. No obstante, es la de mayor carencia” (cited in Moguel 1989, 183).
To cherish the agrarist image of the government there was, in 1967, a wave of "voluntary" give-aways of land by large land-owners to be distributed, including major politicians: Díaz Ordaz himself gave a tract of 75 hectares of his hacienda in Puebla, while the ex-president Miguel Alemán donated no less than 22,000 hectares of his lands in Chihuahua.\textsuperscript{57} Towards the end of the sexenio land distribution accelerated, resulting in the obvious paradox that one of the most conservative governments distributed more land than any other government, including that of Cárdenas: official figures give the total of 24.7 million hectares under Díaz Ordaz. However, most of this land was unused state land, frequently not suitable for agriculture: 91.3 percent of this amount of land was classified as dryland (agostadero), mountain land or ‘undefined’, leaving only 71,821 hectares of irrigated and 2 million hectares of temporal agricultural land for distribution. With these latter figures, Díaz Ordaz achieved the second place in temporal and the eight in irrigated land. A great majority of the distributions was truly marginal, at best suitable for cattle ranching with a low density of heads per square unit or at worst not suitable for any productive use (Moguel 1989, 204-218).

Retrospectively, it is easy to see why the three post-Cárdenas governments lost interest in solving the agrarian dilemma through the distribution of land to small-holding and landless peasants, even if there had not been a need for an ideological detachment from the rhetorical radicalism of Cárdenas. During the 1940’s and 1950’s, there was a rather solid social peace in the country, as compared to the three previous decades, and the urge to use land distribution as an instrument to tranquilize rural unrest was reduced.\textsuperscript{58} What is more, social

\textsuperscript{57} The case of Alemán is illustrative of the level of enforcement of the agrarian laws: that even an ex-president, himself once having been at the charge of the Agrarian Reform, could have amassed and kept such an immense landed property that he could make a donation of 22,000 hectares, even the donation by far exceeding legal limits.

\textsuperscript{58} Also, beginning from the 1940’s, the National Confederation of Peasants, CNC, began to lose the political mobilization capacity it had had during the Cárdenas years and evolved into an instrument of control, aimed to keep peasants "at a prudent distance from the public power" (Esteva 1980, 88). From thereafter, as Esteva notes,
justifications aside, the agrarian structure as it was - large landholdings still controlling most of the productive land - seemed to bring impressive results from the late 1940’s onwards: ‘if it isn’t broke, why fix it’ was the rationale behind the policies. Indeed, with public sector investments into infrastructure (especially irrigation and transportation), the old system, marked with a commercial and often export-oriented large scale production sector and and a more or less subsistence-oriented peasant sector, might be induced to do even better. At the national economy level, agriculture began to be seen as less important, relatively speaking, as industrialization was made the key policy objective, as has been mentioned earlier. Around 1950 the share of industry of all public sector investments exceeded the share of agriculture, and the difference between the two grew rapidly during the fifties (cf. Figure 1 in Gates 1988, 280). The future of the country was seen in industrialized urban centers, not in the countryside and especially not in the peasantry - then why peasantize the countryside deliberately through land distribution? Besides, the continuous existence of landless rural labourers offered a cheap pool of labour for the newborn industries.

It is equally easy to see why the governments of López Mateos and Díaz Ordaz hastened land distribution. Because of the timidity of the three previous governments in this respect there was much accumulated pressure on the part of the peasantry. The pressure was enhanced by the growth of population 59 - in turn, aided by the Green Revolution - and by the persistent existence of landless peasants despite all the fuss about the “Mexican miracle”. The rapidly growing disparity in wealth between the commercial and peasant sectors also contributed to this pressure. The pressure was expressed in the growth of independent peasant movements and of spontaneous land invasions in the late 1950’s and early 1960’s. In addition, there was political pressure caused by the popularity of the Cardenist front of MNL, demanding a response by the government. An external source of pressure - though not perhaps an admitted one - was also the Alliance for Progress program of the Kennedy administration. And, of course, the same pressures were also behind the policy of repression and intimidation of the independent peasant movements during those years.

It was in the twenty-five year period from the 1940’s to the late 1960’s that the foundations of the new political-economic regime in rural Mexico were laid, the regime that was to last basically unshaken until the turn of the 1990’s, that is until the advent of the reforms leading to free trade. One of the basic characteristics of this regime was the creation of a large rural labour force that

59 The population growth was tremendously rapid: from 19.6 million people in 1940 to 67 million in 1977 (Aguilar Camín & Meyer 1993, 162).
was partly subsisting on peasant production and partly on seasonal wage labour. And by all parameters, this was achieved. In 1970, according to the census of the year, there were 2.9 million rural producers in Mexico, 2.55 million of those having individual tenure over land and 345 000 members of collective *ejidos*. Of the 2.55 million having tenure on their own land (1.76 million private producers and 793 000 regular *ejidatarios*), 2.2 million (86.6 percent) were classified as peasants (86.9 percent of private producers and 85.9 of *ejidatarios*). Most peasants, 1.42 million, or 55.7 percent of all producers, were classified as being at the infrasubsistence level, having less than 4 hectares of arable land in their use (52.3 percent of private producers and 63.2 percent of *ejidatarios*). Subsistence level peasants - having between 4 to 8 hectares of arable land - was a group of 414 000 producers, forming 16.2 percent of all (19 percent of private and 10 percent of *ejidatarios*). Peasants above subsistence level (375 000) comprised 14.7 percent of all producers, transitional producers (297 000) 11.6 percent and finally entrepreneurs (47 000), 1.8 percent of all (CEPAL 1982, 109-114).60

Considering that well over half of all rural producers, which with their families made over ten million people, were receiving less than was necessary for their survival from agricultural production, it is plainly evident that there was a massive peasant population permanently though not constantly in need of wage labour opportunities. This created intermittent and rotating flows of migration from peasant production zones to those of capitalist production where the employment opportunities existed, and there was a generalized competition for work, which in turn, helped to keep rural wages low (Moguel 1988, 5-6). We have discussed earlier this pattern of exploitation of peasant labour in the Latin American context and need not go into it here, but it is worth mentioning explicitly enough the fact that this pattern became a prevailing reality for a great deal of peasant population *simultaneously* with the expansion of production during the Green Revolution boom years.61

Now, the labour cost component in the Green Revolution is difficult to assess, but it would be foolish to argue that the constant need and competition for work by the infrasubsistence level peasants and the Green Revolution’s expansion of

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60 The line between peasants above subsistence level and transitional producers was not drawn directly on the basis of land in use but on hired labour: peasants of the *excedentario* type could have more than 12 hectares of arable land but were mostly using family labour, having less than 25 hired man-labour days per year, while transitional producers were having 25 to 500 hired man-labour days, and entrepreneurs more than 500.

61 According to figures collected by Paré (1977, 91-95), the evolution of the number of rural wage labourers corresponds to the Green Revolution boom and to the politics of land distribution. Although the number of economically active population engaged in agriculture increased from 1910 to 1970 in absolute terms from 3.5 to 5.1 million, the number of rural wage labourers decreased until about 1950 - due to land distribution and rural-urban migration - but then started to rise, the most significant increase taking place in the 1950’s (from 1.5 to 2.2 million), the growth slowing down somewhat in the 1960’s when stagnation began to affect the sector.
commercial agriculture were not interconnected. Relating to the argument proposed in this work, this interconnectedness was not the result of an articulation between two separate modes of production, but of an organization of production factors - with the help of the state - within a single mode, that is, the capitalist one. I fully agree with Julio Moguel (1988, 8) that what was established in those decades was "una modalidad de acumulación...particular, única e integral entre ambas formas productivas" (emphasis in the original). Within the prevailing model of capital accumulation, it was all very simple division of labour and resource allocation.

**Echeverrismo: Neo-Cardenism or Plain Old Populism?**

The agrarian policy of Luis Echeverría has sometimes been described as ‘neo-Cardenist’, due to the reinvigorated interest in the peasant sector in general and in the ejidos in particular. In his inauguration speech, Echeverría even made a solemn promise not to rest a single day during his sexenio in the task of promoting the betterment of the peasant and the countryside\(^{62}\) (Moguel & López 1990, 321-322). However, it is unimportant whether the label ‘neo-Cardenist’ would do justice to either Cárdenas or Echeverría: for sure, there were similarities between Echeverría and Cárdenas (like the stress on collective ejidos), but the times and the context were so different that the comparison is not very fruitful. In the early seventies, the private commercial agrarian sector was - due to the boom of the earlier 25 years or so - firmly established and a part of it thoroughly internationalized, and there was no simple way of doing any major transfers of resources from the commercial to the peasant sector without disturbing the production complex and causing at least interruptions in the flow of export earnings and private investments to the agrarian sector. Whatever major resources there were to be directed “to the betterment of the peasant” had to come from the state’s coffins. As it was, Echeverría’s agrarian policy was based, throughout his six years, on heavy foreign borrowing and monetary expansion, that is, on constant deficit spending (Gates 1988, 284).

Echeverría’s agrarian policy was laid in the new Federal Agrarian Reform Law (Ley Federal de Reforma Agraria), promulgated in April 1971 and superseding the Agrarian Code of 1942. The central goal was to increase productivity by mobilizing the resources of unused and supposedly underutilized temporal land and by rendering the commercial sector more strictly under the state’s guidance. No doubt the law had a pro-peasant, and, more precisely, a pro-ejido bias: e.g., the juridic conditions for gaining the inaffectability for the expropriation of pasture land were made more stringent; the re-expropriation of ejido land under

\(^{62}\) "...no descansaré un solo día del sexenio en la tarea de promover el mejoramiento de los campesinos y del medio rural".
public utility pretext was made more difficult (especially in cases of real estate development in coastal, urban and tourist areas, where private land should be expropriated first); collective and cooperative forms of production within regular *ejidos* were encouraged as well as cooperation between *ejidos*, which could now form a coalition as a Union of Ejidos, a new legal entity entitled to seek public funding (Dachary 1987, 64-69; Moguel & López 1990, 330-333).

The Agrarian Reform Law did not directly attack the private sector as such, as the level of subsidies to the private sector was maintained or even increased and as the government restrained from massive expropriations for almost the first five years of the *sexenio*. The key issue of the law was the development and expansion of the *ejido* sector. From 1970 to 1979 *ejidal* and communal (i.e., land of the Indian communities) land increased from 70 to 85 million hectares, while private agricultural property declined from 91 to 82 million hectares (Gates 1988, 285). Some 6 million hectares in the increase of *ejidal* land was newly distributed public land, and the remaining 9 million hectares in the increase was due to the transformations of private peasant groups into *ejidos* and expropriations of large landholdings, corresponding to an equal decline in the total amount of private land. During his *sexenio*, from December 1970 to November 1976, Echeverría officially distributed close to 12.8 million hectares, but a more detailed analysis gives the figure of 11.9 million hectares, of which 8.3 million ha was dryland, 0.5 million ha mountain land and 2.2 million ha "unsufficiently specified" land (Moguel & López 1990, 341-342). Thus, whether the distributed land was public or private, it was agriculturally mostly marginal land.

In part, the expansion of the *ejido* sector was due to peasant initiative. Landless peasants became agitated by the loud pro-peasant rhetorics of the government and increasingly resorted to illegal occupations of lands of the large estates: during 1970-73 there were over 600 such incidents (Velasco 1993, 96), and the extension of land areas in question were significant (for an account of the invasions in various regions, cf. Robles & Moguel 1990). The government responded to the invasions in a somewhat disconcerted manner, sometimes backing the invaders, sometimes repressing and evicting them with force. Towards the end of the *sexenio*, the populist tendencies grew stronger and sometimes the invasions were even encouraged by local agrarian reform authorities. Yet it was only during the last months of his presidency in 1976 that Echeverría hurriedly expropriated many large landholdings in the northern states, some of which belonged to families of notable past revolutionaries, including the 2500 hectare *hacienda* of Alicia Calles, daughter of the late ex-
president Calles (Bartra 1982, 58-59). At that time the failure of Echeverría’s neo-cardenismo was evident enough, and it seems as if the government was desperately trying to carve out its place in history as a great transformer of agrarian structures. The fundamental reason for the failure was that Echeverría, unlike Cárdenas, did not succeed in keeping the sectors involved in a corporatist grip. His strategy of ‘shared development’ was ”sufficiently reformist to disrupt longstanding alliances between political and economic elites but too limited in practice to strengthen worker, peasant or community organizations enough to permit the populists to construct a viable alternative set of political alliances” (Fox 1993, 59).

In order to coordinate the whole array of different state actions and programs an umbrella organization was created in 1973, called Public Investment Program for Rural Development, PIDER (Programa de Inversiones Públicas para el Desarrollo Rural), symptomatically under the supervision of the Ministry of the Presidency (Secretaría de la Presidencia) and not the Ministry of the Agrarian Reform, which would have been the natural choice. In its time, PIDER was the largest World Bank-funded rural development program anywhere in the world (Gates 1988, 285). The program included works as diverse as irrigation construction, forestry utilization, road construction, artisan and rural industry projects, research, etc. - that is, whatever federal projects there were having to do with the countryside. A more general goal was to increase community level participation and create rural employment opportunities. By 1975, PIDER projects were being carried out in over a hundred districts (Dachary 1987, 72-74). However, in many projects the involvement of local people was only encouraged in selecting a project with public investment, not in carrying it out (Fox 1993, 157).

Other Echeverrian reforms included the reorganization of the public institutions financing the agrarian sector: the existing public rural credit institutions - Banco Nacional de Crédito Ejidal, Banco de Crédito Agrícola, and Banco Nacional Agropecuario - were united into a single one, Banrural (Banco Nacional de Crédito Rural), in 1975. A new agrarian credit law (Ley de Crédito Rural) was issued to guide the activities of the new bank: ejidos were to be priorized in public funding, and ejidos as such were now made collectively eligible to solicit loans, as well as other cooperative formations (indigenous communities, unions of ejidos, cooperatives, producer associations), instead of the formerly required rural credit associations. State participation in the markets of specific commodities as a buyer and seller was increased by establishing specialized

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63 After Echeverría, these expropriations led to complicated legal battles, which in turn led to the restitution of some of the lands to their owners and when this was not feasible anymore, to sizeable indemnifications (Bartra 1982, 59-60).
agencies, the most important of which were INMECAFE (Instituto Mexicano del Café) and TABAMEX (Tabacos Mexicanos), for coffee and tobacco, respectively (Dachary 1987, 77-78; Moguel & López 1990, 334-335).

The Echeverría administration had ambitious plans to collectivize a great deal of the ejido sector: at the beginning of the sexenio it was set as a goal to collectivize 11,000 of the 22,692 ejidos registered in the 1970 census. The Federal Agrarian Reform Law included a chapter on the policy of ejidal organization, and although being a bit vague and not specific enough, promoting collective and cooperative forms of production. The idea of collectivization was based on the government belief that it would increase productivity: apparently collective units seemed to have the advantages of the economies of scale, of facilitating coordinated, state-directed planning and mechanization, and, via collective buys of necessary inputs and sales of output, of reducing the role of the hated middlemen (Gates 1988, 285). The attempt, however, was a failure: only 633 ejidos of the proposed 11,000 had been collectivized by the end of the sexenio. The government attributed the failure to peasant opposition based on irrational traditionalism, ignorancy and general passivity, in addition to bureaucratic obstacles and the opposition of local rural bosses, caciques. However, the most obvious reason behind the peasant opposition was that it was just another top-down project imposed by the state, which usually had led only to increased control by local authorities over peasant production processes. Such collectives were not very different from state enterprises: they had state-nominated centralized leadership and the only role of the ejidatarios, nominally the owners of the collective, was to sell their labour. They were "simulated latifundios under a cooperativist disguise" (Warman 1980, 61-83; cf. also Moguel & López 1990, 330-343).

The great irony is that it was exactly during Echeverría’s period, despite all the fuss about the peasant and the excessive federal input in agriculture, that Mexico lost its self-sufficiency in basic food crops. One might argue that had the Echeverrian policy measures gone a few steps further towards the needs of the peasants producing basic crops, the self-sufficiency might have been saved: as the commercial sector was increasingly abandoning basic food production the task of supplying food to the growing population was levied all the more on the peasant sector. But as it was, the profitability of maize cultivation with traditional methods, for instance, plunged into a deep gorge in the first half of the seventies (Bolaños 1996, 649). Although the state’s guarantee prices for the basic crops were raised during those years, their levels in real terms remained below those of 1970 in most years of the period.
The exact time of the loss of food self-sufficiency can be located in the 1972-73 agricultural cycle: alternating droughts and floods in regions of basic crop production caused a drop in the national production, and the breach with demand had to be covered by imports. In 1973, maize imports by CONASUPO were 1.1 million tons, whereas in the previous year they had been less than 200,000 tons and maize exports still 400,000 tons. With wheat the self-sufficiency was lost almost simultaneously: 1971 was the last year when any wheat could be exported. Although the triggering causes of the rising imports in 1973 were natural disasters, the fact remains that the self-sufficiency could not be restored in subsequent, normal years: in 1975 maize imports reached the record level of 2.6 million tons, and this record was then broken in 1980 (3.2 million tons) and again in 1983 (4.1 million tons). An additional tragedy was that the world prices of food crops also rose during the early seventies, making the imports more costly and thus contributing to the economic crisis of 1976 (Moguel & Fritscher & Azpeitia 1990, 138-151 and the statistical annex).

A Desperate Attempt: the Mexican Food System

When José López Portillo took office at the end of 1976, the Mexican agrarian sector was in disarray, and the country had to import quantities of food to feed its population. It was plainly evident for any observer that something had to be done. The rescue scheme was to reorganize the chain of basic food production, marketing and distribution in order to regain the lost self-sufficiency and to improve the agricultural trade balance. The Mexican Alimentary System, SAM (Sistema Alimentario Mexicano) was being planned from 1977, but it waited for the oil money boom to gain more resources and was publicly announced in March 1980. The manifestly pro-peasant tone of SAM took many by surprise: it was designed to offer new impetus for basic food production on temporal lands and in the marginal areas, as if to revert the bias that had favoured large private farmers and the irrigated modern sector (Fox 1993, 5). In the overall context of the internationalization of the Mexican agrarian sector, SAM was a contradictory scheme: it was openly nationalistic, designed to diminish the dependency of the country on the US ‘food power’ - in short, it was an agrarian version of import-substituting-industrialization programs. It is noteworthy that SAM was announced by López Portillo in the same speech in which he postponed Mexico’s entry into GATT negotiations, given on the anniversary day of the nationalization of oil reserves (Gates 1988, 293). Jonathan Fox considers SAM an exceptional, though temporary show of the relative freedom of the state’s action from conventional international and fiscal constraints when given the chance (1993, 80-81).
SAM consisted of various sub-programs and involved a hoard of state institutions operating in their respective fields. Banrural increased its lending, both short-term (against next crop) and long-term (for investments); from 1979 to 1980 the bank’s lending increased by 40 percent (or 16 percent in real terms after inflation). As a great deal of the new loans were micro-loans for small producers, the total area financed by Banrural grew even more, totalling 4.8 million hectares in 1980, 6.3 million ha in 1981, and 7.2 million in 1982. The coverage of the National Agricultural and Livestock Insurance Company ANAGSA (Aseguradora Nacional Agrícola y Ganadera, S.A.) was extended: for the first time lost crops were covered in full (previously only up to 70 percent in irrigated zones and to 50-60 percent in rain-fed areas, if at least 75 percent of the seed had germinated), and according to the actual size of the area lost - ‘hectare lost, hectare paid’ (previously the loss had to face all cultivated area to get anything). This dramatically increased the recovery rate of Banrural’s loans, but, of course, shifted the burden to ANAGSA. FIRA, in turn, provided cheap government-funded credit to private banks so that these could offer credit to maize and beans producer at a fixed 12 percent interest rate, which, with inflation, turned actually below zero. The state company FERTIMEX offered a 30 percent discount on fertilizers and insecticides for rain-fed basic crop production and irrigated production as well, if the size of the unit was under 40, or later under 20, hectares. The National Seed Producer PRONASE offered a 75 percent discount on hybrid seeds and SARH, the Ministry of Agriculture and Water Resources, provided technical assistance (Fox 1990, 201-217; Fox 1993, 92-108; Grindle 1985, 172-176).

Within SAM the key role at the local level was played by CONASUPO, the state’s marketing agency for basic commodities. Initially López Portillo had scaled down the operations of the company and shut down many of its local offices - perhaps to distance himself from the failed policies of his predecessor - but at the end of the 1970’s he reversed his policy and even appointed Jorge de la Vega, the former reformist director of CONASUPO under Echeverría, as the Secretary of Commerce. The program for marginal regions, COPLAMAR (Coordinación General del Plan Nacional de Zonas Deprimidas y Grupos Marginados), initiated in 1977, was integrated to CONASUPO under SAM. Joint CONASUPO-COPLAMAR activities were geared to increase the distribution of basic products at subsidized prices in rural areas by building a network of regional CONASUPO warehouses - reaching the figure of 275 by the end of SAM - and a system of community shops at villages. From the end of 1980 to 1982 CONASUPO distributed a total of 500 000 tons of maize, 140 000

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64 The increase in the total Banrural lending, however, disguises the fact that the pro-livestock bias in lending continued. Only in 1981 did credit for crop production increase more than that for livestock. In real terms, credit for livestock increased 35 percent annually, from 1977 to 1981, and that for crops by less than 17 percent annually - while agroindustrial loans increased at a rate of 56 percent annually (Fox 1993, 96).
tons of beans and 260,000 tons of sugar, with a fleet of 3300 trucks or other vehicles (Fox 1990, 222-225; Fox 1993, 151-158; Gates 1988, 292-293; Martínez 1991, 161-164).

Equally important was that CONASUPO increased its purchases from domestic producers at guarantee prices: its share of national crop markets increased under SAM, reaching 26 percent of maize, 43 percent of beans and 42 percent of wheat in the 1981-82 cycle, but as the company was also the major importer of basic crops its share of the total demand was even higher. Peasants could get the guarantee prices by bringing their harvests to the nearest CONASUPO warehouse. In order to ease peasants’ access to warehouses, the marketing program PACE (Programa de Apoyo a la Comercialización Ejidal - the word ejidal was changed to rural but the acronym remained) was revitalized under SAM, offering transportation rebates, bonuses per kilometer according to road type (dirt roads payed more than paved), and free bags for packaging and some free initial processing services. The increases in the guarantee prices were substantial in nominal terms, but with inflation they remained much more modest, which meant that the long-term declining price trend was halted for the time being though not reversed65 (Fox 1990, 217-222; Fox 1993, 108-113, 133-150).

Eventually the ambitious Mexican Alimentary System failed. It made no lasting structural impact on the food production pattern. It remained, after all, a costly effort to give the impression of genuine progress - e.g., in 1981 basic grain production increased by 22 percent from the previous year (Grindle 1985, 176) - but once the heavy subsidies had to be withdrawn because of the debt crisis food imports again sky-rocketed. In 1981 imports of maize were 253,000 tons, the next year 1,924,000 tons, and in 1983 already 4,632,000 tons (Velasco 1993, 102). The “original sin” of the program, according to one of its designers, Cassio Luiselli, was that it was ”from the drawing board, from above” (quoted in Fox 1993, 81). SAM had claimed to reconstitute the state-peasant alliance and to promote an ‘improved’ kind of peasant organization for a more dynamic production, but in essence it was not much more than a system of subsidies, to both production and consumption (Gates 1988, 293). During the time SAM evolved from the drawing-boards into a practice important elements were lost somewhere, including proposals to control agroindustrial transnationals or to include peasant organizations in the planning (Fox 1993, 120). While peasant movements were politically weak, non-reformist forces entrenched in the state could stop the project from turning into a truly distributive reform: although moderate and radical reformists behind the program gained access to significant

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65 The overvalued peso and the guarantee price effectively raised the domestic price of maize to double the international one (Fox 1993, 110).
political and economic resources, antipeasant interests within the state apparatus were too powerful (Fox 1993, 5).

A serious flaw in the implementation of SAM was that it was carried out through the existing state institutions with a proclivity for corruption and favouritism. There is no doubt that most agencies involved in SAM increased their channeling of resources to previously excluded peasant groups, but it appears that their traditional clienteles gained relatively more of the massive flow of subsidies and that the new beneficiaries were the first ones to be rejected after budget cuts turned SAM inoperable. Although SAM was intended to help peasants on rain-fed lands, most of the incentives were also available to better-off producers on irrigated lands: investment credit was available to any producer planting maize, as were the guarantee prices, and the discounts on fertilizer and hybrid seed were available to most producers. Much of the production increase in 1981 was due to the fact that “non-target” commercial farmers turned their irrigated fields more into basic grain production to take advantage from the subsidies (Grindle 1985, 178). Thus, the original emphasis on small peasant on temporal land faded away, and SAM turned out to be a generalized basic food production policy.

In a survey by the Agricultural College of Chapingo, as reported by Fox, only 5 percent of the 1670 peasants interviewed in 1982 actually knew about the SAM discounts on fertilizers and no more than 27 percent had ever heard something about SAM. Yet, most peasants, in the survey, had been asked to sign the forms with which the Banrural offices charged the government for reimbursements; according to Fox, it is possible that the officials in Banrural and Fertimex just pocketed the refunds. Another survey by the Central Bank among low- and middle-income peasants revealed that only 46 percent of those interviewed had received the guarantee prices for their maize and beans, and that of those who had only 30 percent were low-income peasants (Fox 1990, 116-124). Although these two surveys on the grass-root presence of SAM may not be generalized, it is plausible to summarize that the SAM benefits did not adequately reach the lower spectrum of the peasantry and that the privileged access of the better-off producers to state benefits or the power of the intermediaries was not broken.

Curiously enough, but not coincidentally, the pro-peasant attitude of SAM was counterbalanced with a more pro-business agrarian legislation. The Agricultural Development Law, LFA (Ley de Fomento Agropecuario), was approved by the Congress in December 1980: officially it was to back up SAM legally, but in practice it sought to increase the participation of both state and private capital in agriculture. It would seem that increasing the participation of the state would run against the interests of private capital, but there was a working division of
interest areas: private capital would increase its participation in irrigated agriculture and the state in temporal land production. The central novelty in the law that expanded the field of operations of private capital was the possibility to create new ‘mixed production units’ (unidades de producción mixta), in which private landowners could unite with ejidos: the former would bring capital and the latter land and labour. This chapter of the law created some debate: the government claimed that it was merely a recognition of the illegal but widespread habit of renting ejidal land to outsiders, while the critics argued that it violated the principle of inalienation of ejidal land. Clearly in the ‘mixed production units’ large private landholders had the upper hand, not least because of the rule that the leadership of such units would be elected weighed by property; as such the units resembled corporate companies, the share of property equalling the share of the stock capital. The law also allowed cattle ranchers to improve their pasture land into other productive uses beyond the limits of the legal ‘small property’ without the risk of expropriations. In regard to unused lands (tierras ociosas) within ejidos the law made it possible to re-expropriate such lands from ejidatarios to be redistributed to peasants with a derecho a salvo to be turned productive under SAM. The LFA, in effect, marked the ratification of the actual unequal situation in land tenure (reducing the risk of further expropriations of large landholdings) while establishing yet another land tenure category, the mixed one (Fox 1993, 75-78; Gates 1988, 294-296; Martínez 1987, 65; Velasco 1993, 104-105).

The debt crisis of 1982 broke the backbone of SAM: as the program was based on heavy government expenditure, with the unavoidable budget cuts after 1982 it started to wither away. Formally, however, the program was not abolished, and it was to continue beyond the change of government in December 1982. But, as every post-revolutionary administration in Mexico has done, Miguel de la Madrid’s government also wanted to leave its own imprint on agrarian development, and the result was PRONAL, National Food Program (Programa Nacional de Alimentación), published in October 1983 as part of the National Development Plan for the years 1983-1988. PRONAL was built on SAM and SAM principles were cited by the PRONAL program (Fox 1993, 141). PRONAL was - due to the acute crisis management situation - accompanied with much more meager resources that SAM, and the presidential commitment was also weaker. Reaching the self-sufficiency in basic food production still remained the principal goal; the tasks included stimulation of dryland food production as well as of agroindustrial productivity and marketing. However, PRONAL never succeeded in getting air under its wings, as public resources

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66 In effect, however, the mixed production units never became very popular, mostly because of the bureaucratic hassle involved in establishing them. The illegal renting of ejido lands remained a much more widespread form of ‘cooperation’ between ejidos and private capital.
allocated to it declined in real terms year after year. Again, those who could best take the advantage of the little that was offered were the commercial large producers and the few relatively affluent small-scale farmers with access to credit. Eventually, PRONAL never grew out of being merely a list of good intentions (Barkin 1987, 287-288; Martínez 1987, 66).
Since the Debt Crisis: Structural Adjustment in Agriculture

The Political Economy from the Debt Crisis to the Peso Crisis

The last months of the López Portillo administration could only witness the acceleration of the crisis. Capital flight continued and the February 1982 devaluation was followed by a rapid dollarization of the economy. Exchange control failed, diminishing the faith in the government’s capability to keep the situation under control. In June, foreign banks declined to give new loans. In August, Mexico had to declare a suspension of three months on the payments on foreign debt. In September, López Portillo nationalized the private banking sector, backing the decision by blaming the banks for the massive capital flight and with the need to control capital transactions. Economic activity was reduced, and the relations between the government and the business sector now became openly hostile. A panic began to take hold in the foreign debtor banks and elsewhere in Latin America. It is now agreed that the main causes of the crisis were internal: macroeconomic mismanagement, combined with the overoptimistic belief that the fall in oil prices was about to be only temporal, proved to be fatal (Lustig 1994, 46-48).

When the Miguel de la Madrid Hurtado government came to power in December 1982 it had the ungratifying task of crisis management instead of normal policy making. In his inaugural speech the new president aptly called the economic situation as one of emergency (cf. Aguilar & Meyer 1993, 219-220). Yet from today's perspective, it looks like the new government did not fully realize the magnitude of the crisis; initially, the government believed that a recovery would follow the re-establishment of fiscal order, the adjustment of exchange rate according to markets, and the restructuration of the debt schedule (Lustig 1994, 49). These were the principal measures the government applied until the mid-decade in solving the crisis (cf. Ros & Lustig 1987).

It did not turn out according to the government’s expectations. Instead, Mexicans entered into an economic recession that lasted for years, caused a drastic drop in real incomes for most people, burgeoned the informal sector of the economy and, eventually, led to dramatic changes in the policial economy of the country from a closed, corporate system to an exceedingly open one with a free trade arrangement with the single largest capitalist market in the world. Perhaps not fully previsaged at the outset but becoming more obvious towards the end of his period, the real challenge to the de la Madrid administration was to introduce economic liberalization and privatization without embracing full-scale political reform” (Suchlicki 1996, 150). But with that, there was the crisis
to live with; that this was accomplished without a social explosion "was in itself a political victory for his administration" (Aguilar & Meyer 1993, 222).

A factor contributing to the prolongation of the crisis was a "crisis within the crisis". The price of oil began to fall again due to global overproduction: the average annual price of crude oil fell from 25.3 dollars per barrel in 1985 to only 11.9 dollars in 1986. From 1985 to 1986 there was a reduction of almost 8.5 billion dollars in Mexico’s oil export revenues, representing 6.5 percent of the GDP and 40 percent of total export earnings (Cárdenas 1996, 141-142; Lustig 1994, 61-65). And the oil shock was not all: in September 1985 a devastating earthquake hit Mexico City, causing great damage and the loss of thousands of lives. The emergency loans of the IMF and World Bank, 300 million and 400 million dollars, respectively, were not at all comparable to the needs. Extra relief loans were negotiated in February 1986 but withheld until November, as the IMF wanted to see first how the oil price would develop. Because of the earthquake there was a great deal of international sympathy towards Mexico, and, partly counting on that, there were opinions in Mexico favouring a unilateral suspension of debt payments. However, US officials warned that such an act would be counterproductive and promised to renegotiate a part of the standing debt. Thus, despite the hardship Mexico never applied unilateral measures on its debt problem (not counting the initial three months’ suspension that had ignited the debt crisis). Lustig asks rhetorically, whether it was a mistake not to use the opportunity (Lustig 1994, 65).

The period from 1986 to -87 was the rock bottom phase of the crisis in many ways. The GDP per capita declined by -5.9 percent (Ros 1994b, 74). The inflation rate reached 106 percent at the end of 1986, and exports were at their lowest level, by value, since 1980 (Cárdenas 1996, 143-145). Although the drop in real wages had been more drastic in 1983 (-21.9 percent) than in 1986 (-10.5 percent), the continuous fall since 1982 had by now severely deteriorated the living conditions of most Mexicans (for figures, see table II.4 in Lustig 1994). Most macroeconomic indicators began to improve in 1987, but it was still far from a feast; at the end of that year inflation was running at 461 percent. After five years of crisis, the balance was bleak: the public debt represented almost 95 percent of the GDP, some 25 units more than in 1982, despite the net transfer of 53 billion dollars from Mexico to the debtor countries (Cárdenas 1996, 153).

At first, the government response was heterodox in the sense that the solution was sought by increasing the control over the economy (bank nationalizations,

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67 Heterodoxy refers to an economic policy that differs from the standard recommendations of the Bretton Woods institutions, which stress extreme fiscal austerity, inflation control at any price and an overall reduction of the state’s role in economy. Following these recommendations, then, is considered an economic ‘orthodoxy’.
price controls, import licensing, etc.). From the oil shock onwards however, a more orthodox policy was adopted, and the opening of the economy was begun. In early 1985, only 16.4 percent of imports were free of licenses, after July, 64 percent. From 1986 to 1987 the maximum tariff level was reduced to 40 percent (previously 100), the average tariff to 19 percent (previously 25); in December 1987, Mexico signed the GATT agreement on further tariff reductions (cf. table V.2 in Lustig 1994; on the trade liberalization, Tate 1992). But with the oil shock pressing on, this was not enough: in late 1987, a new economic program was introduced, the Pact of Economic Solidarity (PSE), with a mix of orthodoxy and heterodoxy, including further liberalization of trade but also temporary price and wage freezes. To give it credibility, it was negotiated as an accord with the private sector and labour unions, and in public a great care was taken not to present it as just a federally imposed regulation. Stabilization was reached, and the inflation came down to 25 percent in 1988 (Cárdenas 1996, 155-159). In 1988, a light began to blink at the end of the tunnel. Mexico had floated over the crisis; it was badly beaten but it had not sunk. But as Tate notes (1992, 667), it was only then that the structural adjustment really commenced.

Unintentionally, the oil shock contributed to an important structural change in the Mexican exports. Because of the reduction in the value of oil exports, other sectors increased their relative share. In 1986, non-petroleum exports passed, for the first time in a decade, the value of oil exports (Cárdenas 1996, Table IV.10, Figure IV.3). Thereafter, the oil sector never reached the top position in the exports; for a few years, the oil sector provided for about a third of all exports, and then declined to a 10-13 percent by the mid-1990’s. Thus, the dependency of a single commodity (oil) was broken, and the vulnerability of the export sector was reduced. However, although manufactured commodities now began to dominate exports, the structural characteristics of the manufacturing sector has been labelled as a “fragmentary export industrialization” (FEI), indicating industrial growth based on exporting products with relatively little value added (Velasco Arregui 1993, 163). An important segment within the FEI category is the foreign-owned maquiladora industry along the border with the United States: maquiladoras export finished products, but the only value added on the products in Mexico is based on the cheap Mexican labour, as the factories are mainly assembly plants using pre-fabricated parts. In 1996, there

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**Footnote:** The maquiladora industry was born in 1965 when the US and Mexican authorities agreed on a system in which components and parts could be imported to Mexico duty-free from the United States, assembled with Mexican labour and the finished products then exported duty-free back to the United States. At first the companies were all US, but since the system really took off in the 1980’s other nations have also taken interest. Today the system is more and more based on cross-border trade between an affiliate and its mother company, established on both sides of the border. The sector has had weak backward linkages to the rest of the Mexican economy, partly because of the poor competitiveness of the Mexican industries, limiting the possibilities of national companies to serve maquiladoras as sub-contractors, and partly because of the lack of an integrating industrial policy.
were about 2 400 maquiladora plants, employing 750 000 people; of these
plants, 60 percent were US, 24 percent European, 4 percent Japanese, 3 percent
Canadian and 9 percent other (Carrada-Bravo 1998, 276-277).

A lot has been said of the social costs of the ‘lost decade’, la década perdida,
but a brief summary here is unavoidable. From 1982 to 1990, the national
minimum wage in real terms dropped by 54 percent, and average real earnings
in the manufacturing sector by 30 percent (cf. table 8.1 in de la Garza 1994).
And although the infant mortality rate continued its declining tendency in the
1980’s, the proportion of deaths caused by nutritional deficiency of total infant
and pre-school mortality grew, implying that the overall infant mortality rate
would have declined faster had there not been the crisis (Lustig 1994, 116-117).
The capacity of the economy to absorb labour was reduced because of the crisis.
From 1981 to 1986, the economically active population grew by 4 million
people, while at the same time the negative or scant growth and caused lay-offs
or at best, kept the employment level stagnant, resulting in the burgeoning of
the urban informal sector and in the acceleration of migration to the United
States (IDB 1987, 196). The proportion of those classified as poor increased
(Aguilar Camín & Meyer 1993, 228). The gap between the rich and poor
widened. In 1984, the poorest 40 percent of households gained 14.3 percent of
the total incomes of all households, the middle 50 percent gained 52.9 percent
and the top 10 percent gained 32.8 percent of all incomes; in 1989 the income
figures were 12.9, 49.2 and 37.9 percent, respectively (Lustig 1994, 120-121) -
a notable macroeconomic change considering the relatively short time span.

The longevity of the crisis and its social repercussions produced political
changes as well. There had been signs of a growing transparency in the political
system since the beginning of the de la Madrid administration, but no structural
political reforms or true democratization had taken place. Thus, the changes that
came about with the change of the government in 1988 were unintentional from
the government’s viewpoint. By the July 1988 elections, two political currents
critical to the government had emerged: one of the reinvigorated National
Action Party (PAN), to the right of the government, and the other within the
PRI itself, the so called Democratic Current, led by congressman Cuauhtémoc
Cárdenas, son of the late president Lázaro Cárdenas, and to the left. When the
PRI picked Carlos Salinas de Gortari as the official candidate, Cuauhtémoc
Cárdenas decided to run on his own as the candidate of the National Democratic
Front, combining the Democratic Current and four minor left-wing parties. In
the elections, the official candidate won as expected, but with a very narrow
margin and with strong suspicions of rigging the ballot boxes. Cárdenas gaining

(Mungaray 1998). Studies also show that there has been a growing feminization of the labour in the sector
(implying smaller wages) and that labour and environmental standards have often been ignored (Kopinak 1993).
almost 30 percent of the votes and PAN, 20 percent, revealed that the PRI-based power structure of the state, after all, was shakeable. After the elections the Cárdenas faction split from the PRI to form a new party, the Party of the Democratic Revolution or PRD (Partido de la Revolución Democrática), which came to be particularly strong in the capital area where a fifth of the population dwelled. The next year in regional elections the PAN won the first ever state governorship (Baja California Norte) to an opposition party since the 1920’s.  

Privatization of state-owned companies was essential to the streamlining of the state’s role in the economy and to the opening of new investment opportunities to bring in capital, both foreign and expatriated domestic. It would also bring money to the federal coffins for balancing the budget. By the end of 1982, the number of partly or completely state-owned companies had climbed to 1155, their assets representing one fifth of all investments and their share of the external debt being almost 50 percent (Suchlicki 1996, 149). Privatization began in 1983, and already in December of that year the recently nationalized banks were partially drawn into the program by allowing private investors to repurchase up to 34 percent of the stocks. By 1987 almost half of the state-owned enterprises (including also some trusts, funds and related institutions) had been sold, merged or, the hopeless ones, closed down. Before 1988 most of the privatized companies were small and strategically unimportant; it was easier to start with small ones, and wiser to wait the economic recovery to get on with the larger ones for better prices. The most valuable companies were sold during the Salinas administration, although with some of these the negotiations were started during de la Madrid’s time. The decision, in May 1990, to sell the banks up to a hundred percent was the last major phase of the privatization (Lustig 1994, 133-138). Fields that were left out of the privatization were basic oil production (Pemex), electricity (CFE) and railways (Ferronales).  

