Alternative Pathways out of Rural Poverty in Mexico

Darcy Victor Tetreault

Abstract: This paper critically analyses the three pathways out of rural poverty proposed by the World Bank in its 2008 World Development report (farming, labour and migration), with the following questions in mind. Has there been a reduction in the incidence of income poverty in rural Mexico during the neoliberal era and, if so, what are the main contributing factors? Is labour migration (national and international) the best pathway out of poverty, taking into consideration the labour conditions faced by rural migrants? To what extent does fair trade and organic production represent a pathway out of poverty for Mexico’s peasantry? Should the Mexican government (and Mexico’s trading partners) pursue policies that would make farming a more viable alternative for Mexico’s rural poor? If so, what would these policies be? With regards to these last two questions, this paper highlights the proposals of independent peasant organizations, in particular the ones associated with the movement ‘sin maíz no hay país’. It is argued that these proposals point towards an alternative pathway out of rural poverty, one that creates favourable conditions for small-scale farming in Mexico. Keywords: poverty, rural, Mexico, public policy, agriculture, migration and rural labour markets.

For the first time in over 25 years, the World Bank’s World Development Report (WDR 2008) focuses on the agricultural sector. It distinguishes between three types of developing countries – agricultural-based, transforming and urbanized – and it outlines policies designed to help facilitate three pathways out of poverty: farming, labour and migration. Policy recommendations vary somewhat according to each country type, but the guiding principles remain the same: trade liberalization and privatization.

Mexico is the darling of this Report. During the second half of the twentieth century it underwent a rapid process of urbanization, spurred on by import-substituting-industrialization policies that favoured the urban sector and large-scale commercial farming. Then, in the late 1980s and early 1990s, neoliberal reforms were applied to the rural sector, accompanied by a series of compensatory programmes designed to help farmers adjust to the new structural conditions. Accordingly, nearly everywhere Mexico’s rural policies are mentioned in the WDR 2008, they are mentioned in a positive light and as a model for other developing countries to imitate. So, what exactly are these policies? And how have they affected different sectors of the rural population?

Critical analysis of the 2008 World Development Report

Twenty-five years have passed since the first time the World Bank put agricultural at the centre of its annual flagship report. During this interval, the Bank has systematically underfunded agricultural development and promoted neoliberal structural adjustments in the rural sector. In this context, several authors have welcomed the World Bank’s renewed interest in agriculture, while remaining critical of the analysis and agenda contained in the WDR 2008.¹
The WDR 2008 classifies countries into three worlds of agriculture, based on agriculture’s share of national economic growth and on the share of aggregate poverty in rural areas. In this way, most of the countries in Sub-Saharan Africa are categorized as ‘agricultural-based’, most of South and East Asia, North Africa and the Middle East, and some of Europe and Central Asia are considered to be ‘transforming’, and most countries in Latin American and Central Asia, are seen as ‘urbanized’. At the same time, the Bank recognizes the existence of regional heterogeneity within countries, reflecting the three worlds of agriculture on a sub-national level.

Across these three worlds of agriculture, the Bank conceives of three major pathways out of poverty: farming, wage labour in the rural non-farm economy, and migration to urban centres. In this view, a few entrepreneurial farmers are able to increase their landholdings, adopt modern technologies (including genetically modified seeds), and plug into transnational supermarket chains. Subsistence farmers are essentially doomed to extinction. However, the Bank suggests that subsistence farming can and should be enhanced in order to help the rural poor meet their basic needs while they acquire new skills for the labour market. In this way, for the vast majority of rural dwellers, non-farm employment and migration from the countryside represent the greatest opportunities for overcoming poverty.

This vision does not bode well for small-scale farmers and indigenous groups that have a strong attachment to their land, vocation and community. As Akram-Lodhi (2008, 1153) observes, the WDR 2008 ‘offers a dose of agropessimism that reflects a quite unilinear path-dependent vision of the future of food and agriculture’. Indeed, the WDR 2008 seems to adhere to an antiquated modernization paradigm, one in which the peasantry gradually disappears and indigenous groups are assimilated into the modern world. This paradigm is also reflected in the Bank’s three-tiered typology of agricultural worlds in which countries ‘follow evolutionary paths that can move them from one country type to another’ (World Bank 2007, 4). Clearly, this implies a unilinear evolution from ‘agricultural-based’, to ‘transforming’ to ‘urbanized’, characterized by a relative decline in rural populations and in agriculture’s share of the national economy. According to Veltmeyer (2009, 398), while there may be ‘considerable historical evidence of a long-term trend that can be theorized in these terms’, this does not imply that these trends represent ‘an immutable historic process’ and that ‘the only possible response [...] is to adjust to them’. From this perspective, capitalist development is associated with a process of (semi-) proletarianization, whereby peasants are dispossessed of their land (often violently) in order to allow large-scale enterprises to exploit natural resources for private gain. From this view, the continuation of this type of development is not inevitable; it can be resisted through collective action.

As we will see in the case of Mexico, there has indeed been widespread resistance to the type of development promoted by the World Bank. However, from the Bank’s perspective, resistance is not a viable pathway out of poverty; it is treated as unreasonable political pressure for market-distorting subsidies and protectionist policies that do more harm than good in the long run. Accordingly, the WDR 2008 promotes a reformist agenda that adheres to the basic tenets of neoliberalism: trade liberalization, deregulation and privatization. Along these lines it encourages all countries to reduce subsidies in the agricultural sector and it appeals to transna-
tional corporations to adhere to the norms of Corporate Social Responsibility. In addition, it promotes the strengthening of property rights, market-based land reform, improved access to financial services, public-private partnerships, and better management of natural resources. While the reformist elements of this agenda are meant to create greater opportunities for the rural poor, the essence of the Report is remarkably consistent with prior World Bank policy, as several critics have noted (for example: Akram-Lodhi 2008, Devereux et al. 2009, Kay 2009, Veltmeyer 2009).