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69 For a detailed analysis of the Mexican electoral record from the 1970’s to the 1990’s, see Klesner 1994.
70 Initially, the growth of the parastate sector during the 1970’s and early 1980’s had not been merely a result of the state’s deliberate activity. Instead, much of it was due to the institutional weakness and irresponsibility of private capital, which could rely on guaranteed contracts and protected markets offered by the state and did not need to worry too much about efficiency and competitiveness. And if things went bad for a private company, being big enough, it could be sold to the state rather than letting it go bankrupt to save jobs. The last such rescue takeover by the state was that of Mexicana airline in late 1982 (cf. Gardner 1988).
71 In 1981, the total external debt was nearly 75 billion dollars; of this about 18 billion was governmental, 35 billion was for the parastate sector, and nearly 22 billion for the private sector. Thereafter, however, the debt of the parastate sector remained stable to the mid-1980’s and its relative share diminished. In 1985, of the total external debt of 96.5 billion dollars roughly a third was parastatal. In 1988, with absolute and relative reduction (mainly due to the privatization), the parastate companies counted a fifth of total debt (Cárdenas 1996, 121).
72 The oil sector is politically particularly interesting. There are strong nationalistic emotions attached to the sector by the people and also by many politicians, in the opposition as well as within the PRI, due to the history of the sector, and its privatization would have had high political costs. The Salinas government decidedly left PEMEX out of the privatization program. He also left it out from the free trade negotiations, out of which he made great publicity - that the Mexican sovereignty was not for sale in NAFTA negotiations - although the popular opinion at the time of the negotiations seemed to be that he would have opened the oil sector as well to private and foreign investments, according to US demands, had only the time been ripe for it. Zedillo tried to
The state-private sector relations became warmer towards the end of the 1980’s. Initially, the nationalization of the banks had traumatized the private sector and it took a while to re-establish the relations. Privatization and austerity programs with wage limits were steps toward reconciliation, but they did not satisfy the private sector, which wanted to have more say in the formulation of the recovery policies. For the first three years of the de la Madrid administration, the old model, “guided by the state”, seemed to be the prevailing framework for development, although it also looks like the private sector’s elite misinterpreted the government position as being even more statist than it was (Cypher 1992, 233-236). The survival of the statist way of dealing with the economy until the mid-1980’s was not surprising, as de la Madrid was a politician of the old school, with a long career in the party structure. However, with the oil shock there was a change in the government’s susceptibility for the private sector’s concerns. Perhaps this was partly due to the “ultimate realization that the statist model had failed” (Suchlicki 1996, 151), though I would consider this an overstatement. Partly it was due to the demands of international financial institutions and the desperate need to turn back the flows of investment capital.

After the oil-shock the private sector mostly got what it wanted. At the end of de la Madrid’s period, in 1988, following the Pact of Economic Solidarity, the leader of the Entrepreneurial Coordination Council CCE (Consejo Coordinador Empresarial), the voice of the business elite, commented that the state had fulfilled its promises and that the Pact was an accord between the president and a ”comfortable group of three hundred people who make the economically important decisions in Mexico” (Valdés Ugalde 1994, 230). With Carlos Salinas, this symbiotic policy between the state and the private sector was reinforced; his mostly US-educated, techno-bureaucratic cabinet had much less in common with the old school politicians and was much more unanimous over the economic policy than that of de la Madrid had been. There was less need for apologies toward the ‘social sector’ (including labour unions). The convergence between the demands of the private sector and the economic restructuring accomplished by the state was not a coincidence: it was the crystallization of the neoliberal vision that sees the private sector as the axis of economic dynamics (ibid.). According to another characterization the changes since the mid-1980’s marked a transition from a ‘social-authoritarian’ to a ‘neoliberal-authoritarian’ development model. The latter was characterized by four main features: (1) polarization of the production system between a restructured export sector and a backward domestic sector, (2) low wages, (3) capital accumulation based on

open the oil sector for privatization in 1995, but as even the PRI deputies in the Congress were reluctant, a compromise was reached: only individual plants of PEMEX could make joint ventures with private capital on the condition that the state would retain the minimum of 51 percent of stocks (cf. Philip 1999).
private investment, foreign and domestic, and not on public expenditure, (4) contradictory state-labour relations (de la Garza 1994, 196-197).

Harvard-educated economist Carlos Salinas de Gortari had been the budget and planning minister in de la Madrid’s government, so he was well into the restructuring when he started. For his luck, the economy started to recover. After three consecutive years of negative growth of the GDP per capita, the economy showed a modest 1.0 percent growth in 1989 and then 2.5 percent in 1990. The privatization program now started to bring in more substantial sums of money with the sale of the bigger companies (two airlines, the telephone company Telmex, the mining company CANANEKA, etc.). Earnings from the sales (over 3 billion dollars during the first two years), the improving economy and the restructuration of debt under the 1989 Brady Plan (with a net effect of shaving off 1.5 billion dollars of interest payments) enabled the government to reduce the relative burden of the foreign debt on the economy. Far from being solved, the debt crisis began to loosen its paralyzing grip on the economy and there a was a gradual but notable shift from crisis management to a more “normal” economic policy, which in the case of the Salinas administration meant an acceleration of the economic opening and liberalization. The faith of capital was restored: investments began to increase and the flight of capital slowed down, ceased and after the turn of the decade, turned back.

The accelerated opening of the economy earned Salinas's policy the nickname ‘salinastroika’, referring to the contemporary changes in the Soviet Union/Russia. Enrique Cárdenas calls the policy even a ”Salinist revolution”, as it reverted some of the creations of the Mexican Revolution - like the ejido - and marked a departure from the ”revolutionary” ideology (Cárdenas 1996, 166). In GATT negotiations, Mexico’s views gradually evolved from those of the developing countries’ group closer to those of the United States (like in the issues of investment regulation or agricultural subsidies). Many reforms were destined to facilitate the participation of foreign capital. In 1989, new formerly restricted areas of economic activity were opened up to a 100 percent’s share for foreign investment, and 15 petrochemical products were reclassified as not being primary oil products, thus opening them to foreign participation. In 1990, the insurance sector was opened to foreign investment up to 49 percent and it was decided that the banks would be completely privatized, allowing foreign ownership up to 30 percent. In the field of intellectual property protection, Mexico had been in the US list of countries under ”observation” but was removed from the list in 1990 after the Salinas government promised to prepare a stricter law on the subject as required by the US business sector. And, in August 1990, it was announced that Mexico will start negotiating a free trade agreement with the United States (Lustig 1994, 163-167).
However, the structures of the opened economy did not favour small and medium size enterprises operating in domestic markets. According to Peter Morici, from 1990 to 1992 about 10 percent of Mexico’s 90 000 small and medium-size enterprises failed, causing an estimated loss of 100 000 jobs, and the industrial structure became ever more concentrated, with the 25 largest companies accounting for 47 percent of the Mexican GDP, compared to the respective ratio of 4.3 percent in the United States (Morici 1993, 52). A factor in the concentration was that in the privatization program the main beneficiaries were large companies and holding groups (Teichman 1993, 187). Opening markets also tended to favour large transnational companies (TNCs) at the cost of large domestic ones. From 1982 to 1992, Mexican exports to the United States - excluding the maquiladora industry - grew by almost 2.5 times (from 11.3 to 27.3 billion dollars), and of these the share of US TNC affiliates, located in Mexico, grew from 7 percent to 40 percent, respectively. These TNC affiliate exports were almost exclusively exported to the US parent company. Of Mexican imports from the United States the share of US TNC affiliates grew from 26 to 36 percent, 85 percent of the share being imported from the US parent company (Morales 1997, 146-148). It is evident that domestic capital retreated in the economy, relatively speaking, and that transnational capital advanced. Of course, this has been a global trend within the globalization of markets and capital access, and Mexico was no exception to that.

The crown jewel of the Salinist policy was, no doubt, the free trade agreement with the United States (and Canada). The announcement that Mexico will seek such an agreement was made in August 1990, after the US president George Bush had issued his Enterprise for the Americas Initiative, visioning a free trade zone from Alaska to Tierra del Fuego. Had not privatizations, deregulations and investor-friendly legislation convinced foreign investors, the announcement did. In 1990, for the first time since 1982, the net transfer of capital was positive for Mexico, as both foreign and expatriated domestic capital began to pour in. The negotiations began in June 1991, and once an accord over a few basic issues had been reached - that the Mexican oil sector, as demanded by Mexico, and the issue of illegal immigration, as demanded by the United States, be left out of the agenda - the negotiations went on swiftly and the basic agreement on free trade in North America (NAFTA, North American Free Trade Agreement, or TLCAN, Tratado de Libre Comercio del América del Norte) was signed after fourteen months, in August 1992. Canada joined the negotiations in the middle of the process, so the final agreement was trilateral.

After years of crisis, there was a social quest for an *apertura* also in the political life of the nation. The Salinas government repeatedly used the argument that the economic opening will bring about, by itself and almost naturally, also political opening and democratization. As Peter Smith notes, the argument was based on the assertion that an open economy will produce the necessary openings into the civil society, but the assertion is but an article of faith; politically relatively closed, ‘bureaucratic-authoritarian’ regimes may also apply the open economy model, as shown by the examples of Taiwan, South Korea, or Chile under the military. In Mexico, the argument (that political opening will follow the economic one) might have been used to legitimate government’s inaction for immediate political reforms (Smith 1992, 8). In the end, ”salinastroika” affected mostly the economy - in politics the reforms did not amount to that much.

The 1988 elections that raised Salinas to power had been delegitimating to the PRI, to the extent that the notion of a possible PRI electoral defeat was made a credible option for the first time, turning the opposition now truly legitimate as a political force (Morris 1992, 29). Thus, the political backdrop of an incoming president was, with Salinas, weakest for decades. The economic upturn and the popularity of Salinas during his early period concealed the weakness, but something had to be done to ensure PRI’s power. Morris distinguishes three areas of action through which the Salinas administration responded to the quest for reforms and to the threat of the opposition: (1) measures to nurture a reformist image of the new government, (2) measures to fortify and upgrade the PRI, and (3) measures to weaken and divide the opposition (Morris 1995, 88-104). With these measures a truly sweeping political reform could be avoided.

The measures to foster a reformist image of the government included a campaign against corruption, a series of electoral reforms from 1990 to 1994, and a reform of constitutional articles over state-church relations, tuning down their anti-clerical flavour. A reformist political vehicle was also the National Solidarity Program PRONASOL (Programa Nacional de Solidaridad), initiated in 1989 to foster development projects (schools, roads, electricity, water, sanitation, medical centers) at communities in poor regions and urban slums. PRONASOL enjoyed a generous budget: in 1991 it accounted for over 60 percent of the direct investments of the federal government. The projects were organized in cooperation with locally formed Solidarity committees, bypassing the usual channels of local PRI and government offices. Critics noted that the projects, dealing with close to 70,000 committees, were mostly carried out in areas with a high level of support for the opposition and that the efforts were
always increased before local and national elections. No doubt PRONASOL helped in poverty alleviation, but it was not meant to make structural reforms. It was a redistribution program for mending the increased polarization of the society and for containing the spread of the opposition. Also, as Hansen and Appendini note (1999, 83), the program enabled the government to declare that its strategy of privatization and reduced state interventionism was governed by social considerations.

The growing economy, the PRONASOL, the reformist image of Salinas and the tactics used to contain the opposition paid off. Salinas was able to portray himself as an agent of change more convincingly than Cuauhtémoc Cárdenas, who at the time of the 1988 elections had appeared as the agent (Morris 1995, 101). In the mid-term elections of 1991, the PRI gained a landslide victory, without having had to fix the political system to any significant degree. Another telling proof of the survival of old patterns was the fact that Salinas was able to handpick his successor according to the golden PRI tradition of fingerpointing, after the still unsolved assassination of Luis Donaldo Colosio, a more reformist candidate chosen by the party delegates. The position of the PRI within the state structure - or as a "Ministry of Political Control", as critics have had it labelled - was maintained practically intact, despite the fact that the role of the party as a conduit for protest from below and for a communication from above had been replaced by an enhanced manipulation of revolutionary symbols and control of opposition (Centeno & Maxfield 1992, 71). The 1991 victory helped to consolidate the party, and the old guard party "conservatives" (in the sense that they were more corporatist, statist, nationalist and less enthusiastic about the opening towards the United States) more or less adapted to the situation.

Despite the reduction of state intervention in the economy, the state was not significantly weakened from the 1980’s to the 1990’s. Debt restructuring, entry into GATT, economic liberalization and the free trade agreement reduced the options of the state in economic and, to a lesser degree in foreign policy, but they did not affect very much the state’s role in domestic affairs. It could have happened - especially if the state-PRI symbiosis had broken - but it was not the objective of the government. Rather, the intention of the Salinas regime was to streamline and revitalize the state and improve its efficiency, not deliberately deconstruct existing power structures (Smith 1992, 15-16). In fact, in my view, maintaining the power structure and the role of the state largely intact was essential for the government to be able to carry out the economic liberalization and free trade project. There is some crediblity in the notion that the success of

74 For an official appraisal of PRONASOL by the peak year of 1991, cf. Carlos Salinas de Gortari 1992b. Among other things, the government claimed that PRONASOL was present in 76 percent of the municipalities in the country (Salinas de Gortari 1992b, 1081).
the Salinas administration in controlling inflation had less to do with any heterodoxy or orthodoxy than with the special political circumstances that made it possible to pursue a shock program without totally alienating organized labour and capital (Centeno 1992, 171). The same goes with other measures (privatization, abolition of subsidies, etc.); the state remained strong enough to push them through and cooptative enough not to break all the old loyalties.

What did take place, however, was a gradual shift by the state from old alliances (with the public sector, labour unions, official peasant organizations, domestic capital in protected fields) to new ones (with international capital, funding agencies, export-oriented private sector), but without breaking the mould. There were corresponding changes in the characteristics of the Mexican political elite, giving impetus to that shift. The new elite, gradually crowding out the high administration since the de la Madrid presidency, had less experience in the old-school corporatist politics and was ideologically more homogeneous, tending to see free market policies as the solution for Mexico (Centeno & Maxfield 1992, 84). This is also to confirm the early notion by Olson (1985, 7) that the alliance of workers, peasants and the state was not viable anymore, because the state was forging a new model of capital accumulation. Public rhetorics and programs like PRONASOL served to disguise this shift.

The new political elite, labelled as *tecnoburócratas*, consisted of economists and bureaucrats, typically with a background in the Ministry of Public Planning (Secretaría de Planificación Pública, SPP), very much *the* president’s ministry with the uppermost hand in economic policy formulation. The cabinet of Salinas was noted of being the most literate government in economics in the world, with several doctorates from the field. The economists, in turn, needed the bureaucrats to implement their policies. As remarked by Centeno and Maxfield (1992, 72), the Salinas government was a “cabinet consisting of planners and policemen; the former determine the policy, the second ensure that it is carried out”. It is not difficult to see a resemblance between the *tecnoburócratas* and the *científicos* of Porfirio Díaz; the positivist slogan of Porfiriatismo, *orden y progreso*, might as well have described the Salinas regime.

However, this orderly movement towards progress was disrupted on the very day the free trade agreement entered into vigour. On January 1st, 1994, a guerrilla rebellion broke out in the state of Chiapas, one of the poorest areas in the country. The rebellion revealed that the neoliberal modernization project had not been internalized by the people as it had been by the government. The trickle-down-effect of the economic growth had not reached all segments of the population, the PRONASOL program had not eradicated poverty, and the new inclination towards the north looked very different from the poor southern parts
of the country. In addition to resisting neoliberalism and free trade *per se*, the *zapatistas* (named after their organization, the Zapatist Army of National Liberation, EZLN, Ejército Zapatista de Liberación Nacional) demanded a new land reform, respect for indigenous peoples’ rights and human rights in general, and an end to electoral fraud. However, in contrast to other guerrilla movements in Latin America, the *zapatistas* did not present an outright overthrow of the elected government as their goal. Although the leaders were more or less educated people - here following the pattern of Latin American guerrilla movements - the rebellion apparently had the support of the local people.

At first the government responded with violence, pouring army units into Chiapas and engaging into skirmishes, but in front of a growing international interest soon resumed surveillance and "low-intensity" warfare. Talks with the *zapatistas* did not result in a solution, partly due to government’s refusal to accept the rebels as a legitimate political force and negotiate directly with them. The crisis has been lingering on ever since, although armed clashes have been only sporadic. But what the rebellion had brought into light was the hollowness of the development. Despite economic advancement the development had been uneven and exclusionary and democratic institutions had not advanced on par. There was much to correct in the field of human rights as the intimidation of journalists, peasant and labour union activists, indigenous peoples and supporters of the left-wing opposition was widespread and torture was not uncommon. True, it was the Salinas government that had created the first ever human rights’ commission in Mexico, but it had been partly a response to the suspicions expressed in the US media on the democratic record of Mexico prior to the NAFTA negotiations and it also nurtured the reformist image of Salinas - to the level of human rights’ abuses, the commission had little effect.

The credibility crisis of the Salinas government at the end of its term, due to the Chiapas conflict and the murder of Colosio, made the 1994 elections a precarious test for the system. With a high attendance, the previous mid-term landslide victory now turned to a 49 percent share of the vote to the PRI candidate Ernesto Zedillo, a record-low result for the PRI, but still more than the shares of the two main rivals combined: Cuauhtémoc Cárdenas, 16 percent and Fernández de Cevallos of PAN, 26 percent. In fact, the result was an achievement for the PRI and showed the remarkable perseverance of the political system. It possibly reflected the feelings of an average Mexican that the changes of the 1990’s had been too rapid and if one wished to avoid further anarchy - as symptomized by the Chiapas conflict - it was better stick to the old

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75 The persistence of the Chiapas conflict probably inspired the emergence of another guerrilla group (ELP), smaller but more of the classic Marxist type, in the mountains of Guerrero in summer 1997.
pattern. The rebellion also might have hurt the candidacy of Cárdenas (Suchlicki 1996, 165), although Cárdenas had distanced himself from the zapatistas. The poor success of the PRD, which had so threatened the system in 1988, must have been particularly gratifying for the political elite.

But there were new blows to come. In September 1994, the secretary-general of the PRI, José Francisco Ruiz Massieu, was assassinated - high-ranking party members apparently being behind the murder. In December 1994, just three weeks after Zedillo had taken over the presidency, the Mexican economy entered into a sudden crisis, the so-called peso crisis, and in early 1995 Raúl Salinas, brother of Carlos Salinas, was arrested for being involved in the murder of Massieu. Carlos Salinas himself fled the country and went into hiding from charges of corruption and of a cover-up in the investigations of the murder of Colosio; it was revealed that the family of Salinas had amassed a fortune of tens of millions of dollars during the presidency.

The peso crisis had been looming along the year 1994. The Chiapas rebellion and the political murders had led to a slow-down in foreign investments, and the foreign reserves were diminished. Free trade had led to an increase of imports from the United States, turning the trade balance into deficit. The peso began to be overvalued. Instead of devaluating the peso early enough, it was sustained, and the Bank of Mexico increased its internal lending in order to offset the shortage of foreign capital and possibly to avoid a visible economic slow-down just prior to the elections. Exports growing much slower than imports and the current account deficit increasing day by day finally made the devaluation unavoidable, but Salinas postponed the decision to his successor. When the devaluation was announced by Zedillo in December 20, it proved to be too little (15 percent) too late. The credibility was not restored, and what followed was an uncontrolled depreciation of the currency; by spring 1995, the final devaluation rate had climbed to about 100 percent (González Gómez 1998, 45-50; Bensabat 1999, 80-81).

The recession that followed - the ‘tequila effect’ (implying a ‘hangover’ after a feast of rapid growth) - was severe enough: in 1995, the Mexican economy shrank 6.2 percent in real terms. Such a decline had not been witnessed in any single year of the debt crisis (González Gomez 1998, 53). An impressive rescue package of 51 billion dollars was hurriedly formed by the US and other governments and the IMF (the latter giving the largest single loan of its entire history), although not all of it was ever used by Mexico. The export sector, however, was rapidly taking advantage of the devaluation - exports increased by 53 percent during 1995 and 1996 - but production for domestic markets was reduced by 8 percent (González Gomez 1998, 39). Wage ceilings were kept in
place in order not to ignite inflation, and the two allowed rises in 1995 were not sufficient to make up for the drop in real incomes. At the same time, the reduction in domestic sector production meant less job opportunities.

The peso crisis was, in an important way, different from the debt crisis. In the 1980’s, the initial debt crisis affected all sectors and segments of economy and the society, making the recession more generalized, although certain sectors recovered faster than others. The peso crisis, in turn, did not affect all: it benefitted the export sector while hitting hard the domestic sector. With the international rescue package and with the success of the export sector, financial stability and investment credibility (of the export sector) was restored while domestic sector was still in crisis. The gap between the sectors widened. In regard to agriculture, the peso crisis thus deepened the differentiation process that had been going on between export production and production for domestic markets. The devaluation made Mexican agroexports highly competitive, while production for domestic markets suffered from both higher input costs and decreasing domestic demand.

The crisis was still in the minds of the people when Mexico readied for the summer 1997 mid-term elections. The results were historical. For the first time in history, PRI lost the majority in the Congress and the mayoralty of the capital, generally recognized as the second most important political position in Mexico after the presidency. The mayoralty was won by PRD’s Cuauhtémoc Cárdenas while PAN won two new state governorships, now totalling six. The electoral reforms that had been negotiated by the parties and accepted by the Congress in the previous summer had made the electoral process more transparent and less dependent on the state, and there was generally more trust in the vote count, which added to significance of the results. On the other hand, the exit polls showed that half of the votes to the opposition were protest votes, and there is no saying that the tide could not turn again (cf. Rubio 1998).

After all, the economic opening did not alter the structures of Mexican politics. Significantly, the only major change in the Constitution, ever since 1917, was that of reforming the Article 27, which terminated the land reform and changed the principles of the ejido sector (see over), while other major chapters have remained intact despite the radical changes which have taken place in the economy. This means that the revolutionary legacy, as expressed by the Constitution, can still be used as a rhetorical device to disguise and ground the changes. In a recent article the ex-president Miguel de la Madrid, himself being the initiator of many of the changes, expressed that the Mexican economy, due to the Constitution, is still a ‘mixed economy’ subject to the command of the
state and with a democratic planification system (de la Madrid 1999, 194)\textsuperscript{76}, as if nothing particular had happened during the eighties and nineties.

\textit{Towards Closing the Chapter on the Agrarian Reform}

As the government of Miguel de la Madrid was a cabinet of crisis management more than anything else, to present his \textit{sexenio} as being based on a coherent and systematically followed economic policy line would be somewhat misleading. Surely his government had an economic program and the direction of it was not solely dictated by foreign debtor institutions but had an inherent ideological base as well, but the means to implement any policy were scarce, and the oil-shock in the mid-term wrecked much of the lines followed until then. In the agrarian policy of Miguel de la Madrid this is also true. We already mentioned that PRONAL, the national food program, set to continue the ambitious SAM program of the previous government, remained very much short of its intentions. There was not any grand scheme behind the agrarian policy, unless the largely unintentional principle of ‘less of everything for less than everyone’ can be taken as such.\textsuperscript{77}

However, there are signs in the policy of de la Madrid that anticipate the later measures of Salinas and can be seen as points of departure for the neoliberalist transformation of the agrarian sector. These were more or less in concurrence with the overall economic policy of de la Madrid, still reflecting the statist, regulatory and protective economic model but already bent towards deregulation and opening. One of these signs was the reformed federal agrarian law, presented in 1983 and approved next year (\textit{Ley federal de la Reforma Agraria reformada}). In the new law land distribution was detached one step away from the federal state by placing more power to state governors in rejecting new petitions of land at first place. National lands, which previously had been classified as federal reserves for the creation of new \textit{ejidos}, were now opened also for private acquisition by sale or rent; in general, the government actively promoted the idea that land distribution was going to come at end during this \textit{sexenio}. The rights of \textit{ejidos} to make long-term contracts with private investors and companies were again enlarged. In addition, in the \textit{ejidal} structure the previous principle that the so called vigilance committee (\textit{consejo de vigilancia}) would be elected from those who had had the losing ticket in elections for the \textit{ejido} commissariat (\textit{comisariado ejidal}) was now to be

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\textsuperscript{76} “La definición constitucional nos permite caracterizar el sistema económico mexicno como una economía mixta, sujeta a la rectoría del Estado y con un sistema de planeación democrática del desarrollo nacional” (ibid.).

\textsuperscript{77} The mid-term agricultural program prepared by the Ministry of Agrarian Reform for the years 1985-1988 was a document of good intentions but with little substance in the form of corresponding policy measures (cf. Secretaria de la Reforma Agraria 1985).
nominated by the same ejido assembly who was to choose the commissariate (meaning that both would be chosen by the same majority), which was to deepen splits in ejidos with internal quarrels and to increase the non-accountability of the leadership. Both the fact that state governors were gaining more power in land distribution and the increase in the powers of the ejido commissariate were likely to increase corruption and caciquismo, local ‘bossism’ (Foley 1991, 50-52; Velasco 1993, 105-108).  

The implementation of a more heterodox stabilization program in 1987 - after the ‘oil-shock’ crisis within a crisis - was the final blow to agriculture, according to Appendini (1994, 147-148). As the program, in line with the basic principles of ‘heterodoxy’, was first and foremost set to fight inflation, it fixed the prices of key components of the economy (exchange rate, prices of basic commodities, wages) while the liberalization of the trade and fiscal austerity were continued. This created troubles for agriculture: fixed exchange rate with no devaluations made imports of basic crops even more cheaper than the subsidized domestic production, aided by the US government provided credits for food imports for Mexico, while the subsidies could not be raised. Prices of fertilizers and seeds had been raised just prior to the price freeze, so that there was suddenly a wider gap between input costs and output earnings. As a result, the total agricultural output decreased 4.5 percent annually from 1987 to 1989, and the basic food production in 1989 was 11 percent less than in 1981, while the population had grown approximately by the same percentage during those years.

With the administration of Salinas de Gortari the restructuration of the agrarian sector accelerated, clearly subjected to and being the result of the now openly neoliberal model of capital accumulation (this was partly because the adjustment measures of the stabilization program could not be applied in full force in 1988 due to the fact that it was the election year). In the case of Salinas, agrarian policy was following the conditions set by the overall economic policy even more faithfully than had been the case with other governments. ‘Modernization’ of the agrarian sector was the key word behind the agrarian policy, as expressed by the National Program for the Modernization of the Countryside (cf. SARH 1990, esp. pp. 993-995). In making this modernization - which unavoidably was to include painful adjustment costs - acceptable to the public, the Salinas administration quite openly recognized the deep problems of the agrarian sector and the mistakes of past governments.  

78 In the public discourse of the government these modifications were backed with the obligation of the state to promote justice in the countryside and conditions for an integral rural development, and to revert the trend of decapitalization in the agrarian sector (Velasco Toro 1993, 107).

79 For instance, in an article perhaps best classified as a ‘semi-official’ one, Raúl Salinas de Gortari, brother of the president and, at that time, among other things, the secretary of the Evaluation Committee for the National
The Salinist policy measures regarding the agrarian sector can be grouped into four major categories, which together make up the *salinastroika* in agriculture: (1) the retirement of the state from the agrarian sector (elimination of guarantee prices, the reduction of CONASUPO’s activities, run-down of Banrural’s financing, etc.); (2) the opening of the agrarian sector to foreign competition (trade liberalization prior to NAFTA, and NAFTA’s agricultural chapters); (3) the programs, temporary by nature, set to alleviate some of the adverse effect of the former two on peasants and to support peasants in their transition to ‘modernity’; and (4) the reform of the Article 27 of the Constitution (the *ejido* sector reform, the end of the land distribution). We shall here discuss the support programs, the reform of the Article 27, and the agrarian financing system. NAFTA is discussed separately in the next chapter. State’s retirement from the agrarian sector becomes sectorially evident in the next chapter when looking at the development within sectors of specific crops, but we may here summarize the main events (other than those related to rural financing which will be discussed below): in 1989 CONASUPO withdrew from buying any other crops than maize and beans and its retail activities were reduced and retargeted only to the poorest areas; the National Seed Company PRONASE and the fertilizer company FERTIMEX were privatized between 1991 and 1993, and the sale and imports of seeds and fertilizers were liberalized accordingly; INMECAFÉ retired from buying coffee in 1989 and was subsequently privatized; the state tobacco company TABAMEX was likewise privatized; and between 1988 and 1992 the state sold or closed down all the sugar mills in its possession, counted in tens.

The Procampo program (El Programa de Apoyos al Campo) was created in 1993 to compensate the falling incomes of the producers of basic crops (maize, beans, wheat, rice, cotton, soya and sorghum) due to the elimination of subsidies (no more guarantee prices) and to the increase of foreign competition after the coming opening of free trade. Originally, the program was set to last 15 years - corresponding to the transition period to total free trade with the most vulnerable products - but presently its destiny seems unsecure, not least for the fact that the annual expenditure for the program must get accepted each year separately. For the first season of the program, 1993/94, the compensation was 330 pesos per hectare, and thereafter the amount was to be kept constant in real

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Solidarity Program, before turning into the issue of modernization quite aptly distinguishes the fundamental problems behind the crisis of the agrarian sector: the under-subsistence size of many of the smallholdings, the uneven concentration of the benefits to the irrigated, commercial holdings, the low profitability of both peasant and commercial production (which deters capital and technological investments), the vulnerability of rain-fed production, the obstacles to commercialization and the role of intermediaries, the inefficiency and bureaucracy of the respective state institutions, and the state paternalism over peasants (see Raúl Salinas de Gortari 1990). See also the National Program for the Modernization of the Countryside (SARH 1990, 990-991), in which the “excess intervention” of government is blamed as having caused “distortions” in the production systems.
terms (that is, it was subject to rises according to inflation), until after tenth year it was to be gradually scaled down to zero by the end of the 15-year period.

However, the goal of the program has not been fulfilled. In 1996 the compensation was only 486 pesos per hectare, which represented a loss of 23 percent in real terms. Also, the eligibility criteria for compensation have been tightened, reflecting a deep fall in the overall funding for the program: in the first season, the total compensation funds were 11 700 million pesos, in 1995/96 and 1996/96 seasons only 7 767 million pesos, a nominal reduction of 33 percent and a 63 percent in real terms. In fact, a conservative estimate suggest that the remittances from migrants in the United States to the Mexican countryside form double the amount of Procampo’s funding, assuming that of the estimated annual remittances of 4 500 million dollars 2 000 million is destined to rural financing (Santoyo & Muñoz & Reyes 1997, 1016).

Procampo’s real objectives were political and social, not economic, as noted by Appendini (1998, 31). The program had a campesinista character in the sense that benefits were to go to all producers regardless of the size of landholdings and whether or not they sold their product or consumed it by themselves: the poorest, self-consuming producers had not benefitted of previous subsidies (like guarantee prices) based on the sale of products, but were now receiving direct payments. Because of this, Procampo was popular among the poorer peasants: an estimated 2.2 million small producers who had not benefitted of guarantee prices were now receiving some income subsidies. In fact, the modernized middle strata seemed to be on the losing side compared to earlier situation: for market-oriented producers, the loss of price subsidies was not necessarily covered by the Procampo subsidies on acreage. Yet, however, Procampo was not a truly redistributive program: the compensation per hectare was the same for all, and those with less land received less money, respectively. In 1994, an estimated 30 percent of Procampo funds went to plots of 5 hectares or less and 70 percent to larger ones. Also, Procampo money was indifferent to crop variety, which, together with the elimination of the guarantee price, acted as a disincentive for maize production. The political nature of the program was reflected in the fact that just prior to the August 1994 presidential elections some 3 million Procampo checks were delivered to producers. Non-governmental organizations criticized the program support of being linked to a vote for the PRI in many states (Appendini 1998, 31-33).

The agrarian program of the Zedillo administration was Alianza para el Campo, Alliance for the Countryside. Introduced in October 1995 and beginning in earnest in 1996, the program consisted of various sub-programs. One of those was Produce (not an abbreviation but a more simple name for Programa de
Apoyos Directos y Productivos al Campo), which offered discounts for the purchase of agricultural machinery and support for the conversion from the production of annual crops to that of perennials. But, as it happened, the 20 percent discount for buying tractors and alike was partly consumed by simultaneous price increases of 10 to 15 percent. Another sub-program was Promaf (Programa de Maíz y Frijol), the maize and beans program, which continued the purchases of these two crops by CONASUPO at fixed prices but varying from region to region and which set price ceilings for the seed of the two. In addition, the Procampo program of the previous government was continued as a part of Alianza, in 1996 turning to the phase of keeping the direct aid per hectare at a constant real level (Rivera 1998, 187-189).

The name of the Alianza program was reminiscent to the Alliance for Progress of the Kennedy years. Although the familiar clang in the name was, most likely, merely coincidental the reminiscence had a truth in it: just as the Kennedy program was an attempt to contain the leftist tendencies and the appeal of revolutionary movements in Latin America, Zedillo’s Alianza para el Campo was a response to the potentially inflammable rural situation in Mexico, made explicit by the Chiapas rebellion. And just as its partial namesake, Alianza para el Campo was offering no structural but only market-oriented measures with all too limited resources. In respect to the needs of the peasant sector, Alianza was grossly under-resourced and too heavily oriented towards mechanization: on small plots, cultivated with the use of family labour, buying a tractor or a harvester would not be particularly wise both from the input-output ratio and rural employment perspectives. At the same time, the unsecure situation among ejido peasants, due to the land titling which was turning ejidatarios into private landowners, the willingness of ejidatarios to invest in collectively owned machinery must have been greatly reduced. Besides, as agricultural financing had been diminished, very few peasants would have had the chance to buy machinery, discount or no discount, even if they had wanted to.

The Ejido Sector Reform

In the agrarian legislation the most important project of the Salinas administration was the reform to the Article 27 of the Constitution. When the reform proposal became public in the late 1991 it took the public by surprise, by touching on one of the cornerstones of the revolutionary Constitution and the Agrarian Reform, then in its eighth decade in existence. In the words of Julio Moguel (1992b, 262), it was un rayo en cielo sereno, ”a lightning from a clear blue sky”. Peasant organizations and even most of the legislators had not been
aware of the nature of the proposal in making. Prepared in almost total secrecy the proposal was submitted to the Chamber of Deputies on November 7, was accepted by the Chamber in four weeks, on December 5, and was then ratified by the Senate a week later, on December 12. During the period of five weeks left for discussion between the publication and the final ratification, the government showed remarkable political skill in managing to persuade the leaders of most national and regional peasant organizations to back the proposal or to abstain from publicly opposing it, so that the scarce debate brought only minuscule changes to government’s original proposal. The major concession the government made to win over the organizations was the promise to pay the organizations compensation for lands still in the distribution process under the old agrarian laws (i.e., lands that had been appropriated for distribution but were still in the possession of their former owners); peasant leaders who still opposed the reform were threatened to be left outside all official rural support programs (Fox 1994, 262). Official information to peasants at grassroot level was nonexistent, and as the time lapse was so short - no doubt on purpose - no concerted peasant mobilization evolved. There were demonstrations here and there, but as these amounted to nothing the manifestations died away in early 1992.

On January 1992 the reform to the constitutional Article 27 became effective, along with a new Agrarian Law to supplement the former. The main elements of the reform can be grouped into three major categories. First, the responsibility of the state to provide land to those in need was revoked; in essence, this meant the end of the land reform in Mexico, if land reform is understood in the classical, distributional manner. Second, the reform reformulates some of the private property rights on land: for instance, a proprietor investing on land improvement - say, changing cattle pasture to field land by irrigation works -

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80 On October 8, 1991, president Salinas had had a meeting with leaders of the major peasant organizations that formed the coordinating Permanent Agrarian Council, CAP (Consejo Agrario Permanente), to discuss on the need to modernize the existing agrarian legislation, but the precise nature of the reform which was to follow was not revealed to the peasant leaders. In the meeting an understanding was reached that the government would consult the organizations on the items to be modified, but it never turned out that way (Velasco Toro 1993, 126-128).

81 The full text of the proposal presented on November 7, including the reformed paragraphs of the Article 27, can be found in Carlos Salinas de Gortari 1991a. It is noteworthy that in this proposal, presented to the Deputies, the rhetorical revolutionary clang still persists, no doubt to better sell the reform to the legislators. A short section deserves to be cited: "Lección inborrable de esta gran historia es la tenacidad de las luchas agrarias por justicia y la profunda fe en la capacidad transformadora de la ley. El camino del cambio, hoy, debe reconocer las realidades y también actuar conforme a las mejores tradiciones de los movimientos agrarios de México. Debemos preservar lo valioso que hemos conquistado por esas luchas del pasado y debemos construir las bases para la lucha actual y futura del campesino por su libertad, dignidad y bienestar. La presente iniciativa está inscrita en la gran corriente histórica de nuestra reforma agraria y recupera, frente a nuevas circunstancias, sus planteamientos esenciales. Cumple con el mandato de los constituyentes, recoge el sacrificio y la visión de quienes nos precedieron, responde a las demandas de los campesinos de hoy y a las exigencias de una sociedad fortalecida, plural y movilizada para la transformación." The proposal is thus strikingly presented as to recover the essential ideas of the Agrarian Reform.
will no longer risk expropriation even if the specific official size limit for a
certain type of landed property is exceeded. Official size limits for landed
property according to type were maintained in the reform, in order to prevent
the privatized ejido land from becoming concentrated in the hands of few.
Restrictions on corporate land ownership as well as on the participation of
foreign capital in land were curtailed (a limit of 2 500 hectares of irrigated land
per company was set).

Third and the most important category of the reform is the privatization and
reorganization of the ejido sector. The importance of this set of reforms is
obvious, if we keep in mind the fact that, as mentioned in the introduction,
about half of the productive land (including grazing land and forests) in Mexico
is ejidal land, distributed to about 3 million ejidatarios (with their families
making a sizeable part of the rural population) organized into over 28 000
ejidos (and agrarian communities). For the first time since its creation ejido land
can now be turned into private property. The reform does not terminate the ejido
system as such, since the privatization requires a majority decision by
ejidatarios to enter into the privatization program and since an ejido may
continue to exist even after privatization (as communal lands - pastures and
forests - may still be run by the ejido), and disbanding an ejido requires another
majority decision. After the privatization has been completed (parcels having
been measured and the title certificates issued), individual ejidatarios can
thereafter sell, rent or mortgage their land or leave it idle. The sale of the parcels
to fellow ejidatarios needs no prior approval by the ejido assembly, but a sale to
an outsider requires a two-thirds majority. In addition to privatization, ejidos
and individual ejidatarios can form business associations with themselves and
with outsiders, corporate and private, more freely than before, even with foreign
investors and companies (the share of which, though, is limited to 49 percent of
the capital stock).

It was without doubt true that the ejido sector needed some kind of renovation.
The basic principles guiding the sector had been installed in the thirties, and on
top of that there was a tangled web of ejido-related legislation, while the
legislation and ejido practice had in many ways grown apart. The renting and
even the sale of ejido lands was widespread, especially if the ejidatario worked
outside or had migrated elsewhere, although such alienation of ejidal land was

82 There are some other limitations on the sale or purchase of ejido land: an individual ejidatario can buy the
lands of his/her fellow ejidatarios only up to 5 percent of the total amount of lands of the ejido, or up to 100
hectares of irrigated land or the equivalent in other types of land. Communal lands can be sold on a majority vote
to outsiders; if an ejido is disbanded, unsold communal lands return to property of the state. While agricultural
communal land can be divided and privatized as well (as is always the case with collective ejidos and agrarian
communities, comunidades agrarias), communal forest land cannot be divided. Some confusion still exists over
the forest land sales or transfers to the state issue (Zabin 1998, 412).
forbidden by law. Such practice had become extremely common in the so-called ‘urban ejidos’, that is, in ejidos adjoining growing cities or being encircled by urban growth - probably as much as ten to fifteen million Mexicans are living in these in principle illegal settlements (Jones & Ward 1998, 245). Many such ejidos had in fact turned into urban suburbs with no agricultural activities at all, although that was required by law for an ejido, and the de facto ownership had passed to the residents but the de jure ownership in the records of the Agrarian Ministry still remained with the original ejidatarios. The contradictions of the legislation and the silent approval of authorities had made this possible. Also, the legislation had allowed the manipulation of ejido leadership by authorities, and in many ejidos the leadership was not representative but bought off by local politicians and businessmen. The widespread corruption at the level of ejido management was a fact even officially recognized (and used as a pro-reform argument).

The argument of the government in favour of the reform was that the problems of low productivity and poor management in the ejidos were due to the inherent nature of the existing ejido: that state-paternalism and the lack of full-fledged private ownership of land had degraded the work moral of the ejido peasants (see SARH 1990, 988-989). The defenders of the ejido claimed that the problems were not inherent to the land tenure system but due to insufficient and unequal allocation of state incentives (which had for long favoured commercial private agriculture, making it look as if it was profoundly more effective system), in addition to bureaucracy and corruption (Stanford 1994, 100-101). Clearly the system needed legal reforms, at least as much because of its alleged inefficiency as because of the judicial mess, corruption and lack of democratic and representative administration. But then, the problems of the ejido did not call for the termination of the whole land reform: the way the Article 27 was reformed was a deliberate political choice, not fully justified by the deficiencies of the ejido system.

It has been pointed out that the ejido reform tends to increase the feminization of the poverty and the inequality between the sexes in the countryside (e.g., Robles & Aranda & Botey 1993). With privatization the ejido plot ceases to be a family patrimony and becomes the sole private property of the designated household head (mostly male); although also previously the rights of an

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83 In a local case in Michoacán, provided us by Gledhill (1991, 173-186), the rental of ejido land was more a rule than an exception: by the 1960’s, a single entrepreneur had rented 41 of the total of 79 parcels (parcelas) of an ejido, 8 hectares each, and most parcels for a long-term, 10-20 years’ period. In the 1970’s and after, the rental pattern in Gledhill’s community became more varied, and several smaller rentals emerged, but as a practice the renting continued like business as usual. Also DeWalt, Rees and Murphy (1994, 35-43), in their survey based on several individual studies by others, conclude that renting and sale of ejido lands formed an active albeit nominally illegal land markets.
ejidatario were ceded to one person, the head of the family, the inalienability of the land had meant more security for the rest of the family. With the reform the other adult members are now reserved only the first right to buy the land in question, if the title-holder decides to sell it and the others have the money for it. In cases of family abandonment, separation, absence or abuse by the male head, the wife and children are left without judicial protection even if they had been the ones actually working the land. As noted by Stephen (1994a, 255), most women “hoped their husband would consult them if they wanted to sell land, but pointed out that there was no guarantee that they would do so”. In addition, female participation in the decision-making in the ejido assembly meetings has been mostly informal by nature, but yet they feel they have had a say in the whole, but now with the privatization, causing less interest in the common agenda of the ejido they feel they are losing some of this informal power (Stephen 1994a, 253-254; 1994b, 28-33).

The program for the titling and defining of ejido lands is PROCEDE (Programa de Certificación de Derechos Ejidales y Titulación de Solares Urbanos), Program for Certification of Ejidal Rights and Titling of Urban House Lots. The similar sister program for the communal lands of Indian communities is PROCECOM (Programa de Certificación de Derechos Comunales). The programs are officially completely voluntary, that is, it is left to the ejidos and communities to decide whether to join the program or not. Obviously the government believed most ejidos would rush in to have their lands privatized. But as the participation remained low, local and regional authorities soon began to demand a PROCEDE issued certificate as a prerequisite for many governmental benefits, such as for credit or getting a PROCAMPO check (Appendini 1998, 31). The main official body set to carry out the certification was the new institution of an Agrarian Ombudsman’s Office, Procuraduría Agraria, the ranks of which soon swelled with thousands of employees (Stephen 1994b, 4). 84 The cases of inter- and intra-ejidal land disputes, which cannot be solved with the mediation of Procuraduría, are resolved in specific Agrarian Tribunals (Tribunales Agrarias), which consist of independent (of other state institutions) but presidentially appointed judges.

The peasants themselves have had somewhat mixed feelings and reactions over the ejido reform. For sure, securing a definitive private property title over one’s ejidal plot is no doubt welcomed by most ejidatarios, if not for the aspiration to finally and legally ‘own’ one’s own land then for the dissatisfaction they may feel towards the top-down and undemocratic management practices of their

84 At the local level the regional offices of Procuraduría Agraria have sometimes entered into a competitive situation with older state institutions, especially with the local offices of SRA, the Ministry of Agrarian Reform (Nuijten 1995, 60-63).
particular ejido. For many peasants - especially for those working outside their parcel - the idea of their land becoming a legally marketable commodity, the value of which is likely to increase with the legalization of the sales. Then again, for many ejidatarios the system as it is represents strong emotional values, rooted in the history of their struggle for land, and for them ejido rights have other meanings than just the right on land, and they fear that the reform may cause a demise of the whole ejido system (Goldring 1998, 147-148). Undoubtedly an important factor in the reluctancy and suspicion of many ejidatarios over the titling program is the fact that both intra- and inter-ejido disputes over borders and use of land abound: perhaps in the majority of ejidos, individual plots have never been properly measured, and absenteeism, subdivision of plots at inheritance and long-term renting of plots have caused friction and factionalism, as well as the abuse of communal lands by corrupt ejido leaders for their own benefit (cf. DeWalt & Rees & Murphy 1994, 13-33). In such a situation, many ejidatarios may fear that titling will only reduce their share while benefitting the more powerful, especially the ejido leadership which has always acted as the broker between the state and common ejidatarios and quite frequently been able to benefit personally from it.

The ejidatarios in Yucatán, for example, greeted the PROCEDE program with only lukewarm interest and at times with hostility, and those ejidos which did complete the titling were drawn into it by the fear that they would be cut off from other governments programs if they failed to participate (Baños 1998, 39-40). In Oaxaca and Chiapas the program has met with similar attitudes by the ejido peasants, as has PROCECOM for Indian communities (Stephen 1998, 9-21). Initially, the Salinas government had believed that the titling would have been completed with most ejidos by the end of the sexenio, but due to peasant disinterest and deliberate delay tactics, by the end of 1996 only 48 percent of the ejidos nationally had completed the whole certification process (Baños 1998, 31). In late 1997, the Zedillo government officially claimed that over a half of all ejidos was completely certificated and that the titling for all ejidos and communities would be terminated by the end of the government, that is, by the end of 1999 (Zedillo 1997, 773). The discrepancy between the rhetorics of the official program documents, purportedly in favour of "freedom and justice in the countryside", and the realities of day-to-day program circumstances at local level, with continuing paternalism, corruption, promotion of the political priorities of the government and peasant resistance, has caused internal conflicts also among authorities: the visitadores (officials charged with the task of visiting and informing peasant communities and promoting the certification program) of Oaxaca went into strike in 1996 over these issues (Wilson 1997).

Financing agro
Within the rural financing system profound changes took place from the 1980’s to the 1990’s. The allocation of public funds to Banrural and other public financing institutions was drastically reduced: from 1983 to 1989 the average annual transfer of funds was 2 438 million dollars, but in 1991 and 1992 only 726 million annually. The number of Banrural’s local offices was reduced from 650 in 1988 to 230 in 1994 and the staff was reduced from 27 000 to 9 000. As a result, the agricultural land area with public funding diminished by 67 percent from 1985 to 1994, from more than 10 million hectares to less than 4 million hectares. Of this drop most was due to a reduction in Banrural’s new lending operations: in 1985, some 7 million fresh hectares were financed with Banrural credit, short- or long-term, but in 1994, only 1.5 million hectares. This affected especially maize producers, as in 1986 Banrural had financed almost 3 million hectares of maize, but in 1994 no more than 154 000 hectares (Santoyo & al. 1997, 1011-1013).

The drop in financing maize production was a result of a policy change in 1989 by Banrural’s new administration: credit was to be targeted towards irrigated and high-quality rainfed lands. From 1990 to 1993, more than 500 000 poorest borrowers were purged from Banrural’s rolls and transferred to the new Crédito a la Palabra program under PRONASOL. In addition, in February 1990, the agricultural insurance agency ANAGSA (Aseguradora Nacional Agrícola y Ganadero, S.A.), whose activities had been linked to those of Banrural, was closed down. Although ANAGSA had been notoriously corrupt and inefficient, its sudden closure deprived many small producers on temporal land the possibility of seeking compensation for crop failure because of drought or some other natural disaster (Myhre 1998, 52-56). Running down existing institutions, corrupt as though they were, was not very constructive: corruption was certainly not involved in every transaction and now also the honest and law-abiding clientele was punished, and throwing away fiscal instruments did not serve the purposes of the structural transformation of agriculture in any way and, what is more, did not make the other, substituting forms of financing any more free of corruption (Ibarra 1995, 645).

Under the Crédito a la Palabra program - ‘loans against the word of honour’ - small producers did receive partial compensation for the loss that Banrural’s run-down and change of policy caused them. This program (bearing the official title Fondos de Solidaridad de Apoyo a la Producción) was part of the larger Solidarity program, PRONASOL, and included a fixed amount of money per hectare - 300 pesos from 1990 to 1994 and 400 pesos from 1995 on - that a

85 The year 1990 is not comparable, as most of the external debt of Banrural was paid off by the government during that year, with over 2 billion dollars, making the total nominal transfer of funds exceed 4 billion dollars.
small producer could borrow without collaterals and with no interest, up for the maximum of three hectares’ worth. These loans were short-term, to be paid back after the next harvest to remain eligible for credit in the following seasons. The number of beneficiaries was high - the annual average was well over 700 000 producers from 1990 to 1996. However, the individual sums were far too small for the purchase of improved seeds, fertilizers and other input for the designated field area: the sum of 300 or 400 pesos was effectively a one-quarter to one-fifth of the amount Banrural had previously provided for a hectare of maize on temporal land. An a la palabra credit was thus not a productive agricultural credit in the proper sense but rather a social service type of benefit. And neither did the coverage of the program - an annual average of 1.7 million funded hectares - cover the area of temporal maize cultivation that Banrural had formerly funded. Besides, many of the beneficiaries were former Banrural clients, as already noted, so that actually much of this support to the poorest rural producers was financed with money first taken from the poorest segment of producers (Myhre 1998, 57-58; Santoyo & al. 1997, 1016).

As public institutions have retired commercial banks have increased their relative share of the agrarian credit portfolio: commercial banks now count for about 75 percent of agricultural credits (the 1991-95 average), while in the 1980’s they usually counted for less than half, though it should be remembered that in the previous decade commercial banks, nationalized and debt-ridden as they were, had relatively little room for any operations. What is important, though, is that the total credit portfolio - public and private - for the agrarian sector has not risen significantly in absolute terms. Surely there is a rise from the lump of the debt crisis years, but not much over the pre-debt crisis level: in 1994, before the peso crisis, there was a peak of 88.5 billion pesos of agricultural credit, but in 1995 it was back to 63 billion pesos - figures comparable to the 69 and 77 billion pesos in 1980 and 1981, respectively. In real terms, this implies a major reduction (Santoyo & al. 1997, 1013-1014; Santoyo & al. 1998, 377-381). The ”commercialization” of the credit has meant increasing concentration of the credit portfolio: in 1995 it was estimated that commercial credit covered no more than 50 000 producers (Ibarra 1995, 642).

While also Banrural’s lending has now become more stringent towards small producers who have little to offer as collateral and who produce on more risky temporal lands, it has been even more so with commercial banks. As a consequence, the possibilities for a small producer on temporal land to obtain credit have been greatly reduced. In an ejido sector survey (on 275 ejidos) it was found that, in 1994, of all credit money to farms of less than 5 hectares, a pure 0 percent came from commercial banks, and not more than 4.2 percent from Banrural, while 82.3 percent was PRONASOL (a la palabra) credit and
3.9 percent from other government agencies, and the rest (9.6 percent) from informal sources, friends, relatives and local moneylenders (de Janvry & Gordillo & Sadoulet 1997, 101-112). Also, of those *ejidatarios* with a less than 5 hectares’ plot who did not use credit in 1994, only 6.2 percent said they did not need credit and the rest (93.8 percent) would have needed but had no access or had overdue loans (ibid.).

The willingness of commercial banks to finance agriculture was not guided purely by market forces. Agricultural financing would not have had even the position it had in the preferences of the banks had there not been institutional backing by the state, which made agricultural loans perhaps not fool-proof but low-risk at the least. After 1988, the agricultural trust fund FIRA (Fideicomisos Instituidos en Relación con la Agricultura) began to lend growing amounts of money to the banks (which were soon privatized) to be re-lent to the agrarian sector. The re-lending of FIRA’s money was lucrative for the banks, as they got the money at below market rates and as FIRA guaranteed 80 percent of the principal of an individual loan against default. FIRA lent money also through public agencies (like Banrural), but this represented only a few percent of the total. About 30 percent of the FIRA-backed loans went to individuals and 70 percent to companies and to other forms of associations, all loans covering almost 750 000 producers in 1994, which was the peak year of lending (18.3 billion pesos). Thus, FIRA-backed loans were not insignificant for rural financing, and on the other hand, commercial bank lending to agriculture would have been only a fraction of what it was without the FIRA backing. However, this financing was not favourable for small producers. From 1988 to 1991 the share of low-income producers - earning less than 1000 daily minimum wages annually - of FIRA’s expenditure dropped from 50 to 18 percent of the total. Beginning from 1992, the official limit for a low-income producer was raised to 3000 daily minimum wages earned annually, and the share rose accordingly to 37 percent in 1992 and 47 percent in 1993, making the figure look more peasant-friendly. What is more, according to unofficial information obtained by David Myhre, after raising the official low-income limit there was a deliberate attempt to replace the genuinely low-income producers in the clientele with those who were just under the new limit but much better-off. Also, the lending policy of the banks with FIRA funds favoured livestock, animal feed crop and dairy production, in relative terms (Myhre 1998, 48-52).

As a result of both the changes in the financing system and the economic conditions following the peso crisis there has been a tremendous growth of defaulted loans (*carteras vencidas*) in the agrarian sector. In 1988 defaulted loans in the sector totalled 395 million pesos, by 1992 they had reached 3 358 million pesos, in 1994 the sum was 6 256 million and in August 1996 it was 18
000 million. Taking into account the accumulated inflation of 339 percent during the period, this meant an average annual growth rate of 18.5 percent for defaulted loans. The growth of the problem is equally obvious if looked against total lending: in 1988 defaulted loans represented 4.8 percent of all loans to the agrarian sector, and in August 1996 the figure was 31 percent; that is, almost a third of the total agrarian loan portfolio resulted in failure. The 18 000 million pesos of defaulted loans in August 1996 represented 85 percent of the value of the total basic grain production of 1996. While the agrarian sector only provides 5-6 percent of the GDP, the share of the sector of all defaulted loans, all sectors included, is 14 percent, implicating that the economic restructuration has hit harder the agrarian than any other sector, in relative terms (Schwentesius & al. 1998, 101-105; Santoyo et al. 1998, 381-385). Small wonder that the financing institutions have turned to the least risky clients.

The total amount of defaulted loans does not reveal the number of failed debtors, but one could speculate that most of them would be small producers, due to the changes in lending policies of Banrural and commercial banks. Although not backed with hard evidence, this view gains support from an unofficial estimate by a representative of El Barzón, the national debtors’ organization in Mexico, that currently a half or slightly more of agricultural producers with credit do have problems with defaulted loans.\(^6\) In any case, more important than the figures is the recognition of the fact that the financing crisis of the agrarian sector has reached levels where it seriously threatens the productive base of the country. It was estimated that because of this crisis 20 percent of agricultural land remained uncultivated in 1995, as many producers had lost their creditability and could not get the customary short-term loans for seeds and other regular input costs (Schwentesius & al. 1998, 107).\(^7\) The government of Zedillo had, in 1995, promised a ”restructuration” of the rural financing system, to make it ”adequate for the productive needs of the sector” (Zedillo 1995, 705)\(^8\); a restructuration indeed has taken place, but to call it adequate would require more than a drop of good imagination.

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\(^6\) Private information, Mexico City, October 7, 1998.
\(^7\) In October 1998, the Supreme Court of Mexico decided, along with the guidelines of the banking sector’s Savings’ Guarantee Fund, Fobaproa (Fondo Bancario de Protección al Ahorro), that it was legal for the banks to capitalize the unpaid interests on top of loans and then take interest on interest (an act called in Spanish anatocismo). During the peso crisis interest rates had soared and many people with defaulted loans saw their arreared interests also sky-rocket. The national debtors’ movement El Barzón claimed that with the Supreme Court decision 9 million Mexican families were condemned to pay their debts for the rest of their lives and threatened with forced auction of their houses and belongings (see various press news in La Jornada and other papers during the period October 1-20, 1998). With the banks only recently privatized (at discount prices, many think), the people still remembered that when the banks went bankrupt in the early 1980’s the state hurried to rescue them, with compensations to the owners; a common sentiment in Mexico in October 1998 was that the Mexican system was to ”socializar las pérdidas, privatizar las ganancias”, ”to socialize the losses, privatize the profits”.

\(^8\) In original: ”El sistema financiero rural será reestructurado para adecuarlo a las necesidades productivas del sector”.
CHAPTER III:
AGRO-CAPITALISM AND PEASANTS

Green Revolution, Food Production, and Crisis

The Boom of the Green Revolution

After the Second World War, Mexico’s agrarian sector witnessed a period of growth that was unrivalled in all Latin America and generated the financial backbone of the industrialization of the country. Mexico became one of the original showcases of the global process of rapid expansion in agricultural production often dubbed as the Green Revolution. Overall production rates increased and agricultural exports grew even more vigorously. An indicator of the success of the Green Revolution in Mexico, in terms of production capacity, was the fact that from the late 1940’s to the late 1960’s, despite rapid population growth (of an annual rate of 3.1 percent in the period 1942-64), the need to import food was gradually reduced to zero and, when put against the growth of agricultural exports, turned Mexico into a net exporter of food by the 1960’s, the only country in Latin America to do that (Hewitt de Alcántara 1978, 101). From the 1940’s to the mid-1960’s, for instance, wheat and bean production grew fourfold, maize and sugar production threefold, and rice, cotton and coffee production doubled (Grindle 1986, 99). With two basic food crops, maize and wheat, there was a great jump upwards in both the overall volume and the productivity in yields per land area (see table 1 in Appendix 1).

The growth was due to several factors, including infrastructural improvements provided by the state (especially in irrigation, but also in energy, transportation, storage), mechanization with both private and public capital through agricultural credits, extension of land area under cultivation, and various Green Revolution innovations, scientific and industrial (improved seed varieties, pesticides, insecticides, chemical fertilizers). A strong impetus was the deliberate effort by the Ruiz Cortines government to raise the production of food crops: the Emergency Plan (Plan de Emergencia) of late 1952 sought to divert some more resources (new land, technology, credit) into food production. In the background had been the need to import considerable amounts of food in the early 1950’s, partly because of severe droughts in 1950 and 1952 (Moguel & Azpeitia 1989, 1-14). The use of industrially made fertilizers alone grew tremendously: from 3000 metric tons in 1940 to over a million metric tons in
the late 1970’s, an increase of over 350 times (Sonnenfeld 1992, 33). Concluding from the fact that the growth rate of the overall production volume was higher than that of the average yield per hectare (see table 00 for wheat and maize), the importance of the extension of cultivated land area was not small either. In 1950, the total harvested land area was 8.5 million hectares, and in 1959 it had risen to 12 million hectares (although it dropped to 10 million next year) (Robles 1988a, 24). The share of irrigated land of all agricultural land had also increased.  

There was a strong institutional input in the adoption and circulation of the Green Revolution innovations. In 1943 a joint agricultural research program was initiated by the Mexican government and Rockefeller Foundation, directed by the new Office of Special Studies (Oficina de Estudios Especiales) at the Ministry of Agriculture. In 1947, the Institute of Agrarian Studies (Instituto de Investigaciones Agrícolas) was created, as well as the National Maize Commission (Comisión Nacional de Maíz), which started to produce improved seed varieties of maize and to distribute them in large quantities to producers. Similar commissions for coffee and olives were also created. In 1956, the US-Mexican research program at the Office of Special Studies expanded into research on cattle. Regional research centers were also created. During the presidency of López Mateos the tasks of the National Maize Commission were enlarged: it was renamed the National Producer of Seeds (Productora Nacional de Semillas, PRONASE) and charged with the production and distribution of improved seeds of the main crops. A national institute for coffee research and wholesale marketing was created in 1959 on the basis of the coffee commission (Instituto Mexicano de Café, Inmecafé). The Olive Commission was transformed into a commission for fruit production (Comisión Nacional de Fruticultura). In 1961, Oficina de Estudios Especiales and Instituto de Investigaciones Agrícolas were merged to form the National Institute of Agricultural Research (Instituto Nacional de Investigación Agrícola), which was then transferred to Chapingo, where a whole agricultural university was under construction (Esteva 1980, 65-67; López Sierra 1989).

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89 There was a state-owned fertilizer production company, founded in 1943 (Guanos y Fertilizantes de México), and although its production capacities were continuously expanding, considerable amounts of fertilizers had to be imported, mainly from the United States, during the boom period from the 1940’s to the 1960’s. The situation was similar with pesticides (Robles 1988a, 34-40).

90 Interestingly, there was a total of 2.4 million hectares of irrigated land in 1950, of which only slightly over 0.8 million hectares were actually cultivated (Robles 1988a, 25). This may have been due to the drought in 1950 - water may not have been available - or it may have indicated the speculative nature of land sales in the north (see p. 00).

91 The Rockefeller Foundation later initiated similar programs elsewhere in Latin America as well, based on the experiences gathered in Mexico: Colombia 1950, Chile 1955, Ecuador and Peru 1956 (Jiménez 1990, p. 973).
Agricultural credit favoured large private production units. Between 1943 and 1969, the total credit portfolios of the two institutions officially charged with crediting small producers and ejidos, the Agrarian Credit Bank (Banco Nacional de Crédito Agrícola) and the Ejido Bank (Banco Nacional de Crédito Ejidal), increased only by slightly more than 2 percent annually on the average, which was below the population growth rate and the growth of agricultural production in general. During the same period, private banks increased their agricultural credit portfolio from 440 to 4,867 million pesos, the major share of which was lent to large private producers, since they had more credibility and enough land to be offered as collateral. Private agricultural credit superceded the public one in 1960, and it was more important ever since: in 1969, the aggregate standing credit portfolio of the BNCA and BNCE was 1,556 million pesos, compared to the 4,867 million of private banks. Private banks were also supported with public funds: beginning from the mid-1950’s, with the creation of the Agricultural Guarantee and Promotion Fund (Fondo de Garantía y Fomento de la Agricultura), private banks were offered federal money against their agricultural credits at a 5 percent interest rate, on the condition that the banks would not charge more than an 11 percent interest rate on long-term and 9 percent on short-term credits. It was a very profitable system for the banks with little effort required on their part. Most of this subsidized money was also given to large producers. What is more, most of the credit offered to small producers by the BNCA and BNCE was short-term, usually against the next harvest, with little effect on any long-term production growth through infrastructural improvements (Hewitt de Alcántara 1978, 62-71).

The northern states were the principal receivers of the new productive inputs, the very same regions where the re-establishment of large estates was advancing or where large estates, in the first place, had not been touched to the same extent as in the central and southern states. In 1950, about 70 percent of the value of hydraulic works (irrigation systems of various types) in the country was concentrated in the north, as well as 73 percent of the tractors. Likewise, 73 percent of agricultural credit, both public and private, was directed to these areas. Yet, in 1950, of the total value of all agricultural sales (including meat) by all production units, only 43 percent corresponded to the northern states (De la Peña & Morales 1989, 147). This discrepancy, if even approximately close to the truth, suggests a relative inefficiency within the most

92 Calculated from tables 9. And 11. in Hewitt de Alcántara 1978.
93 For instance, this could take place by first securing inaffectability (from the land distribution) as a cattle ranche and then turn the property into agricultural land through irrigation, thus bypassing the official limits set on the sizes of agricultural units.
commercialized and capitalized section of the agrarian sector.\textsuperscript{94} There is little doubt that in the irrigated northern fields, yields were among the highest in the country, but then generally only a portion of the large estates was irrigated, reducing the productivity per total land area of the unit. Also it seems plausible to assume, as do De la Peña and Morales, that the easy credit money might have led to low efficiency in its use, causing overmechanization and overcapitalization (1989, 148), not to mention mere speculation and corruption.\textsuperscript{95}

A practical instrument of the governments of the 1950’s to intervene in agricultural markets was the state-owned buying agency CEIMSA (Compañía Exportadora e Importadora S. A.), created in 1950 to take over the functions of various earlier organizations, like those of Nacional Distribuidora y Reguladora, founded in 1941. CEIMSA was charged with the tasks to buy various basic crops from producers at mostly regulated prices, organize their storage and sale abroad, import food when needed and take care of the overall system of basic food provision in the country. In the mid-1950’s, CEIMSA entered also into the markets of milk and meat, in order to forestall fluctuations in availability and consumer prices, and it also opened its own retail outlets. In a way, CEIMSA can be seen as a broker between the state’s agrarian policy and the small producer: with CEIMSA rectifying some of the adverse effects of the former to the latter, there was no need to touch the basics of the former. The business elite mostly opposed such interventionism, except for the sectors that benefitted from the stability of the regulated prices: for instance, commercial wheat producers and the wheat flour industry applauded the role of CEIMSA. At the end of the 1950’s, when the production of basic food (maize, beans, wheat) had turned to abundancy and the need for imports was reduced, the role of CEIMSA was changed to one of price regulator only, and its market operations, storage and retail facilities were decentralized to other institutions. In early 1961 CEIMSA was liquidated, but only to give way to a new vehicle of state intervention: CONASUPO (Hewitt de Alcántara 1978, 91-94; Moguel & Azpeitia 1989, 15-28).

CONASUPO’s (Compañía Nacional de Subsistencias Populares) objectives were to set the guarantee prices for basic crops, to maintain reserves of basic

\textsuperscript{94} Likewise, this supports the view that peasant production is relatively efficient - although we cannot here distinguish, based on the information available, between large scale and peasant production in the central and southern areas of Mexico.

\textsuperscript{95} In the public expenditure the northern states had been favoured since the 1920’s (as has been mentioned in earlier chapters) and the pattern continued also after the 1950’s. In 1960, a third (33.2 \%) of all public investments in the agrarian sector was directed to only three northern states of the federation, namely Sonora, Sinaloa and Tamaulipas; in 1965, the share of these three states had risen to 62.9 percent, in 1970 to two-thirds (66.3 \%), and in 1975 the three states counted for over three-quarters (77.1 \%) of the total public expenditure on agriculture (cf. table 1.7 in Sanderson 1990, 55).
foods and to regulate their consumer prices. It reflected the revitalized agrarianism and consumerism of the López Mateos and Díaz Ordaz administrations: the activities of CONASUPO were spread more evenly to poorer regions than those of CEIMSA and the retail system of basic commodities was reorganized to reach more people. In the capital a type of shop on wheels (tiendas móviles) was created, and in the countryside the innovation was a new type of retail outlet (tiendas rancheras), in which not only food but also other basic products (clothing, footwear, etc.) were sold.96 Through its affiliate Compañía de Productos Agropecuarios, CONASUPO took part in the market of animal feed grains, mainly sorghum. And in the capital the company soon opened its own flour mills to produce nixtamal, the maize dough of which tortillas are made. The role of CONASUPO was especially strong in the wheat market, relatively speaking, since the company bought as much as 40 percent of the total wheat production. During the sixties, the activities were continuously enlarged: by 1970, there were 1735 company stores of various types, selling a total variety of 3500 products (Moguel & Azpeitia 1989, 29-36).

Another ambitious program of CONASUPO was the construction of local depositories for food crops, which began in 1966. The rising production had rendered the storage of crops as the weakest point in the food provision system, and with these new silos, called graneros del pueblo, it was hoped to reduce the losses and reach peasants who could not transport their crops for long distances. The depositories were built by local producers themselves with government funding, partly credit, mostly in traditional styles customary to each region. By 1972, there were 1121 points of reception with at least one granero del pueblo in each. However, there were problems with the program: corruption and political interests affected the decisions where the silos were built, and they were sometimes hasty constructions not apt for storage, and in some cases they were not used at all. Similar weaknesses in the retail shop system resulted in great annual losses to CONASUPO’s overall business (Hewitt de Alcántara 1978, 94-96; Moguel & Azpeitia 1989, 37-38).

The relatively high guarantee prices for the main crops favoured large commercial farms more than small producers. Small producers could not enjoy these prices to the same degree, because of the discriminatory policies of the buying agencies and the lack of transport to reach the agencies. In the 1950’s, peasants gave the nickname of ”milperos” to the functionaries of CEIMSA: in the normal usage a milpero is a cultivator of maize on a small plot called a milpa, but this time the word was derived from the ‘thousand buts’ (mil peros)

96 It is worthwhile to keep in mind that most of the basic commodities bought by consumers were (and to an extent, still are) sold at open-air or covered market-stalls, not at supermarkets or other type of retail shops, and that among the market-vendors the whole-salers and intermediaries had a great role in determining the prices, and that, therefore, even CONASUPO’s limited presence could affect the average level of consumer prices.
the functionaries always had in the way of extending the benefits also for a small producer. The poorest peasants were usually forced to sell their produce to intermediaries who paid a price much below the guarantee prices: in 1960, when the state guarantee price for maize was 850 pesos per ton, the intermediaries only paid 450 pesos (Rubio 1988, 183-184). In local market places, where some peasants also sold their surplus production in retail, the price did not reach the guarantee price level either. The guarantee price system was, in essence, another way of subsidizing large scale commercial production and the intermediaries.

The emergence and activity of the organizations representing private sector’s commercial producers reflected the success of the agrarian sector during the boom years and the simultaneous conservatism of the Mexican government regarding the agrarian reform. Overall, there was an atmosphere that encouraged these organizations to express their views and to affect the state of affairs within the sector. In 1946, with the reorganization of the official party, private producers were incorporated into the party structure under the National Confederation of Small Property (Confederación Nacional de la Pequeña Propiedad). It belonged to the so-called popular sector of the party, thus differing from the peasant sector under the auspices of the CNC. As a party organ, the Confederation could not act with that much economic freedom and therefore, in 1947, the National Association of Harvesters (Asociación Nacional de Cosecheros, ANC) was formed with government approval, uniting a total of 620 local, regional and sectorial commercial producer organizations from poultry to fruit growers. The ANC was active from the very beginning, establishing contacts with international and especially US producer organizations while issuing anti-communist statements in the vein of a Cold War oratory (Grammont 1989, 46-51). It also applauded the presence of CEIMSA, as the state company was able to guarantee “remunerative prices” and yet absorb overproduction (Moguel & Azpeitia 1989, 21).

The relations of the ANC with the Mexican government were generally cordial. The ANC took part in the Council for the Promotion and Coordination of the National Production, formed in 1953, and in the National Council of

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97 The name of the new party section was in keeping with the agrarian legislation that set the official limit of size for an agricultural landed property at 300 hectares and considered all producers under the limit as ‘small proprietors’. However, it was just a politically correct euphemism for commercial producers rather than an accurate name for truly small producers. In the 1990’s, the name was changed to the National Confederation of Rural Producers, CNPR (Confederación Nacional de Productores Rurales).

98 The ANC had annual meetings with its US and Canadian counterparts, under the auspices of the International Federation of Agricultural Producers. Interestingly, in those meetings in the 1950’s, the US producers proposed, probably for the first time, the idea of a free trade zone within North America for agricultural products. Although this amounted to nothing at the time, the position of the organizations of the three countries was to develop their respective businesses from the platform of the division of labour according to the principle of comparative advantages (Grammont 1989, 50).
Agriculture, formed in 1961, for the very purpose of enhancing the coordination between the private agrarian sector and the government in times of growing peasant activism. With Miguel Alemán the ANC took itself even as far as proposing Alemán for the recipient of the Nobel peace prize in 1951. Relations with the CNC were also in good order - after all, both organizations were backing the official agrarian policy. However, it should be recognized that the ANC was first and foremost a producer organization: it was frequently opposing big agroindustrial companies trying to squeeze down producer prices or the powerful wholesale buyers who controlled the retail markets in the capital and their intermediaries in the countryside. In that role the ANC did act also on behalf of peasants, often powerless against the coyotes that bought their harvests. In some aspects there were internal disputes within the ANC between the various member organizations, but in areas like resisting the unionization of agricultural workers or demanding more government subsidies, it acted as a unified body (Grammont 1989, 53-56).

The Green Revolution achievements were reflected in the structure of Mexico’s foreign trade. In 1940, the minerals (metals and oil) accounted for 65 percent of the exports and agricultural commodities (including meat and livestock) 28 percent; by 1950, the situation had changed to almost the opposite, agroexports accounting for 55 percent and minerals only 33 percent. The fat years for agroexports continued to the mid-1950’s and, in absolute terms, even beyond that, but from the late 1950’s onwards the growth rate of agroexports remained slower than that of the manufacturing sector. In 1970, agroexports formed 44 percent of total exports and manufactures 35 percent, the latter having been less than 7 percent in 1950 (Robles 1988b, 84-87). This relative shift resulted from the priority given to industrialization in the state’s policy and the overall transfer of resources from agriculture to industry, as well as the long-term fall of the prices of agricultural commodities from the highs of the post-Second World War and the Korean War years. However, despite the relative decrease of importance, agriculture remained the largest sector in generating export incomes up until to the 1970’s.

*Boom to Crisis*

In the agrarian sector, after two decades of continuing growth by all indicators99 there was a turn in the late 1960’s that envisaged a crisis to come. During the years 1960-1966, the agrarian gross domestic product grew by 4.4 percent annually and agrarian exports by 7.7 percent annually. Then, in 1967, the agrarian GDP dropped by 1.8 percent from the previous year, and for the rest of the decade, until 1970, the average annual growth rate of the sector was only 1.5

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99 Except for a temporary stagnation in 1951-1953 because of droughts and then floods.
percent, for the first time for decades below the population growth rate, then at 3.1 percent annually. Although the production of animal feed crops and oilplants continued their rapid growth, that of food crops stagnated. Animal husbandry also stagnated: during the first half of the decade the average annual growth rate of cattle production was 6.6 percent, but during the latter half only 2.2 percent, and that of pork production dropped even more dramatically, from 9.3 to 1.7 percent, respectively (Rubio 1988, 146-157). The fact that animal feed crop production grew faster than animal husbandry itself (including also aviculture) from the late sixties onwards, presumably indicates a transfer from smaller production units to larger ones, as larger units are more likely to use industrial animal feeds, which in turn, signifies a growing commercialization of the subsector.

At the early stages of the Green Revolution cotton had been the number one agro-export commodity. In 1955, for example, cotton export incomes were about 3 billion pesos, a respectable sum considering that the value of imported agricultural machinery was 500 million pesos and the total value of imported capital goods 4 billion pesos in that year - in other words, cotton had paid most of these imported inputs for industrialization (Robles 1988b, 85). Cotton was also a highly commercialized and capitalized commodity: two-thirds of the cotton production came from units larger than 5 hectares, and some 80 percent of the production was irrigated (Rubio 1988, 191). However, from the late 1950’s onwards, cotton production entered into problems, partly because of the competition by synthetic fibres but mainly because the United States began to sell its cotton surpluses at subsidized prices way below the international level (Robles 1988b, 89-90). In the sixties, cotton production for export was no longer that profitable, and consequently, the land area used for cotton was reduced from 619 000 hectares to 378 000 hectares over the decade; the reduction in land area was in part covered with yield increases, but not to a similar degree. The cotton crisis had an effect on the rural employment: in 1960, cotton had generated about 57 percent of all agricultural labour days in irrigated areas, but in 1970, it provided only 27 percent of labour days in those areas (Rubio 1988, 194-199).

The structural crisis of the agrarian sector became obvious in the 1970’s. The question was not so much of an absolute stagnation, as overall production and agricultural exports were still growing, but rather of a decline in the relative importance of agriculture in the national economy and a structural shift within the agrarian sector. From 1950 to 1970, the value of agricultural exports (in pesos) grew by roughly 2.5 times in both decades, and from 1970 to 1980 the

100 The only agrarian sub-sector that grew faster in the latter than in the first half of the decade was forestry (ibid.), but then, forestry is obviously a borderline case between agrarian and industrial sectors.
growth was even faster, about 4.5 times, but yet, in the 1970’s, the growth rate of agroexports was far outweighed by other exports. Consequently, the ratio of the value of agroexports to that of other exports, excluding oil, fell from 53 percent in 1970 to 12 percent in 1980 (Sanderson 1990, 46). For sure, this reflected also the unfavourable price trends of many primary products in respect to manufactured commodities, for the most part due to agricultural overproduction in industrialized countries; this was not a uniquely Mexican phenomenon but a global one. At the same time further promises of the Green Revolution ”miracles” were dwindling away, and in turn, its gloomier side effects began to be felt and understood (such as environmental degradation and health hazards, say, of the liberal use of DDT, among other things).101

The consequences of the earlier policies were now becoming manifest. At the very macro-level, there had been an overall transfer of resources from the agrarian sector to the manufacturing and service sectors during the boom period. One channel for the transfer of resources was through the banking system. According to a study, between 1942 and 1962, a fifth of all resources managed by the banks originated from the agrarian sector, and in most years of the period this block of capital was lower or at best equal to the amount of capital that came back to the sector through banks. This, for sure, was not unusual globally, as in many industrializing countries the initial capital for the industrialization has been created in the agrarian sector, but it was a factor that, when accumulated, began to curb the growth of the agrarian sector in Mexico. Another channel for the transfer of resources was the price structure of agricultural commodities. Taking the year 1950 as an index year, until 1960 the prices of agricultural products had fallen to 82.3 percent of those of manufactured products and to 81.5 percent for those of services. That is, within a decade agricultural products lost almost a fifth of their relative prices. The losses of the agrarian sector through the banking system and the price structure between 1942 and 1961 have been estimated at 6.1 billion pesos (of 1960), and this taken against the 3 billion pesos directed to the sector in official investments leaves the agrarian sector a negative balance of 3.1 billion pesos during the period (Hewitt de Alcántara 1978, 103-104).

A third channel for the transfer of resources was government taxation: in 1948 an ad valorem export tax was introduced, set at 15 percent of the value of earnings from abroad generated by exports. Agriculture being the largest export sector the weight of the tax fell mostly on it. The government noted that the tax still represented only a half of the advantage that the exports had gained from devaluations of the currency. Later, the tax was rationalized as being a pay-back from the massive public investments in irrigation and other infrastructural

101 On the hazards of the excessive use of agrochemicals, see Wright 1990.
projects (Robles 1988b, 103-107)\textsuperscript{102}. It was true, of course, that public investments in these projects had been massive. But as the tax was accompanied with growing public investments in industry, it became, in essence, a redistribution of resources. The share of industry of all public investments exceeded that of agriculture at the turn of the 1950’s, and the gap was constantly widening until the early 1970’s (cf. figure 1 in Gates 1988, 280).

Within in the agrarian sector, then, the most compelling consequences were the changes in crop composition. As state incentives, credit system and commodity pricing had made exportable and/or processable crops more profitable - indeed, the guarantee price for maize offered by the state declined during the sixties - commercial farming was abandoning low-value basic food crops. The rapid growth of agroexports took place at the cost of producing food crops for domestic consumption. The shift had been a deliberate choice by the state: in the mid-1960’s, when food crop production was still abundant, high-ranking officials were proposing the substitution of maize and wheat production, especially if irrigated, with more profitable crops like linseed, sorghum and safflower (Rubio 1988, 152-153). The disminution of the guarantee price for maize was a disincentive that acted towards that direction.

The result was a collapse of basic food production: in the early 1970’s, from a net exporter of basic food crops Mexico turned into a net importer (on this, cf. Barkin 1987; Barkin & Suárez 1985). The total harvested land area of maize and beans, the two main dietary staples, was practically the same in the late 1970’s as in 1950, despite the population growth (Grindle 1986, 101). This implicates that from the late 1960’s onwards a great deal of land dedicated to maize was rededicated to other, commercially more profitable crops (we noted earlier that the land area dedicated to maize and wheat had increased all the time from the 1940’s to the 1960’s). It is true that increases in the productivity did offset some of the reductions in land area, but not sufficiently, especially if we take into account the fact that it was the more fertile and often irrigated land that was first rededicated to other crops, shifting the weight of maize cultivation onto poorer land.

Of the irrigated land in 1960, 52.2 percent was dedicated to the three principal food crops - maize, beans and wheat - but by 1970 the proportion had dropped to 43.9 percent (Rubio 1988, 254). In the 1970’s, only a quarter of the marketed maize came from large-scale, irrigated farms (Hewitt de Alcántara 1991, 956). Thus, in the end, food production could not meet the requirements of the

\textsuperscript{102} A contemporary public source (cited in Robles 1988b, 107) estimated that from 1948 to 1958 the export tax collected had hitherto covered 25 percent of the costs of public irrigation works carried out from 1928 to 1958, and that, given the tax and export earnings to be maintained at a similar level, the costs would be completely covered in the next 30 years.
population growth. The situation was aggravated during the years 1979-1985, partly because of a great drought in 1979-80: during the period the value of food imports even exceeded the value of agricultural exports (Barkin 1987, 271). This meant also that agriculture could no longer serve as a source of financing for the industrial sector with the mediation of the state (Rubio 1988, 147). Gustavo Esteva wryly called Mexico both ”the cradle and the tomb of the Green Revolution” (Esteva 1980, 60).

Looking at the statistics, the development pattern is clear enough: in 1970, the three principal food crops - maize, beans, wheat - together covered 68.1 percent of the cultivated land area, and in 1979, 51.5 percent; of the value of agricultural production the combined share of these three crops declined from 36.2 percent to 24.4 percent, respectively. The figures also reveal an obvious diversification of the agricultural production: in 1970, the 15 principal crops covered 90 percent of the agricultural land area and 72.5 percent of the value of all crops, but in 1979 only 77.5 percent of the land and 60 percent of the value (CEPAL 1982, anexo estadistico). In other words, in 1979, 40 percent of the value of all cultivated crops came from other than the former 15 principal crops. The new ”emerging” crops were mostly vegetables and fruits and special crops like agave plant, used for the distillation of tequila and mezcal.

Structurally, all this led to the fact that peasants increased their relative participation in the declining food production, that is in crops no longer so profitable for commercial producers, and this division of labour was consolidated for years to come. Likewise, the division of labour between the northern and south-central regions of the country was consolidated: in the latter regions maize remained as the number one crop, whereas in the north, wheat, sorghum and cotton became more important than maize by 1970, in terms of cultivated hectares, and soya taking the place of cotton by 1981 (cf. tables 22-24 in Rubio 1988). Although mostly due to the play of the market forces, this geographic division of labour had the backing of state policy: in the mid-1960’s, the state had begun to foster a transfer from food crops to other crops in the north by paying a lower guarantee price for maize and wheat in the north than elsewhere in the country. In 1965, for example, the guarantee price for wheat was set at 800 pesos per ton in the north and at 913 pesos for the rest of the country (Moguel & Azpeitia 1989, 41). For sure, the difference in guarantee prices was also set to give an extra subsidy to the poorer areas, but nevertheless, it enhanced the division of labour and contributed to the food crisis.

103 Include maize, beans, wheat, animal feed crops (sorghum, barley, alfalfa and chick pea), oil plants (safflower and sesame seed), sugar cane, cotton, coffee, rice, tomato and tobacco.
As a consequence, peasant production found itself in a rapidly deteriorating position vis-à-vis capitalist production. Declining real prices of food crops and the relative reduction of wage labour opportunities - due to the mechanization and ‘cattleization’ of the agricultural sector - resulted in an increasing migration from rural areas to urban centers and in an accelerated proletarianization of peasants (that is, a growing dependency on extra-agricultural incomes).  