Another criticism that has been levelled against the WDR 2008 has to do with its benign view of agribusiness. Along these lines, Amanor (2009, 261) observes that, ‘The World Bank depicts agribusiness as creating favourable conditions for smallholder farmers, in spite of considerable evidence to the contrary’. Although the Bank recognizes a ‘growing concentration’ in agricultural input markets, it offers little advice for countering oligopoly power, aside from encouraging more public investment in agricultural research and creating an investment climate that is more conducive to the entry of small- and medium-sized firms. Presumably, from the Bank’s perspective, private monopolies are a lesser evil than public ones. In any case, the WDR 2008 justifies its favourable view of agribusiness by giving credence to Malthusian fears. It states: ‘With growing resource scarcity, future food production depends more than ever on increasing crop yields and livestock productivity’ (2007, 66). With this in mind, it stresses the need to increase global food production via technological innovation, assigning a central role to agribusiness. In McMichael’s opinion, this amounts to ‘market intensification, via agribusiness, aided by the state’ (2009, 236). Moreover, as we have seen in the context of the current food crisis, the problem is not one of low agricultural production, but rather of poor asset distribution. As Holt-Giménez (2009) points out, in 2008 the world witnessed record levels of per capita food production, paradoxically combined with record numbers of hungry people, and record corporate-food profits. He and many other researchers have suggested that, to the extent that agricultural production needs to be increased in order to keep up to population growth, small-scale farmers can take a lead role by adopting agroecological technology, which tends to be more accessible, socially appropriate and ecologically sustainable.

Nevertheless, the WDR 2008 pays scant attention to agroecology and totally ignores the proposals put forth by peasant organizations grouped together on the international level under the banner *Vía Campesina*, particularly with regards to achieving food sovereignty on the national level through small-scale farming. Instead the Bank sees agribusiness as the driver of technological innovation and the supplier of modern inputs for all farmers, including small-scale farmers. Similarly, transnational supermarkets are supposed to provide small-scale farmers with higher prices for their produce. Although the Report recognizes that there are difficulties associated with incorporating small-scale farmers into commodity chains controlled by agrofood transnational corporations (TNCs), it suggests that these difficulties can be overcome by helping them create producer cooperatives, thereby leveraging up their bargaining power. Critics are sceptical, however, arguing that these proposals do not realistically take into account the asymmetrical power relations that exist between TNCs and small-scale farmers, even when these are organized into producer cooperatives (see for example, Akram-Lodhi 2008, Amanor 2009, McMichael 2009).
In sum, from a critical point of view, the WDR 2008 represents a continuation of past World Bank policy; it is geared towards market intensification and it favours the consolidation of the corporate food regime. Correspondingly, its three proposed pathways out of poverty only consider ways in which poor peasants can adapt to current structural conditions; resistance and structural change do not enter into the picture. Given these limitations, Kay (2009, 125) concludes that ‘the policy proposals presented by the report are unlikely to benefit the majority of the rural poor, especially the poorest of the poor’. As we will see, in the case of Mexico, there is ample empirical evidence to support this sort of scepticism.

Reforms and trends in the agriculture sector during the neoliberal era

The Mexican government began applying structural adjustments to the rural sector in the mid-1980s, in the context of the debt crisis. However it was not until Carlos Salinas’ presidential term (1988-1994) that the bulk of the reforms were carried out. Subsequent administrations have consolidated these reforms and introduced anti-poverty programmes aimed at rural households living in extreme poverty.

When the debt crisis hit in 1982, the Mexican government immediately adopted austerity measures that spelled the demise of rural development programmes that had been operating since the 1970s, including PIDER, COPLAMAR and SAM. Then, beginning in the mid-1980s, quotas and tariffs on agricultural imports were gradually reduced, culminating in the North American Free Trade Agreement (NAFTA), which set a 15-year timetable for phasing out remaining protectionist policies. During the same period, dozens of state-owned enterprises linked to the rural sector were dismantled and privatized, including the National Company for Popular Subsistence (CONASUPO), which was in charge of buying, storing and marketing basic grains.

Until 1988, Mexican farmers were provided with guaranteed producer prices for twelve crops (maize, beans, wheat, rice, sorghum, safflower, soybean, cotton, sesame, coconuts, sunflower and barley). During Salinas’ presidential term, all of these were eliminated, with the exception of maize and beans. As a result, producer prices dropped throughout the 1990s, as cheap grains flooded in from the United States at levels well above the quotas set by NAFTA. At the same time, farmers were faced with rising input costs.

Until the 1990s, agricultural inputs were highly subsidized in Mexico. Publicly owned companies such as Mexican Fertilizers (FERTIMEX) and the National Seeds Producer (PRONASE) provided inputs for the national market, making the country virtually self-sufficient in seed and fertilizer production. Since then, however, these state-owned companies have been dismantled or privatized and a handful of large and powerful trans-national corporations (TNCs) have gained control of the national market (for example: Cargill, Archer Daniels, Bayer, Bunge and Dreyfus). Consequently, input costs have increasing dramatically, first in the early 1990s, then again over the past three years.

Between 2005 and mid-2008, international prices for basic grains hiked up steeply, leading some analysts to suggest that this would create more favourable market conditions for Mexican farmers. However, what we have seen is that these higher prices have only been weakly transmitted to small-scale producers. As with
agricultural inputs, Mexico’s domestic grain market has become dominated by a handful of international and (in this case) national corporations, including Cargill, Archer Daniels, Minsa and Maseca. Under oligopolistic conditions, these corporations have been able to squeeze small-scale farmers on both ends (with higher input costs and lower producer prices) and capture the lion’s share of higher food prices. In this way, in 2008, Cargill’s profits increased by 81 per cent, Archer Daniels Midland’s by 86 per cent and Bunge’s by a stunning 1,452 per cent (Guzman 2008).

Lack of credit is another problem. Under Salinas, subsidized agricultural credit was almost completely eliminated, as well as government-backed crop insurance. The National Bank for Rural Credit (BANRURAL) was downsized and reoriented towards medium-sized commercial farmers. Large-scale farmers were expected to obtain credit from private banks, while small amounts of subsidized credit were made available to poor farmers through anti-poverty programmes such as Credit on Word (Crédito a la Palabra) and Regional Solidarity Funds (Fondos Regionales de Solidaridad). The net result of all of this was a dramatic increase in the real cost of credit, accompanied by a severe contraction in its availability. This situation was exacerbated by the 1995 economic crisis and it has not improved significantly since then. In 2001, BANRURAL was privatized. Today, only 15 per cent of Mexico’s farmers have access to seasonal credit and 5 per cent to credit for long-term productive investments, and these tend to be the medium and large-scale producers.

The last element of the neoliberal strategy was to make changes to Article 27 of the Constitution and to the Agrarian Law in order to put an official end to land redistribution and in order to pave the way towards the privatization of the ejido. As part of this reform, the Programme for Certification of Ejidal Rights and Titling of Urban Parcels (PROCEDE) was created in 1993 as a mechanism for strengthening land-tenure security and facilitating the renting and selling of ejidal land. At first there was widespread resistance, not to the programme per se, but rather as an expression of a broader resistance to the neoliberal reforms in their entirety. Entry into PROCEDE was supposed to be voluntary. However, during Ernesto Zedillo’s presidential term (1994-2000), government officials began exerting pressure on non-complying ejidos and indigenous communities, inter alia, by threatening to exclude them from exiguous subsidy programmes, most importantly the Programme for Direct Support for Agriculture (PROCAMPO). These heavy-handed tactics provoked internal conflicts in many agrarian communities, and to a large extent they worked: by late 2003, almost 80 per cent of Mexico’s thirty-one thousand ejidos and indigenous communities had accepted PROCEDE. Resistance has continued, though, especially in the south, where Mexico’s indigenous population is concentrated. In Chiapas and Oaxaca, for example, only 28 and 21 per cent of agrarian communities respectively have accepted the programme (De Ita 2003).

Although some critics warned that the changes made to Article 27 of the Constitution would lead to significantly higher land concentration, so far this has not been the case, at least not in terms of land sales. On the other hand, a dramatic increase in land rentals has led to a de facto concentration of some of the best irrigated land, especially in the north-western states of Sinaloa and Sonora, where up to 80 per cent of ejidal land is rented by large-scale farmers and agribusiness that
produce mainly maize and beans (De Ita 2003). In Jalisco, too, there is widespread renting of ejidal land, in this case, by agave producing companies that offer leases of up to eight years, often applying large quantities of agrochemicals to the land in order to get the most out of it during their contract. Farmers who rent their land benefit by securing a low-risk income without having to invest their own time or money. This allows them to search for jobs outside of farming, often implying migration to the United States.

In order to help cushion some of the adverse affects of these structural reforms, the Mexican government created a number of agricultural subsidy programmes and focalized anti-poverty programmes. The three most important are the Programme for Direct Support for Agriculture (PROCAMPO), Acquisition of Productive Assets (previously known as Alianza para el Campo), and Opportunities.

PROCAMPO was created in 1993 in order to help farmers adjust to neoliberal reforms. Originally it was supposed to be terminated in the year 2008, but it is still running and it is unlikely that it will be cancelled any time in the near future, given the Mexican government’s current legitimacy crisis and taking into consideration the world-wide food crisis. PROCAMPO provides cash payments of approximately 100 dollars for every hectare of land cultivated, made directly to land owners. The programme benefits approximately 3.3 million Mexican farmers, including about 2 million subsistence producers that had not received any kind of subsidy before the neoliberal reforms. On the other hand, the programme is extremely regressive: farmers with more than 10 hectares – which represent only 8 per cent of the beneficiaries – receive 45 per cent of the money channelled through the programme; whereas farmers with less than 2 hectares – which represent almost 50 per cent of the beneficiaries – only receive 13 per cent (Rosenzweig 2005).

For its part, Acquisition of Productive Assets (APA) is a multifaceted programme created in 1996 under the name Alliance for the Countryside, with the following goals in mind: to improve the standard of living in rural areas, to increase agricultural production, to create jobs, to reduce poverty, and to stimulate exports. As its original name suggests, this programme seeks to forge partnerships between different actors, namely, the federal government, state governments, farmers and the private sector. The main thrust of the programme is to help farmers acquire capital goods such as tractors, irrigation systems, high-yield seeds, and so on. However, as with PROCAMPO, it is highly regressive: farmers with more than 20 hectares of land receive 57 per cent of the funds, while those with less than 10 hectares receive only 21 per cent (FAO 2000). From a different angle, Armando Bartra observes that ‘70 per cent of the resources go to the richest 20 per cent of the beneficiaries, while the poorest 40 per cent only receive 10 per cent’ (2008, 2). Moreover, its budget is very small, especially in the context of its purported objectives, representing only 0.107 per cent of Mexico’s GDP in the year 2008.