Because of the growing rural discontent and to keep peasants from flooding into cities, and to regain self-sufficiency in basic food and to keep consumer prices controlled, the state increasingly had to subsidize the production of basic food crops. As a result, the state’s overall intervention into agriculture increased again, most notably during the Echeverría period. What was taking place was a somewhat paradoxical development - but only superficially so - in which the state’s participation and control in agricultural production increased simultaneously with the expansion of international capital’s participation and control in agriculture.

104 It was this process of depeasantization/proletarianization, becoming more and more visible, that sparked the ‘campesinista-descampesinista’ debates in the Mexican peasant studies during the 1970’s.
The Internationalization of the Mexican Agro-Food Sector

Foreign Capital and the Agro-Food Sector

As discussed earlier, the internationalization of agricultural production and related processing industries has increased rapidly in Latin America and in the Third World since the 1960’s, and clearly Mexico has been at the forefront of this development. As a ”basket-case” of the Green Revolution, the Mexican agrarian sector offered a wide range of sufficiently commercialized and infrastructurally developed branches of agricultural production from relatively early on for international investement and business to build on. And of course, for the U.S. agribusiness, the proximity of Mexico was an additional asset as well. Even when the (relative) stagnation of the Green Revolution became more apparent in the late 1960’s, the internationalization process continued unabated. Significantly enough, the politically turbulent period of the late 1960’s and the subsequent sexenio of Luis Echeverría with its leftist undertones and envigorated agrarian populism did not affect the process either, as the basic rules of the game were left intact, no matter the envigorated revolutionary rhetorics of the government. Thus, foreign direct investments into the Mexican agro-industrial sector grew from 173.8 million U.S. dollars in 1960 to 917.3 million dollars in 1979, of which the share of food products rose from 43.4 million dollars to 531.2 million dollars, respectively (Astorga Lira 1985, 67).

The internationalization process was linked to the industrialization of the agro-food sector. During the 1960’s the proportion of agricultural production directed for further processing grew from 25 percent to almost 44 percent of the total in 1970, or, to put it otherwise, in the period 1960-1975 the Mexican food processing industry grew on the average 8.4 percent annually (Teubal 1987, 340). Most of the foreign capital invested in the Mexican agriculture went to the processing industry, not to basic production, which is understandable from the profit-making point of view: the more processed, the more added value a product brings. Consequently, the growth has been most rapid in ”luxury products”, products that are more processed, relatively more expensive but nutritionally poorer (e.g., products like potato chips and other snacks, biscuits, pasta, mayonnaise, soft drinks, etc.). As Teubal notes (1987, 342), the new Mexican food industry has been oriented to follow the consumption patterns of the advanced capitalist countries and towards the higher income strata of the Mexican people.

However, direct production has by no means been left untouched by the advance of international agrarian capitalism. The growing tendency of vertical
integration has directed the interest of agroindustry both "upstream", that is, to
direct production, and "downstream", to distribution and marketing even at
retail level in shops and restaurants. Even if agroindustrial enterprises do not
undertake the actual task of direct production, they do, in many cases, control
and influence the production process by contract farming or by means of their
position as a monopoly buyer of the product. An extreme example of such
monopoly position is tobacco: in the 1980’s, two companies, affiliates of two
major transnational tobacco companies (BAT and Philip Morris), controlled 99
percent of tobacco sales in Mexico (Teubal 1987, 347). Until the early 1990’s,
direct ownership of agricultural land in Mexico was restricted to Mexican
nationals only, making the use of contract farming or a share in a Mexican
farming company the options available for foreign capital, but since the
December 1991 reform to Article 27 in the Constitution and the deregulation of
property rights restrictions brought by NAFTA, direct production is now open
for transnational companies, if only deemed profitable enough.

Also, the growing tendency of horizontal integration - meaning that TNCs and
large national conglomerates expand their operations into several sectors and
lines of production - has extended the influence of a single company, usually
through affiliates with distinct names, simultaneously over a great variety of
related and unrelated products. Expanding operations both within a sector and
across sectors is, of course, open to both domestic and foreign capital, and the
former may have some competitive edge by knowing the markets and suppliers
and sharing the business culture, but the general lack of capital in the Mexican
agrarian sector facilitates the expansion of the latter. The lower overall costs of
production on the Mexican side have also been a pull effect for bringing in new
foreign capital. Under the present free trade regime, taking up direct production
in Mexico can be lucrative for those U.S. companies that already have some
processing industry based on agricultural products on either side of the border;
by combining direct production and processing they may seek to strengthen
their market position in the whole NAFTA area. For sure, international
agribusiness may bring capital to the Mexican agrarian sector, but, to the extent
it will only replace domestic Mexican capital from the sector, it is a zero sum
game, and, to the extent it would domesticate the revenues abroad, it can result
in a negative balance for Mexico.

During the 1970’s, before the debt crisis, the Mexican agrarian sector was
already heavily penetrated by foreign capital. In the early 1980’s, 130 foreign
companies, with over 300 individual plants, controlled many key agro-food
sectors in Mexico: e.g., instant coffee, soft drinks and juices, snacks, milk
products, chicle, animal feed grains, canned food, bottled salsas, wheat flour
based mill products, processed fruits and vegetables, baby food, tobacco, meat
products, to give a selection. Of these companies, 33 belonged to giants that were among the 100 largest agroindustrial conglomerates in the world (Astorga Lira 1985, 66-67; Teubal 1987, 340-341). Although the interest to invest in Mexico was reduced in the 1980’s, there is no reason to expect that the presence of foreign capital in the Mexican agriculture has, until now, diminished from those figures, given that former limitations for investment, profit domestication and monetary transactions in general have been lifted in the 1990’s. For sure, there has been a parallel trend towards the concentration of capital among domestic Mexican agro-food companies: companies like Grupo Industrial Bimbo, La Moderna, or Gruma are huge conglomerates with an accelerated record of fusions and acquisitions, and they have also turned into TNCs by expanding to Central America, South America and the United States (Chauvet & Luz 1999, 747-753).

Direct production has been internationalized also from another direction: a significant proportion of the productive inputs is being controlled by foreign capital, especially those of seeds, agrochemicals and machinery. With the exception of a few basic crops (maize, beans, rice, and to a lesser degree, wheat) most of the seeds used for commercial annual crops are hybridized varieties either imported or produced in Mexico by the affiliates of TNCs. For example, almost a hundred percent of the two most important animal feed grain seeds (sorghum, alfalfa) and a major part of cotton, vegetables and spices like cardamon and a half of wheat seeds are provided by international agribusiness. And since commercialized seeds are hybrid, they need a higher input of agrochemicals (pesticides, insecticides, fertilizers, etc.), of which again a considerable share is provided by foreign companies or their Mexican affiliates. Of machinery and equipment, the foreign control is less marked and varies from sector to sector but is still notable, say, from tractors to chicken incubators and milking machines (Astorga Lira 1985, 64-65).

In the 1990’s, two of the most expansionist product categories in the Mexican agro-food sector have been those of fruits and vegetables, especially those grown for the U.S. winter season. For instance, the exports of vegetables and fresh garden products (like strawberries), excluding tomato, grew from 489 million dollars in 1991 to 929 million dollars in 1995, and tomato exports from 395 million dollars in 1993 to 586 million dollars in 1995 (Cervantes González 1996, appendix 3). It is in these products that foreign capital has also been very active. In the early 1990’s, of the estimated 100 000 producers of fruits and vegetables 22 000 were producing for export and among those a group of 50 companies, mainly foreign with a few national ones, were controlling a major share of the exports (Paz Sanchéz 1995, 125).
It is evident that the internationalization in the fruit and vegetable sector has contributed to the separation and logistical differentiation of domestic and export branches of the sector and to the division of the export branch itself into a great many small and a few really big "players". Then, as the producers, big and small, are very dependent on the foreign-controlled productive inputs in seeds, crop varieties, technology and marketing, the idea of a purely Mexican producer in this sector is somewhat deceptive, as noted by Sanderson (1990, 87). And, as fruits and vegetables are previsaged to be among the top winning products in Mexico under the free trade regime (see below), the ultimate winner, any way around, is proned to be the international agribusiness.

Sorghum and Dairy Products: Cases of Foreign Control

The history of sorghum in Mexico is a prime example of the surge of a previously unknown, imported crop variety, highly internationalized from the beginning (the history is neatly traced in Barkin 1991, 44-51). Test cultivations of sorghum started in 1944 as a joint effort of the Rockefeller Foundation and the Mexican Ministry of Agriculture, with the objective to introduce an alternative crop for dry marginal lands where the yields of maize were low or frequently lost because of drought, to which sorghum is more resistant. However, the breakthrough of the new crop did not come about until the late 1950’s, responding to the growth of meat production: unlike some other old world varieties of sorghum the variety grown in Mexico is not consumable by humans, solely by animals. From 1965 to 1980, the area of sorghum cultivation grew by 13 percent annually, compared to the expansion rate of 1.5 percent for all cultivation. In 1989 the total area of sorghum production was 1.5 million hectares, an area second only to maize (around 6 million hectares), that is, more than those of wheat or beans.

The productivity of sorghum grew even faster, with a rate of 18 percent per annum: the average yield per hectare is about 40 percent higher than that of maize. Although the price per ton is lower than that of maize, the crop value per area unit remains higher for sorghum, making it a lucrative crop. In the 1960’s and 1970’s the guarantee price system of the government also favoured the adoption of sorghum cultivation. Sometimes even external socio-economic conditions have favoured sorghum over maize: sorghum is not susceptible to ”midnight harvesting”, i.e. to theft, as is maize - a factor of real significance in the northern frontier regions where hundreds of thousands of illegal immigrants cross the border each year. For the agribusiness, sorghum is a gratifying crop also for the fact that it is easily mechanized and requires relatively little labour. It is no wonder then that, in the end, at least 35 percent of sorghum is grown on
irrigated land, thus crowding out these most productive lands from crops for human consumption.

Despite the voluminous growth of sorghum production in Mexico it has not been sufficient: in the 1980’s a half of the demand was satisfied with imports from the United States. The ever-growing demand of sorghum has reflected the equally rapid growth of cattle, pork and poultry industries in Mexico. Combining the area used for feed production with that of cattle ranching gives the figure of 64 percent of the agricultural land being dedicated to meat production. However, the economic crisis of the 1980’s reduced substantially the capacity of the poor to regularly include meat in their diets, this meaning that sorghum production, sorghum importation and meat products industry serve to satisfy the consumption needs of only a part of the population (middle and upper classes). And while sorghum is an exceptional novelty crop in the sense that it is not being exported, it is nevertheless exceedingly internationalized and a good example of a product linked to the vertical integration: TNCs (like DeKalb, Pioneer, Asgrow, Northrup-King, Anderson Clayton, Ralston Purina, and others) supply all the hybrid seed needed, control most of the production of packaged, balanced animal feeds, and participate actively in the meat production and in the processing industry of meat products.

In the 1990’s, the importation of sorghum, mainly from the United States, has increased substantially from the previous decade. In the period of 1985-89, the average annual value of sorghum imports was 173 million dollars, in 1990-1994 the average was 402 million dollars, a figure second only to soya bean imports, also used as animal feed, and more than the value of maize imports in the same period (calculated from the figures in Rodríguez & Suárez 1998, 251). Although imported in massive quantities, sorghum was not considered a sensitive crop for Mexico in the negotiations for NAFTA, and the existing tariffs for importation were eliminated at once with the vigour of the agreement. Behind the decision was the official interest in promoting cattle ranching in Mexico (Yúnez-Naude 1998, 113). Thus, the existing pattern of internationalization and vertical integration in the case of sorghum was greatly fortified with NAFTA: the TNCs operating in the Mexican animal feed and meat industries can now import their basic raw material more freely and more cheaply. And I would suspect - though I have no hard facts on it - that in most cases the sorghum imports by the TNCs are from their own mother companies in the United States.

Another case, somewhat similar to the sorghum, is the dairy product sector, one of the most internationalized and vertically integrated agroindustrial sectors in Mexico, despite the fact that the products are consumed in the domestic markets. The production of powdered and condensed milk is almost a hundred
percent controlled by a single company, Nestlé (since 1985, when Nestlé purchased its main rival, Carnation). Both these products have relatively more importance in Mexico than in the industrialized North. Condensed (canned) milk is widely consumed by poor people with no refrigerators, and powdered milk is the most important raw material for further processed dairy products because it is cheaper than fresh liquid milk and because the supply of the latter is in any case inadequate. In order to satisfy the demand, Mexico has been a net importer of powdered milk from the United States; in fact, Mexico is the number one importer of powdered milk in the world (McDonald 1995, 15).

Curiously enough, in the North American Free Trade Agreement powdered milk was classified as one of the three most vulnerable products for Mexico, along with maize and beans, thus being granted a long transition period to total free trade. A tariff rate quota of 40,000 tons was set for the imports, corresponding to the average annual imports of the immediate pre-NAFTA years, and then the quota shall be raised by 3 percent each year, until after 15 years the imports will become completely free of tariffs. In effect, then, what was given special protection under this NAFTA clause was not domestic but foreign capital (in this case Swiss) controlling the production of powdered milk in Mexico. In addition to powdered milk, of all other dairy products only cheese production has a transition period of up to ten years before the imports become tariff free.

Consequently, the small producers of fresh liquid milk have been exposed to falling producer prices and to the competition of tariff-free imports from the United States. In the first year of NAFTA, in 1994, there were incidents of attacks on U.S. milk tanker trucks by the aggravated Mexican milk producers in the border regions of Tijuana and Juárez, reflecting the plight of the Mexican producers (McDonald 1995, 17). Actually about 36 percent of the liquid milk consumed in Mexico is imported. Already the production of liquid milk is highly polarized between specialized producer companies, with high inputs of imported technology (from milking machines to freezers) and with high-yielding, "hybrid" cows, and small producers with no sophisticated technology and with "traditional" species of cows: the former have 33 percent of cows but produce 70 of the milk. Small producers and even some of the specialized companies cannot compete for long with the more capitalized, streamlined and subsidized U.S. milk production. Even of these companies only the strongest will survive. At the present, there are 108 pasteurizing companies in Mexico, but the bulk of the pasteurized milk production is controlled by only six major companies, four of which belong to TNCs and two are national giants. Also, there are nearly 1,400 companies producing cheese, cream and butter, but a major share of the production is again controlled by a few giants, TNCs
(Chambourcy, Kraft, Chipilo) and nationals (Nochebuena) (Carmen del Valle & Álvarez & García 1996, 454-455).

**Biotechnology and Agriculture**

Recently, the surge of biotechnology has accompanied the internationalization in agriculture. Forming a kind of ”second wave green revolution”, the full implications of biotechnology are not yet apparent. What is obvious though, is that those implications are different in developed and in developing countries. A positive view stresses the new opportunities offered by biotechnology for the Third World agriculture (in areas like energy production with biomass gas and fermented combustibles, or in food, feed and forestry production with micropropagation), but there are also reasons to believe that the benefits of biotechnological innovations do not reach the small farmer in a Third World country. Biotechnology enhances the dependency of the Third World agriculture on the technology imported from industrialized countries, increases the concentration of agroindustry and of rural landed property, benefits mostly large companies (and of them, especially the TNCs) and fortifies the existing pattern of agriculture which depends on credit, machinery and agrochemicals (Casas & Chauvet 1996).

The example of sugar production reveals the complexity of the issue. Presently, there is pressure in the United States to export maize-based fructose and other cane-sugar substitutes (like aspartam) to Mexico, mainly for the soft drink industry, which in the United States has already had its ”light choice” revolution in the consumption patterns, while the Mexican sugar-mill industry and cane-growers are, understandably, pressing against such imports. For the time being, the free trade agreement grants a few years of protection for the Mexican sugar producers, but the U.S. agribusiness is pressing for a more rapid opening (not only the producers of sugar-substitutes but also the cane-growers of Florida). The situation is further complicated by the strong presence of the Coca Cola and Pepsi companies in the Mexican sugar production, as they have interests to protect both ways (Casas & Chauvet 1996, 841).

Perhaps the greatest threat to developing countries is not biotechnology as such, but the emerging trend of the exclusionary privatization of biotechnological knowledge: the more internationalized and technologically complex agro-food production has grown, the more strict and binding the quests for intellectual property rights have turned. There is an exceptionally strong current seeking to control and commoditize the use of transgenic plant species and other organisms. The GATT resolutions of December 1993 called for the signatory countries to adopt international intellectual property rights regime on plants and
micro-organisms, this meaning that countries would deliberately restrict the hitherto free use of hybrid plant species and organisms and accept those becoming patented and licensed under the threat of economic retributions. The most active proponents of these enlarged property rights have been TNCs, whose research and development departments have the ampest capacities to produce new, modified and better sub-species of cultivated plants. Thus, somewhat paradoxically (which, of course, it is not), the most ardent protagonists of free trade are at the same time the most ardent protagonists of a more regulated and protected international commerce in this field. The World Trade Organization (WTO), founded to press and guide countries to adopt and enforce the GATT resolutions, has taken the intellectual property rights issue as one of its top priorities.

The effort of the TNCs has had some success: e.g., in October 1992 the U.S. Patent and Trademark Office granted the first species-wide patent ever to a single company, when U.S. based Agracetus, a subsidiary of the agroindustrial giant W.R.Grace, was granted a patent on all forms of transgenic cotton. In March 1994 the same company was granted a patent by the European Patent Office on genetically transformed soy-bean. The implications of this trend for developing countries are far-reaching. First of all, such species-wide patents are representing a threat to world food security, as they are steps towards monopolies over food crops. They also tend to discourage biotechnological research and development that is being carried out in public sector research institutes, especially in the Third World. What is more, such patents do not allow farmers to save seeds from these hybrid species for the next crop cycle without license payments, as it has been done routinely with open pollinated crops, like cotton and soy-bean. No wonder then that India, the third largest producer of cotton world-wide, has refused to accept Agracetus’s patent on cotton (cf. Culture and Agriculture 1994, 23-24).

One can imagine that the consequences of this particular cotton patent can be substantial in Mexico as well. In 1995, cotton (and other vegetal fibres) as raw material and as textile products was the tenth largest category of Mexican exports, representing the value of over 1.5 billion dollars and 1.9 percent of all exports, oil and maquiladoras included. The competitiveness of Mexican cotton producers could be substantially reduced if they were prohibited to use better, gene-manipulated varieties or forced to pay license fees on their use. The cotton or soy-bean patents of Agracetus are just precedents; similar patents will surely follow. Of special importance for the Mexican peasants is, of course, maize. As the birthplace of maize, Mexico hosts an extremely varied genetic resource base of the crop: some varieties are used only in subsistence production in specific areas and conditions, some are used commercially nationwide. Peasants seem to
be aware of the benefits of their genetic resources of maize: they frequently exchange their seed varieties and often use several varieties within a single community, even on a single farm (Brush 1998, 762). The free use of such a resource base is a constant factor in the production, and the privatization of the base, or the part of it, would cause disruptions in the peasant production.105

There is yet another aspect in the intellectual property issue. Traditional peasants and indigenous peoples may possess detailed traditional knowledge (that is, genuine though not legally acknowledged intellectual properties) on plants and their uses (say, for medicinal purposes), but they lack the means and the know-how to advance their patent pendings if such an idea would ever occur to them - as they do not usually perceive this kind of knowledge as being anybody’s private property. Thus, they face the possibility of this knowledge being expropriated from them by the legal departments of TNCs. There is something fundamental in Vandana Shiva’s proposition that patent protection on this kind of intellectual property ”block a free flow of knowledge from the formal sector of the North to the formal sector of the South while maintaining a free flow from the informal sector of the South to the formal sector of the North” (cited in Grinspun & Cameron 1996, 181). As Mexico hosts the fifth largest biodiversity in the world (in terms of the amount of different plant and animal species) and a notable indigenous and traditional peasant population, this aspect may not be without real significance. In Latin America, this creation of ”knowledge monopolies” out of the reach of local people has been apparent since the 1970’s (Souza Silva 1991, 90-91).

*Agroindustrial Development and Rural Employment*

An important social consequence of the internationalization and of the agroindustrial development in general has been their negative effect on rural employment in Mexico. According to a study, there are two central processes involved that reduce the demand for rural labour: changes in crop composition and new, labour-saving technology (Wilcox Young 1993). Despite the fact that crop yields have risen dramatically in many crops and the amount of irrigated hectares has also risen, in some cases allowing double-cropping (a winter and a summer crop on the same field), employment opportunities have been reduced. In crop composition, more labour demanding crops, like maize and beans, have been replaced by crops demanding less labour, like sorghum, wheat or alfalfa; maize alone requires more labour days per hectare than double-cropping with sorghum and wheat. Yields have increased most in crops that are most easily

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105 Brush (1998) proposes a kind of ”bio-cooperation” or ”bio-prospecting contracts” between peasants and seed companies and agricultural institutions to avoid an unreciprocal ”bio-piracy” by the companies. Peasants would receive compensation for deliberately preserving genetic resources, and companies would save in costs.
mechanized. In addition, this development has not only meant low employment generation but also promoted both the temporality and seasonality of labour demand, destabilizing rural labour markets. What is more, rural employment could be further decimated by the biotechnological development, which favours large producers with more capitalized methods and offers yet new substitutes for traditional crop varieties (Casas & Chauvet 1996, 842-843).

The most recent phase of internationalization, that of free trade under NAFTA, will most likely accelerate the loss of rural employment in Mexico. Most analysts seem to agree that the labour-intensive, traditional peasant sector will be severely hit by the elimination of subsidies and by the tariff-free entry of U.S. maize, beans and wheat - hence the 15-year transition period for the first two. There are contesting views on whether there will be substantial job creation in the manufacturing sector that would offset the loss in rural jobs or whether the net employment generation in Mexico remains negative, but no one foresees growth in rural employment opportunities due to NAFTA. It all points to the conclusion that an enhanced rural-urban and/or cross-border migration will follow.

According to an optimistic view of some World Bank economists, as quoted by Wilcox Young, increased employment in the labour-intensive fruit and vegetable sector will alleviate the job loss in the maize-producing peasant sector, but even this is doubtful, as it is based on the somewhat odd premise that there is no surplus labour in Mexico at the moment, that those displaced from the maize sector are the only ones to look for the new employment opportunities. But even if fruits and vegetables do create extra employment to a significant degree, the fact that those crops are grown for export mostly in the northern states of Mexico while the majority of maize-producing peasants live in the central and southern states would make the encounter of labour supply and demand very difficult and not without high social costs involved in the necessary migration. Transforming the southern maize fields into competitive fruit and vegetable fields, in turn, would require enormous amount of new productive inputs (for transportation, storage, irrigation, machinery, etc.) and would still be impossible in most marginal lands, and not even taking into account the problem that the small average size of the peasant plot creates for the transformation. Agroindustrial capital, foreign or domestic, is in most cases not interested in such a task; investments will continue to flow to areas with an established production system of fruits and vegetables in large quantities. Also contract farming seems to favour relatively large units (cf. Wilcox Young 1995).
Apart from the employment generation issue, another facet of the agroindustrial development is its effect on the labour process itself. Earlier we discussed the idea that increasing capitalization and commercialization of production would lead, in the agrarian sector, to labour relations similar to those in the industrial sector, with Fordist characteristics, and came to the conclusion that this is not the case in Latin America. The Mexican experience seems to confirm this. In the subsector of fruits and vegetables -recently the most expanding field of commercial agriculture with very streamlined production chain (including a strive towards uniform quality, towards a "brand" ideology in packaging and marketing, etc.) - the conditions of labourers are not following the same path of "modernization". In the two leading states in horticulture, Sinaloa and Baja California, there are some 120 000 day-labourers (jornaleros) working temporally in the harvest and packaging, most of them peasant migrants, often whole families, from Oaxaca, Guerrero, Zacatecas and Durango, the labour conditions of whom could best be characterized as wild, with very few signs of any Fordist regulation. There is a marked division of labour along gender and ethnic lines, and the participation of children and women is important. The workers lack the basic social services, live in primitive barracks provided by the employers, generally with no electricity, gas or drinking water, and usually without any formal labour contracts with the employer. The wages are reduced - not always respecting the national minimum wages - and the working days are extended to 12 or, in the packaging, to 16 hours (Marañon 1997, 1001; Lara 1991, 107-110).

Contract farming, as a particular form of commercial agriculture, seem to maintain the relative autonomy of producers and thus to impose less pressure on labour processes, whether of hired or family labour; however, as evidence from Latin America tends to point out, there are many mechanisms of indirect control involved. In contract farming, for small producers, there is "a form of autonomy, but it is the autonomy of the piece-worker who must bring his/her own tools to the job" (Clapp 1988, 18-19). With large-scale producers, in turn, contract farming is in a way blurring the responsibility of the contract partner, the wholesale buying or processing company, over the labour conditions of the hired farm labourers. Since a contract is more or less fixing the future revenues of the producers from the company, there is no reason to believe that they would not try to increase their final profits by squeezing their labour costs to the very minimum. Contract farming actually enhances the non-regulated, wild labour conditions in commercial farming. I lack the knowledge of it, but I strongly suspect that many, if not most, of the jornaleros in Sinaloa and Baja California are working for a producer with a contract with a brand-owning wholesale company, US or Mexican.
Free Trade and the Mexican Agriculture

The North American Free Trade Agreement

The negotiation process for the North American Free Trade agreement was unexpectedly rapid, considering the magnitude of the free trade area in creation. The rapidness was partly due to the fact that the agenda was based on the existing Canada-US agreement, facilitating the structuration of the negotiations and offering some ready models and solutions (cf. Rosas 1993), and partly to the overall willingness of the Salinas administration to strike a deal with the United States. In fact, it was a harder task to sell the idea of the agreement in the United States than in Mexico; the 1992 presidential campaign showed that the public opinion in the United States was not so enthusiastic about the idea (most concerns were over possible job losses to Mexico), and the US Congress, which had approved the fast-track treatment to the agreement with only a narrow margin, was willing to ratify it only if it would be followed by a side agreement over labour and environmental issues (cf. Orme 1996, 78-104).

In Mexico, by contrast, there was a notable lack of open public and or political debate over the free trade issue; there were no formal hearings or consultations. The government refused to allow the issue to be discussed in the Mexican Chamber of Deputies on the basis of the constitutional interpretation that only the Senate may ratify international treaties - of the 500-member Chamber 45 percent of the seats belonged to the opposition while the Senate was almost completely (60 seats out of 64) PRI-controlled (Aguilar Zinser 1993). There was public opposition to the agreement in Mexico (most notably the body of opposing civic organizations, Red mexicana contra el libre comercio), but the opposing information on the dismerits of free trade were overwhelmed in the media by the government-sponsored information on the merits, and on the whole ordinary people knew very little of what it was all about (cf. Adler Hellman 1993). The negotiations were carried out in closed cabinets.

However, there was one non-governmental group that had access to the issues being negotiated: the private business sector, or more precisely, the upper crust of the business sector. The various sectorial business organizations and their joint council created for the purpose, COECE, had numerous meetings with the officials of the Ministry of Commerce and Industry, SECOFI (Secretaría de Comercio y Fomento Industrial), to provide information to the negotiators and to mutually agree upon the terms of negotiation to be presented, and to get feedback from authorities on issues arousing controversy at the negotiation table. The business sector acknowledged that at no times had the sector been
consulted to such an extent before the policy was made, and Carlos Arriola, a SECOFI advisor, stated that in fact the business was now brought into policy making (Bensabat 1999, 76-80).

The North American Free Trade Agreement was a logical step in the restructuration of the Mexican economy that had begun in the mid-1980’s - perhaps two steps at a time but logical just the same. It was the question of cementing the neoliberal reforms with an international commitment, making it harder for the domestic opposition to try to affect government policies. As a mere continuation of the earlier reforms the agreement actually was not changing the economy very drastically: most of the trade between Mexico and the United States was already tariff-free before the agreement and the average level of prevailing tariffs had been continuously lowered during the years preceding the agreement. Indeed, this was an argument also used by the Salinas administration in promoting the idea: if it does not change that much, there is nothing to fear.

Yet, the importance and magnitude of NAFTA is undeniable, not so much directly in trade issues as in other respects. First, it enhances the orientation and dependency of the Mexican economy on the US markets and their performance - currently about four-fifths of the Mexican foreign trade is to and from the United States. Second, in the Mexican economy the role of large companies, especially TNCs, will be further fortified at the cost of medium size and small companies. Third, it tends to affect the internal legislation in Mexico - there is more pressure to harmonize legislation to the direction of the corresponding US legislation, also in fields not directly touched by the agreement (say, in labour issues in general, in the bargaining power of labour unions, in the role of public institutions and services, etc.). Fourth, the state-civil society relationship tends to become weaker; the old corporatist model has already become obsolete and the so called ‘social sectors’ (labour unions, peasant organizations, public sector employees, NGO’s) will be losing more ground, while the axis between the state and the private business sector will be fortified.

Fifth, and perhaps most important, the agreement is providing a ”conditional framework” for any future economic policy in Mexico, reducing the alternative options in any given economic strategy. For investors then, this narrowing of the limits of economic policy is an asset as it offers a strong guarantee of security over the continuity of macroeconomic conditions, important in reducing risks in long-term investments. Analysts have described this a ”lock-in-effect”, or efecto de candado (cf. Grinspun & Kreklewich 1994; Ros 1994a). Because of this, which is both a psychological and factual reason, and because of facilitated capital transfers, it is generally expected that the growth of foreign
investments will exceed the actual new trade creation due to NAFTA. Investments that poured in during the one and a half year after the signing of the basic agreement, anticipating it becoming effective on January 1, 1994, confirmed this expectation. It is probably true that without NAFTA in sight, the record levels of foreign investment in the early 1990’s would not have been achieved, but it is also true that the entry of large amounts of investment capital is not necessarily a sign of a healthy economy. Much of the influx of capital was not productive but speculative, invested in the stock market in the hope of quick profits, which contributed to the overvalue of the Mexican peso and to the subsequent crisis in late 1994 and early 1995.

NAFTA is profoundly a trade agreement: any forms of political integration are conspicuously absent in it. It also lacks a social charter, that is, it only deals with issues understood as purely economic (cf. Rosas & Valtonen 1994). This makes NAFTA very different from the European Union process, where an all-encompassing common market area with political facets is the key objective. NAFTA is historical in the sense that it is the first free trade agreement that the United States has concluded with a developing country – not counting the one with Israel – and the first one with any Latin American country. As such, the agreement reflects both the US reluctance to advance true political integration – it neither has advanced such integration with Canada – and the special position Mexico has as a neighbour country so closely linked to the US economy. Of all US trade with Latin America, Mexico’s share is roughly a half.

In principle, the agreement is open to enlargement. There is an accession clause for other nations which do not necessarily have to be those of the Western Hemisphere, but of course, Latin American countries are natural candidates. Whether the vision of a hemispheric free trade area will ever be realized and whether it will be based on the enlargement of NAFTA are open issues (on the hemispheric aspects, cf. Valtonen 1996, and 1999). In any case, in NAFTA as it is, the weight of the United States is overwhelming in an economic sense and, to a degree politically as well; there is little doubt that in integration systems as unbalanced as NAFTA the weaker parties have to yield relatively more to the will of the strongest than the other way round.

There is no point in going deep into the contents of the agreement, but a few basic issues deserve mentioning, in order to clarify the nature of it. The abolition of tariffs (of those still in existence when the agreement came into

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106 At the time of the negotiations and signing Mexico was not yet a member of the OECD, which, in 1994, made it at least technically an industrialized country.

107 In fact, Chile has already free trade agreements with both Canada and Mexico and is negotiating one with the United States, later to be formally included in NAFTA (though the United States has shown reluctance in completing the process).
being) will be realized gradually within a general transition period of ten years, beginning from January 1st, 1994, by gradually extending the quota of tariff free entry within each product group up to a hundred percent - that is, free trade is achieved not by lowering existing tariffs but by reducing the volume of trade subject to those tariffs year by year. With some products deemed as ‘vulnerable’ for either country, the transition period is 15 years; in Mexico these products include maize, beans and powdered milk, in the United States orange juice and sugar - significantly, all products belonging to the agro-food category.

Along with making trade free of tariffs national subsidies will also be abolished. Removing non-tariff barriers of trade include the principle of national treatment: it is not allowed to put more or different requirements or licences to the products and enterprises of another member country than to national ones. Free entry for a product from a member country to another requires the rule of origin of 60 percent: a product must be made within the NAFTA area for at least 60 percent of the net value of the finished product to be eligible for tariff-free entry (in the field of automobiles the rule of origin is slightly different). There are various anti-dumping measures allowed by the agreement in cases of unfair competition, arbitrary dumping of prices and using indirect subsidies against competitors. Furthermore, the agreement provides freedom of investments and capital transfers between member countries - and if any restrictions are deemed necessary, they are to be uniform. Intellectual property rights are also discussed: the members agree to obey international and mutual agreements concerning these rights. In addition, there are also the so called parallel agreements, which were not part of the basic agreement but included in the "package" later. After the signing of the basic agreement but before its ratification, political constellations changed in the United States, and in order to get the agreement ratified at all, the new administration of Bill Clinton had to open NAFTA negotiations again in March 1993. In the "parallel" agreements that followed later that year the three countries agreed on the harmonization of labour standards and environmental legislation and on a joint environmental program on the US-Mexico border regions.

Free trade and the Mexican agrarian sector

As already mentioned, the North American Free Trade Agreement was a logical step in the economic restructuring process that followed the debt crisis. In a respective manner, the changes the agreement brought to the agrarian sector were logically linked to the previous and ongoing agrarian restructuration in Mexico. There is no doubt that the December 1991 constitutional reform to Article 27 paved way for the free trade agreement then in the midway of negotiations. Likewise, some of the critical issues in the restructuration process
- like the gradual abolishment of agricultural subsidies - were being carried on while they were still on the agenda at the negotiations.\(^{108}\) Thus, when NAFTA entered into vigour in January 1994 it was, in many respects, a formal recognition of an existing situation and a closure of some loose ends in the process set forth years before, rather than a starting point for something totally new. Yet the psychological effects of the agreement for investors, exporters and importers on both sides of the border and the diversion of trade effects (say, US importers and exporters now turning towards Mexico away from other regions) were bound to have importance for Mexican agro-food producers and companies.

The agricultural dimension of NAFTA centers around the gradual abolishment of tariffs on agricultural imports between the three countries. Between Mexico and the United States this takes place generally during a transition period of ten years (starting from 1994) and according to a system in which an initial quota of tariff-free imports of a product has been established - at the time when the agreement became effective - on the basis of average import volumes in the years preceding the agreement, and this quota is then increased by 3 percent annually until after the last year of the transition period when all remaining tariffs are abolished. With certain products designated as sensible ones, the transition period is 15 years: for Mexico, these are maize and beans, and for the United States orange juice and sugar. Due to the small volume of Mexican-Canadian trade and the fact that the two countries are not competitors in most products tariff-free trade between the two was not considered a major threat to producers. Between Mexico and Canada the transition period was non-existent or less than five years for most fruits and vegetables and ten years for other products, such as dairy products, eggs and other avicultural products, mainly chicken. In respect to agricultural subsidies, the agreement states that their use is not appropriate, but does not forbid them either; however, imports to a NAFTA country of subsidized products from any non-member country gives the other NAFTA countries the right to take counterveiling actions if they feel their exports are suffering due to those imports (cf. Secretaría de Comercio y Fomento Industrial 1992, 14-16).\(^{109}\)

Non-traditional agroexports (NTAX) - mainly vegetables and fruits in the Mexican case - are those usually accrued with most competitive edge under free trade. The annual cycle of vegetable production in the United States (and

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\(^{108}\) On the agrarian agenda in the NAFTA negotiations see, e.g., Rubio (1992, 191-199).

\(^{109}\) It is also worth adding that the agreement specifically mentions Mexican tequila and mezcal (as well as Canadian whiskey and US bourbon and Tennessee whiskey) as distinctively protected products (Secretaría de Comercio y Fomento Industrial 1992, 11). This means that the national Mexican regulations concerning tequila and mezcal are held in vigour and that similar products distilled elsewhere cannot be called tequila or mezcal, a fact that has great importance to the Mexican agave growers.
Canada as well) leaves room for corresponding Mexican production during the winter season. The ten most important products in the NTAX category, according to trade statistics of the early free trade years, have been (in order) tomato, chili pepper, onion, broccoli (including cauliflower), cucumber, zucchini, mango, chick pea, melon and asparagus. In 1996, Mexican producers had a market share of 33 percent of the tomato, 40 percent of the open air cucumber, almost 30 percent of the chili pepper, and 29 percent of the fresh asparagus consumption in the United States; of the US frozen vegetable markets Mexican producers had 51.5 percent of broccoli and nearly 29 percent of cauliflower. The relatively high aggregate value of vegetable production is obvious if we consider that the subsector held about 3.3 percent of agricultural land from 1989-1995, on the average, but generated 17.5 percent of the total value of the average agricultural production and almost 50 percent of agricultural exports during the period. In the 1990’s, about 20 percent of the total vegetable production in Mexico has been destined to exportation, and almost all to the United States (Marañon 1997, 999-1000; Schwentesius & Gómez 1997, 962-964; Schwentesius & Gómez 1998, 169-171).

However, it seems that the free trade agreement as such has not been a very decisive factor in the competitiveness of the Mexican vegetables in the US markets. It is exactly with these products that Mexican producers are faced with transition periods of 10 to 15 years, meaning that Mexican products in this category have been and will be, for many years to come, subjected to quotas and tariffs. In the agricultural season 1995/96, Mexican tomatoes still faced an average tariff of 33 percent; cucumber, 25 percent, zucchini, 19 percent and bell pepper, 52 percent. In the “tomato war” between producers in Sinaloa and Florida in 1995 and 1996 - in which the producers of Florida accused their Mexican counterparts in Sinaloa of dumping - a verdict was reached by the free trade conflict resolution authorities which set a minimum price for tomatoes in the United States; it was a solution against the basic principles of free trade. Instead, there are other factors that explain the success of Mexican vegetables. First, there has been substantial increase in yields in Mexico; from 1990/91 to 1995/96 the yield of tomato in Sinaloa increased by 50 percent, almost reaching the level of Florida, and the yield of cucumber increased by 16 percent, superceding that of Florida. Another short-term factor was the devaluation of the Mexican peso during the crisis in 1994-95. Although a considerable part of the production costs in Mexico are due in dollars (many chemicals, seeds, packing machines, etc.), the devaluation was so drastic that it produced a fall in overall production costs, especially in the price of labour. Thus, the production

110 Mexico currently exports about 60 different ‘garden’ products (hortalizas), that is, fruits and vegetables plus some spices, but the majority of the export earnings are generated by only a few products (Schwentesius & Gómez 1998, 168).
costs of tomato in Sinaloa are 24 percent lower than in Florida. Other factors which have increased the competitiveness of the Mexican vegetable exporters include changes in the commercial organization; alliances with producers in other parts of Mexico have expanded the Mexican supply side all-year-round in many products, while alliances with US producers and wholesale companies have eased marketing (Schwentesius & Gómez 1997, 970-973). All in all, the free trade agreement has had little direct impact in this subsector just because there is, so far, no free trade within the subsector.

At the time of the free trade negotiations, also Mexican cane sugar was expected to be among the winners with the coming free trade (e.g., Conroy & Glasmeier 1992-93, 17), and it was for this predicament that the agreement came to include the maximum transition period of 15 years for tariff-free sugar imports to the United States, as demanded by the latter. However, the experiences of the Mexican sugar sector during the first three years of NAFTA was not very promising. In their careful analysis, García and Escalante have shown that the sector was poorly equipped for the free trade era and that during 1994-1996 the sector was not able to adapt to the new market situation, not to speak of increasing its revenues (García & Escalante 1997). There were problems both at the cane production end and at the industrial refining end of the production chain. In the cane production, the problems were in the atomization of the production units (being mainly minifundios) and, therefore, in the high transportation costs to the mill, as well as in the poor quality of the cane (i.e. low saccharose content). In the mills, the main problems were in the obsolete machinery, in the lack of technical knowledge of the personnel and in poor management, all resulting in lower productivity (lower mill yields and higher losses in production). In Mexico, the final output of refined sugar per worker was 14 tons, compared to 77 tons in Brazil or 120 tons in both the United States and Cuba - though the final output of sugar per hectare is higher in Mexico than in Cuba and Brazil.

When these internal problems of the sector are combined with external ones, like the low world price for sugar and the enhanced competition by other sweeteners (beet sugar, fructoses, corn syrup, artificial sweeteners), the future of the industry in Mexico looks rather bleak actually. It is possible that by the year 2008, nine mills will be closed and the amount of land used for sugar production will be reduced by about 10 percent, from 550 000 to 500 000 hectares (García & Escalante 1997, 982). The industry may have potential but not without significant investments on modernization, cost reduction and quality improvement. All this may require government intervention, which, in turn, may cause friction under NAFTA regulations, if such action is interpreted as disguised subsidies by the US producers - which is not an unlikely vision.
One should also bear in mind that the NAFTA chapter on sugar also states that after the sixth year of the agreement both United States and Mexico will apply a system of tariffs and quotas with effects equivalent to sugar imported from other, non-NAFTA countries (cf. Secretaría de Comercio y Fomento Industrial 1992, 15); thus, beginning from the year 2000, the competition by other countries in the US sugar markets will be increased. Statistics for the Mexican sugar exports to the United States during the first five NAFTA years show no clear pattern of expansion (see table 5 in Appendix 1), so that so far the initial expectations on the success of Mexican sugar have not been fulfilled.

It may well be that the sugar sector cannot even satisfy the domestic demand of sugar in the next few years. An estimate, based on the assumptions that the land area dedicated to sugar (550 000 hectares) and the consumption per capita (47.6 kg annually) will remain constant, and that the average yields of cane per hectare will grow from 70 tons (as in 1995-99) to 80 tons by 2005-09 and that the industrial yield of sugar will grow from 7 tons to 9.6 tons per hectare, projects a growth of 35 percent in total sugar production during the period, and, this put against population growth, will produce a surplus by 2005-09. But if the production remains stable and more or less at present figures, taken that the reduction in land area and growing yields will roughly offset each other, then Mexico will face a deficit between production and domestic consumption needs, implicating rising sugar imports (García 1998, 236-241). There are many ifs in the scenario, the more so when it comes to increasing sugar exports; even with the assumed comparative advantages under free trade, the task is so hard that there is no safe bet on the ultimate winner.

In basic grains the effects of NAFTA so far have been what was generally anticipated, i.e. that imports would rise. However, the magnitude of the growth of imports has been a surprise: from 1994 to 1996 the imports of basic grains, with the exception of beans and sorghum, grew to record levels, from 10 million tons to 13.5 million tons. The value of these imports grew from 1 593 million dollars in 1994 to 2 952 million dollars in 1996. The greater growth rate of the value - which almost doubled - compared to that of volume of the imports reflects the devaluation of the peso during the peso crisis. Maize in particular was imported in enormous quantities: 2.2 million tons in 1994, up to 5.8 million tons in 1996, the latter figure representing some 43 percent of the record volume and 36 percent of the record value of basic grain imports in 1996 (Rodríguez & Suárez 1998, 249-251). A striking fact is that the record growth of imports took place despite the simultaneous increase in import prices. Also,

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111 As used officially in Mexico, the concept of basic grains includes maize, beans, wheat, rice, sorghum, soya and barley.
the 15-year transition period for the Mexican maize seems to have formed no major impediment or deterrent for the growth of imports.

Partly the explanation for the growth of imports of basic grains lies in the droughts that plagued the Mexican countryside in 1996, but it was not the whole truth. An important contribution to the drop in the basic grain production in Mexico was the sheer incapacity of many poor peasants to sow the usual amount of land or anything at all, due to the combined effect of the lack of short-term credit and the sudden rise of input costs (imported seed, fertilizers, etc.) due to the devaluation of the peso. Simultaneously, in early 1995, the coefficient of the nominal protection fell below 1.0 in maize, sorghum and wheat, meaning that the national producer prices paid for these crops were now below the prices paid internationally (cf. annexes 12 and 13 in Rodríguez & Suárez 1998). The record levels of imports in 1996 were, of course, rationalized and justified by the gap between domestic production and domestic consumption needs, but they also acted as a strong disincentive to domestic production. With maize and beans the quotas set by the free trade agreement for tariff-free entry - 2.6 million and 53 000 tons, respectively, were more than doubled, and what is more, in the case of maize, no tariffs were levied on the part exceeding the quota, even though this was supposed to be the cornerstone of the transition to total free trade and maize was one of the three most vulnerable products for Mexico (Rodríguez & Suárez 1998, 247-248).

Had even a part of the non-collected tariffs on maize imports exceeding the quota - estimated at close to 550 million dollars (Rodríguez & Suárez 1998, ibid.) - been given in anticipation as short-term credits to peasants or used to subsidize the producer price, the need for imports would surely have diminished, and the tremendously negative balance of trade with maize would have been much smaller. Instead, the government choose to leave the producers on their own and subsidize the consumption as had become customary from the late 1980’s: the consumer price of tortilla and masa de harina were kept low with heavy subsidies. For the year 1995, the total consumption subsidies for maize were estimated at over 4 700 million pesos (Ferrer 1996, 42). It makes sense to keep the consumer price of a basic necessity low at times of severe economic recession, but the way the subsidies on tortilla were allocated raises some criticism. While the number of beneficiary families entitled to receive one kilo of subsidized tortillas daily was raised to 2.8 million through the Solidarity program, a yet larger amount of money was directed to the mills making the maize flour needed to make tortillas. While the actual cost of a ton of maize was calculated at 1235 pesos (of which the producer received 815 pesos), the mills only paid 275 pesos per ton in the metropolitan zone of the capital and 475 pesos elsewhere. Not only did the mills enjoy a fool-proof system for profit,
they could also make extra money by speculation: the mills in the capital bought maize at 275 pesos per ton and sold it to mills elsewhere in the country or to companies making balanced animal feed (Ferrer 1996, 43-45).

For the agricultural cycle of 1998/99, it was estimated that the area sown with basic grains would be over 9 percent smaller than in the previous year, and most of the drop was accrued to maize production (a drop of one million hectares). The total production of maize was thus expected to be about 16.3 million tons, as compared to 18 million tons in the previous cycle. As in some basic grains (beans, sorghum) there were expected to be production increases, the total drop in the production of basic grains was not expected to be so great as the reduction in production area would suggest, but a drop nevertheless. The plight of maize in particular inspired the CNC-affiliated union of maize producers, Unión Nacional de Productores de Maíz, to petition the Ministries of Agriculture and Commerce that the free trade agreement be revised and maize excluded from it, as it had been disadvantageous for Mexican producers. Interestingly, the petition was joined by CNPR (Confederación Nacional de Propietarios Rurales), also a CNC-affiliated organization of mostly private commercial farmers, although a spokesperson of CNPR admitted that the suggestion is difficult to carry out. This is a clear indication that the problems of maize production under the free trade regime are not just those of the poorest peasants but cut across the whole subsector.

Various estimates have been presented over the number of people facing dislocation from agriculture due to the worsening conditions of maize production because of free trade, ranging from 700 000 to 15 million; De Janvry, Sadoulet and Gordillo dismiss all these as over-estimations (1995, 1350-1351), basing their prediction on their findings that almost half of the ejidatario maize producers (in their sample based on 1990 information) did not participate in the markets, that is, did not sell their maize, and, consequently, according to their reasoning, about half of the ejidatario maize producers are thus little affected by the drop in the market prices. The reasoning, however, in my opinion, is not wholly accurate. The low market participation is, in itself, a result of the market conditions, and no doubt many maize producers who are not selling their produce to the markets are just struggling along to see where the markets are developing to; a finding that the prices are declining even more may be the final touch on their anticipated but postponed decision to abandon agricultural production for good. Also, declining prices of maize may affect negatively the price of marginal agricultural land, on which mainly maize production is possible, reducing the capital assets of maiceros. And more,

113 Cf. La Jornada, October 4, 1998.
declining prices and cheaper imports are bound to affect the credit chances of all maize producers, even of those participating in the markets; it is not at all sure that all can make a successful transition to other crops. It is an oversimplified view that free trade conditions will affect only the market-oriented maize producers, and, because of the relatively low market participation rate of maiceros, the effects will not be of major importance.

During the agricultural season 1993/94, coinciding with the onset of NAFTA, Mexican agro-food exports to the United States grew only by 4.1 percent from the previous season, while the US agro-food exports to Mexico increased by 23.7 percent, producing a trade surplus of almost 1.7 billion dollars for the United States within the sector in 1994. This was, among other things, due to the overvalue of the peso, which made it difficult for the Mexicans to build on the comparative advantages they might have had. With the peso crisis, the pattern was turned the other way round: in the 1994/95 season, Mexican agro-food exports to the United States grew by 27.8 percent from the previous season, while those of the United States to Mexico diminished by 24.7 percent. The drastically devalued peso now made Mexican exports much cheaper, and as the domestic demand was curtailed because of the drop in real incomes producers also had more to export. For the year 1995, the result was a trade surplus of 260 million dollars for the Mexican agro-food sector (de Janvry & Sadoulet 1998, 20-21). Yet, however, the Mexican agrarian sector was unable to use the new potential of NAFTA and the devaluation of the peso to the full extent: in 1995, it was only with tomato, eggplant and onion that the tariff-free quotas to the United States were used to the maximum allowed; with other products the quotas were unfulfilled or left totally vacant: with chili pepper only 27 percent of the respective quota was used, 41 percent with watermelon, 0 percent with cotton, etc. (de Janvry & Sadoulet 1998, 28).

Overall, the terms of trade of the Mexican agriculture deteriorated during the early free trade years. While the relative prices of agricultural products in general rose during the first two years of free trade, indicating better producer prices (from 138.75 in 1993 to 157.68 in 1995, against the index figure of 100 in 1980), the relative prices of input products - fertilizers, seeds, etc., much of which were imported - rose even more (from 135.84 in 1993 to 180.51 in 1995).

114 Interestingly enough, the diminishing US agro-food exports to Mexico in 1995 did not show a decline in basic food crops, but mainly in meat and processed foods, indicating the dependence of the Mexican population on imports in their basic dietary staples. In fact, the imports of US wheat and rice increased substantially during the season (58 and 45 percent, respectively) and that of maize remained stable (de Janvry & Sadoulet 1998, 20-21). All this is implying that there was a shift from meat and more expensive processed foods to cheaper basic crops among the Mexicans because of the crisis. And then, in 1996, the basic food crop imports from the United States sky-rocketed to record levels, as already discussed, implying not only the plight of poor Mexicans in building up their daily meals but also the acute problems (financial mostly) of the Mexican producers and the heavy subsidies directed to the consumption to keep the price of maize low.
This resulted in a drop in the terms of trade between producers prices and input product prices: the ratio between the two was 102.14 in 1993, 100.18 in 1994, and 87.35 in 1995 (against the index figure of 100 in 1980). With basic grains the terms of trade deteriorated even more: free trade seems to have accelerated the long-term downward trend of the relative prices of basic grains. Again, against the index of 100 in 1980, the relative price of basic grains was 84.66 in 1992, 79.05 in 1994, and 65.29 in 1995; against the prices of agricultural inputs, the terms of trade of basic grains dropped from 58.19 in 1993 to 36.17 in 1995.

In the same vein, the agricultural trade balance of Mexico under NAFTA does not show signs of any stable improvement; so far the evidence of trade statistics point to the opposite. During the first five NAFTA years (1994 to 1998), the only year with a positive balance in agricultural trade (including animal husbandry and fishing) was 1995, the year of the peso crisis when all Mexican exports gained from the devaluation. When the effect of the devaluation wore out, the balance again turned negative (see table 3 in Appendix 1). One is tempted to say that free trade has actually cemented Mexico’s long-term negative agricultural trade balance instead of breaking it, against what the advocates of free trade had assured. Yet in the official parlance, the development of the Mexican agrarian sector under free trade has been portrayed as a success story. In a recent article José Casco Flores, the Subsecretary (Subminister) of Planning at the Ministry of Agriculture (Secretaría de Agricultura, Ganadería y Desarrollo Rural, formerly Secretaría de Agricultura y Recursos Hidráulicos), claimed that the growth of exports of both the agriculture (including animal husbandry and fishing) and the agroindustrial (processed food, beverages, tobacco) sectors had been superior to the imports of the corresponding products during the period 1993-1997 (Casco 1999, 364).¹¹⁵

¹¹⁵ In the original: "En especial, destaca que el aumento de las ventas externas, tanto del sector agropecuario como del de alimentos, bebidas y tabaco, haya sido superior al de las importaciones en el mismo lapso [1993-1997]" (ibid.).
Peasants and Markets

In order to better see the consequences and reflections of the forces at play at national and global levels on peasants it is worthwhile to look at the development within some agricultural sub-sectors. Agricultural production is not a uniform category, in which all lines of production meet the same restraints and all producers react in a similar fashion to these restraints; although peasant production is always the subordinate segment in each sub-sector, the experiences of peasants across sub-sectors are greatly different - say, those of basic food producing peasants as compared to peasants producing export products. We shall take here under closer scrutiny three subsectors as examples: maize, coffee and sugar production. Maize because it has been and still is the single most important peasant crop and the main subsistence crop although also produced by commercial producers; coffee because it is an old commercial crop, yet produced to a considerable degree on small and medium-size family plots; sugar because - while also being an old commercial crop - it is produced predominantly on ejidos, some of which are quite large and some even of the collective type. The vertical linkages of the three products to the rest of the economy - to markets and respective processing industries - are also different.

Maize: The Broken Backbone of Peasant Farming

In the late eighties, from 1988 to 1990, Mexico was the second highest producer of maize in Latin America, after Brazil and before Argentina, with an average annual total production of 12.1 million tons; however, while Brazil was self-sufficient in maize and Argentina could export more than it consumed, Mexico had to import on average 3.7 million tons of the crop annually during that period (Hibón et al. 1993, 312). Of course, the explanation to this discrepancy lies partly in the excessive use of maize in the basic Mexican diet (raising the domestic consumption per capita), but then, one may ask, why is it that such a basic crop is not produced domestically in sufficient quantities? There is no mystique in the answer: maize is a low-value crop for large commercial farmers, as compared to many other crops, and, if the producer price is not heavily subsidized, there is no sense in dedicating the best lands for such a crop and even with subsidies for maize, other crops (especially non-traditional export crops) may offer more profit. And for peasants, things other than prices may also act as disincentives to plant maize above their own consumption needs: lack of cash for seed and fertilizer and deterioration of local markets, to name some.
Maize has always been and still is the peasant crop, grown mostly on rain-fed lands from tropical lowlands to altitudes of about three thousand meters, often on deep slopes where other grains, sown on the soil surface, would be easily washed away or burned by the sun. Maize is also an ejido peasant crop: most ejidatarios do produce maize, solely or along with other crops, and most of the total maize output is produced on ejido lands. In 1991, there were 2.4 million rural producers who produced maize, and of these 90 percent had plots smaller than 5 hectares; the amount of maize produced on these small plots was still double the volume of imported maize (Appendini 1994, 145). Also when other, higher-value but more risky crops are cultivated by peasants, a small area reserved for maize is a life insurance and a guarantee against the total failure of the main crop. For peasants with little or no reserve capital in case of crop failure, limited capital for more expensive input products of other crops, low-producing lands in general, and being, with commercial crops, at the mercy of brokers paying below market prices, maize can still be a prudent choice despite its low market value or otherwise adverse market conditions.

As mentioned, from the 1940’s to the late 1960’s total production and average yields of maize grew rapidly, the former by over four times and the latter by almost two times. I also mentioned that most of the incentives provided by the state went to large commercial farmers, partly explaining the overall growth of maize production, although most of the maize was and has been produced on rain-fed land in the central and southern regions. I have also discussed how food self-sufficiency was lost in the 1970’s, resulting in growing imports of maize. The loss of self-sufficiency in maize production led to increases in the guarantee price, and maize was relatively well subsidized, compared to other crops, in the seventies and most of the eighties, as well as the input products needed in maize production. Part of this relative ”well-being” of maize production reached also peasants who could produce enough surplus maize for sale to the markets, and especially due to the extension of CONASUPO’s activities in the seventies and during the SAM-program (see pp. 00).

The favourable price trend continued until 1987, after which the real price of maize went down, even below the 1970 level. In June 1989 the government announced that all other guarantee prices, except for those of maize and beans, would be eliminated, but this did not result in an expansion of maize production - nor was it the target of the government either (elimination of subsidies in general was the target, but with maize and beans this could not be done immediately due to high political costs involved). In 1990, the internal guarantee price for yellow maize was about 50 percent higher than the average

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116 In the period 1987-1990, 63 percent of the total maize production was produced in only six states: Jalisco, México, Chiapas, Guerrero, Michoacán and Puebla (Hibon et al. 1993, 314).
international price of imported yellow maize (Hibon et al. 1993, 316). In spring 1992, the internal price for maize was still calculated to be 27 to 69 percent above the international level, the final percentage depending on the type of exchange rate and adjustments according to quality (Salcedo & García & Sagarnaga 1993, 303-304). This apparently positive fact did not help many small producers, as in real terms the internal price had weakened, and especially against those of seed and fertilizers. With declining returns and growing input costs many small producers returned to produce for their subsistence only, not for sale. Yet, as Hibon et al. note, given the constant deficit between domestic production and consumption of maize, without the subsidies imports would have been even much more higher (1993, 316). Then, during the years preceding the free trade agreement the guarantee price for maize came closer to the international price, until, with the free trade agreement in vigour, was finally eliminated, which resulted in the expected growth of imports, as shown when discussing the impact of free trade on agriculture.

A diacronic study on small producers of maize show that peasants are not insensitive to market oriented incentives and to changes in the market but adjust their economic activities in general and their participation in the markets according to the situation. The peasants in the study in question were those participating in the state-sponsored Puebla Project, initiated in 1967 to raise the production and productivity of small producers in the Puebla Valley by improving their access to high-yielding seeds, agrochemicals, technology, credit, insurance, information and to markets (through direct sales to CONASUPO). Whether or not the Puebla Project was a success is not the issue here (it did raise the average yields of participants above the level of non-participants but also input costs), but how peasants responded to the changing conditions is. In 1967, before the project, the initial survey revealed that 41 percent of the incomes of farm families in the region were derived from non-agricultural activities, 30 percent from farming and 28 percent from livestock. Improved yields and more attractive prices of maize then increased the interest in agriculture, so that in 1970 only 28 percent of incomes were from off-farm sources, 36 percent from farming and 30 from livestock. The prices paid by CONASUPO and other external conditions were relatively favourable all throughout the 1970’s, allowing the majority of the households to generate most of their incomes from farming. The situation changed again in the 1980’s. In 1982 the harvest was bad because of climatic conditions, and the off-farm income share rose to 50 percent; after that, agricultural incomes never again reached their previous share of total incomes. Although the guarantee price of

117 Throughout the eighties there had been a growing tendency to subsidize the consumption of maize (in the form of tortillas or masa de harina) rather than its production, resulting in the creation of a special system of tortibonos, by which poor families could receive up to one kilogram of tortillas per day free (on this, see the excellent analysis of Appendini 1992).
maize remained relatively high in real terms until 1986, the net returns from maize production were low, and peasants began to abandon the adopted modern technology, revert to subsistence farming and withdraw from the markets. By 1989, only 18 percent of the incomes of the surveyed families were derived from agriculture and people were counting more and more on the monetary support of family members engaged in wage-labour (Díaz 1994).

In the Puebla Valley, the retirement of peasants from producing maize for sale had important consequences for local maize markets. The supply by peasants for CONASUPO warehouses was reduced, sometimes down to zero, as the smaller surplus amounts that were sold were sold to private intermediaries who now paid a bit better than CONASUPO, the guarantee prices of which had fallen in real terms and as the scarcity of maize had taken the local market price up. The CONASUPO retail outlets, in turn, started increasingly to sell imported US maize for those local consumers not producing maize or not producing it enough for their consumption. The entrance of this cheaper imported maize, increasingly from 1986 onwards, reduced local neighbour-to-neighbour maize trade, which was a further disincentive for peasants to produce maize for sale (Díaz 1994, 51-52). One may suspect that similar developments in local maize markets, resulting in virtual shortages of local supply, have taken place in other regions as well, giving a grass-root level explanation of the forces behind the expansion of maize imports - this view is supported by Hewitt de Alcántara (1991, 968-969).

In a sample of 2,968 ejidatario (and comunero) producers in three states (Michoacán, Sinaloa, Veracruz), based on the 1990 national ejidal survey, De Janvry, Sadoulet and Gordillo (1995, 1351-1353) found that the share of households who do not sell their maize to markets (but consume it by themselves) was high: 51.5 percent among the Michoacán ejidatarios (of 1,224 households), 64.3 percent in Sinaloa (of 291 households), and 41.1 percent in Veracruz (of 1,453 households).118 Of the total sample, 1,554 households sold maize and 1,414 did not. The household assets of the group who sold were generally higher than of those who did not sell (in to land area, in the share of irrigated land, in truck or tractor ownership), and the use of choacán, 6.4 persons against 5.3 persons in the seller group), as well as the average number of adults per family working for wage (in Michoacán, 0.4

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118 The ‘seller’ category was first ‘purified’ by transferring households who produced maize less than the amount of their own consumption (based on the average consumption figures by adults and children), but yet reported selling it, to the category of ‘non-sellers’; these families sold their maize for the higher guarantee prices and then bought the maize they consumed at inferior, subsidized consumer prices (De Janvry, Sadoulet & Gordillo 1995, 1351). Apart from the issue discussed here, one cannot but acknowledge the everyday prudence - one is tempted to say street-wiseness, if it was not so inappropriate in the rural context - of peasants, taking the best out of the system.
against 0.25 in the non-seller group); the larger family size of non-sellers is a contributing factor to the non-selling status, due to larger consumption needs, and the higher share of wage-labourers is probably partly a function of the larger family size (as well as of the smaller land areas). Non-sellers also had relatively more cattle (the average number of heads of cattle of non-sellers against that of sellers was 4.4 against 4.3 in Michoacán, 4.1 against 2.6 in Sinaloa, and 4.3 against 4.8 in Veracruz), implying that with some non-sellers a part of their maize production went to animal consumption and because of that did not reach the markets.

The study of De Janvry, Sadoulet and Gordillo (1995, 1356-1359) reveals that among maize producing ejido peasants there has been a process of differentiation at work. Not only do the producers differ according to their participation or non-participation as suppliers in the maize markets, but within both groups there is important inner differentiation as well. The non-seller producers can be grouped into three categories: traditional (whose maize production is less than 1.25 times their predicted needs for human consumption), traditional with livestock (whose maize production is more than 1.25 times their human consumption needs and yet do not sell), and non-sellers with diversified crop production (more than 25 percent of their land is dedicated to non-traditional crops). The sellers can be grouped into two categories: traditional sellers and sellers with diversified crop production. Thus, within non-sellers and sellers alike, there are traditional, mono-cropping producers and those with substantial other production activities along with maize. The most critical factor in the diversification of maize producers into other activities seems to be local marketing conditions (availability of purchase points and contract sales), and other factors include access to credit, membership in marketing organizations, and access to trucks, tractors and other equipment. A conclusion of the research team is that, because of this diversification, the maize producers primarily affected by the downfall prices of maize and other changes in the market conditions of maize due to free trade are the traditional, non-diversified producers in the seller category. This is obvious and logical, but I would not dismiss the effects of deteriorating markets on the other types of maize producers so lightly.

119 It may well be that the non-seller and seller households would reflect a difference in the average ages of the family cycles, the former being younger, at the peak of their consumption cycle, and the latter being, on the average, slightly past the peak (with relatively more adult members having formed their own families and/or migrated permanently out of the community). It is a pity the study of De Janvry, Sadoulet and Gordillo does not take this aspect into account.

120 The importance of marketing conditions for the decision of maize producers to expand production activities into non-traditional fields is yet more proof against the dual economy and articulation thesis: that even among the most traditional sector of the Mexican agriculture, that of maize producers, decisions over the production are strongly affected by markets, or more precisely, the opportunities to participate in the markets.
Another local case study, from the State of Mexico, shows a considerable rise in the relative production costs of maize during the last few years. In 1997, the monetary costs of production were about 2,500 pesos per hectare, and this was mainly due to the high price of fertilizers (used up to 375 kg/ha) and herbicides and other chemicals (2 kg/ha), not of labour costs which had remained at the stable 15 pesos per day for a jornalero. The maiceros have economized by decreasing the use of agrochemicals and increasing the use of family labour, especially in weeding, and searched for more extra-agricultural incomes. Yet these peasants were relatively productive, as all of them had access to irrigation and about 65 percent of the parcels were prepared by tractors. At the same time, in 1997, the Procampo check was 555 pesos per hectare. Many peasants used the possibility of ceding the right for the Procampo check to a fertilizer company in return for fertilizer, for an amount slightly above the amount one could buy with cash. The government’s technical assistance under the PEAT program (Programa Elemental de Asistencia Técnica), part of the Alianza para el Campo, in turn, continued to offer a technological package to which most peasants could not afford. The threshold to transfer to other crops remained high, as there was no agricultural credit available and no effective channels for their commercialization (earlier experiments with green tomato and green bean had been unencouraging as the results were not up to market requirements). The fundamental problem of the plight was the low market price for maize and the high costs of production; the government programs did not significantly change the balance. As one of the interviewed peasants commented, ”quit the Procampo and just pay me five pesos [per kilo] for my maize” (Rivera & Preibisch & Rodríguez 1998).

Coffee: Cycles of Boom and Bust

The story of coffee production in Mexico is characterized by alternating cycles of boom and bust, expansion and decline. In the 1950’s increasing international demand and favourable prices stimulated coffee production, so that, in 1953, coffee took the share of 12 percent of the value of all Mexican exports and 27 percent of agroexports, and in the mid-decade, Mexico was briefly the third producer globally after Brazil and Colombia. Towards the end of the decade, however, global overproduction turned prices down, and by 1965 Mexican coffee exports represented a little less than 7 percent of all exports (Robles 1988b, 90-95; Salazar 1988, 229). This downturn had the effect of increasing the participation of middle-size peasants in the total production of the crop, partly because Inmecafé (Instituto Mexicano de Café), the state organ for the sector, had begun a program for increasing yields in those lands that were

121 Inmecafé was created in 1959 by reorganizing and renaming the National Coffee Commission (Comisión Nacional de Café), founded in 1949 as part of the Green Revolution’s efforts to increase production. The tasks of
deemed promising enough, offering the producers the possibility to substitute their old and low-producing plants with new ones by government credit against future crops. Small-holders on more marginal lands were left out of the program (Rubio 1988, 203-219). And indeed, there was a turn upward with the prices from the 1969/70 season onwards, and the share of coffee of total exports rose again slightly, reaching 8 percent in 1972-74 (cf. Salazar 1988, 229).

In general, coffee production has traditionally been a mostly small- and medium-size producers’ activity, and one that has not been very sensitively fluctuating according to price trends, due to the nature of coffee cultivation. As a perennial bush, coffee plant requires a few years’ growth from planting before it comes productive, and it is understandable that producers do not immediately turn to other crops when prices go down - they take the pressure and try to persist, while waiting for better times. Although a truly commercialized crop - which requires processing before reaching the consumer - coffee has remained a ‘peasant-crop’ to a remarkable degree: in 1986, 94.9 percent of the producers had less than 10 hectares, turning out half (49.3 percent) of the total production. Or, to stress more the role of the medium-size producers, those with 6-50 hectares of land (15.8 percent of producers) produced 44 of the total production, while the small-holders with 5 or less hectares (83.7 percent of producers) produced 31.2 percent (Nolasco 1992, table 1, 84).122 Most of the peasant producers, totalling over 90 000, are indigenous people, as coffee is mostly grown in five predominantly indigenous regions: northern Chiapas, northern Oaxaca, Zongolica in Veracruz, northern Puebla and the Huastec region in Morelos. During times of continuously low prices, some of the bigger producers turned their coffee fields into cattle pastures, thus reinforcing the role of small producers (Rubio 1990, 67-69). In addition, there are about 350 000 day-labourers, jornaleros, some of which may simultaneously be coffee producers themselves, working in coffee production.123

In the late 1970’s and early 1980’s, when agriculture in general and food production in particular was in crisis, coffee production expanded because of stable world prices. In 1978 coffee exports again constituted a quarter of the value of agricultural exports. During the 1980’s prices were falling due to world

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122 Yet, however, 197 producers of over 100 hectares (0.2 percent of all producers) had 11.5 percent of the crop land and produced 16 percent of the total production, indicating their higher yields per hectare (ibid.)

123 Aurora Cristina Martínez Morales, oral information in a seminar at the Instituto de Investigaciones Económicas, UNAM, Mexico City, October 7, 1998.
overproduction - which eventually led to the fall of the International Coffee Agreement in 1989 - but coffee still remained the main export crop in Mexico. As a crop, coffee in Mexico is exceptionally export-oriented: well over half of the production is exported and there has been practically no imports of coffee to Mexico. About 90 percent of the exported coffee goes to the United States, and in the US markets Mexico is the third supplier after Brazil and Colombia (Dutrenit 1993, 338, 342; Martínez Morales 1996, 140-141; Renard 1992, 129).

The commercialization of peasants’ coffee production, before the seventies, took place mostly through brokers, who, in turn, might have been subjected to other, higher level brokers who had fermentation and roasting facilities; this meant that the producer price for raw coffee in beans remained low, and was sometimes even paid in other products like salt, sugar or cloth. With the envigoration of Inmecafé’s role since the early seventies, and with the creation of the production and commercialization units, UECPs (see footnote 1), the role of intermediaries was reduced and that of state enhanced, so that by the early 1980’s some 50 percent of the total coffee production and 40 percent of the exports were handled by Inmecafé. In the late seventies, there were over 2 000 UECPs formed, grouping close to 80 000 peasant producers. However, the increased state participation also meant increased cooptation. Many peasant producers were drawn into the CNC-affiliated FNPC (Federación Nacional de Productores de Café), the National Federation of Coffee Producers, through its state-level unions. The affiliation to FNPC, in turn, took place through specific Rural Associations of Collective Interest, ARICs (Asociaciones Rurales de Interés Colectivo), through which the ejidos could obtain credit and get access to the processing plants run by the national level ARIC organization. Although the power of traditional brokers had been broken in many regions, the ARICs were plagued with leadership fraud and corruption. Independent organizations were faced with denial of access to credit, information on prices and adequate payments (Hernández 1992, 79-83). The rise of independent organizations took place after the fall of the International Coffee Agreement and the retirement of Inmecafé from the markets in the late 1980’s.

Recently, coffee has lost the top position to fruits and vegetables as an export crop, but it is still number two, with exports worth over 800 million dollars in 1997 and with a share of 0.8 percent of all Mexican exports, all sectors included, which is a notable share considering that all non-industrial agricultural exports were not more than 3.1 percent of the total. In addition,

124 Large-scale producers were not interested in the UECPs: they were represented either by the Mexican Confederation of Coffee Producers, CMPC (Confederación Mexicana de Productores de Café), or by the National Union of Coffee Producers, UNPC (Unión Nacional de Productores de Café), affiliated to the National Confederation of Small Property, CNPP (Confederación Nacional de la Pequeña Propiedad), which despite the name - set to be so law-abiding - was an organization of large, commercial producers.
within the industrial sector of food, drink and tobacco (3.4 percent of total exports) there were also exports of ready, roasted coffee with a value of almost 100 million dollars and a share of 0.1 percent of total exports (see tables 4 and 5 in Appendix 1). This latter category includes also the growing exports of organic coffee, which is a new ‘niche’ product for many small producers’ associations. Because of declining prices, the increase in the amount of agricultural land dedicated to coffee does not show in the export statistics. The harvested area of coffee production has increased all the time: in 1970, it was 328 600 hectares, in 1980, 475 600 hectares, in 1990, 560 000 hectares, and in 1996, 625 000 hectares.  

Since the retirement of Inmecafé from acting as an intermediate wholesale buyer of coffee (since 1989) and since the fall of the International Coffee Agreement, Mexican coffee markets have been free from national or supranational intervention. Also the principal export markets - those of the United States - have been tariff-free for Mexican coffee since the 1980’s (due to the fact it is a crop not grown in the United States). This means that NAFTA is not changing the market situation one way or another or bringing any substantial new advantages for the Mexican coffee producers (Renard 1992, 130). For small producers of coffee the current situation is thus extremely open and full of challenges: no state intervention, no protection or subsidies, fluctuating world prices, highly contested export markets and increasingly open domestic markets. Since a part of the coffee production destined to the domestic markets is inferior in quality as compared to the exported coffee or to the world market quality in general, in the 1990’s, raw coffee imports from abroad have increased. This may affect the possibilities of a poor quality producer (most likely, a peasant) to sell his produce - not acceptable to export markets - even to the domestic markets.  

As much (most?) of the national coffee consumption is consumed as instant coffee (café soluble), a further delimiting factor in the domestic markets is the monopoly position of transnationals: Nestlé controls 60 percent of the instant coffee markets, followed by General Foods (Hernández 1992, 96).

Sugar: Poor to Worse Under State’s Guidance

Until the mid-1950’s, sugar production had enjoyed a precarious yet relatively favourable position within agriculture, partly because of the close ties between the revolutionary ex-general Aarón Sáenz, the leader of the sugar industrialists

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125 Aurora Cristina Martínez Morales, oral information in a seminar at the Instituto de Investigaciones Económicas, UNAM, Mexico City, October 7, 1998.
126 Aurora Cristina Martínez Morales, oral information in a seminar at the Instituto de Investigaciones Económicas, UNAM, Mexico City, October 7, 1998.
grouped under UNPASA, and the government (Singelmann 1993, 68). Sugar production was mostly oriented towards domestic consumption, but beginning from the early sixties sugar exports experienced a growth period. Before that, sugar had not been a major export crop, but after Castro’s revolution in Cuba and the subsequent US blockade on Cuban sugar the US needs were fulfilled with imports from elsewhere, among others from Mexico. Later in the sixties, the new sugar quotas set by the US government to support domestic production were relatively favourable for Mexico, although they were scaled down from the level of previous imports. In 1968, sugar exports represented 8 percent of all Mexican exports (Robles 1988b, 95-99; on the historical aspects of the Mexican sugar sector, cf. Paré 1987).

The boom, however, was short-lived, as global overproduction began to press the prices down in the late 1960’s, resulting in the need for state subsidies for the sector by the 1970’s. The state had already subsidized the sugar mills in the early sixties by paying them the difference between the higher export and lower domestic prices, whether or not the mills had exported anything. State incentives to the mills - in the form of price subsidies and easy credit - did not result in productive investments; with declining sugar prices the subsidies were canalized in other sectors. It was estimated in 1969 that only 25 percent of the mills had modern equipment, and that 45 percent had semi-obsolete and 30 percent had totally out of date machinery. When the profitability of sugar remained low, large-scale producers turned their cane fields more and more into other activities, mostly into cattle ranching. The small producers, however, often in debt to the mills and with too little land for cattle ranching in any case, could not do the same. Thus, in sugar production there was a manifest trend of peasantization: while in 1960 almost 47 percent of the land dedicated to sugar production belonged to units larger than 5 hectares, in 1970 only 22.4 percent (Rubio 1988, 219-226).

The problems of the sector continued in the 1970’s. The issue was not so much in the direct production of cane as in the processing end of sugar’s production cycle. In 1970, only a quarter of the mills were profitable and most mills were heavily indebted to public financing institutions (and peasants, in turn, were indebted to the mills). Sugar exports declined so rapidly that after the mid-decade they were practically nil. The end of exports, as such, was not so fatal, as internal demand was increasing all the time, reflecting the growth of new food products and bottled drinks. Yet the growing internal demand could not foster production, as prices of sugar remained low. The government regulated

127 In the 1930’s, a group of revolutionary generals under the leadership of Aarón Sáenz had used their privileged positions in the state structure to invest in sugar production, acquiring the ownership of many expropriated sugar mills (Singelmann & Otero 1995, 8).
the price in order to foster new food industries and to keep the consumer price low - rather it gave the sugar industry subsidies and easy credit. When it had become visible that, within a few years, sugar production could not even meet the internal demand, the state began to take over the debt-ridden mills, starting in Echeverría’s period and continuing in that of López Portillo's (Rubio 1990, 55-63). In 1982, the state directly owned 54 out of the 64 mills then in operation in Mexico, and with these the state controlled 70 percent of the sugar production (Butler & Otero 1995, 66; Mestries 1990, 471). However, the state’s participation, with no measures taken for reform and renovation, did not result in raising the production so that in the early 1980’s sugar had to be imported.

For the cane producing peasants, cañeros, the deterioration of the sugar industry had the truly negative effect of pauperization and loss of control over their production.128 Cañeros, both ejidatarios and private, were in the poorest category of peasants. Already in the late sixties, half of them run a constant debt to the mills and a third of them received annual incomes lower than the average of landless rural labourers, usually considered the poorest of all rural dwellers (Rubio 1988, 227-228). Their situation did not change with the statization of the processing business. In 1981, average earnings from mango picking were three times as much as a worker cutting cane earned from his extremely hard work, and the wages from the dangerous work at the trapiche (the press used for juice extraction) were only slightly higher than those at harvest (Binford 1992, 53, note 49); although the wage level of a cane worker does not directly reflect the incomes of a small producer, who may use unremunerated family labour, but it does reflect the overall low value of sugar production at all stages of the production process.

The nature of sugar production was such that the cane growers were more or less dependent on the ingenio, the sugar mill, usually the only one in a wide region and therefore the sole buyer of their product.129 In addition, since sugar cane has to be milled within 24 hours from cutting for the best results in juice extraction, mills were in the position to directly affect the production process of their raw material - the timing of harvest, collection, transportation, etc. - and, of course, the earnings of producers, as the price of raw cane depended on the mean sucrose and juice content of a given regional sample. No wonder that in the peasant vernacular the mill (or the mill-owner or caretaker) is usually referred to as patron, as if they were referring to an all-powerful hacendado and

128 In the early 1970’s, there were about 123 000 producers of sugar cane, and of these, 85 000 (69 percent) had parcels smaller than 4 hectares in size (Mestries 1990, 452).
129 In 1943 a presidential degree had stipulated that cultivators within the supply zone (zona de abastecimiento) of a particular mill were obliged to produce the amount of cane sufficient to the production capacity of the mill (Singelmann 1993, 65). Usually, this stipulation caused no changes in the practices of cultivation within the zones, but it gives another glimpse of the dependent position of cane growers.
not just a buyer of their product. Under the state’s ownership the mills operated in the same way: the existing management often continued to run the mill after nationalization, and if not, the bureaucratic management brought no changes to the business culture of the field, if one does not count the increased opportunities for corruption. Politically motivated rotation of mill administrators and diversion of funds for local PRI electoral campaigns and overemployment at the mills in exchange for political loyalty were also part of the picture (Singlemann 1993, 71). In the early 1980’s, the growers of cane received 40 percent of the value of refined sugar produced, although cane represented 68 percent of the total costs in the production; at the same time, the bureaucracies of UNPASA, FINASA and CNIA received 33 percent of the value of sugar produced (Mestries 1990, 452).^130

Before the reprivatization began in the late 1980’s, the sugar sector was a remarkable expression of the Mexican statism: the price of sugar was state-controlled, the processing end of the production was mostly state-owned, and the direct production of canewas mostly in the hands of *ejido* peasants, *ejidos* in turn being the creation of the state-directed agrarian reform.\(^\text{131}\) In 1978, 64.5 percent of the land dedicated to cane was *ejidal* land, up from 57 percent in 1967 (Rubio 1990, 64). The fact that *ejidos* increased their participation in cane production during the times of declining prices from the late sixties to the late seventies was a further indicator of the low profitability of the sector, as private producers turned more freely into other activities. *Ejido* leadership and local sugar mill management, often jointly, made all the relevant decisions concerning production. Under such practice, the control of *ejidatarios* over their means of production were reduced. And when top of that came the practice of paying the peasants a weekly allowance (*ávío*) against future harvest, the system was not very far from a wage labour system, the employer being the state through the *ejido*-sugar mill complex. Interestingly, the landless rural labourers, *jornaleros*, which the *ejidos* might seasonally hire, especially at harvest, did perceive the *ejido* leadership, or the *ejido* as a collective, as their *patron*, thus disguising the role of the mill as a regulator of the factors of production, failing to see the *ejidatarios* as mere interlocutors within the process (Paré 1977, 202-206).

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^130 UNPASA (Unión Nacional de Productores de Azúcar S.A.), National Union of Sugar Producers had been founded in 1938 as a joint platform for the private sugar mill owners and the state; FINASA (Financiera Nacional Azucarera S.A.), National Sugar Financing Company was the institution responsible for giving credit to the sugar mills; CNIA (Comisión Nacional de la Industria Azucarera), National Commission for the Sugar Industry was the creation of Echeverría and had incorporated both UNPASA and FINASA, and also ONISA (Operadora Nacional de Ingenios S.A.), National Mill Operator, the entity directly governing the mills of the state.

^131 By 1940, most of the sugar plantations had been expropriated and turned into *ejidos*. 
In 1988 the Miguel de la Madrid administration began the reprivatization of the state-owned sugar mills. At that time, there were 66 mills, of which 49 were state-owned, 14 private, 2 were run cooperatively by ejidos, and one state-owned mill was just being closed at the onset of the reprivatization. Next year the state ran 36 mills, 25 were private enterprises, the two cooperatives were still operating, and two had passed from the state to the National Peasant Confederation CNC, under the auspices of which it was run by sugar workers’ labour union. In 1990, the number of state-owned mills went down to 26, next year to five, and in 1992 no mills were owned by the state; instead, in 1992, there were 55 private ones, and 3 run by unions, and 7 had been recently closed. Both cooperative mills had been declared bankrupt and were then purchased by private investors. The other one of these two was the Emiliano Zapata Mill, founded in the 1930’s by Cárdenas in Morelos in the heartlands of Zapata’s revolutionary movement; it was, tellingly enough, sold to Grupo Xafra, the holding company owning the license rights to Coca-Cola in Mexico (it was later sold to Grupo Escorpión). The soft drink industry (which uses half of the sugar produced\textsuperscript{132}) - proved to be particularly interested in the mills: Grupo Escorpión, which holds the rights to Pepsi-Cola in Mexico and to several other soft drink brands had 12 mills in the early 1990’s, through these controlling 20 percent of the Mexican sugar production (Butler & Otero 1995, 69-70; Chollett 1995, 29-30; of the more recent ownerships of the mills, cf. table 4 in Chávez & Escalante 1997).