Originally called the National Programme for Education, Health and Food (PROGRESA), Mexico’s main anti-poverty programme initiated in 1997 was directed in its early years exclusively to extremely poor households in marginalized rural communities. Later, during Vicente Fox’s presidency (2000-2006), it was renamed ‘Oportunidades’ and extended to urban areas. Opportunities provides direct cash transfers to families living in extreme poverty, with a number of strings attached. Basically, the female head of the household – who is the person who di-
rectly receives the payments – has to attend a number of workshops, take children under five-years of age to the local health clinic for monthly checkups, and make sure that her older children attend school regularly.

The 2008 budget for Opportunities is $3.8 billion, representing 0.43 per cent of the Mexico’s GDP. The programme benefits approximately 5 million families, which translates into an average of about 760 dollars annually per family. This is a significant amount of money for families living in extreme poverty. However, to keep things in perspective, it should be noted that, in recent years, the average annual budget for Opportunities has only been equal to about 12 per cent of the annual interest payments that the Mexican government makes to the Savings Protection Banking Fund (FOBAPROA), the notorious public bailout programme for private banks after the 1994-95 crisis.

It is beyond the scope of this paper to explore the debates around Opportunities. The programme has been highly touted by the World Bank and it has served as a model for other developing countries. At the same time, it has been criticized by independent academics, inter alia, for being paternalistic and for not addressing the structural causes of poverty (see for example, Valencia et al. 2000, Ornelas-Delgado 2006).

Taking a step back, now, and looking at the neoliberal reforms in their entirety, we can see what their net implications have been for the agricultural sector. Our first observation is that public investment in Mexico’s rural sector dropped in global terms by over 60 per cent between 1982 and 2008 (Chávez 2008). Second, between 1980 and 2006, agricultural production fell by 6.9 per cent in per capita terms (González and Macías 2007). Third, although Mexico’s food exports more than doubled since NAFTA came into effect (from 3,995 to 9,431 million dollars between 1994 and 2003), food imports increased at an even greater rate (from 4,766 to 12,866 million in the same time period), resulting in an expanding agricultural trade deficit equal to 3,435 million in the year 2004 alone (Quintana 2007), and reaching over 5 billion dollars in 2007. In this way, Mexico’s food dependency and vulnerability has increased substantially, not just because of this growing deficit, but also because Mexico tends to export non-strategic items (such as beer, tequila, fruits, vegetables and live beef), while importing strategic items such as basic grains (most importantly, maize, soya, rice and wheat).

The evolution of income poverty in rural Mexico during the neoliberal era

After GDP growth rate, poverty-level estimates have become the second most important performance indicator for the Mexican government during the neoliberal era. The Fox administration in particular was anxious to show a reduction in poverty. At the beginning of his term, President Vicente Fox created the Technical Committee for Measuring Poverty in order to establish an officially accepted method for measuring the evolution of poverty. While recognizing the need to eventually adopt a more multidimensional approach, the Committee chose to start with the poverty-line method, arguing that it was the most common and transparent (Comité Técnico 2002,14).

The same Committee established three poverty lines: Food Poverty, equal to 1.83 dollars per person per day in rural areas (based on 2004 prices and using an exchange rate of 10 pesos to the dollar); Capacities Pov-
erty, equal to 2.17 dollars per day; and Patrimonial Poverty, equal to 3.33 dollars per day. These three lines have since served as the official poverty lines for calculating the incidence of poverty in rural Mexico. Household-income data is obtained through the National Survey on Household Income and Expenditure (ENIGH), which is applied every two years to a sample population of over ten thousand households throughout the country.

According to official estimates, in 2006, the incidence of Food Poverty in rural Mexico was 24.5 per cent, Capacities Poverty was 32.7 per cent and Patrimonial Poverty was 54.7 per cent. Compared to year-2000 levels, these figures suggest that the incidence of the three types of poverty have dropped by 17.9, 17.2 and 14.5 per cent respectively. The magnitude of these reductions has triggered an intense debate. The Fox administration and the World Bank have been quick to attribute the success to the expansion of Opportunities, increased remittances from the US, and an increase in real wages; yet independent researchers have expressed strong scepticism, not just to the official explanation of causal factors, but also to the very possibility that there has been such a spectacular reduction in poverty. In this vein, Julio Boltvinik – perhaps Mexico’s most renowned expert on poverty – has argued that it is extremely unlikely that the incidence of poverty declined so abruptly between 2000 and 2006, considering that the GDP per capita only grew at about one per cent annually in the same period. He attributes the apparent drop to an illusion created by major changes made to the ENIGH questionnaire and sampling method, resulting in the registration of more income (Boltvinik 2006).8

Not everyone agrees. For example, Fernando Cortés – a distinguished member of the Technical Committee for Measuring Poverty – rejects the possibility that changes to ENIGH have had a significant impact on the raw data (Cortés 2007). Through statistical analysis, he comes to the conclusion that there has in fact been a decrease in the incidence of all three types of income poverty in rural Mexico. However, taking statistical margins of error into consideration, the decrease is minimal: less than one per cent for each of the three types between 2002 and 2005. Moreover, he demonstrates that the reductions are due more to increased remittances from the US than to the expansion of Opportunities (Cortés et al. 2007).