The recent ownership pattern of the sugar mills reflects the overall tendency in the agroindustrial sector towards vertical integration, as we have discussed earlier, only in this case slightly delayed because of the extensive state-ownership in the sub-sector. With the privatization, lots of speculation took place, as investors with no former interest in the debt-ridden, low-profit sugar production suddenly bought mills from the state at cheap prices, obviously in the hope of making some quick profit (Singelmann & Otero 1995, 10-12). In one case, the mill owner had not forwarded the social security payments deducted from the wages of his workers, and when the mill went bankrupt, the workers were left without their hard-fought social security benefits (Chollett 1995, 30). Some outright abuses of human rights were also involved.\textsuperscript{133} With the privatization, the state-owned wholesale sugar company, Azúcar S.A.,

\textsuperscript{132} Mexico is the second largest consumer of soft drinks per capita in the world, second only to the United States.

\textsuperscript{133} In May 1992, Alberto Santos, owner of four mills, closed down his Puruarán mill in Michoacán, despite the fact that he had just received funding from FINASA to modernize his mills and to keep them in operation. At the end of the year, local cane growers and the ex-mill workers began to repair the mill and they also sought credit to put it back in use. In October 1992, three gunmen apparently hired by Alberto Santos shot at the workers - the gunmen were detained but later released and even their guns were given back. In December, the growers and workers again took over the mill, determined to keep it open as they had the cane harvest of the season to process. In May 1993, federal and Michoacán state police invaded the mill and the houses of the workers and growers. Several people were beaten and one was killed (Chollett 1996, 106).
founded in 1983, lost its control over industrial sugar markets and was dissolved in 1992.

However, the problems of the sector were not solved by the reprivatization. The Salinas government adopted a "swim or sink" policy towards the sector: simultaneously with the privatization, licenses and quotas on sugar imports were abolished, which in the early 1990's, resulted in an excess of supply in the Mexican sugar market due to large imports of cheaper sugar from the United States and Cuba. The market was destabilized and the actual price of domestic sugar fell some 15 percent below the minimum price set by the state. This caused problems to the mills (and contributed to the closure of seven mills in 1991-92), and no doubt led to the concentration of most of the mills in the hands of larger companies with more financial back-up. Since most of these companies were engaged in food or beverage industries using plenty of sugar, they in fact benefitted from the low price and could easily support a few mills operating in red to keep the price low. As the maximum official price for sugar was gradually raised, until it was liberated in December 1996, the mills were, in principle, able to raise their sales prices and become more profitable. But with the peso crisis in December 1994 many mills were again stripped of their resources as interest rates soared. Still, the sugar sector has been able to increase productivity both in the factory and in the fields in recent years, and in the provision of sugar for the domestic consumption the prospects are fairly stable, although more closures of the more inefficient mills are expected. But for the international competition the prospects seem rather bleak: most mills are still operating with obsolete machinery, and the production of refined sugar per worker is extremely low in Mexico, only 14 tons per worker, compared to 77 tons in Brazil and 120 tons in both Cuba and the United States. This means that the sugar sector may not be able to take the best out of the rising US sugar import quotas due to NAFTA, as indicated earlier (Butler & Otero 1995; Garcia & Escalante; Singelmann & Otero 1995).

The external conditions of the mills have always been projected towards the growers of sugar cane as well. The real incomes of cañeros declined from 1988 to 1993, corresponding with the time of the privatization. In 1990, the cane growers of Colima organized a strike to protest their diminishing returns, despite the fact that their union UNPCA (Unión Nacional de Productores de Caña de Azúcar) was affiliated to CNC (Chollett 1995, 32-34). In 1991, the renewed Decreto Cañero (Cane Decree) set a new system for determining the price of cane for growers: there was no more a minimum price set by the state but the price was fixed on basis of the average content of recuperable sugar per ton of cane within a given zone, multiplied with a given percentage of the wholesale price of refined sugar. The growers were now also free to make
independent contracts with the mills and to control their own production somewhat more closely, especially when it came to productivity. Yet they have protested the linkage of cane price to the efficiency of the mill they are supplying, as they have no control over the recuperation capacities of the mill (Singelmann & Otero 1995, 13-15).

With the previous minimum price system, which had not depended on the mill capacities, the growers did have some security but without liberty, now they had some liberty without security (Singelmann 1995, 6). It may even turn out to be liberty without security and land; as most cane growers are ejido peasants, the joint effects of the ejido reform and the privatization of mills may lead to a new pattern of land tenure within the sugar sector. Signs of this are already there: in 1996, the Los Mochis mill in Sinaloa was renting 80 percent of the canefields of former producers. Although the case of Los Mochis is so far unique in extension, other cases abound in which mills are taking over the parcels of indebted peasants until the debts are paid. Outright land purchases of ejido lands by the mills are so far rare, but the renting of land is on the increase (Chollett 1996, 100-101). In any case, the various closures of sugar mills have already displaced cane growers, mill workers and day-labourers whose incomes and employment had depended on mill-related activities. With the restructuration of the sugar sector still in progress, this will be continued in the future.

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134 The rotation of plantillas and socas and resocas is one of the means used: plantilla is the first growth of a sowed cane plant, and socas and resocas are the next growths which spring from the stubs of a plantilla cut for the first time; plantilla gives more sucrose and more returns but takes 18 months to mature and more labour, and a grower must calculate, on the basis of the input costs, his labour resources and need of cash, whether to plant a specific plot with plantillas or let it grow socas or resocas.
CHAPTER IV: 
PEASANT STRATEGIES

Leaving the Fields: From Peasant to Wage Labourer

Peasants, Wage Labour and Migration

During the decades following the initiation of the Agrarian Reform millions of peasants have turned into other occupations. At no times has the Agrarian Reform or any other policy measure by the state been able to accommodate all peasants in their rural occupations - and for sure, this has not been the goal of the policy either. In the campesinista debate of the 1970’s and 1980’s, this overflowing of peasant population out of their sector was often seen as a deliberate choice of the policymakers, in order to create and maintain an abundant pool of cheap labour for other growing sectors of the economy. An equally inspired debate was waged on the nature of the process of proletarianization of peasants: whether peasants, eventually, were to become wage-labourers, due to the absorption by capitalism and to the inevitable societal transformations attached to modernization, or whether peasants would survive, diminished but still capable of maintaining their economies here and there rather as introvert enclaves, more truly than ever as an ‘awkward class’ at the fringes of a capitalist market economy. Resisting the temptation to go once again into that debate, interesting but useless as it would be, we shall look at the issue from the peasants’ viewpoint: there the question of ‘proletarianization’, if one is to use the concept at all, turns from a macro-level structural process into a micro-level strategy to make ends meet.

No doubt a significant part of peasants turning to other employment eventually do leave the peasant economy for good, yet for many peasants, taking up wage labour is not to change their peasant status to that of a wage-labourer, nor do they necessarily make a difference between the two. From the peasants’ point of view, the maintenance of their ways of livelihood may require, and more often than not does, seasonal, temporary, or even permanent wage-labour - in the last case at least one family member works full-time outside the family plot, which is taken care of by the rest of the family. There is a ‘happy’ coexistence and mingling of the peasant work and work for wage categories under a single, self-
identified peasant status, and the direction of transfer from one category to the other is not only from the former to the latter but also vice versa, according to the changes in external conditions, in the availability of employment and in the family needs. This fluctuation often poses difficulties for research keen to establish clear-cut classifications and non-overlapping concepts (cf. Valtonen 1988). It is shown by a number of household-level studies that low or unstable incomes tend to provoke an intensification of the income-generating strategy of the household that often leads to greater diversity of class and occupational positions within the unit (cf. Schmink 1984, 93).

Although peasant migration almost invariably involves taking up wage labour, the latter does not necessarily involve migration. Peasants seeking to complement their incomes by wage labour, one would assume, first look around for it in their own community, neighbouring communities or nearby towns within a distance that allows living at home, and when employment is not found in the vicinity, they resort to migration (assuming that there are no other, extra-financial reasons to migrate, such as quarrels within the family). When migration does take place, then, the flows disclose a pattern that inland cities, excluding Mexico City, receive migrants largely from within the respective region: 50 percent of migrants come from a distance of under 400 kilometers. In border cities the average distance from migrants’ places of departure grows, being 856 km in Ciudad Juárez and 2 283 km in Tijuana - the figure of the latter reflecting the fact that cross-border migration to the United States and especially to California draws people largely from the central and southern parts of Mexico (Delgadillo 1992, 53-55) - the issue of cross-border migration will be discussed separately below.

As discussed earlier, the incomes earned outside the family parcel of field, though not always only from wage labour but also from commerce, handicrafts or local services, are an important and integral part of peasant economy. Working outside the field is not an exception nor an anomaly to peasant life and livelihood. In his study on four peasant communities in the state of Hidalgo, Sergio de la Peña found that the share of families with at least one member working outside the community of all families ranged from 16 to 60 percent (16-25-53-60 percent). In the two communities having the highest percentages the quality of land was poor and “unappetizing” for capital intensive agriculture, and the families, therefore, had no difficulties in retaining their parcels in their use, so the issue behind the high percentages of working members was not the concentration of land or the declining access to it as such.

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135 The peasant status may be super-imposed as well: in censuses the status of the whole family may be labelled ‘peasant’ according to the status of the family head, despite the share of peasant production in the total income of the family unit and the actual occupations of the rest of the members.
but rather the indispensable need to complement the subsistence production with other means. A considerable part of the family labour on these poorer parcels was provided by children and women, who usually had no chances to find salaried work within or outside the community, while it was usually the male head of the family who did not work primarily in agriculture but in wage labour (de la Peña 1981, 86-89). The share of families with a member working outside the community, however, does not reveal the whole picture of agricultural and non-agricultural work in peasant economy. Taking into account the total labour force in the four communities studied by de la Peña and deducing from his absolute figures, we can see that the share of labour force directly engaged in agriculture was much less than half in three communities and about half in one, despite de la Peña’s rather odd way of classifying work into productive and non-productive categories.136

Somewhere in the midway between a peasant and a wage labourer is the special case of agricultural labourer, a jornalero in the Mexican parlance (more precisely, a ‘day-labourer’, although the employment needs not to be on a day-to-day basis). In general, jornaleros do not control any land, save for a plot for their house and possibly a small garden, yet they perform the productive tasks similar to peasants on someone else’s land against cash or product in kind - indeed they are often referred to as peasants without land (campesinos sin tierra). In the Mexican census data jornaleros are not included in the peasant category, which is to underline their worker status. Yet, in reality, the two categories are often mixed: a peasant, with a piece of land, may earn the major

136 De la Peña distinguishes as productive work only agricultural production for markets and manufacturing and construction work. Thus, agricultural production for self-consumption, services, trade and domestic activities, whether or not these are remunerated, are classified as non-productive work. However, by reorganizing the data given by de la Peña on the labour force into categories of agricultural labour (including both market oriented and self-consumed production), wage labour (including manufacture, construction, trade and salaried domestic work), unremunerated domestic work and inactiveness, we can see that although direct agricultural labour is the largest category in all but one of the communities, the other categories are by no means insignificant (see table below).

Labour force division in the four communities studied by de la Peña (1981).

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<th>San Agustín</th>
<th>El Nith</th>
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<tbody>
<tr>
<td>Total labour force</td>
<td>302</td>
<td>363</td>
<td>226</td>
<td>298</td>
</tr>
<tr>
<td>Agriculture</td>
<td>65</td>
<td>21.5</td>
<td>152</td>
<td>42</td>
</tr>
<tr>
<td>Wage labour</td>
<td>108</td>
<td>36</td>
<td>48</td>
<td>13</td>
</tr>
<tr>
<td>Domestic work (unremun.)</td>
<td>70</td>
<td>23</td>
<td>99</td>
<td>27</td>
</tr>
<tr>
<td>Inactive (1)</td>
<td>59</td>
<td>19.5</td>
<td>64</td>
<td>18</td>
</tr>
</tbody>
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(1) Includes students, dependent family members, unemployed.
Source: author’s elaboration, based on the absolute figures given by de la Peña (1981, tables 7, 14, 15).

To stress the point further, even if we combine agricultural and unremunerated domestic work as peasant work (as the latter is indispensable for reproduction), and wage labour and inactiveness as non-peasant work, the peasant/non-peasant work ratios in the four communities (135/167, 251/112, 179/47, 220/78) give considerable shares for non-peasant work.
part of the livelihood as a jornalero, and a jornalero, with no land, may rent a piece of land to supplement his wage with some peasant subsistence production.

In Restrepo’s and Sánchez’s study on four regions many poorer ejidatarios, whose parcels were too small for adequate incomes, were forced to rent their plots to their fellowmen or outsiders and then sell their own labour as jornaleros, sometimes even on their own out-rented piece of land (yet these people go as peasants in the census while other jornaleros do not). The category of jornalero is not uniform either: in the same study, there were permanent jornaleros, who worked permanently on private properties and received a determined salary (their number being rather reduced); there were temporary jornaleros, that is, ejidatarios who for some reasons had not cultivated their land or had terminated the agricultural cycle and needed cash; there were specialized jornaleros, who performed tasks requiring certain skills and who received larger incomes than the rest; and there were migrating jornaleros, who were absent from their communities for certain periods, engaged in agricultural work elsewhere (Restrepo & Sánchez 1972, 59-66).

In the case of migrating jornaleros the regional differentiation of the Mexican agrarian sector becomes plainly evident. The two states that most send their rural population to other states as rural labourers are the populous southern and central states. During the 1991-92 agricultural season, of the 45 600 jornaleros interviewed in the prime agricultural region of Valle de Culiacán, in Sinaloa, 51 percent were from only two states, Oaxaca and Guerrero, while some 20 percent were from the states of Guanajuato, Zacatecas, Durango, Michoacán and Veracruz, the rest being scattered more evenly among other states by their origin. And in 1991, some 70 percent of the 17 400 jornaleros in Baja California were from Oaxaca and Guerrero. The socioeconomic conditions of these workers are poor: many of them live separated from their families for most of the year, living in barely adequate barracks. As seasonal migrants are not expected to have moved in permanently - in Valle de Culiacán they usually stay from October to May - their employers feel little obliged to provide even the basic infrastructural services (Sánchez 1992, 144-146).

In all four regions studied by Restrepo and Sánchez in their aforementioned study (1972), the total number of jornaleros, including those with and those

137 The employers are quick to exploit the employment needs of jornaleros. In a telling example, of September 1998, some 30 companies involved in the production of cut-flowers in Villa Guerrero, State of México, presented a petition to the municipality that they could bring in over 1 000 workers from Chiapas to work in their cut-flower trade. While the reason for why the workers should be specifically from Chiapas remained unclear, the cost-cutting use of workers from the poorest state of the republic was obvious enough. They were going to be paid a meager wage of 45 pesos daily - at that time about 4.5 US dollars - and the municipal president commented, according to press news, that “because of the hard conditions they have over there [in Chiapas], it’s a good opportunity” (see La Jornada, September 29, 1998).
without land, was greater than the number of those who only relied on the parcel they had in their use, that is, those falling unquestionably into the peasant category. There is, without doubt, considerable overlapping between the categories of a peasant and an agricultural worker. The "fuzzy" borderline between the two poses no conceptual dilemma for the rural population itself, although it has been a serious one in the theoretical discussions. The fact that the data of the study of Restrepo and Sánchez is way back from the 1960’s implies that the peasant/worker dilemma is not something new, produced by a very recent development, which, in turn, suggests that the existence of peasants and agricultural workers side by side, both overlappingly and separately, has been a rather constant characteristic of the Mexican agriculture.

Therefore, the attempt to conceptually separate the two categories is quite futile and, in any case, a non-pragmatic abstraction from the reality. Instead, one should see the whole issue as a continuum between the two concepts and perhaps, if one insists to make the dichotomy, it should be relied mainly on the self-identification of the people in question. And to my judgement, this fuzzyness of concepts is further proof against the dual economy thesis: the idea of an inward-looking, autonomous subsistence economy of peasants is simply not corresponding to the Mexican reality, in which most peasant production units do have income-generating activities outside their plot.

From this perspective, peasants leaving their fields for other income sources, which look a like passive submission to deteriorating external conditions, can be interpreted as an active response, taken within the spheres of influence peasants do have over their economies. Temporary or permanent migration, with the adjacent temporary or permanent wage labour, is not just a recourse that a peasant is forced to take, against his/her own will, when no other strategy for subsistence within the peasant economy is available; instead, it can be a ‘rational choice’ strategy, taken up as a part of strategic planning, and not as the last rescue at the brink of the utmost human survival. Migration and wage labour are not just an unwanted outcome of the impersonal play of various push and pull effects but a ”generalized mechanism” that peasants use as a conscious strategy for an overall peasant livelihood: through seasonal, part-time or sometimes permanent migration of some of its members the peasant family obtains resources that enable it to continue peasant production and to safeguard reproduction (Arizpe 1980, 11). Arizpe’s study show that out-migration follows a clear pattern according to the family cycle, in which the ages of parents, and the number, sexes and ages of children are significant factors. The basic line is

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138 Such a submissive, “last rescue” ad hoc response to external conditions would, of course, refute the concept of a strategy. As noted by Schmink, if a household has no explicit objectives but merely responds to one set of circumstances after another, then ‘strategy’ may become meaningless, simply synonymous with the household history and a mere functionalist label applied to whatever behaviour is found (Schmink 1984, 95).
that peasants do not send their members to take up wage labour as much to get them from consuming their meager resources as to complement their incomes at certain phases of the family cycle in order to maintain their otherwise unprofitable peasant production. Thus, migration can be a conservative strategy: “los campesinos están recuperando recursos a través de la migración por relevos para continuar con una empresa agrícola ya incosteable y así asegurar su reproducción social” (Arizpe 1980, 37-38).

Another study by de Teresa on Dzemul, a Yucatán henequen-producing village, points out how economic distress affects the family cycle of peasants, or rather, how the families respond to deteriorating conditions by shortening their family cycle, that is, by manipulating the ratio between consumers and workers. By making family genealogies of a sample of 139 domestic units, including about 900 individuals, it was observed that in units formed in earlier decades, at times when henequen offered more stable incomes, families were established at a later age and they sustained more consumers per workers than families established more recently, at times when the henequen production was in crisis. Say, the phase when the consumer/worker ratio was higher than 3.0 lasted 18 years in the former group of families and only 10 years in the latter, on the average. For the group of families formed in times of crisis, the shorter cycle was, of course, an adaptive strategy: the ends were made to meet by entering the children a little earlier to productive labour and by expulsing earlier those members of the family which put relatively more pressure on consumption in relation to their acquired incomes in money or in product. The pattern has yet larger implications. The premature end of the family cycle gives way to premature births of new family units: the earlier a grown-up family member is expelled the earlier he/she (in the study of de Teresa, mostly she) gets married, and as the fertility period of the wife thus starts earlier the likelihood of more children increases (de Teresa 1991). This, in turn, affects the demographic development of the region, puts yet more pressure on scarce resources and employment, and, in the end, leads to increased out-migration.

The pattern of migration as a source of extra resources for the peasant livelihood, not only as a way of reducing the pressure on consumption but as a strategy to complement the resources, is evident from many studies. As an example, in John Gledhill’s sample, 554 rural households in Guaracha, Michoacán, had a total of 1101 children having migrated out of the community; of these, 510 had migrated to Mexico City, 178 to the United States, 158 to Guadalajara and 255 to other internal destinations. In the case of the migration to Mexico City, ejidatario families reported that 43 percent of their single sons, 45 percent of their single daughters, 39 percent of their married sons and 17 percent of their married daughters sent remittances to their parents’ home. With
landless families the figures were slightly higher: 65 percent of single sons, 43 percent of married sons, 20 percent of married daughters, and of single daughters 45 percent, equal to the ejidatario case (Gledhill 1991, 203-204). The greater commitment of single children towards their kin group is understandable, as is the lower commitment of married daughters, who are the least likely to ever return to their consanguineal kin group and who have, in the patriarchal world, greater loyalties towards their affinal kin group than married sons have. But then, as Gledhill notes (ibid.), the cases where a migrant does not send anything back home reflects a disruption of family ties: a daughter taking up some non-traditional occupation may be denounced by her family, or a son may totally discredit the peasant way of life and search for personal betterment, the latter reflecting the general commodification of social life. Nevertheless, and with the exception of peasants migrating permanently with their whole families, migration is a sensible allocation of labour resources by the peasant household, ”a means to maintain rural roots, not to leave them” (Grindle 1988, 38).

There is also evidence that migration from rural to urban centers does not necessarily mean a straightforward adoption of an assimilated identity by the migrant; instead, it can serve the fortification of their original regional identities (e.g., Hirabayashi 1993; 1997). This helps to explain the commitment to send remittances back home or the interest in to invest the money earned in the land of the home village. It is even so that the intensification of the regional identity of migrants in the cities coincides with accelerated change in their home regions: at times of change the regional identity grows more politicized and involves more debate, organizing and collective action (Hirabayashi 1997, 50-51, 61-62). Thus, one could argue that the changes brought about by the recent economic liberalization could mean a relative intensification of peasant identity: even though the number of peasants actually living from the land is going to be decimated the number of people still identifying themselves as peasants is not going to be decimated to the same degree.

This brings us to the idea taken up at the beginning of this book that the social category of peasants is larger than the actual rural peasant population, with the consequence of extending the networks of peasant livelihood and politics into cities as well. I guess no social scientist would seriously argue, anyway, that peasant migrants lose their peasant identity and assume that of a modern, or even postmodern, urban dweller immediately as they step out of the bus at a city bus terminal.139 And although many migrants will eventually drop their peasant identity over time, many will actively retain it, dreaming of a return to

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139 It was noted already in the 1970’s that the urbanization in the Third World had an overwhelmingly ‘rural’ appearance (see, e.g., Roberts 1978).
home village and working for the maintenance of the peasant way of life back in the home village even if they personally have no intentions to return there. With those holding on to their peasant identity and their status as an “absentee peasant” in their home villages, migration clearly turns into a peasant strategy.

Migration to the United States

Migration may serve as a peasant strategy both in internal migration to Mexican urban centers as well as in the cross-border migration to the United States. For sure, internal migration is still much more common than cross-border migration - it is less costly, less risky and has a much lower threshold in the first place in terms of culture, language and familiarity with the system. Yet the high number of peasant migrants every year to the northern neighbour show that the economic, geographic and mental barriers are not high enough as deterrents; it is also obvious that, on the other hand, those barriers would not be constantly overcome by such a large number of peasants would it not be an option chosen by the peasants themselves. In their summarizing review of a host of individual studies on the Mexican migration to the United States, Durand and Massey point to the conclusion that in Mexican rural communities cross-border migration can serve as a strategy to perpetuate the peasant way of life. The money that migrants acquire in the United States can be used to finance the purchase of (more) farmland, thus enabling the landless or small-holder rural families to continue agricultural production, though this is strongly dependent on local conditions set by the land tenure pattern and the quality of land available (Durand & Massey 1992, 18, 34).

Migration from Mexico to the United States has a long tradition. Not counting the old generation Mexican-Americans who have lived in the south-western US states long before these regions became part of the United States by the treaty of Guadalupe in 1848, Mexicans have been working in the US farms and cattle ranches, railroads, mines and construction in great numbers since the 19th century. During the Revolution, many Mexicans migrated to the north, for longer or shorter periods, and when the Great Depression broke down the demand of labour in the United States, some 400 000 migrants returned home, in turn aggravating the depression in Mexico. In the early 1940’s, there was a renewed flow of Mexican workers to the north, lured by the war-time scarcity of labour, as US men were in the battlefields. This flow was even institutionalized in 1942, when the governments of both countries signed an agreement that permitted annually up to 120 000 Mexican workers to enter legally to the United States, and even to serve in the US army.140 Most migrants were from the countryside and destined to work as farm-hands or in other manual work

140 Some 15 000 Mexicans did serve in the US forces during the war (Aguilar & Meyer 1993, 192).
assignments, which gave the agreement the nickname ‘bracero program’. It is estimated that in 1945 the remittances sent home by the officially accepted braceros made up 13 percent of the Mexican foreign exchange earnings; simultaneously, the illegal migration was running at the same rate, as counted from the deportations (Knight 1991, 306-307). Not only was this migration important for the Mexican economy in general, but it, undoubtedly, helped to relieve the pressure from the part of the landless rural population, mounting as it was, relatively speaking, due to the gearing down of the land distribution after the peak of the Cárdenas years.

After the war the bracero program was gradually scaled down (although it only resulted in increased illegal migration). However, this was but a temporal slowdown: the Korean War economic boom period in the United States soon turned the flow back to the north. In 1951 a new agreement on braceros was reached between the two countries, and specifically on the use of migrant labour in the US agriculture. By the time, the use of Mexican labour in the US agriculture had become indispensable: Mexican workers were ready to take care of the most onerous tasks for wages below the level accepted by US workers. The new agreement provided for some basic standards in the treatment of legal migrants (with housing, working conditions, etc.), but with illegals these could be dumped - the latter rarely voiced their opinions. In the south-west US states, with certain crops - especially with cotton, fruits, vegetables and sugar beet - most of the labour used in harvest time was Mexican: in 1953, 87 percent of the cotton pickers in Texas were braceros, as well as 74 percent of the cattlemen; or, in 1954, 90 percent of the tomato pickers in the modernized agricultural districts of san Joaquín and Stalinaus in California were Mexicans. For each legal migrant there were four illegal ‘wetbacks’ (espaldas mojadas) - in 1952, about 650 000 arrests of illegals were made (Robles 1988c, 138-139). For sure, it was not only the pull effect of better wages (albeit extremely low by US standards) that drew people from Mexico, as the very nature of the Mexican agrarian development caused also a strong push effect. The inadequacy of the land distribution, the low level of real wages and the Green Revolution mechanization were among the key factors behind the push. If we think that perhaps as much as 2.5 million agrarian workers had employment for only 145 days per year (Robles 1988c, 131) and combine this with poor wages, and if other domestic sectors did not offer enough opportunities, migration abroad was both the perfect and only choice for many.

The conventional view on the Mexico-US migration is that most migrants come from lower-middle segments of wealth distribution, and that migrants are overwhelmingly males of working age. This is based on the idea that the rich have little incentive to migrate and the poorest lack the resources migration
requires, and that the risks linked to illegal migration tend to discourage the migration of women and children or of whole families. All this holds, but to a point only: community level studies show a great deal of diversification in the class origins and in the composition of migration flows. The age of the migration stream from a community is a critical factor: migration usually begins with the middle segments, but over time becomes less selective, incorporating all local socioeconomic segments, ultimately becoming dominated by the poorest class of peasants and unskilled workers. This is due to the fact that when the stream grows older the established social networks at the destination reduce the costs and risks involved in the migration of relatives, friends and comuneros, lowering also the threshold of women and children to migrate. Migration is facilitated by the formation of ‘branch communities’: migrants from a particular village tend to focus on the same destination and in the same occupational niche in the United States, thanks to the social networks created by firstcomers, and as some migrants eventually settle for good, a permanent branch of the home community evolves, making it all the more easier, safer and cheaper for the latecomers to migrate and then to find housing and employment (Durand & Massey 1992, 14-25).

This creation of ‘branch communities’ may evolve into a whole new social space, in which the parent community and the branches together form a ‘transnational community’, uniting the people living in diaspora but sharing a common locally originated identity and the parent community as a common point of reference. Kearney tells how the Zapotec and Mixtec Indians of Oaxaca speak about their ‘transnational community’ as "Oaxacalifornia": most Oaxacan villages have branch communities in Los Angeles and elsewhere in Southern California, and tens of thousands Zapotec and Mixtec peasants migrate seasonally to California to work as farmhands, building on the self-help of these branch communities. The self-help associations in turn have formed a larger transnational organization: Frente Indígena Oaxaqueña Binacional (formerly Frente Mixteco-Zapoteco Binacional), the Binational Oaxacan Indigenous Front, which addresses the issues of vital interest in the ‘postpeasant’ politics of such a transnational community: ethnicity, human rights, and ecopolitics (Kearney 1996, 171-185).

Today the migration from Mexico to the United States forms a formidable transfer of people from place to place. There are currently about 18 million people of Mexican ascendancy in the United States (close to 8 percent of the total US population), 11 million of which are born in the United States and 7 million in Mexico. Of the 7 million Mexican-born first generation immigrants, 4.7 million have authorized residence and some 2.3 million are on illegal status. In 1995, 1.3 million arrests of illegals were made by the US officials at the
border zone, although the figure does not tell the number of individuals involved, as most of those arrested usually try again immediately after being deported to the Mexican side and may end up being arrested several times. Of seasonal migrants 73-94 percent are young males, and over half work in agriculture, and of permanent immigrants 55 are male; this is likely to reflect the fact that many men do not bring over their families until they have gained legal residential status. Less than ten percent of seasonal migrants have finished secondary education, compared to over 25 percent of permanent immigrants (Pescador 1998, 933).

The fact that seasonal migrants have less education seems to point to the conclusion that they are, on average, poorer than immigrants in general, which, in turn, is to indicate proportionately stronger rural origins, and also to the conclusion that it is harder for the less-educated (less literate, less lingually capacitated) to obtain legal status. But also, these characteristics of the seasonal group reflect, to a considerable extent at least, the importance of seasonal US-oriented migration as a peasant strategy. There is no way of discerning the share of remittances for the peasant economy of all remittances, but even if only a minor proportion of the total would go to support the peasant sector its impact is no doubt significant, considering the relatively small inputs needed to keep the peasant economy at the subsistence level and the magnitude of total remittances.141

It is interesting to note that the changes in the agrarian policy do not necessarily reduce or increase the migration to the United States, especially in communities with a long migration tradition. In a study of a community in Jalisco it was found that the reform of Article 27 (with the titling of ejido land to individual ejidatarios) did not affect one way or another the plans or willingness of ejidatarios to migrate to El Norte (Cornelius 1998). The community has a high migration rate: by 1989 almost half of all community members of over 15 years of age had migrated to the United States at least once, and in 1995 half of the families in a new survey had at least one family member who migrated permanently to the United States during the last five years. What had increased permanent migration was not the early 1990’s agrarian reforms but the US Immigration Reform and Control Act of 1986, which had facilitated the legalization of the migrant status of many community members with a long residence in the United States and enabled them to bring their family members over. Although most ejidatarios who had migrated in the 1990’s did not seek to invest their foreign earnings in their parcels (but were using them as an income-

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141 In 1995, the remittances of immigrants of Mexican ascendancy in the United States - of both permanent and seasonal - were estimated to form 57 percent of foreign direct investments to Mexico, or 5 percent of all Mexican export earnings (Pescador 1998, 933). Thus, migration is not only a strategy for the people, but for the Mexican economy as well.
maintenance strategy), only 13.6 percent had left their parcels idle: most had made arrangements with relatives and sharecroppers to keep the land in production. De Janvry, Sadoulet and Gordillo have also noted (1995, 1360-61), based on their sample of ejido sector maize producers, that migration abroad tends to increase the crop yields of the remaining family, due to the remittances that can be used for buying input products and that this positive effect seems to be dominant over the negative one of losing an active worker from production.

Most recently, there has been a growing feminization of the migration flow, at least in the principal receiver state California: in the Los Angeles County, women became the majority of immigrants in the early 1990’s. According to Cornelius, this is due partly to family reunifications, and partly to the abundance of job opportunities for female immigrants in services and light manufacturing; related to the feminization is the growing tendency towards permanent settlement, as women are more likely than males to settle permanently in the United States (Cornelius 1999, 8). Another thing, that one can only speculate on at this point since there is no research data available, is that whether the feminization has anything to do with the growing insecurity of peasant farming (in respect to financing and market competition) and with the ejido reform turning the privatized plot the sole property of the male head of the family, even if it is worked by the wife and children. In any case, the basic line is that despite the improvement of the Mexican economy in macro-economic terms since the peso crisis, the migration to the north has still increased - reaching over 1.5 million apprehensions along the border in the US fiscal year 1998 (Cornelius 1999, 8). For numerous peasants and non-peasants, El Norte remains the solution.
Organizing Themselves

New Independent Peasant Organizations

Peasants in Mexico have been organizing themselves for the defense of their interests as long as the Mexican state has existed, if not longer, sometimes into rebellion or land invasions, sometimes - more recently - into formal organizations. After the sexenio of Lázaro Cárdenas, most organizing was channeled into and within the CNC (Confederación Nacional Campesina), the National Peasant Confederation. In addition to being the main cooptative instrument of the state towards peasants, the CNC did have considerable and genuine peasant support, especially during its early decades from the 1930’s to the 1960’s. Independent peasant organizations did emerge occasionally, but they were usually quickly coopted under the auspices of the CNC, or, if that was not feasible, repressed. However, CNC’s status was gradually eroding, as its loyal allegiance to government policies more often than not acted against peasant interests in a way that could not be totally smoke-screened by agrarianist rhetoric. This eroding was accelerated in the 1970’s, paradoxically because the renewed, if mostly rhetorical, agrarianism of Luis Echeverría gave rise to new independent peasant organizations, of which many survived the cooptation attempts of the official organizations.

The story of the rise of these new independent peasant organizations needs not to be told here, as it is well recorded elsewhere. Suffice it to say a few words on the consolidation of the new movement at the national level. The organizations that sprang up in the seventies were mostly local or regional by nature, and very quickly there emerged a need for coordination at the national level. In 1979, as part of the centennial anniversary festivities of Zapata’s birth, the Coordinadora Nacional de Plan de Ayala, CNPA, honouring Zapata’s famous ‘plan’ of the same name, was founded as a coordinating body for independent organizations (see Flores Lúa & Paré & Sarmiento 1988, 68-75). Ever since, CNPA has been the major national forum of regional organizations, and through this constituency has considerable local level credibility. There are other organizations considered national as well, although with more reduced coverage. One is UNORCA (Unión Nacional de Organizaciones Campesinas Autónomas), founded in 1985 and uniting some 25 regional organizations, and another one CIOAC (Central Independiente de Obreros Agrícolas y Campesinos), founded in 1976 but initially a splinter group from CCI (Central Campesina Independiente), which had been coopted by CNC. All three of these,

142 On the independent campaigns in the 1950’s and 1960’s, see, for example, Grammont 1989b, 1989c.
143 See, e.g., Flores Lúa & Paré & Sarmiento 1988; Rubio 1987.
while being independent from the PRI, have been courted by left-wing parties, mainly by the PRD, but even though there are sympathies felt on both sides, such political unions have not taken place.  

The corporatist environment, in which the state has been the principal rural actor and interlocutor with which peasant organizations were to negotiate, has favoured more ‘political’ strategies: peasant organizations could try to win benefits and concessions through tactical political alliances with pro-government institutions, political parties and organizations like trade unions. Many issues concerning peasants have been decided centrally and negotiated, if negotiated at all, only with the state’s bureaucratic institutions and approved, ”official” representative organizations. From this perspective, the appeal of political alliances has been understandable. However, political strategies have shared a constant dilemma: if political struggle has lead to a situation in which the demands of an organization are met, it usually has had a price tag, namely of being coopted to a larger system not profoundly pro-peasant, and if no demands had ever been met, the organization may have found its constituency fading away (Foley 1991, 60). Therefore, for independent peasant organizations struggling to maintain their independency, political strategies have so far, with PRI’s power still largely intact, not offered lasting solutions or rewards. In consequence, independent peasant organizations at local, regional and national level have increasingly turned to ‘productivist’ and sectorial strategies.

The erosion of CNC’s prestige and cooptative powers has lead also the state to re-check its attitude, in order not to lose everything by total alienation of the peasant sector. In 1989, a new consultation forum was created with the state’s initiative: the Permanent Agrarian Council, CAP (Consejo Agrario Permanente), was to act as the main consulting and negotiating body between peasants and the state, thus taking over much of the former role of CNC. Within the Council, most new independent peasant organizations are represented, with the main exception of CNPA, as well as the state-affiliated organizations, including CNC. All organizations in the Council have an equal vote and the leadership is chosen on a rotational basis, making the Council a more representative and less cooptative than any previous state-sponsored forum, although (and just because of it) the Council has no direct power over the member organizations.  

144 In the late 1980’s, responding to the pressure at national peasant meetings to take side with Cuauhtémoc Cárdenas and the newly formed PRD, the leader of CIOAC, Ramón Danzós Palomino, commented that ”if we have combated the corporativism of the government, we are not going to turn around and promote a corporativism of the Left” (Foley 1991, 57).

145 CAP was almost split in 1991-92 over the Article 27 reform, but it held together; although wings of those more in favour of the reform and those against emerged, the organizations did not desert the Council (cf. Foley 1995, 67-68).
A contextual factor pushing peasant organizations towards adopting new strategies and helping to shape them has been the structural transformation of the Mexican agrarian sector since the 1980’s. Especially the aspects in the transformation that are linked to the state’s withdrawal from direct interventions into the agrarian markets, of both land and produce, has changed the operational environment and hence the strategies of peasant organizations. Political alliances and allegiances can still be a viable strategy in some issues, but not in such a general spectrum as before and perhaps more so only at local level. Governmental commitment to trade liberalization and to international agreements (GATT, NAFTA) has reduced the range of concessions even theoretically obtainable through political bargaining, and it seems that also at present the major opposition parties (PRD, PAN) do intend to keep the mould of international commitments unbroken, if they were to come to hold the power someday. The state’s withdrawal from the markets as a wholesale buyer of produce has forced peasant organizations, especially at local levels, to establish new market relations, which has reduced the importance of conventional political strategies.

The political agendas of new peasant organizations, if such are formulated, are more likely to do with the goals of other grassroot organizations than with established institutions and parties, stressing popular participation in decision-making, respect for human rights, etc. - in other words, issues falling into the concept of ‘post-peasant politics’ by Kearney (1996). At the local level, peasant efforts to increase their access to markets are often blocked by local politicians and strongmen, caciques, and middlemen, inevitably bringing in the question of local democracy, and it is exactly there where the peasant goals usually coincide with those of many other grassroot organizations. It is as Luisa Paré has noted (1990, 91), that rural democratization cannot be separated from that of the society at large. However, this parallelism of goals with other grassroot organizations does not mean that the specific peasant goals were subjugated and conditioned to those common goals, as was often the case in alliances with political parties and state institutions.

Consequently, peasant organizations have opted for more ‘economic’ strategies over ‘political’ ones - that is, strategies with which to cope with markets in an increasingly liberal market environment. As Fox notes (1994, 264), there is an emerging cleavage between economic and political strategies that crosscuts the whole spectrum of peasant movements: both independent and official peasant organizations have "more political and more economic development-oriented wings". What is more, it is not only that peasant organizations have encountered a split between contesting strategies but that a new type of peasant organization
has been emerging: a local or regional producer organization, either for a single commodity or for a regional group of peasants producing a variety of crops, dealing directly with other market actors. There has been a "return to the regional", "volver a lo regional" in the peasant agenda, through which new relations with the national are sought (Moguel 1992c). To be involved in national politics is not anymore seen to be of prime importance, a fact that without doubt has also contributed to the erosion of CNC’s power. The new producer organizations do not find it all-important anymore to have political allies among parties and to be represented or to have a uniform vote in (national or state) elections but to act as direct agents in their respective agricultural activities. This is a trend visible elsewhere in Latin America as well (cf. Fox 1992a). The new allies are more likely to be other peasant organizations, on sectorial, regional, national and even international or ‘transnational’ levels (cf. Edelman 1998). 146

The shift from ‘politics’ to ‘economy’ has changed the goals of peasant struggle from agrarianist ones to productivist ones: instead of just demanding land peasants have turned to demanding better control of the production process (cf., e.g., Martínez Borrego 1991, 41-45). This change was already visible from the 1970’s, quite a time before the constitutional reform to Article 27, but of course the reform has cemented it by relinquishing the state’s formal, although by then largely moribund, obligation to distribute land and by strengthening the existing rights on landed properties. The ‘apropiación del proceso/ciclo productivo, has increasingly been the new ‘tug of war’ of peasant struggle, and the idea, as understood, covers not only the direct production but the whole chain of steps linked to the commercialization and marketing of peasant produce (cf., e.g., Martínez Borrego 1991; Moguel 1992c; Robles & Moguel 1990). For sure, all small producers have important gains to expect from the ‘apropriación of the productive process’ - one may only think of the role of intermediaries - but the group that has relatively more to gain are the ejido peasants, many of which have been subjected to state regulation of various kinds and to cooptated, corrupt ejido leadership that has acted in close collaboration with authorities and local business elite to the detriment of rank-and-file ejidatarios.

In many coopted peasant organizations the leadership accountability towards the constituency has not been very high: the usual way to coopt an organization has been to corrupt its leadership by means of personal benefits. This has been especially true with local or regional ejidal organizations, as the ejido sector has

146 The growing importance of the transnational aspect in the more integrated and globalized market situation, was strongly emphasized by the representatives of peasant organizations of various Latin American countries at the Fifth Latin American Congress of Rural Sociology in Chapingo, Mexico, in 12-16 October, 1998 (personal notes).
been so much more dependent on government inputs and under government control. With the growth of independent organizations and with the retirement of the state from the agrarian sector the leadership accountability has increased, generally speaking, as government resources have more or less been shut off both because of the enhanced strive for independency by the organizations and because of the reduction of various types of state-provided subsidies. It is, however, not a given: low accountability can, of course, also be compatible with high independence from the government, as there are other sources for corruption in the new market environment, and even if corruption is not involved, the leadership may still rule in an autocratic and non-representative way. Fox’s study on a regional organization, UELC (Unión de Ejidos Lázaro Cárdenas), which is a union of 15 *ejidos* covering some 4,500 families in the state of Nayarit, show that leadership accountability is related to but not necessarily parallel with the degree of autonomy of the organization (Fox 1992b, esp. pp. 23-26). Yet, I believe, the overall situation of leadership accountability in peasant organizations has improved with the detachment from state and political parties.