Be this as it may, there is one aspect of the debate that has received relatively little attention, that is, what constitutes rural Mexico. The most common definition is communities with less than 2,500 inhabitants.9 This is the definition that the Ministry of Social Development (SEDESOL) uses to design and operate its anti-poverty programmes, most importantly Opportunities. However, for some unexplained reason, the semi-autonomous National Council for the Evaluation of Social Development Policy (CONEVAL) has chosen to define rural Mexico as the sum of localities with less than 15,000 inhabitants. This not only bumps up the rural population from 24 to 38 million people, it also makes the incidence of poverty seem less on the national level, since the official basket of basic goods is calculated to be cheaper in rural areas.

Using the same ENIGH data and defining rural Mexico as the sum of communities with less than 2,500 inhabitants, Enrique Hernández Laos (2006) has calculated poverty levels in rural Mexico between 1992 and 2004. He uses a poverty line of 3.35 dollars per person per day, which is almost exactly the same as the government’s Patrimonial-Poverty line, but based on a different basket of basic
goods. As we can observe in Figure 1, with this more focussed definition of rural Mexico, the incidence of income poverty appears to have increased during the mid-1990s, in the context of an economic crisis, and then decreased gradually until 2004. In this way, poverty levels have essentially stagnated during the neoliberal period at an alarmingly high level of over 60 per cent. Moreover, in the context of the current food and financial crisis, the incidence of income poverty is expected to rise by several percentage points.

**Figure 1.** Evolution of incidence of income poverty in rural Mexico, 1992-2004

![Figure 1](image)

**Source:** Author’s elaboration, based on data from Hernández Laos (2006, 20).

**Farming, labour and migration: three pathways out of rural poverty?**

**A. Farming as a pathway out of poverty:** Under NAFTA, Mexican farmers have been forced to compete toe-to-toe with highly subsidized and better-endowed producers in the United States. Whereas US farmers receive on average 21 thousand dollars of subsidies annually, Mexican farmers only receive 700 dollars (Quintana 2007). Farmers and agricultural workers in the US and Canada have on average 1.6 and 1.8 tractors, respectively; in Mexico there are only 2 tractors for every 100 people employed in the agricultural sector. In the United States, there are on average 59.1 hectares of arable land per person in the agricultural sector; in Canada, the figure is 117.2; and in Mexico it is only 3.1 (Calva 2002).

The architects of NAFTA were aware of these asymmetries; they knew that the vast majority of Mexican farmers would be at a disadvantage. However, from a neoliberal perspective, this was not necessarily a bad thing. The more competitive farmers would find ways to adapt and the rest of the rural population would either find non-agricultural jobs in the rural sector or emigrate from the countryside.

Below, we analyse labour and migration as pathways out of rural poverty; here we ask how competitive small-scale commercial farmers were expected to adapt. The most common vision put forth by neoliberal economists was that they were expected to switch from traditional crops such as maize and beans, to export-oriented crops with a comparative advantage, especially fruits and vegetables. What the last 15 years have shown, however, is that small-scale farmers have simply been unable to overcome the obstacles to make this transition. Fruit and vegetable production requires high initial capital investment, technical know-how and timely commercialization. But without government support, small-scale producers have had little to no access to credit, technical training and marketing networks. Consequently, growth in this sector has been highly concentrated in the hands of
large- and medium-scale producers linked to TNCs, and largely oriented towards export markets (Rello y Saavedra 2007).

There is one export-oriented crop that is dominated by small-scale producers: organic coffee. Mexico is the world’s number one producer of organic coffee and the vast majority of its 12 thousand producers are indigenous peasants, organized into producer cooperatives. These farmers harvest approximately six thousand tonnes of coffee per year (Bray et al. 2002). Most of it is channelled through fair-trade, where producers receive higher prices for ecological and socially responsible production. With minimum fair-trade prices at about $2.80 per kg, this translates into about 16.8 million dollars per year in foreign revenue. This revenue has had a significant impact on raising the incomes of poor farmers in coffee-producing communities, concentrated in the south of Mexico (Roozen and Vanderhoof 2002). In addition, organic-coffee production has helped protect the natural environment, and it has helped to finance small-scale community development projects (Moguel and Toledo 1999). However, the economic success of this movement needs to be kept in perspective: 16.8 million dollars represents less than 0.2 per cent of Mexico’s agricultural export earnings in 2004.11

In sum, with the small but important exception of organic coffee, farming has provided very few pathways out of rural poverty in Mexico. The structural reforms applied to the country’s agricultural sector in the late 1980s and early 1990s have translated into adverse economic conditions for small-scale commercial farmers. During the 1990s and first years of the twentieth century, these farmers were faced with a drop in producer prices, dramatically higher input costs, little or no access to credit and the removal of marketing support. Although international grain prices have increased significantly over the past two or three years, small-scale farmers have been unable to benefit from this, given the oligopolistic market conditions, the concomitant rise in input costs (fertilizers, seeds and fuel) and the unavailability of credit.