*Organizing for Markets*

One of the early examples of the rise of these new type of peasant organizations was the Coalition of Collective Ejidos of the Yaqui and Mayo Valleys, CECVYM (Coalición de Ejidos Colectivos de los Valles del Yaqui y el Mayo), in the state of Sonora. Started as a consequence of land occupations at the end of Echeverría’s period, CECVYM was formally founded in 1978 and soon grew to include 76 *ejidos* with thousands of members, although not all *ejidos* participate in all activities. At the initial stage, the Coalition was more oriented against the local Banrural office, which took the side of large landowners affected in the earlier land occupations, and against the agricultural insurance company ANAGSA, allied, in turn, with the bank, but step by step the activities were expanded. By mid-1980’s, CECVYM had its own credit funds, its own insurance system against crop failure, a ”company store”, a day-care center, a housing project of 5,600 homes, and many other projects to generate employment and extra incomes and services for members. Politically, the Coalition also came to have considerable weight in the region, although that was not its main goal. Production-wise, the Coalition, once it had broken with Banrural and was on its own, was able to increase productivity in the main crops (wheat, soy-bean, maize, cotton, of which wheat was the most important), often above the private sector average, despite the fact that production costs were often less, due to a conscious policy to reduce the use of costly agrochemicals. The Coalition was able to make direct contracts both with buyers of their produce and suppliers of agricultural inputs, and it employed its
own staff of technical advisers in production-related matters. Overall, CECVYM can be described as a success story: it has been operated as a business, with production in mind, yet the profits that this production-mindedness brings in are used with social goals in mind. One of the keys to this has been that the leadership has been chosen by merits and capabilities and has had a high accountability to members. It is important to notice that this development has been possible - and compatible - with collective *ejidos*, the production organization system doomed as the most obsolete, low-productive and non-functioning of all by the recent neo-liberal reformers.

An example of a national-level, sectorial producer organization is the small coffee producers’ CNOC (Coordinadora Nacional de Organizaciones Cafetaleras), the National Coordinator of Coffee Producer Organizations. Coffee has always been a commercial crop, as mentioned earlier, yet the grip of CNC and Inmecafé (through the UECP’s) was strong enough to keep a larger peasant producer organization from emerging until the Salinas years at the end of the 1980’s (large producers had had their representative organizations already for years). Independent local organizations of coffee producing peasants were born in the late 1970’s, and in the early 1980’s there were mass mobilizations drawing thousand of peasants of the coffee producing states, but these movements were not able to consolidate themselves into a single organization. The final urge for CNOC came with the collapse of the International Coffee Organization and the run-down of Inmecafé, the principal buyer of peasant harvests. In July 1989, the first national meeting of independent local coffee organizations was held in Lachiviza, Oaxaca, with 25 organizations from six states, and CNOC was officially founded, and right after that an office was set up in the capital. A second national meeting was organized in October of the same year in Jalapa, due to the 50 percent decline in world prices after ICO’s collapse, now with a strong participation of ‘non-independent’ UECP’s. The rapidly enhanced status of CNOC was recognized by the fact that it gained access to the council established to reorganize and privatize Inmecafé, which still had facilities of various types (fermentation and drying centers, warehouses, etc.) all around the coffee areas (Hernández 1992, 87-91). In 1991, CNOC could already count 54 member organizations with almost 50 000 peasant producers (Moguel 1992a, 98-99).

In addition to its role as a new interlocutor and negotiator with the state, CNOC was oriented towards commercialization and marketing of the coffee of its constituencies, which, of course, was indispensable due to the retirement of the state from the markets. Already in January 1990, 30 member organizations of CNOC established the first national peasant-owned and -run coffee enterprise,

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147 The whole story of CECVYM is told by Gordillo (1988); see also Otero (1989, 46-52).
Promotora Comercial de Cafés Suaves Mexicanos S.A. de C.V. Also, CNOC was active in establishing the Union of Small and Medium Size Producers of Coffee of Central America, Mexico and the Caribbean (Unión de Pequeños y Medianos Productores de Café de Centroamérica, México y el Caribe), in April 1990. CNOC also established connections with consumer organizations and fair trade associations in industrialized countries: in the United States’ markets, CNOC launched its own trademark ‘Aztec Harvests’, as well as made a deal with the US fair trade organization Thanks Giving; in Europe, a major counterpart has been the Dutch fair trade organization Max Havelaar (Hernández 1992, 92-93). The birth of CNOC had strong feedback effects at the local level. For instance, the regional forum for small coffee producers of Oaxaca, CEPCO (Coordinadora Estatal de Productores de Café de Oaxaca), was founded in June 1989 just before the national meeting in Lachiviza and its growth was intimately linked to that of CNOC. Within two years, CEPCO consisted of 35 local organizations with almost 18 000 producers, making it a major column within CNOC (Moguel & Aranda 1992, 181-182, 187-188).

However, this is not to say that the formation of producer organizations has been a straightforward, easy and always beneficiary process, in which political organizations have simply been reoriented into commercially oriented producer organizations. While the agricultural restructuring has fostered the emergence of the latter, in some cases it has blocked the opportunities of existing producer organizations, adapted to the pre-liberalization context. In the Tierra Caliente of Michoacán, the number of melon producer organizations has declined from 43 in the late 1980’s to only 3, and even the surviving ones are run like private enterprises by their leaders and are only nominally cooperative organizations. Likewise, the state-sponsored attempt to create a mango producers’ organization in the same region in the early 1980’s never succeeded in an environment of increasingly open markets and diminishing access to financial resources. The ejidos have been losing their own packinghouses or processing facilities, thus losing an extra source of revenues within the commodity chain. Instead, the role of intermediaries and contract farming between companies, both national and foreign, and independent producers has been increasing, a trend enhanced by the privatization program of ejido lands (Stanford 1998, 317-323).

The case of agave-producing ejidatarios in Jalisco shows how intimately linked peasant struggle and world market conditions can be. Agave is a century-plant grown traditionally in Mexico, previously more for the fermented pulque drink, with a low alchohol content, now mostly for the distilled tequila and mezcal,
with the bulk of the production of the former now being exported. In Jalisco, before the Revolution, agave production had been mostly in the hands of a few wealthy families, and with the Revolution turning most of the haciendas into ejidos, agave production decreased from 46,000 hectares in 1900 to the all-time low of 2,600 hectares in 1940, partly due to the fact that agave requires long-term investment, as it has a 6 to 9 years growing season from planting to the harvest. Production began to grow again in the 1960’s, and accelerated in the 1980’s, when tequila became a fashionable drink in the industrialized countries. In 1996, there was again 48,500 hectares of agave in Jalisco, but because of increased productivity - the amount of individual plants per hectare had increased, as well as the juice content per plant and the extraction capacity of the distilleries - the total output of tequila had grown by more than ten times from that of 1900 (from 9.5 million to 98 million liters). In 1996, 55 percent of the tequila production was exported, contrasted with the 10 percent in 1970 (Torres 1998, 76-79).

Many of the wealthy pre-Revolution tequila families had been able to preserve some of their power, if not always in direct production then in the processing and industrialization of tequila or acting as middlemen between the ejidatarios and industrialists. As a crop requiring processing and notable initial input costs, a regular contractual pattern was developed for growing agave: the industrialist would provide the plants, which the ejidatario would plant and maintain, sowing maize between the rows and keeping the maize as a remuneration until the agave, in the eight or ninth year, would be harvested and the sale proceeds would be shared evenly. The dependence of agave producing ejidatarios on the industrial process led to tequila factory takeovers by peasants and factory workers during the Echeverría years, when there was overproduction, causing a fall of prices. As a result of one of these takeovers, the first ejido-operated tequila factory, named Nueva Reforma Agraria, was established in 1975. The history of the factory has been plagued with a shortage of capital, poor administration, weak participation by the ejidatarios and a boycott of its retail brand by the marketing networks dominated by private tequila producers, and as

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148 Tequila and mezcal are basically similar products, but the the term ‘tequila’ is restricted by law to the agave distills produced in a certain designated area in the state of Jalisco while mezcal can be produced anywhere in Mexico. The Mexican tequila norms allow the final product to be mixed up to 49 percent with other distills (like cheaper cane sugar-based distills), but the pure 100 percent, aged agave-distills are more expensive in retail. Most of the tequila production is today controlled by large companies, like Sauza and José Cuervo, while mezcal is mostly produced by small, single-family companies. In spring 1997, the European Union granted official name protection for both tequila and mezcal, meaning that in the EU area beverages cannot be sold under the names of tequila or mezcal unless they are produced in Mexico according to local norms - a name protection similar to that enjoyed by French cognac and armagnac or Scotch whiskey.

149 My hunch is that the percentage of exports is actually higher, but in an indirect way: many of the annual 20 million or so tourists to Mexico do buy a bottle of tequila in Mexico to take home with them. In any case, tequila is a relatively expensive drink in Mexico, compared to locally produced brandy or rum, and therefore its growth potential lies primarily in export markets.
a result the factory has never operated in full capacity. In addition, there have been quarrels between ejidos on the land where the factory stands and on the allegiance towards the CNC (Torres 1998, 77-81).

The rapid expansion of agave cultivation in the eighties and early nineties led to serious overproduction despite of growing tequila exports. In early 1995, tequila factories refused to buy more agave and crops began rotting in the fields. However, factories continued to buy agave from middlemen at discount prices, and producers were forced to sell to the brokers at rock bottom prices. A group of agave producing ejidatarios formed El Barzón del Agave, as a sectorial part of the national debtors’ organization El Barzón, to press factories to buy and directly from producers, not from middlemen. The group also occupied two tequila factories with which an accord was subsequently reached, in June 1995, the factories agreeing to buy 40 and 50 tons of agave per week directly from the producers. In July, 500 barzonistas took over the ill-fated Nueva Reforma factory, accusing the CNC-affiliated factory leadership of favouritism in its purchases and of secretly negotiating on the privatization of the factory. The takeover led to changes in the factory management, but more important was that Barzón del Agave began to have considerable power in the tequila production process. In August, barzonistas organized a sale blockade against 7 factories, winning an agreement for 800 tons of agave per week, and at the end of the year a highway blockade brought them an agreement to sell 22,000 tons over a nine week period to various factories. The situation had evolved into a virtual ”agave war”, lasting until spring 1997: during two years there were 15 takeovers or blockades of tequila factories by the barzonistas, some of which ended favourably for the producers, some of which did not. At a blockade against the exporting giants Sauza and Cuervo, the producers were able to cut Mexico’s daily tequila production by 60 percent. Various federal authorities and the Jalisco’s governor’s office were frequently involved in the negotiations, giving leverage to the results. Eventually, the role of middlemen was reduced and better prices were achieved through direct contract with factories, and producers are now more and more seeking to establish their own high-quality tequila brands, to combine agave growing with tequila production (Torres 1998, 82-98).  

Organizing for Resistance

150 Smaller tequila companies are demanding that tequila should by law be bottled in Jalisco and that a certificate system be developed, but the market leaders Sauza and Cuervo oppose the idea as they sell most of their production in bulk containers to be bottled abroad, mostly in the United States. Agave growers aspiring to become tequila producers as well would find the words ”estate bottled” on the label of their product a marketing advantage, as their chances lie in pure, 100-percent agave-based tequila, exclusively displaying its local origins.
For sure, peasant organizing may also be motivated by the simple need to resist the adverse conditions they live in or the changes threatening them. Even armed resistance is by no means an excluded option for a peasant strategy: examples of armed peasant rebellions abound from all over the globe, from Latin America and from Mexico. However, in the post-revolutionary Mexico, since the Cristero rebellion in the 1920’s, peasants have been relatively reluctant - in the Latin American perspective - to take up arms in a collective way. Instead, armed peasant violence has occurred as individual and inter-group violence, like feuding between villages or ejidos on land disputes - this type of violence has been common enough in Mexico (cf. Dennis 1976; Greenberg 1989). Of course, the major explanation for the lack of organized, collective armed resistance has to do with the cooptative grip of the Mexican state over the peasantry (and workers alike). Also, the ubiquitous occurrence of inter-group feuding is, undoubtedly, connected to the revolutionary period and to the Agrarian Reform and its sometimes hasty, haphazard, unfair and partisan demarcations and distributions.

However, this pattern in Mexico was unexpectedly broken on January 1, 1994, when an armed rebellion broke out in Chiapas, one of the poorest states in the Mexican federation, on the very first day that NAFTA went into effect. The rebels, organized under the Zapatista Army of National Liberation, EZLN (Ejército Zapatista de Liberación Nacional), in addition to demanding an end to the neo-liberal policy in general, were true heirs of their revolutionary patron Emiliano Zapata in demanding a revitalization of the land reform, which had become moribund with the reform of Article 27. Now, a lot has been said on the nature of the Chiapas rebellion, whether or not it represents the aspirations of the local people or whether it is just another romanticized revolutionary movement of the intelligentsia, so common in Latin America. The Mexican government has been keen to isolate EZLN politically and to show that it is not a genuinely local movement but led and manipulated by non-peasant and non-indigenous outsiders. It is true that the spokespersons of EZLN, like "subcomandante Marcos", are people of higher education, and it is also true that after the initial phase of armed skirmishes most of the battle has been waged on websites, places uncustomary to peasant activism, but the roots of the conflict were, nevertheless, in the socio-economic conditions of the peripheric rural southern Mexico.

Neil Harvey has traced the path of peasant radicalism in Chiapas prior to the outbreak of armed resistance (Harvey 1994). Since the late 1970’s, local peasant

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151 Armed peasant rebellions seem to have been a persistent phenomenon in all majorily peasant societies; on a global level, see Wolf 1969, on Latin America, see Huizer 1973, and on Mexico, see, among others, Katz 1990 and Reina 1980.
organizations had been overtly critical to the prevailing conditions in Chiapas, especially to the patterns of land ownership: large landowners, mostly cattle ranchers, owned most of the productive land. Petitions by the peasants for land distribution through the Agrarian Reform legislation had led nowhere, and in many places, the lack of definitive titles over the land, especially in the Selva, had resulted in non-eligibility for official credit. Peasant protest was frequently met with violence by the police and by the CNC militants, as in December 1987, when seven people were killed in an ambush by CNC militants. Untitled peasant settlements were usually evicted and destroyed. The state government clearly took the side of large landowners: during the governorship of Castellanos Dominguéz, around the mid 1980’s, a total of 4714 documents of inaffectability (certificados de inafectabilidad) were issued, mainly to cattle ranchers, a number equivalent to 95 percent of all such exemptions to expropriations issued in the state since 1934. Then the January 1992 reform to Article 27 took the hope of peasants of ever achieving solutions to their petitions, sometimes age-old, for land distribution through legal channels. In December 1991, members of an indigenous organization (Comité de Defensa de la Libertad Indígena) had gathered in Palenque for a demonstration against the proposed reform to Article 27, the corruption in the state administration and against the state government for not fulfilling its promises on public works, but the peaceful demonstration resulted in over a hundred people being arrested and several being beaten and tortured by the police.

The tension in Chiapas began to draw national attention in March 1992, when four hundred Indian peasants began a six weeks’ march from Palenque to Mexico City. The marchers got promises from federal authorities on several issues - on revoking the 1989 Penal Code for the State of Chiapas that considered unarmed mass protests threats to public order, on the initiation of the promised public works, on bringing the abusers of human rights to court, among others - but by the end of the year nothing had happened. On the Columbus Day of the Quincentennial Year, October 12, 1992, ten thousand Indian peasants marched in San Cristóbal de las Casas. About half of them belonged to an organization called ANCIEZ (Alianza Nacional Campesina Independiente Emiliano Zapata), which had been founded in 1989 in the Selva and Los Altos regions in Chiapas (originally as ACIEZ, without the word nacional in its name) and which was particularly strong among the Tzotzil, Tzeltal and Chol communities, with constituents in the neighbouring states too. Eventually ANCIEZ came to form the nucleus of armed resistance under EZLN, which, in turn, had been founded in the early 1980’s and which had begun to work in the communities in the ”classical” manner of Latin American radical leftist (guerrilla) groups. The impasse of the land issue and the broken promises by the authorities led to the radicalization of ANCIEZ, and in early 1993 the
organization went underground, presumably to prepare for an armed rebellion. The same happened with EZLN. In May 1993, in Ocosingo, there was the first open clash with an army unit. The state government insisted that there were no guerrillas in Chiapas.

The surge of an armed rebellion in Chiapas was rooted in the economic and political conditions of such a peripheral rural region; it could have happened somewhere else as well, but the polarized land tenure system and the arrogant and high-handed attitude of the state government made it happen in Chiapas. While it is a rebellion against the neo-liberal policy in general, it is also "a popular response to a series of rural reforms decided without the participation of representative campesino organizations" (Harvey 1994, 33). The rebels have revitalized the agrarista ideology by reclaiming the right of peasants to land, but this time, however, the land issue is tied to larger questions of alternative politics at the national level (Rubio 1998, 225). Originally a rural rebellion reflecting peasant concerns, the Chiapas uprising has also evolved into an ethnic rebellion reflecting the specific concerns of indigenous peasant populations: the EZLN introduced the question of ethnic autonomy in the second round of peace negotiations in 1995 (Trejo & Jones 1998, 95). The inclusion of issues of other than strictly agrarian nature confirms the notion of Kearney that we have entered from peasant politics to ‘postpeasant politics’: "whereas the peasant was essentialized as having a primordial connection with land, a condition that made the agrarian issue the fundamental peasant concern, postpeasant rural politics is increasingly elaborated in terms of human rights, ecopolitics, and ethnicity" (Kearney 1996, 8).

An important field of peasant resistance is the use of legal channels in order to block or delay encroachments of their livelihood. Although the rule of law is deficient in Mexico and especially so in rural areas - a fact admitted at the government level - and although peasants are aware of the deficiency, the use of legal means has merits even if an outcome favourable to peasants is not likely. The legal process forces the authorities to ground and justify their decisions more precisely and openly and to restrain from the most glaringly dictational ad hoc policy practices that are sometimes due to corruption. Peasants themselves can achieve a sense of unity by presenting their common case, to which the legal argumentation gives some moral superiority, and they may become more versatile in general in their relations with the state and the society.

152 Another guerrilla group, Popular Revolutionary Army, EPR (Ejército Popular Revolucionario), that surged in the central states in 1995, is clouded in obscurity, but what can be concluded from the reports and its declarations is that it seems to be a leftist guerrilla group of a more conventional Latin American type, more strictly Marxist oriented, with a limited number of militant members and obviously with little popular rural constituency and support. In other words, EPR is not a peasant (or indigenous) movement.
Indeed, Mexican peasants have been making their claims and complaints through the judicial system since colonial times and they are often quite aware of their rights being abused even if they cannot name and cite the specific laws and decrees being broken. Decades of agrarian legislation and reform have made peasants, especially in the *ejido* sector, to some degree accustomed both to the importance of laws in society and to the fact that laws can always be bent, interpreted, bypassed or contradicted with other laws. In the Mexican case it is not so much that laws and the legal system do not ”reach” the countryside and that peasants, therefore, are left without the protection of their rights by the laws. On the contrary, as noted by Jones (1998, 502), the abundance of the agrarian legislation probably makes the Mexican countryside ”as one of the most complex legal environments in the world”. It is rather that peasants, too, have learned to use the system for advancing their purposes - in other words, they have learned to play with the rules against those who have been more privileged to make and use the rules for their benefit.

In an example of a legal battle offered us by Jones (1998), a group of four *ejidos*, located at the outskirts of the city of Puebla, put a case against the state of Puebla and the federal state. In December 1990, the governor of the state of Puebla issued a declaration to expropriate land from the four *ejidos* in the name of ‘public utility’ (the only legal way to touch upon the otherwise inalienable *ejido* land). The declaration was subsequently joined by the Agrarian Reform Ministry and the area to be expropriated from the *ejidos* was specified at a total of 1082 hectares, to be used mainly for housing projects for the growing population of the city of Puebla. The *ejidatarios* naturally resisted the idea, as they knew that compensation would be slow and well below the market rate. The *ejidos* did not have the whole area in question in agricultural use; instead, they had already sold a good deal of the lands adjoining urban areas as small plots to settlers. The sales had been illegal, since before the January 1992 reform to Article 27 *ejido* land could not be sold. However, such sales had been a common practice, with the quiet knowledge of authorities, all over the country in places where urban centers had grown beyond their limits.153 And in the case of Puebla, there even had been an earlier federal decision granting a potential right of occupancy to the settlers.

Threatened with the expropriation, the *ejidos* increased the, in principle, illegal sales of plots to the settlers - this way gaining a compensation close to market rate if the area would be forcefully expropriated and adding to the legal hassle

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153 The complicated issue of urban *ejidos* has become more manifest in the course of rapid and largely uncontrolled urbanization. While most *ejidos* still today are rural, *ejidos* have provided land for the urban growth around all major cities. *Ejidos* around Mexico City have provided some 200 square kilometers for the growth of the metropolitan area, while in Guadalajara *ejidos* provided close to 80 square kilometers to the growth of the city between 1970 and 1990 (Siembieda 1996, 372).
in order to make the expropriation issue more complex. By late 1992 the *ejidos* claimed to have sold 733 of the 1082 hectares in question. The office of the state governor responded with raids to demolish the houses of the settlers and some of the *ejidatarios* as well - the raids being organized, paradoxically, by the Institute of Housing of the state of Puebla. The *ejidatarios* and settlers then submitted 270 writs to the court: it was a good delay tactic, as it forced the Agrarian Reform Ministry to check from old documents who was an *ejidatario* and who was not, although, in the end, only seven writs from *ejidatarios* were accepted as valid to proceed their cases (the settlers’ cases were dismissed on the basis of their illegal occupancy of the *ejido* land). In the course of the case, two of the four *ejidos* decided to make separate deals with authorities, while the remaining two joined with two new *ejidos* close by, opposing the extension of a Volkswagen factory and the construction of a refuse treatment plant on their lands.

The legal argument the *ejidos* used against the expropriation was the unspecified use of the concept ‘public utility’ in the original expropriation declarations. The *ejidatarios* presented an earlier Supreme Court ruling that it is not enough that authorities claim a public utility - they have to give proof that justifies it. The *ejidatarios* also discovered that before the first expropriation declaration a land area of 22 hectares had been promised for a supermarket chain and for a private university for a price per hectare fifteen times the price to be paid to the *ejidos*, while suspicions of other similar deals between businessmen and authorities abounded. After the reform of Article 27 had begun in vigour, the *ejidos* argued that the original expropriation was against the new law at several points and that the whole case must be made anew or dropped by the authorities. The Agrarian Reform Ministry and the state government of Puebla, in turn, responded by claiming that the *ejido* ownership on the land was no longer legal as the *ejidatarios* had abandoned the land to be used by outsider settlers. The authorities also tried to manipulate *ejidal* assemblies and drive a wedge between the *ejidatarios*, claiming that the leadership of the *ejidos* was not representative. The legal battle came to an end in 1994: the expropriation became effective, but the *ejidos* were able to strike a better deal with increased compensation, free plots for family members and with some involvement in the development of the area, plus additional funding from PRONASOL for the small businesses of the *ejidatarios*. While the battle was not successful in respect to the main issue of the expropriation, ”it is clear that the communities derived considerable satisfaction from causing the State so much difficulty” (Jones 1998, 301).
Another example of resistance, of a grass-root activism type, is the case of a real estate development project in Tepoztlán, Guernavaca.\textsuperscript{154} In the summer of 1995, Grupo KS, a holding company for a number of investors, began to plan a 500 million dollar golf club complex in the Chichinautzin Biological Corridor in Tepoztlán, the plan being subsequently approved by the National Ecological Institute (Instituto Nacional de Ecología). When the plan became public, in August, about one thousand Tepoztlán residents, mostly peasants, and some environmental activists took over the City Hall and threw out the mayor. The developers claimed that the project would bring 13 000 jobs to the area, while the protesters claimed that the project - especially the golf course that would require constant irrigation - would drain the scarce water resources of the peasants and that the company had bought the land illegally in the first place. The protesters also dismerited the company’s claim of bringing 13 000 jobs - the figure was a gross exaggeration and most jobs would be temporary anyway.

In September 1995, the construction work that had already been started was halted, as the company lacked some official permits. Later in the same month, some five thousand residents of the municipality participated in a popular vote to elect a new municipal council, but the authorities never approved the vote as officially valid. In late 1995 the ban on the construction was lifted and the work began again. The demonstrations against the project continued, now organized by the Tepoztlán Unity Committee CUT (Comité de Unidad Tepozteca). In the spring of 1996 a popular referendum was called to be organized in the municipality over the project, but it never came to that, as on April 10th, the 65-year old leader of the local PRD section was shot and several other protesters were batoned by the state police during a demonstration. After the incident, and with the image of the project growing increasingly bad, most of the investors behind Grupo KS pulled out and the project was cancelled. Evidently the battle was won by the locals, although with human sacrifice and although the company vowed that sooner or later the area, still its property, would be developed in one way or another.\textsuperscript{155}

\textsuperscript{154} Tepoztlán was the village studied by Robert Redfield in the 1930’s and then by Oscar Lewis in the 1950’s.

\textsuperscript{155} The information here on the Tepoztlán case is based on a pile of newspaper articles along the course of the conflict, especially from daily newspapers La Jornada and Mexico City News.
New Products for New Markets

Non-traditional Fruit and Vegetable Production

Increasing their incomes by shifting from basic crops to more profitable non-traditional fruit and vegetable production is not at all easy for peasants. Even if we leave aside the issue of land quality - whether or not the land available is suitable for such a shift - there are a host of other problems. In their survey study on the experiences of smallholding ejidal peasants engaged in fruit and vegetable production Marsh and Runsten (1998) found various obstacles in the way of small producers. In general, the state-sponsored effort to diversify small-scale production has been disproportionately on the "push" side (out of maize) and very little on the "pull" side (into fruits and vegetables) to make the adoption of new crops less costly and less risky. Fruits and vegetables are already widely cultivated in Mexico: not counting home gardens (which abound), Marsh and Runsten put the total number of fruit and vegetable producers at slightly less than 400 000. Of ejidatarios about 15 percent do have farmland in fruits and vegetables, allowing vast differences between states (ranging from 60 percent in Baja California Sur to 5 percent in Coahuila, Hidalgo and Tlaxcala). As such, fruits and vegetables are not necessarily unfamiliar novelty crops for peasants - except for some recently introduced species, like broccoli, asparagus, or blackberry - but to make those the principal cash crop is not that simple.

The list of obstacles is long. Smallholders have no back-up capital to wait for payments from buying companies and are therefore forced to sell for intermediaries against cash at low prices. Most small producers lack trucks to transport their produce to wholesale markets - making them again dependent on brokers - and their production volume is too small to make buying a truck individually worthwhile; yet by trucking their produce directly to buyers the prices they would receive are generally two to three times higher. There is a lack of regulation in the monetary transactions: there is opportunistic behaviour by both intermediaries and producers and fraud is not rare, resulting in mutual distrust. Small volumes make the grading and packing of produce according

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156 The role of brokers in the fruit and vegetable markets is an interesting issue, to a degree a function of the growingly transnationalized markets of these commodities. As large landowners prefer to work with well-established firms - which, in turn, are interested in working primarily with large landowners - small-time brokers are the ones dealing with small producers and vice versa. In the cross-border trade of fruits and vegetables, small brokers - handling capital from 50 000 to half a million dollars in a season - are usually people who have at sometime been in the United States as migrants and probably worked there in the fruit and vegetable business or people of Mexican-American origin, and who can use their social networks and knowledge of the United States in creating business opportunities. Written contracts between these brokers and small producers are rare and oral commitments are easily ignored, and prices are pressed arbitrarily low by the brokers by claiming false market
to size, maturity and quality difficult, and therefore producers are usually paid according to the worst produce of the bunch. Small producers lack information about market situations, supply and demand, and prices. The initial costs of setting up fruit or vegetable production are high - about 9 000 pesos per hectare for broccoli or 30 000 pesos for strawberry, compared to 2 500 pesos for maize - while access to credit is limited and more costly for small producers. Technical assistance and advising is insufficient for small producers (Marsh & Runsten 1998, 279-297).

One of the new ‘niche’ products is avocado. Originally an American plant, it has been cultivated in Mexico for thousands of years and it is an essential ingredient in traditional Mexican cookery, but as an export crop it is fairly recent. The first commercial orchards were set in the late 1960’s with the ‘Hass’ variety brought from California (and developed there by growers of Mexican and Guatemalan origin). The first shipment of Mexican avocados to Europe was sent in 1982. Today Mexico is the world leader in avocado production, with a production volume of about 900 000 tons annually, corresponding to about 40 percent of world avocado production, although most of it is consumed in domestic markets. Over 80 percent of the Mexican avocado is produced in a single state, Michoacán, and practically all exported avocado comes from there. In 1991-92, avocado was produced on an estimated 84 000 hectares in Michoacán, making the state the most important avocado production area in the world. About three-quarters of the production area is private and one quarter, ejidal or communal land. Officially, 70 percent of the production area is irrigated, though probably a good deal of the land so classified is only half-irrigated, that is, not irrigated all year round. Orchard size varies from small (1-5 hectares) to large ones (500 hectares), but of the estimated 6 000 producers only a fraction produces primarily for exportation (Stanford 1997, 5; Suárez & Fulgueira 1992, 117-118).

Avocado exports as of total production have been only a few percent due to reasons both inside and outside the sphere of production. Until very recently, the US market was closed to Mexican avocados because of the alleged threat of the avocado seed weevil, but in essence the ban was set to protect the avocado

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157 As avocado is a perennial tree requiring a few years’ time from planting to the first harvest, it was estimated that about a fifth of the total production area was not yet productive, the estimate being based on the annual expansion of 3000-4000 hectares of new production land, a growth rate of 4-5 percent annually (Suárez & Fulgueira 1992, 119).
production in California. After NAFTA came into being, complaints and pressure against such a unilateral phytosanitary barrier of trade increased and the ban was finally lifted in 1997. Prior to that, Europe was the main market area for Mexican avocados (along with Canada and Japan), but exports to Europe have suffered from transportation problems and, consequently, in the 1990’s, some 85 percent of the exported avocado has been sold first to US intermediaries (Dole, Mission Produce) which have re-exported the avocado in closed containers (because of the weevil threat) to the final destination on a commission basis. At the local level, the rapid expansion of production took place without sufficient investment in infrastructure, warehouses, transportation and commercialization (packing, grading according to quality, marketing), and the producers themselves had very little experience in doing international business. Also, the producers have operated in a disorganized manner, and the role of intermediaries has been strong at all levels of the production system (Stanford 1997, 4).

Despite the problems, it is evident that the avocado production enclave in Mexico has the potential to establish itself as the world’s top supplier of quality avocados. With the US ban now lifted and with the consumption increasing in Europe, and with the European Union tariffs most likely being reduced or abolished in the future due to the Mexico-EU trade agreement, the avocado exports from Mexico are obviously on the rise. Now, the production is characterized by both large and small production units, and although big producers produce the major share of the total volume there are opportunities also for small producers. As in all other products, there has been a trend towards the concentration of production, but the competition among big producers and their mistrust towards their organizations - which, for the most part, have not been very successful - have impeded further concentration.

That also small producers can be relatively successful is illustrated by the example of a local organization in Tacámbaro region in Michoacán: the Sociedad Cooperativa en Venta en Común Cupanda, founded in 1954 as a cooperative organization, has been able to maintain the trust of its members with more transparent decision making and the leadership’s accountability and to operate functionally. In 1993, Cupanda had 341 members whose landholdings ranged from 2.5 to 25 hectares; many of the larger landholders had left the cooperative two years earlier, critical to the cooperative leadership for extending credit to small producers. Cupanda is financed by membership fees according to production volume and by individual investments and by the

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158 Studies show that the weevil attacks avocado fruit before they are mature and the infested fruit usually drops from the tree before the harvest time, and the threat of the weevil being transported with hand-picked and hand-packed avocados is not very serious (Suárez & Fulgueira 1992, 123).
profits from its operations. In the 1980’s, Cupanda established its own packinghouse, turning out an estimated 9,000 tons annually to the domestic markets and 600 tons to Europe. Also, the cooperative has its own trucks to transport the produce to the Mexico City central market, where it has its own warehouse. In 1990, Cupanda expanded into processing guacamole, the avocado-based traditional Mexican salsa and is marketing it to the United States through a private company. In addition, Cupanda has a cooperative store, selling chemicals and other inputs at a discount, and it also serves as a credit union for its members (Stanford 1997, 12-15). The case of Cupanda shows that small producers can respond with success to the call for commercialization and adjust their production to market demand and, what is more, even by using such an “obsolete” organizational structure as the cooperative, based on the 1934 agrarian legislation.

As Lois Stanford comments on the ejido peasants in the Michoacán Tierra Caliente region, peasants continue to view commercial agriculture as an economic opportunity the way they did even prior [my emphasis] to the ejido reform: even though the state is abandoning the previous system - with state-sponsored ejidal organizations, with land reform, with subsidies, and generally with a strong direct participation of the state in the economy - the ejidatarios are not rejecting the capitalist system (Stanford 1998, 327-328). In the midst of a confusing privatization program of ejido lands they have been expanding their fruit orchards (of mainly mango and lime), which is always a long-term investment in the case of perennials. This is despite the fact that they have recently suffered losses in the production of the annual commercial crops of melon and cucumber (which was due to loosing their own packinghouses and to the shift of the US contract companies to other regions). What is more, many peasants have turned to producing marijuana, which albeit illegal, is a prime commercial crop considering the constant if not ever-expanding market demand: in the Tierra Caliente of Michoacán, marijuana is probably the most important export agricultural commodity. While the producers of the irrigated and more centrally located areas cannot grow narcotics simply because of their location, it is especially the rain-fed marginal areas - where commercialization of production is more difficult in general - where poorer peasants have found marijuana, and to a lesser degree other narcotics, as a strategy and option in their efforts to commercialize their production and so to increase their incomes. If the tug-of-war is to let the markets decide, so be it by the peasants as well.

*Organic Products*

A case within the NTAX category (as in domestic markets) are organic products. Or more accurately, they are a case somewhere between NTAX and
traditional export products, as, in fact, many organic products are traditional export crops which become novelties only when produced in a different way, i.e. organically, without chemical fertilizers, pesticides and herbicides - like organic coffee or organic bananas. As it is, of course, the poorest segment of peasants has always produced their products as “organic”, due to the fact that they have not had the resources to buy the necessary chemical inputs, but as fully commercialized products, organic products are indeed non-traditional and destined to specific markets and specific consumers.

One would think that from a peasant production with a relatively low level of chemical inputs use, the transition to organic production would be an easy one. But this is not the case: the markets for organic products are narrow and the consumers are more quality-oriented than are consumers on the average, meaning that a product must be both organic and of good quality by size, shape and taste, which may prove to be difficult to guarantee on by traditional methods on rain-fed land. And, in cases where chemical inputs have been used, a serious problem in adopting organic production is the transition period it requires: one must first cultivate the land at least 2 or 3 years without chemicals before one can call the produce truly organic, and in the meantime yields will drop while the sale price of the product per unit cannot be raised. In addition, there is the problem of finding the market channels: the regular route (via brokers or wholesale buying agencies) may become blocked and the costs for a single organic producer among regular producers to transport the produce to markets may easily offset the upward difference in the price of the product.

However, organic production does have definitive advantages as well. It is more labour-intensive than regular production, and this offers opportunities to maintain labour force in rural areas and to make use of the peasant family labour; the higher intensity of labour use on small farms is an asset in this respect. Although yields are reduced, the input costs are also reduced. The sale price per produce unit is likely to be higher than with regular products. In addition, environmental degradation is reduced, as well as the health hazards of the producers due to the rejection of agrochemicals. Because of this labour-intensive, cash-saving and non-capitalizing character, organic production is, in principle, particularly suitable for peasant production. Consequently, the existing organic production in Mexico, though relatively small, is more equally structured than other sectors of agricultural production: currently, of organic producers, 97.5 percent are small producers having 89 percent of the land area dedicated to organic production, and 2.5 are large producers having 11 percent of the land area.159

159 Felipe Torres Torres, oral information at a seminar at Instituto de Investigaciones Económicas, UNAM, Mexico City, October 8, 1998.
Overall, organic production suits well to the idea of sustainable integral agrarian development, in which technology and ecology and economic and social aspects are put on optimal balance and where ‘quantity’ can be superseded by ‘quality’ (cf. Cebreros 1990). On the other hand, there is the serious problem of land quality: a good proportion of the lands of small producers are poor, marginal lands on which any production without fertilizers is too risky and low-productive, while the sizes of land plots may not allow keeping animals for manure. In the specific socio-economic milieu of the Mexican agrarian sector of today there is also the likely issue of rising land prices, making investment on a land good enough for organic production out of the reach of peasants, especially in respect to the reduced chances for agricultural credit. Therefore, organic production cannot be a generalized strategy for peasants, but it can offer various channels to establish small but relatively secure markets for certain ‘niche’ products.\textsuperscript{160}

\textsuperscript{160} It cannot be a generalized strategy also because of the market principle that the more something is produced the cheaper the price gets; that is, if the profitability of organic production is based on a higher consumer price per unit than with a corresponding regular product, then an organic product cannot exponentially substitute the markets of a regular product.
Conclusion: The Rationale of the Agrarian Transformation in Mexico

*The Political Economy*

In a long perspective, there has been considerable continuity in the Mexican political economy right from the Porfirian era, through the revolutionary period and then during the post-revolutionary years until today. The strong and centralized state and an economy led by the upper crusts of the economic elite with the blessing and, at most times, with the support of the state, have been the most fundamental aspects of this continuity. Also, there are other traits in the political culture that show continuities, to a lesser but still to a distinguishable degree: especially the use of either cooptation or intimidation against political opponents and other dissidents is such a trait, although the “target groups” of this practice have not remained the same throughout. The level of direct state intervention in the economy and in production has varied considerably over the decades, as has the constituency of the upper crust of the economic elites (from landlords to industrial bourgeoisie to large export companies and international investors), but the political elites have never seriously undermined or questioned the general model of capital accumulation based on private capital and a market economy, even if the markets have at times been highly regularized.

During and after the Mexican Revolution it became customary by the political elites to pay lip service to radical, and in a loose way, leftist ideas (sometimes apparently socialist), presenting the state as the guardian of the poor and weak and as a manifestation of a caring, communitarian society, while at the same time serving the interests of private capital, the larger the better.¹⁶¹ Peasants have been at the very focus of this rhetoric, first due to their role in the rank and file of the Revolution and their awakened militancy and then, after their pacification with the Agrarian Reform and cooptation into official peasant organizations, due to the effort to preserve the official image of the Revolution as a truly social uprising, the initial goals of which have been met under the guidance of the state. In many ways the rhetorics succeeded: post-revolutionary Mexico was for decades saved from the large-scale rural rebellions and guerrilla movements – and for that matter, urban as well – that have plagued most Latin

¹⁶¹ This, perhaps sometimes even unconscious, undercurrent in the Mexican political economy to present the state in a communitarian light, while not making it a vehicle towards a truly redistributive society, no doubt has to do with the abundant use of the word ‘solidarity’ in the names of economic programs in the 1980’s and 1990’s, as mentioned in the Foreword of this work. On the other hand, one cannot ignore or deny the many attempts of the Mexican state to actually live up to the communitarian ideals - especially in the social sector (in education, health care, etc.) – despite the fact that those ideals have never been allowed to jeopardize the economic policy goals.
American countries during the corresponding time lapse. Even more significantly, the legitimacy of the state was again and again reinstalled and reacknowledged in the elections for an, in principle, open, representative and multiparty system (but which was, in reality, a closed, top-down and uniparty system). Until the late 1960’s, the omnipotency of the state was never questioned by the overwhelming majority of the Mexicans, and, even beyond that, up until the late 1980’s, it was not seriously threatened by any expressions of political dissidence.

The most ingenuous creation of this legacy of revolutionary rhetoric and cooptation was, of course, the PRI. The reorganization of the party took place simultaneously with the political turn to the right in the early 1940’s, enabling the state to steer the political course of the nation away from the radicalism of Cárdenas with a lesser risk of alienating important segments of the society. Also the incorporation of peasants into the party structure, en masse through the Confederación Nacional Campesina, took place with the reorganization. At those times Mexico was still predominantly a rural country and the support of peasants, who had formed the rank-and-file in the various revolutionary armies, was essential to the state. The incorporation paid off well: despite the new direction of the agrarian policy during the Green Revolution years – when the emphasis was changed from the agrarian reform to supporting large scale commercial agriculture mainly in the northern parts of the country – peasants provided remarkably stable support to the CNC and to the party. For sure, peasants who had already gained land in the land distribution, were likely to be loyal supporters, and it was probably difficult for peasants at village level to see the bias in the government policies from behind the official rhetoric. And of course, it was not always simple political loyalty that spurred peasant support but the fact that allegiance to the official organization meant access to important benefits of state institutions, from credit to fertilizers to technical assistance.

The economic model that had evolved during the revolutionary period – state-led capitalism – was cemented from the 1940’s onwards: the state retained and even expanded its active role in direct production and in the overall management of the economy, but now more in an open collaboration with the private sector. It seems as if the more confident in itself the post-revolutionary state grew, the more room for manoeuvre it could give to the private sector, together with essential state-provided infrastructural support. As the Mexican political system renders large executive powers to the president, the model was, no doubt, authoritarian and centralized from the political perspective, but in the economy there was always enough playground for private capital. Often the tutelage and effective protection provided by the state was utmostly essential to the growth of infant industries. The same goes for the growth of commercial
agriculture in the north as well: large irrigation projects could not have been realized without the participation of the state.

The gradual disruption of state’s cooptative grip began in the late 1960’s, especially after the Tlatelolco massacre in 1968. After that, the populist government of Luis Echeverría, with its high-pitched leftist rhetoric, was an attempt to restore the eroding credibility of the state, in a somewhat disconcerted manner. The credibility was never fully restored, but the system survived, partly with the help of the “petrodollars” of the López Portillo years. But then, with the debt crisis the credibility gap again began to widen: at first, the trust was lost in the economy – when the economic mismanagement of earlier years became visible – and later, when the crisis dragged on and the real incomes of the people declined year after year, pressures against the political system mounted as well.

Over the 1980’s, the debt crisis came to shake the prevailing system of the Mexican political economy. In the economy, capital flight and the austerity programs forced the state to reconsider its participation and to streamline public institutions and enterprises, increasingly after the oil-shock rock-bottom years of 1986-87. The structural reforms in the economy following the crisis (withdrawal of the state’s direct participation, abolition of price controls, subsidies and protection, and investment and trade liberalization ending in a free trade agreement, etc.) changed the model of capital accumulation from a closed, regularized and state-led system to an open, unregularized system in which the state still played a part, but a reduced one and with a sordino on. The leadership in economic activity was given to the private sector, and within it, increasingly to large export companies and investment groups (the latter swiftly taking advantage of the privatization of state enterprises). The state then centered on securing the social conditions for the economic change – say, with programs like the National Solidarity Program.

In politics, the debt crisis and its aftermath resulted in the growth of opposition politics: PAN began to do well in many states and PRD was born for the 1988 presidential elections, significantly from within the PRI itself. The legitimacy of the political structure, in which the state-PRI symbiosis was the core, was for the first time now seriously questioned. The structure survived with a narrow margin, but with an important reorientation: the new technobureaucratic administration of Carlos Salinas was less dependent on the old school PRI party politicians than any previous government. It was a necessary detachment as well, as there was enough opposition even within the PRI against the neoliberal economic policy of the government, especially against the rapid privatization of the parastate sector. The change in the model of capital accumulation was thus
accompanied with a political change from a social-authoritarian to a technical-authoritarian administrative system. The traditional support elements of the government – like the official trade unions, CNC, or public sector employees – clearly lost their importance (and with that, their rewards diminished).

The free trade arrangement with the United States and Canada was the logical offspring of the policies that have characterized the Mexican political economy openly since the mid-eighties, and in some respects, in a more disguised and quieted fashion, at least since the sixties (like the growing presence of large TNC’s). As such, the North American Free Trade Agreement was not so much a sudden change than a cementation of the many changes that had already taken place. With such an international commitment, subject to counterveiling actions by the other members of the agreement, there was no return to the old system of an extended state supervision over the economy (price controls, import licenses, restrictions on foreign investments, etc.). Thus, the free trade agreement had a definitive signal value for domestic and international investors and companies engaged in foreign trade over the irreversibility of the overall economic policy line –the agreement has been said to have a 'lock-in-effect' on the economic policy planning of the Mexican state. The fact that the severe peso crisis, which hit the Mexican economy shortly after the free trade agreement came into vigour, did not affect the economic policy in any major way, was further proof of this locking in.

The Agrarian Sector

The agrarian sector in Mexico has been experiencing the effects of the overall political economy, in addition to the direct effects of the specific agrarian policies. In this framework, the agrarian sector has clearly been subservient to other sectors, in terms of resource allocation and extraction by the state. And within the agrarian sector itself, basic food production (into which category traditional peasant production mostly falls) has been subservient to commercial and export production. Despite the impressive growth of all agricultural production since the 1940’s, conditions for basic food production gradually deteriorated, relatively speaking, resulting in a loss of self-sufficiency in basic food by the early 1970’s. Attempts to restore the self-sufficiency all failed, and Mexico has now been a net importer of basic food for over a quarter of a century.

Admitting the problems in food production - though not asking why and how such a situation had been created in the first place - the state began to restructure agricultural production in the 1980's, not so much to regain the self-
sufficiency but to redirect production even more towards exports. In essence, the restructuring of the sector thus meant the restructuring of the basic food crop production. Enhanced by the need to cut subsidies and other public expenditures on the sector because of the debt crisis, the state actually accepted massive imports of basic food as a permanent feature of the Mexican agrarian sector: importing food was apparently cheaper than paying subsidies for domestic food production. This pattern was later cemented in the free trade arrangement. Basic food production, hitherto protected by subsidies and tariffs on imports, was now increasingly exposed to market forces and foreign competition. As much of the food production was centered in the *ejidos*, it was evident that the *ejido* sector, and with it the whole Agrarian Reform, was also to become subject to reorganization.

The new type of political leadership represented by the Salinas government was a necessary precondition for the realization of the agrarian restructuration. *La Reforma Agraria* and the *ejido* sector had in many ways been at the core of the Mexican political discourse and action and in those there was much that was considered as inalienable achievements of the post-revolutionary political system, both metaphorically and literally (the latter in respect to the *ejido* land), vehemently defended by many politicians across the whole political spectrum. It seems quite inconceivable that this kind of rapid deregulation of agrarian institutions and subsidies and the accompanying reformulation of agrarian legislation, from 1988 to 1994, could have taken place under any other government than that of Carlos Salinas. The rhetorical attack on the deficiencies and problems of the old agrarian system, odd as it may seem coming from the state itself, was needed to sell the Salinas reforms both to the public and to the legislators.

Luis Téllez, an MIT-trained economist who was then the under-secretary of planning in the Ministry of Agriculture under Salinas government, commented on the effects of both free trade and the *ejido* reforms by saying that "it is like opening the Wild West in America. We will get this thing moving in 10-15 years". While Tellez was probably referring to the Wild West as a land of great opportunities, his comparison also brings about, with no difficulty, images of lawlessness and the power of gunpoint, of reckless cattle barons against poor farmers in the fight over the control of the land, and of a greedy small-town capitalist using thugs and hired guns, already owning the saloon and the hotel but wanting the rest of the town as well. Only this time, in the 1990’s, there was no cavalry, no pale rider, to come to rescue those in plight. The wide open space of the Wild West was simply the terrain for the free reign of the great natural forces of the markets.

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The ejido sector reform, as part of the agrarian restructuration, has been met with mixed feelings by the ejidatario peasants. On the one hand, the reform has provided the peasants the fulfillment of the aspiration of a private land of their own, and, even more importantly (as most ejidatarios had already for decades considered their ejidal plot as their own), the abolition of the legal restraints on the use of ejidal land as a commodity, which has tended to raise its value, and also the loosening of the grip of the state, which had been particularly tight and corrupt in the case of collective ejidos. Taken together, these aspects of the reform have broadened the scope of economic activities and strategies that ejidatarios can pursue. On the other hand, for many the reform has seemed to be a betrayal of the principles of the Mexican Revolution, and it has increased the uncertainty of peasants in face of the overall economic liberalization. Most importantly, the reform has, with a quick move surpassing decades of agrarian legislation, exposed the ejido sector to international market forces in a situation where the previous state incentives and protection has been disbanded (including credit, crop insurance, technical service, purchase of crops, etc.); the large-scale commercial farming sector has been favoured for decades by the state’s policy, building up its infrastructure and capitalization, and now the ejido peasants should suddenly be on the same line in competitiveness. No wonder ejidatarios have not whole-heartedly greeted the reform as the liberation of the burden of the state and as a solely beneficiary opening of new opportunities.

In the internationalization of agriculture in any Third World context, the issue is not only of the expansion of foreign capital into fields of activities previously under the command of domestic, local capital. It is a comprehensive process that encompasses and entails a complex set of interrelated, smaller transformation processes, ranging from the control of production input technology to changing consumption patterns, to food self-sufficiency of nations and rural employment issues. The Mexican agro-food sector is an illustrative case in this respect, as in Mexico, various factors have made the process more manifest than in many other places. Mexico was one of the original showcases of the Green Revolution, its agrarian sector thus beginning to attract foreign capital from relatively early on. Also, the location of Mexico across the border from the world’s largest single capitalist market made it natural for US capital to see Mexico as a locus of production and as a target for exports (of input technology as well as of surplus basic food and animal feed – expressions of the so called ’food power’ of the United States).

What has been particularly interesting in the Mexican case is the fact that the internationalization has taken place despite the existence of a large small-scale
peasant sector, until very recently protected by a web of agrarian legislation and various forms of domestic subsidies. With the neo-liberal deregulation, the peasant sector (especially that of ejidos) has yet been more exposed to the competition of international capital. Added with the free movement of capital and goods under NAFTA, it is expected that the process of internationalization will be accelerated, resulting in an ever greater vertical and horizontal integration of the Mexican agro-food sector. This, in turn, will signify the growing role of TNCs - in effect, the growing subsumption or replacement of domestic Mexican agro-food capital and rural labour by transnational corporate capital. In this work, only some aspects of the complex phenomena linked to the internationalization have been discussed. To be sure, there are other important aspects as well, not discussed here but meriting equal attention: the gendered labour practices linked to the agro-industrial production (say, in packaging exported fruits and vegetables) or the environmental issues linked to the greater productivity demands that corporate capital brings in, to name only a couple.

Peasants

Today, Mexican peasants certainly do possess a lot more liberties than before. However, it is pertinent to ask whether they also possess more freedom than before? The issue is of fundamental importance, and not just a question of semantics. The liberties - like the right to participate directly in the markets instead of through state companies and to establish market contracts with any partner - are there in principle, but in practice few peasants can actually take advantage of them, due to problems inherent in their socio-economic conditions. The reduction of infrastructural services by the state, the lack of financing and the lack of knowledge of the new market environment are strong disincentives to participate in the markets in the first place, especially with basic food crops, maize in particular. Also, the interest of commercial companies to enter into business relations with small-holding peasants producing only small quantities of produce, possibly of varying quality, may not be very high. The same goes with producers in remote or otherwise marginal areas, from where the transport costs are higher and field plots dispersed. To whom do peasants turn to in order to sell their meager outputs?

The situation is somewhat different in new commercial products, fruits and vegetables. In these products, the state has not been so actively involved; the markets have dictated the ups and downs of the producers much more directly than in basic foods. Although business interest in general may be higher and the threshold for peasants to enter the markets is lower in fruits and vegetables than in basic foods, there are other problems involved. The high initial cost of fruit
and vegetable production, especially with perennial crops, is an effective, high-risk barrier for small producers. No doubt commercial banks are more eager to finance fruits and vegetables than basic food crops, but not without collaterals, which small producers often lack. Fresh fruits and vegetables have also specific requirements in respect to packing, transportation, storage and to the relatively short time-span allowed from producer to consumer. All this makes it rather difficult for small producers to transfer from low-profit basic food crops to these more profitable commercial crops. Yet fruits and vegetables, along with other NTAX products (such as organic coffee), may offer the only solution out of the dead end of traditional production.

To meet these new challenges of the markets, peasants have increasingly turned into organizing themselves as producers. Class-based organizations – taken that peasants do constitute a class of some sort – still exist, but broad political agendas have lost their importance in the strategies of peasant organizations. It is also that the contents of what is 'political' have changed – the emphasis has shifted from party politics to local, regional and sectorial issues, civil society networking and ethnicity, that is, to issues one could label as 'post-peasant'. Turning from conventional politics to production is also linked to the growing independency of peasant organizations: issues more vital to peasant livelihood have superceded political loyalties both to the government party and to opposition parties. But, of course, it is also the other way round: the withdrawal of the state from the agrarian sector has reduced the options that the state, through CNC and public institutions, can use in rewarding loyal organizations and in cooptating independent ones, thus reducing the appeal of the rewards for staying loyal. The rise of independent organizations started in the 1970’s during the renewed agrarismo of Echeverría, but the development of the 1990’s has greatly enhanced the trend.

For peasants not able to meet the challenges of the markets – for lack of land or for the quality of it, lack of financing, transport or knowledge, or whatever reason – there are not many options left. Turning more towards subsistence production and increasing extra-agricultural income generating activities is a likely response, but equally likely is the total abandonment of agricultural production. The latter case frequently involves migration, as local sources of employment in the Mexican countryside, especially in the southern parts of the country, are scarce. Although migration is often an involuntary decision, it can serve as a strategy to perpetuate peasant production. Remittances sent home by migrant members of a peasant family can be invested in land or necessary production inputs, possibly enabling the transfer to market-oriented production. Production-wise, migration can thus have both negative and positive effects on peasant agriculture. Of course, another thing is that there are high social costs
involved in migration – like the separation of family members or the demographic effects on peasant communities – and the conditions in which migrant workers live and work are often extremely poor. From the public policy or political economy perspective migration is never the best solution: it may sometimes come close to being the second best (as in the case of the foregone bracero program) but generally it is an unplanned and unwanted result of poor performance or of sudden changes in an economic sector or in the national economy as a whole.
Appendix 1: Statistical Appendix

Table 1. Land distribution in Mexico, 1916-1982, by the presidential periods.

<table>
<thead>
<tr>
<th>Presidential periods</th>
<th>Total land distributed (ha)</th>
<th>Irrigated land (ha)</th>
<th>Rain-fed agricultural land (ha)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1916-20 Carranza</td>
<td>168 000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1920-24 Obregón</td>
<td>1 100 000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1924-28 Calles</td>
<td>3 000 000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1928-30 Portes Gil</td>
<td>1 700 000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1930-32 Ortiz Rubio</td>
<td>900 000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1932-34 Rodríguez</td>
<td>800 000</td>
<td>1916-1934: 247 600</td>
<td>1916-1934: 1 387 300</td>
</tr>
<tr>
<td>1934-40 Cárdenas</td>
<td>18 800 000</td>
<td>937 400</td>
<td>3 382 700</td>
</tr>
<tr>
<td>1940-46 Avila Camacho</td>
<td>7 300 000</td>
<td>95 800</td>
<td>1 008 000</td>
</tr>
<tr>
<td>1946-52 Alemán</td>
<td>4 600 000</td>
<td>62 200</td>
<td>738 300</td>
</tr>
<tr>
<td>1952-58 Ruiz Cortines</td>
<td>6 000 000</td>
<td>78 600</td>
<td>902 600</td>
</tr>
<tr>
<td>1958-64 López Mateos</td>
<td>8 900 000</td>
<td>159 000</td>
<td>1 354 400</td>
</tr>
<tr>
<td>1964-70 Díaz Ordaz</td>
<td>24 700 000</td>
<td>71 800</td>
<td>2 039 800</td>
</tr>
<tr>
<td>1970-76 Echeverría</td>
<td>12 800 000</td>
<td>111 100</td>
<td>657 200</td>
</tr>
<tr>
<td>1976-82 López Portillo</td>
<td>6 400 000</td>
<td>79 700</td>
<td>871 100</td>
</tr>
</tbody>
</table>

(Sources: Betanzos & Montalvo 1988; Moguel 1989.)

Table 2. Average annual production and yields per hectare of wheat and maize, 1940-1969, by five year periods.

<table>
<thead>
<tr>
<th>Wheat</th>
<th>Maize</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prod. (tons)</td>
<td>%</td>
</tr>
<tr>
<td>1940-1944</td>
<td>425 212</td>
</tr>
<tr>
<td>1945-1949</td>
<td>417 891</td>
</tr>
<tr>
<td>1950-1954</td>
<td>639 900</td>
</tr>
<tr>
<td>1955-1959</td>
<td>1 214 263</td>
</tr>
<tr>
<td>1960-1964</td>
<td>1 455 349</td>
</tr>
<tr>
<td>1965-1969</td>
<td>1 805 511</td>
</tr>
</tbody>
</table>

(Source: Percentages calculated from the absolute figures from tables 18 and 19 in Hewitt de Alcántara 1978.)

Table 3. The balance of agricultural trade (including livestock and fishing), in millions of dollars, 1992-1998.

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<thead>
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</tr>
</thead>
<tbody>
<tr>
<td>Exports</td>
<td>2112</td>
<td>2504</td>
<td>2678.4</td>
<td>4016.2</td>
<td>3592.3</td>
<td>3828.1</td>
<td>3954.3</td>
</tr>
<tr>
<td>Imports</td>
<td>2858</td>
<td>2633</td>
<td>3371.4</td>
<td>2643.6</td>
<td>4670.9</td>
<td>4172.8</td>
<td>4772.9</td>
</tr>
<tr>
<td>Balance</td>
<td>- 746</td>
<td>- 129</td>
<td>- 693.0</td>
<td>1372.6</td>
<td>- 1078.6</td>
<td>- 344.7</td>
<td>- 818.6</td>
</tr>
</tbody>
</table>

(Sources: Sumarios estadísticos, Comercio Exterior, various years; for years 1992-93 Escalante & Talavera 1998, 93.)
Table 4. Mexican agricultural exports, 1994-1998, by the ten most important commodities in 1998 (excluding livestock and fishing). (Values in millions of dollars.)

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td></td>
<td>rank</td>
<td>value</td>
<td>rank</td>
<td>value</td>
<td>rank</td>
</tr>
<tr>
<td>Vegetables</td>
<td>1</td>
<td>689.5</td>
<td>1</td>
<td>929.0</td>
<td>1</td>
</tr>
<tr>
<td>Tomato</td>
<td>2</td>
<td>394.6</td>
<td>3</td>
<td>585.6</td>
<td>3</td>
</tr>
<tr>
<td>Raw coffee</td>
<td>3</td>
<td>359.7</td>
<td>2</td>
<td>706.1</td>
<td>2</td>
</tr>
<tr>
<td>Other fresh fruits</td>
<td>4</td>
<td>350.0</td>
<td>4</td>
<td>401.7</td>
<td>4</td>
</tr>
<tr>
<td>Melon, watermelon</td>
<td>5</td>
<td>89.2</td>
<td>6</td>
<td>114.4</td>
<td>7</td>
</tr>
<tr>
<td>Chick pea</td>
<td>6</td>
<td>44.5</td>
<td>7</td>
<td>72.9</td>
<td>8</td>
</tr>
<tr>
<td>Fresh strawberries</td>
<td>8</td>
<td>31.5</td>
<td>9</td>
<td>43.9</td>
<td>9</td>
</tr>
<tr>
<td>Cotton</td>
<td>7</td>
<td>42.3</td>
<td>5</td>
<td>170.0</td>
<td>5</td>
</tr>
<tr>
<td>Tobacco in leaves</td>
<td>9</td>
<td>25.1</td>
<td>10</td>
<td>25.4</td>
<td>10</td>
</tr>
<tr>
<td>Diverse spices</td>
<td>(13)</td>
<td>18.5</td>
<td>(11)</td>
<td>20.9</td>
<td>6</td>
</tr>
<tr>
<td>All other agricultural products</td>
<td>176.2</td>
<td>253.5</td>
<td></td>
<td>209.1</td>
<td></td>
</tr>
<tr>
<td>Total agricultural exports</td>
<td>2221.0</td>
<td>3323.5</td>
<td>3197.3</td>
<td>3408.4</td>
<td>3585.1</td>
</tr>
</tbody>
</table>

(Sources: Sumarios estadísticos, Comercio Exterior, various years.)

Table 5. Mexican (industrial) agro-food exports, 1994-1998, by the ten most important commodities in 1998. (Values in millions of dollars.)

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td></td>
<td>rank</td>
<td>value</td>
<td>rank</td>
<td>value</td>
<td>rank</td>
</tr>
<tr>
<td>Beer</td>
<td>3</td>
<td>232.5</td>
<td>2</td>
<td>309.6</td>
<td>2</td>
</tr>
<tr>
<td>Frozen shrimp</td>
<td>1</td>
<td>334.2</td>
<td>1</td>
<td>462.1</td>
<td>1</td>
</tr>
<tr>
<td>Prepared or conserved vegetables and fruits</td>
<td>2</td>
<td>290.6</td>
<td>3</td>
<td>306.3</td>
<td>3</td>
</tr>
<tr>
<td>Tequila, other liquors</td>
<td>4</td>
<td>156.5</td>
<td>4</td>
<td>176.6</td>
<td>5</td>
</tr>
<tr>
<td>Meat</td>
<td>10</td>
<td>22.0</td>
<td>(12)</td>
<td>34.1</td>
<td>6</td>
</tr>
<tr>
<td>Coffee extracts</td>
<td>(11)</td>
<td>19.1</td>
<td>9</td>
<td>43.6</td>
<td>(13)</td>
</tr>
<tr>
<td>Orange juice</td>
<td>6</td>
<td>51.2</td>
<td>5</td>
<td>90.7</td>
<td>8</td>
</tr>
<tr>
<td>Roasted coffee</td>
<td>5</td>
<td>55.0</td>
<td>7</td>
<td>65.0</td>
<td>7</td>
</tr>
<tr>
<td>Other fruit juices</td>
<td>9</td>
<td>30.5</td>
<td>(13)</td>
<td>32.0</td>
<td>10</td>
</tr>
<tr>
<td>Sugar</td>
<td>-</td>
<td>0.3</td>
<td>6</td>
<td>83.7</td>
<td>4</td>
</tr>
<tr>
<td>All other products</td>
<td>692.7</td>
<td>924.8</td>
<td>1102.5</td>
<td>1194.9</td>
<td>1275.2</td>
</tr>
<tr>
<td>Total agro-food exports</td>
<td>1895.6</td>
<td>2528.5</td>
<td>2930.3</td>
<td>3324.7</td>
<td>3590.0</td>
</tr>
</tbody>
</table>

(Sources: Sumarios estadísticos, Comercio Exterior, various years.)
Appendix 2:
Peasant Studies and Mexico: An Overview^{163}

Peasant studies form a typical field of interdisciplinary inquiry, in which theory and praxis are constantly crossing the borders of various established disciplines. The existence of such studies is based on the simple fact that there is, even in today’s modernized world, a considerable section of people engaged in a form of agricultural production that does not bend itself easily to analysis within any one discipline. The reality of the world’s peasantries - whatever the definition of the word is - is complex enough, varying from context to context according to the different economic, political and cultural structures of their respective host societies, and yet this reality produces a realm of a peasant way of making a livelihood, more or less common and recognizable across cultures (by common sense at least if not always by definition). As peasants more often than not are at the margins of their host societies, there is a strong dose of ‘conflict’- or ‘problem’-centered orientation in peasant studies, making the field more susceptible to normative and politically value-laden argumentation.

Behind the emergence of modern peasant studies - for the most part focusing on the peasantries of the Third World countries - were various factors, including: the overall interest in development issues beginning from the 1960’s and the adjacent expansion of development policy and aid by the industrialized countries; the expectations created by the so called Green Revolution and the subsequent disappointment it left; the rise of intellectual left-wing radicalism and criticism towards capitalist expansion, modernization and modernization theories; the acknowledgement of the need for urgent social, political and economic reforms in many Third World countries in face of rapid population growth, social unrest, political oppression and economic inequality, just to mention the most obvious factors. The wave of a Marxist orientation in social sciences from the 1960’s onwards also fuelled peasant studies. Important new areas of theory and research that coincided with the rise of peasant studies were dependency theories and theories on neo- and inner colonialism, eventually followed by world-system theories in the 1980’s. A concrete sign of peasant studies as a new but recognized field of inquiry was the birth of two scholarly journals, *Peasant Studies* and *The Journal of Peasant Studies*, in the 1970’s.$^{164}$

Although modern peasant studies are not regionally limited, studies on Latin American peasantries have played an important part in the formation of the field. In anthropology, especially, much empirical and theoretical work has been done in the Latin American context. The relative historical uniformity of the region’s peasant societies and modes of production have made comparisons and wider theoretical formulations easier. Culturally, of course, Latin American peasant societies, even in one single country, can be extremely diversified (one needs only to look at the hundreds of indigenous peasant societies still existing), but at the

^{163} The classics of peasant studies just mentioned are referenced by their full title and are not included in the bibliography; however, works consulted are referenced by author’s name and year, and are included in the bibliography.

^{164} Of course peasants had been at the focus of research long before modern peasant studies existed, say, in the rural sociology resting on theories developed by figures such as Tönnies, Weber, Parsons, and, inevitably, by Marx. However, for my purposes here it is sufficient to limit this introduction to the Latin American/Mexican context and to the phase of ‘modern’ peasant studies.
level of their economic systems they have much in common throughout the region.\textsuperscript{165}

Geographically in Latin America peasant studies (in Spanish, \textit{estudios campesinos}) have been carried out most extensively in Mexico, Central America, Peru and Brazil, but especially in Mexico. In Mexico, since the Revolution, the strong and manifest public agrarian policy (including extensive land reforms) undoubtedly increased the interest of research in agrarian issues - if not for anything else, then just for the criticism of that policy. The Mexican context as such cannot be transferred elsewhere, but still, it can be argued that the same settings of questions and approaches can be found in peasant studies carried out in other Latin American countries as well, and the debates in Mexico over theoretical issues to a great extent reflect the debates in the field of Latin American peasant studies as a whole.

The concept of ‘peasant’ has been adopted relatively late in anthropology, mainly after the Second World War. The usefulness of the concept as a precise conceptual tool for analysis has been restricted due to the difficulties in defining it (cf. Silverman 1979). So far, no unambiguous definition accepted by all has been found, and, consequently, the concept as applied today is a rather vague, descriptive, generic term, used in a loose way to address any agricultural small producer, landowning and landless, to a degree engaged in some sort of subsistence economy (as opposed to a capitalist, enterprising and accumulation-oriented ‘farmer’ of the industrialized countries). The final content of the concept has always depended on the context. Recently, Michael Kearney has suggested that we should drop speaking about ‘peasants’ altogether, as the concept has so little explanatory value, but to take into account self-definitions of the people in question (1996).

One of the first anthropological studies on peasants, if not the first, was carried out by Robert Redfield, who studied a peasant village community in the mountains surrounding the central valley of Mexico at the end of the 1920’s. The result was the first work in modern anthropology focusing on Mexico (\textit{Tepoztlán: A Mexican Village}, 1930). What was significant was the object itself, as it marked a shift away from the stress on ‘exotic’ in anthropology: the village did not represent any ”pure” indigenous culture (but neither a totally europeanized nation state culture). From this milieu, apparently with no specific ‘culture’ as understood at the time, Redfield found, however, a coherent way of life, which he ended up labelling ‘folk culture’, meaning traditional rural culture (whatever that was) as opposed to ‘urban culture’. It is revealing that Redfield does not speak about a ‘peasant society’ but of a ‘rural’ or ‘village society’.

In his later Yucatan studies, in the 1930’s and 1940’s, Redfield developed a ‘rural-urban continuum’ in which he placed the various types of communities he and his associates studied (cf. \textit{The Folk Culture of Yucatan}, 1941). Although in the Tepoztlán-study Redfield emphasized functionality and harmony in a village community to the point that later gave an opportunity to a ‘contra’ study by Oscar Lewis (\textit{Life in a Mexican Village: Tepoztlán Restudied}, 1951), the tradition he set forth in anthropology was that of the village community as a rather isolated centerpiece of research. One did not study peasants, nor even indigenous

\textsuperscript{165} In the Caribbean, which is generally included in the concept of ‘Latin America’ even though not actually Latin in the cases of former and present English and Dutch colonies, the historical roots and the wider societal relations of peasants are different from those of the mainland peasants. Comprised completely of imported, former slave populations, originally intimately linked to the sugar industry and through it to the rise of western capitalism, Caribbean peasants have a fundamentally different character from other Latin American peasants (see, e.g., Mintz 1990). Thus, when referring to Latin American peasants I am excluding the Caribbean.
peoples, as a social category or stratum - instead, one took a village community as such as the basic analytical unit. The approach started by Redfield was followed, for example, by Elsie Clews Parsons (Mitla, Town of the Souls, 1936), and it has since been a strong tradition in Mexican and Latin American anthropology. An economic viewpoint into peasantry was then presented by George M. Foster in his study A Primitive Mexican Economy (1942). As the title suggests, he too had the concept of ‘peasant’ yet to be discovered: in the 1940’s, in a Redfieldian spirit, Foster used the term ‘folk economy’.

The Redfieldian concentration on village community was broken in the 1950’s by Julian Steward and his ”school”. Steward himself did not actually carry out any peasant studies, but his theoretical formulations had an impact on those. First, Steward gave the priority to those cultural aspects that are most closely linked to livelihood, economic organization and resource appropriation. Second, he extended the scope of anthropology by developing a framework for studying ”national socio-cultural systems”. He divided these national systems into three interdependent categories or levels: (1) local socio-cultural subgroups and communities, (2) ‘horizontal’ subgroups (i.e., social, occupational, ethnic and other groups which cross-cut communities and regions and which can be called classes or castes when organized hierarchically), (3) formal national institutions which bind and regulate the whole. Although very schematic, this model gave way to seeing peasants in the larger social context. Peasants are not a tribe but a layer in the socio-economic stratification, no matter how isolated or community-bound life they may live.

Steward’s ideas in relation to peasants were most developed by his student Eric Wolf. He was with the Puerto Rico -project led by Steward at the beginning of the 1950’s, and he studied the hacienda-economy of the island. After another period of field-work in Mexico, Wolf developed a more operational definition of ‘peasant’ in his article on the types of Latin American peasants (Wolf 1955). His basic dichotomy of Latin American peasant societies into open and closed ones has long been used in describing differences between peasant communities in their orientation towards the outer world, especially towards market economy. Wolf’s definition of ‘peasant’ was profoundly economic in character: agricultural production, some control of land (not necessarily ownership) and production for subsistence (not for accumulative reinvestment) were the key features that marked peasantness. Significantly, Robert Redfield adopted this definition in his overview that was published a year after (Peasant Society and Culture, 1956).

After the second half of the 1950’s, research and discussion on peasants grew rapidly, alongside the rise of economic anthropology in general. It is impossible and unnecessary to try to trace all that material here. Suffice it to add one central ”amendment” to the definition of ‘peasant’ presented by eric Wolf in his later standard text book (1966) - especially important to the central theme of this work: peasants always belong to a larger, and up to a degree stratified society and they do have, indispensably, asymmetric relations with the outside sources of power. Thus, peasants are linked, in various ways, to the economic and political power complex of a centralized state, and, consequently, there is - to a varying degree - intimate articulation between peasant economy and the dominant economy, whether that be of feudal, despotic (old imperial), socialist or capitalist market economy type.

166 Another student of Steward and also a pioneer in modern peasant studies, Sidney Mintz, was also in the project. Mintz studied the plantation-economy, thus laying the foundation for his later Caribbean studies.
Mexican Peasant Studies

As the first professional Mexican anthropologist one can consider Manuel Gamio, who had studied in the United States under Franz Boas. In 1917 Gamio was appointed the director of the new department of anthropology (Dirección de Antropología) under the Ministry of Agriculture (sic). The only research project ever realized by the department was a study on the valley of Teotihuacán, an attempt to combine anthropology with archaeology (La población del Valle de Teotihuacán, 1922). The study was carried out in the best belief in the progressive power of modernization, enhanced by the Mexican Revolution and the rising new nationalism, and the result was truly ethnocentric: Indians were carrying "unesthetic" and "unhygienic" clothing, their production was "degenerated", etc. - the crucial factor of their misery being the continuance of their archaic (read, peasant) way of life with all its unscientific, superstitious beliefs. The department was closed in 1925.\(^{167}\)

At the end of the 1930’s anthropology as an academic discipline began to take shape in Mexico, when Alfonso Caso founded the Anthropological Society of Mexico in 1937 and when the first academic department of anthropology was founded at the National Polytechnic Institute in 1939 (it was transferred a few years later into the newly established National Institute of Anthropology and History under the Ministry of Education). Also the Department of Social Research at the National University (UNAM) began to do anthropological studies in rural areas. In the 1940’s Mexican anthropologists were taking part in projects led by foreign anthropologists: Julio de la Fuente was with Malinowski in Oaxaca, Alfonso Villa Rojas with Redfield in Yucatan, and Daniel Rubín de Borbolla with Ralph Beals in the Tarascan-project.

Until the 1960’s Mexican anthropology followed the Redfieldian village community centered orientation, but then, in the latter half of the decade, there was a shift towards a broader, societal orientation. Explanations were extended from local conditions to state, social structures, capitalism and to the world economy. In particular the role of the state emerged from a static, non-variable position to what it always had been: an actor, a subject, not to be taken for granted. This shift marked the emergence of a wave of theoretical and empirical studies which can be classified as belonging to modern peasant studies. For sure, the shift in Mexico reflected the change and radicalization of the intellectual climate worldwide, which, as mentioned before, was fuelling modern peasant studies.

In Mexico, Luisa Paré has analyzed the background of this new, socially conscious and critical, mostly Marxist orientation in anthropology and in peasant studies. According to Paré (1991, 10), among the numerous factors that pushed the new orientation were the Cuban revolution, the Vietnam war, Che Guevara’s fight and fate in Bolivia and the surge of guerrilla movements in various parts of Latin America in the late 1960’s. Among the specifically Mexican factors, at the beginning of the 1970’s, were the massive land recuperations by peasants in the state of Tlaxcala, the famous march of independently organized peasants (CCI, Central Campesina Independiente) to the capital and the imprisonment of their communist leader Ramón Danzos Palomino.

Among the first representatives of this new, critical attitude was Rodolfo Stavenhagen, who concentrated on the exploitation of rural day labourers (jornaleros) in his early studies. His

\(^{167}\) For a good basic review on the history of anthropology in Mexico, see Hewitt de Alcántara (1988); for the work of Manuel Gamio, see Gamio (1972).
dissertation - written in France and published afterwards in Mexico (1969) - was the first Mexican work in the field of anthropology/peasant studies in which the rural society was analyzed as a class society. He divided the social structure of rural Mexico into four classes: rural bourgeoisie (merchants, middlemen, etc.), landowners of large and middle-size estates (*latifundistas*), peasants (*minifundistas*) and rural proletariat (landless agrarian labourers). Rural class structure was thereafter one of the central issues in Mexican peasant studies.

A basic theme in Marxist anthropology, the question of pre-capitalist modes of production was brought into Mexican peasant studies by Roger Bartra at the end of the 1960’s (Bartra 1969; cf. also Hewitt de Alcántara 1988, 193-197). The existence and character of a certain peasant mode of production soon turned out to be a major theoretical problem in peasant studies, not only in Mexico but elsewhere as well. Marx did not use concepts that might have been taken to signify a peasant mode of production, but his ‘ Asiatic mode of production’ served as a comparison point for further formulations. In Mexico, the ‘ Asiatic mode of production’ was applied, for example, by Angel Palerm in a joint historical study with Eric Wolf (Palerm & Wolf 1972).  

In the 1970’s peasant studies grew tremendously in Mexico, also in disciplines other than anthropology (in history, political science, economics); thus, in this decade we can see peasant studies emerging as a field separate from its home base within anthropology. According to Paré (1991, 11), two questions dominated research in this era: the definition of the class position of the peasantry and the attendant forms of expansion of capitalism in the agrarian sector, and the revolutionary potential of the peasantry (i.e., issues related to the emancipation, the political organization and the class strategy of peasants). While, for instance, Stavenhagen had four rural classes and the border line between the two landed classes (*latifundistas* and *minifundistas*) was based on the size of their property, Ricardo and Isabel Pozas had the question of the ownership of the means of production (land) as the decisive factor, resulting in only two classes: rural bourgeoisie (including not only large landowners but also *minifundistas* living on subsistence production while owning their land, despite their apparent inequality within the class) and rural proletariat (Pozas & Pozas 1971). Instead, Roger Bartra saw that despite their petty bourgeoisie character peasants living on subsistence production were in the same class with rural proletariat, due to the nature of their exploitation: peasant products and the labour of the rural proletariat were both bought at the same markets with prices under or barely enough for reproduction costs.

Theoretically important for Mexican peasant studies at that time was the work of Alexandr V. Chayanov, a Russian economist who perished under Stalin in the 1930’s but whose theories on domestic peasant economy were refound in the West in the 1960’s and translated into Spanish in Mexico in 1974). In Chayanov’s theory the essential notion was that a peasant domestic unit, as a unit of production, does not function according to an economizing logic (minimizing costs, maximizing productivity) but according to a logic of its own, fulfilling its social needs by maximizing the employment of its labour force, even at the cost of productivity. Chayanov’s views were of particular importance to the debate on a peasant mode of production.

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168 The endless debates over the pre-capitalist modes of production, from the late 1960’s to the 1980’s, were actually due to the fact that Marx did not fully develop his analysis on modes of production other than that of capitalism. And of all modes of production discussed by Marx the Asiatic one was by far the most controversial (see Hindess & Hirst 1975). It would be futile and far beyond the scope of this introduction to go into those polemics again.
Towards the end of the 1970’s changing economic conditions of the peasantry became increasingly under discussion: the process of proletarianization of peasants and the articulation between peasant production and expanding capitalism, unfavourable to the former, became key issues. The study by Luisa Paré (1977a) is a prime example in this genre. The relationship between peasants and capitalism is problematic, because peasants produce a part of the products and labour which capitalism needs, without being totally absorbed into the capitalist relations of production: consequently, peasant production is neither fully pre-capitalist nor capitalist. Thus, according to Paré (1977a, 149), it would be more appropriate to talk about Mexican peasants not as peasants in the traditional sense of the word but as semi-proletarians, participating in both modes of production.

The asymmetric relationship between peasants and capitalism and the apparent inevitability of the process of peasant proletarianization brought the question of the final destiny of peasants at the forefront of debates: was the peasant mode of production (whatever the definition) doomed to disappear or was it capable to survive, to an extent, within capitalism (cf., e.g., the articles in Paré 1977b). The question was further complicated by the fact that in Mexico the peasant population was actually increasing in absolute terms (though not in relative terms) and by the obviously contradictory trends involved in the process of proletarianization. A part of the researchers - so called descampesinistas (among them R. Bartra) - saw that the dissolution of the peasantry was a slow but inevitable process and that it was not only unnecessary but harmful populism (harmful for peasants, that is) to try to protect peasant production and keep it intact, as in the end this would only benefit capitalism. Another part - so called campesinistas - saw that peasants could survive, if only right strategies were found. The strategies they suggested for peasants varied from allying with the state, which would have required strong independent peasant organizations (this view was represented, among others, by Gustavo Esteva (1980; 1988), to allying with the urban labour force and students in order to create a socialist system. Arturo Warman (1972; 1976) belonged to those who rejected cooperation both with the state (as the state only acted as a guardian of the interests of capitalism) and with the urban workers (as their interests contradicted those of peasants): instead, one ought to seek alternative roads in rural development.

At the heart of the discussion over the destiny and strategies were ideological differences within the research community. The body of Mexican peasant studies was markedly left-wing oriented, but within the body there were ideological fronts. Descampesinistas were in line with the small communist party of Mexico, suspecting the revolutionary potential of peasants, while campesinistas were either ‘populists’ or ‘Maoists’ (Paré 1991, 14; Hewitt de Alcántara 1988, 221-229). According to Paré’s self-critical evaluation Mexican peasant studies of the 1970’s, strongly affected by Marxism and by the overall critique of the Mexican political economy, threw away the baby with the bathwater, that is, the anthropological base of the field: ”...salvaguardando la obtención de la información a partir de trabajo de campo, tiramos el agua de la bañera con todo y el niño, en este caso la antropología” (Paré 1991, 11).

169 It seemed that the development of capitalism would benefit from temporarily halting or slowing down the process of proletarianization, as peasants producing a major share of their own reproduction costs would help to maintain rural wages at a low level and as developing capitalism itself would be unable to absorb all the peasant labour available. I have discussed these issues elsewhere (Valtonen 1988), and they will also be touched upon elsewhere in this work.
In the 1980’s the debating grew tired, and more practical settings of questions came to prevail. From the society-wide ‘peasants-as-a-class’-type problems one turned to more limited topics, like ones concerning sectorial problems of specific type of peasant producers (as examples, see Nolasco 1985 or Salazar Peralta 1988 on coffee producers, Villanueva 1984 on henequen producers, or Montañez and Warman 1985 on corn producers). As the rise of independent peasant organizations continued and was in a way very "pluralized" - diverging regionally, sectorially and politically - peasant movements were increasingly at the focus of research, but not so much as a corollary of the class-struggle as before: they were now seen in a more actor-oriented and pragmatic perspective, giving voice to the organizations themselves, with their limited goals and their particular ways of gaining room for manoeuvre (as examples, see Flores Lúa & Paré & Sarmiento 1988; Rubio 1987). The surge of women studies in anthropology and in social sciences also affected peasant studies: there was an emerging interest in reproduction issues, in women’s position as the last link in the chain of rural exploitation and in household strategies, among others (see, e.g., Appendini & al. 1982; Aranda 1988; Arizpe 1985, 1986; León & Deere 1987).\footnote{Incidentally, the first national meeting of peasant women in Mexico was organized in February 1986.} Since peasant studies have been characterizing Mexican anthropology to such an overwhelming degree, the changes in the interests of peasant studies have affected also anthropology in general, which has moved from the orientation towards peasants to one towards more broader and varied development issues, including integrated rural development (Krotz 1991; Martínez Saldaña 1995; Medina 1995).

It has been impossible to give here a just and full account of Mexican peasant studies over time. However, it is important to keep in mind, even with this brief and more or less unbalanced review, that the basic research themes in the Mexican case reflected as much the specific Mexican context as the prevailing currents in peasant studies and anthropology internationally. The questions asked in Mexico were thus similar to those asked elsewhere in Latin America, though the answers given in the empirical analysis were, to be sure, contextual, whether or not they were similar or different.
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