B. Rural labour markets and wages: To what extent have rural labour markets provided more opportunities for Mexico’s peasantry during the neoliberal era? The short answer is: not at all. Between 1993 and 2006, the number of people employed in the agricultural sector dropped by over 30 per cent, from 8.84 to 6.03 million (INEGI 2007). Furthermore, in approximately the same time period (1993 to 2004), real wages in the agricultural sector fell by 10 per cent, and they were 40 per cent lower than the national average (CEPAL 2005). Between 2000 and 2006, about 546,600 non-agricultural jobs were added to the rural sector. However, in the same period, over 1 million agricultural jobs were lost, resulting in a deficit of 640,000 jobs (González and Macías 2007). In short, the neoliberal reforms have resulted in fewer jobs that pay less. Moreover, labour conditions in the agricultural sector are deplorable. Agricultural workers are often exposed to dangerous agro-chemicals, they live in cramped housing conditions, and they lack social security, amongst many other hardships.

C. Migration: To begin with, it is important to mention that migration is not a new phenomenon in Mexico. There has been migration from Mexico to the US for well over a hundred years and rural-urban migration has also been around long before
neoliberal policies were put in place, reaching its apogee in the post-World War II period. However, it was not until the early 1990s that the Mexican government adopted rural policies that were explicitly designed to reduce the rural population. So, what has been the result? Has there been a mass exodus?

In relative terms, the rural population has been decreasing rapidly since import-substituting industrialization policies were put in place that favoured the urban industrial sector. In 1940, Mexico had a population of 20 million people, 65 per cent of which lived in rural areas. Today the population is 106 million and only 23.5 per cent live in rural areas (that is, in communities of under 2,500 inhabitants). However, it was not until the beginning of the twenty-first century that the rural population began to diminish in absolute terms. Between 2000 and 2005, it decreased by half a million people, in spite of the fact that fertility rates are over 50 per cent higher in the countryside (INEGI 2008). The declining rural population is due, on one hand, to rural-urban migration and, on the other, to international migration. Although internal migration patterns in Mexico have become more complex during the past two decades, rural-urban migration is still an important phenomenon. Between 1995 and 2000, approximately 864 thousand peasants migrated to urban centres (Anzaldo-Gómez 2003). Most of them end up working in the informal sector, where remuneration is very low.

As David Barkin (2001) observes, rural-urban migration does not always imply an abandonment of the countryside; it is often part of a temporary or multifaceted family strategy for generating the much-needed monetary income required to maintain roots in rural communities of origin. From this perspective, peasant and indigenous groups are not an anachronism destined to disappear, but rather a manifestation of living cultures that have adapted and survived for centuries in spite of public policies that militate against them. From a different angle, precarious and low paying labour markets in urban areas have forced rural migrants to stay connected with their communities of origin in order to reduce the risk of temporary unemployment and minimize the cost of raising a family (Grammont 2009).

International migration, for its part, is not usually associated with extreme poverty, because of the high cost of crossing the border illegally and of getting set up to work in the US. On the other hand, since the 1990s, there has been an increase in the number of US-bound migrants from marginalized rural areas in Mexico, including the predominantly indigenous regions in the south. Like others, these migrants take advantage of social networks in order to overcome the costs and obstacles associated with international migration (Escobar 2005).

In this way, migration to the United States has burgeoned during the neoliberal era, in spite of the US government’s attempts to control the border. In 1990, there were 4,447,000 Mexicans in the United States; over the course of the next decade, this number almost doubled, to 8,072,000. By 2007, the number had risen to 11,812,000 (CONAPO 2008). Approximately 40 per cent of these come from rural areas. So, in net terms, this translates into more than 200,000 people that leave rural Mexico and make it to the US each year, though this appears to have tapered off significantly in the context of the current financial crisis.

Remittances have grown even faster. Between 1991 and 2001, money sent back from the US increased by a factor of 3.5, from $2.66 billion to $8.90 billion. By the year 2004, this figure had increased to $16.6 billion, representing more than
the total amount of foreign direct investment in Mexico during the same year, more than Mexico’s foreign-currency earnings in tourism, and about 80 per cent of its petroleum-export earnings (Durand 2007). During the next four years, remittances grew at a somewhat slower rate to over 25 billion dollars in 2008. However, in the context of the current financial crisis, remittances have shrunk by about 12 per cent, according to Mexico’s Central Bank.

It has been calculated that about 40 per cent of remittances go to rural areas (CONAPO 2008). As we have seen, this influx of money is the main factor in preventing the countryside from falling deeper into poverty. From a different angle, although migration may be a pathway out of income poverty, it is not necessarily a pathway out of poverty conceptualized in more complex terms. Rural-urban migration usually implies having to live in urban slums, where violent crime and drugs run rampant. And international migration is wrought with sacrifices and dangers: hundreds of people die each year trying to cross the border, families are separated, women are left behind with heavier workloads, and illegal immigrants in the US generally form part of the most marginalized segments of the US population. Taking all of this into consideration, one cannot help wondering if there are alternative policies to overcome poverty in rural Mexico.

Proposals and demands from below

In the WDR 2008, the World Bank stresses the need to foster the participation of independent peasant organizations in the formulation of agricultural policies. Ironically, this endorsement is accompanied with a caveat: ‘the challenge in building pro-agricultural coalitions, however, is to avoid creating political pressure for “misinvestment” or to resist reforms’ (World Bank 2007, 249). In other words, independent peasant organizations are welcome to participate in policy processes, as long as they go along with the neoliberal agenda.

Ruling politicians in Mexico seem to have the same view. For the past two decades, independent peasant and indigenous organizations have been proposing and demanding, inter alia, land redistribution, significantly higher levels of public investment in the rural sector, subsidies and marketing support for small-scale farmers, protectionist policies against unfair competition from highly subsidized farmers in the United States, and constitutional changes designed to protect the special collective rights of indigenous groups. These demands, however, have fallen on deaf ears.

When Carlos Salinas assumed the presidency, he created the Permanent Agrarian Congress (CAP) and invited both independent and government-affiliated peasant organizations to participate. Then, by controlling negotiations with CAP, sidestepping resistance and ignoring demands from below, he went on to carry out the structural reforms outlined above, culminating in NAFTA.

The Zapatistas staged their uprising the same day that NAFTA came into effect. By their own account, Salinas’ neoliberal reforms were the straw that broke the camel’s back. After centuries of exclusion and oppression, Mexico’s indigenous peoples said, ‘Enough!’ The government entered into negotiations with them and, in 1996, representatives of the Zedillo administration signed the San Andres Accords, designed to meet the demands of indigenous groups with respect to auton-
omy and self-determination. The San Andres Accords were supposed to be the first of a series of accords, however the Mexican government has yet to honour them, forcing the Zapatistas to break off negotiations and turn towards autochthonous development in their base communities, without government support.

Negotiations with organizations representing small- and medium-scale commercial farmers have also resulted in broken agreements. In the mid-1990s, independent peasant organizations – linked to the international movement Vía Campesina – began staging protests in the western and northern parts of the country, sometimes blocking roads with their tractors. Their demands included the renegotiation of the agricultural chapter of NAFTA, higher subsidies for the production of basic grains, guaranteed minimum prices, and the provision of credit at affordable rates. President Ernesto Zedillo responded by suspending some farmers’ interest payments and providing other partial concessions, which helped to calm protests until the end of his term.

The protests, however, resumed in the first years of Vicente Fox’s term, as small- and medium-sized farmers began to rally under the banner ‘el campo no aguenta más’ (the countryside cannot take anymore). As part of this movement, in 2002, over a dozen national-level independent peasant organizations articulated a series of proposals for the salvation of the Mexican countryside, including: the renegotiation of NAFTA’s agricultural chapter, the participation of independent peasant organizations in policy-making processes, support for organic agriculture, and the assignment of three per cent of Mexico’s GDP to productive, social and sustainable development in the countryside. A year later, these proposals were partially incorporated into the National Accord for the Countryside (ANP), signed by the Fox administration but only superficially honoured thereafter.

Since Felipe Calderon took office in 2006, independent peasant and indigenous organizations have regrouped around the slogan: ‘Sin maíz no hay país y sin frijol tampoco’ (without maize or beans there is no country). On 1 January 2008, the day that the last of NAFTA’s import quotas were lifted, these organizations blocked a border entry from the US and began staging protests throughout the country. Their demands are not new. They include: the renegotiation of NAFTA’s agricultural chapter, genuine participation of independent peasant organizations in policy-making processes, significantly higher public investment in the rural sector (in order to increase agricultural production, improve rural diets, create non-agricultural jobs, and provide farmers with subsidized credit, technical training and extension services), the application of the precautionary principal with regards to genetically modified organisms, government support for organic farming, reversals of the changes made in 1992 to Article 27 of the Constitution and to the Agrarian Law, and the honouring of the San Andres Accords (CNDSARC 2008). So far, the Calderon administration has shown no intention of meeting these demands. Instead, its main reaction to the worldwide food crisis has been to further liberalize agricultural trade by lifting all tariffs and quotas on agricultural imports, regardless of their country of origin.
Conclusion

Under neoliberal reforms, economic conditions have greatly deteriorated in Mexico’s agricultural sector. Small-scale commercial farmers have been especially hard hit with increased production costs, virtually no access to credit and lack of marketing support. In this way, the incidence of income poverty has stagnated at distressingly high levels, with remittances and the Opportunities programme being the two main factors from preventing the countryside from falling deeper into income poverty.

Without jobs or commercial-farming opportunities in rural areas, peasants have migrated en masse towards urban centres and to the United States. While this often represents a pathway out of income poverty, it hardly represents an ideal solution for the 25 million Mexicans who still live in rural areas, many of them indigenous, linked to their communities of origin through tradition, family and detailed knowledge of local ecosystems. Migration implies many risks and sacrifices. Mexico’s cities are over-saturated with families living in slums and working in the informal sector, and the US government is trying desperately to prevent more illegal immigrants from entering the country, making it progressively more dangerous to cross the border. Furthermore, once across the border, illegal immigrants face job insecurity and generally form part of the most marginalized segments of the US population.

On the international level, the neoliberal agenda has created a situation in which a handful of TNCs have come to dominate the agricultural-inputs markets, food processing and supermarket chains. Under these conditions, over the past three years there has been a sensational rise in the cost of fertilizers and seeds. Food prices have also skyrocketed, driven by a host of factors, including increased interest in biofuels, rising demand for beef and cereals in developing countries, and market speculation. The result is a global food crisis.

The 2008 World Development Report promotes a continuation of the neoliberal policy agenda, with some modest proposals for reform. This agenda is geared towards strengthening the corporate food regime. In contrast, independent peasant and indigenous organizations have articulated demands and proposals designed to make small-scale farming the cornerstone of an integrated rural development strategy. These demands include protectionist policies against the dumping of cheap grains and against the need to import expensive basic staples, the reorientation of existing subsidy programmes in order to channel most resources towards small-scale farmers, a several-fold increase in public investment in the rural sector, the reconstitution of inalienable ejidal rights, government support for organic agriculture, and the recognition of indigenous groups’ right to autonomy and self-determination. The protagonists of sin maíz no hay país argue that these alternatives represent a more viable path for overcoming poverty in rural Mexico, one that would allow indigenous groups and peasants to remain in their communities of origin and increase their monetary income through farming, one that is more conducive to reducing food dependency and vulnerability on the national level, and one that lends itself to creating jobs in rural areas, conserving the natural environment and preserving the positive elements of indigenous cultures.
Darcy Victor Tetreault is professor and researcher at the University of Guadalajara, Mexico. His academic interests lie in the areas of poverty, social policy, rural and ecological movements, political ecology and sustainable development, especially in the context of Mexico and the rest of Latin America. Winner of the Arturo Warman Award 2008, his first book is entitled *Pobreza y degradación ambiental, las luchas de abajo en dos comunidades de Jalisco: Ayotitlán y La Ciénega.*
<darcytetreault@yahoo.com>

Notes

1. The WDR 2008 has been critically analysed by several scholars of agrarian issues, for example: Akram-Lodhi 2008, Devereux et al. 2009, Kay 2009, and Veltmeyer 2009. Also see the five articles included in a special section of the WDR 2008 in the *Journal of Agrarian Change*, 9 (2), April 2009.

2. In this typology, Mexico is considered to be an urbanized country, with agricultural-based regions, especially in the south, where the indigenous population is concentrated.

3. The Via Campesina defines food sovereignty as ‘the right of each nation to maintain and develop its own capacity to produce its basic foods, respecting cultural and productive diversity’, ‘the right to produce our own food in our own territory’, and ‘the right of peoples to define their agricultural and food policy’ (Via Campesina, cited in Desmarias 2007, 34).

4. PIDER is the Spanish acronym for the Investment Programme for Rural Development, SAM is the Mexican Food System, and COPLAMAR refers to the National Plan for Depressed Areas and Marginalized Groups.

5. Fertilizer prices have been particularly dynamic. Since 2006, the price of urea has increased by 150 per cent and the price of ammonium phosphate has increased six fold (González 2008).

6. Between 1995 and 2001, the Mexican government paid 338 billion pesos in interest alone for FOBAPROA (Castellanos and González 2002), equivalent to an average of 56.5 billion pesos annually. In comparison, between 1997 and 2001, the average budget for PROGRESA/Opportunities was only 6.59 billion pesos per year (Valencia 2002).

7. The poverty-line method is an indirect and unidimensional measurement of poverty based on income. Basically, it works as follows: a basket of essential goods is defined normatively; the cost of this basket is calculated; then it is compared to household income. If a household’s income is less than the cost of the basket, then the household is considered to be ‘poor’. If the basket of goods only includes food, as is often the case, then in order to calculate less severe levels of poverty that take into consideration more than just nutritional needs, the cost of the basket is multiplied by an ‘expansion factor’, generally defined as the inverse of Engel’s coefficient. In this way, the poverty-line method provides a head count of those whose incomes are below a certain level. This method is limited, however, in that it says nothing about how far one’s income is below the poverty line or about the distribution of income among the poor. Moreover, it reflects an extremely limited conceptualization of poverty that does not take into consideration the satisfaction of quantifiable and non-quantifiable basic needs (Max-Neef 1986), the provision of basic public services, and the ‘empowerment’ of marginalized groups.

8. Leaving aside the changes made to the questionnaire and sampling method in 2002, Boltvinik and others have argued that the income data collected through ENIGH is not reliable enough in itself to determine the evolution of poverty. From this point of view, it is necessary to make adjustments to national accounts. This is just one of the many points of controversy in the methodological debates regarding the poverty-line method. For a review of these debates in the Mexican context, see Tetreault (2006).
9. For decades, the official definition of rural Mexico has been communities with less than 2,500 inhabitants. With an eye on population growth and non-permanent migration patterns, Barkin (2006) and others have argued that this underestimates the size of the rural population. The National Population Council (CONAPO) defines localities with less than 2,500 inhabitants as ‘rural’ and those with between 2,500 and 14,999 as ‘rural semi-urbanized’. Of course, any dividing line is somewhat arbitrary and choices must be based on research-specific regionalization criteria, taking into consideration data availability and comparability. For the purposes of this study, rural Mexico is defined as the population living in conglomerates of less than 2,500 people. In these areas, over half of the economically active population (EAP) is employed in the agricultural sector (including ranching, fishing and hunting). By contrast, in towns of between 2,500 and 14,999 inhabitants, only 20 per cent of the EAP is employed in this sector (INEGI, 2007). Furthermore, Boltvinik and Damían (2003) observe that the poverty profile of these medium-sized towns is similar to that of larger urban centres.

10. Although there is a strong overlap between organic production and fair trade in the coffee sector, the two do not necessarily go hand in hand; much of the coffee produced by Mexico’s peasants is not organic and is not marketed as such.

11. The organic-coffee movement is an alternative that has come from below, with virtually no support from the Mexican government. NGOs have been key players in conducting agroecological research, providing technical assistance and constructing fair-trade networks. Financial support has come primarily from international institutions (Gómez-Cruz et al. 2004). And, of course, most of the credit must be given to the indigenous farmers themselves for their productive and organizational capacity.

12. As Durand (2007) observes, part of this dramatic increase in remittances is due to better accounting methods used by the Bank of Mexico. Other factors include: (1) an increase in the number of illegal migrants (who tend to send back more money than legal migrants); and (2) a moderate decrease in the transaction costs of sending money back from the United States, due to increased competition and denouncements against Money Gram and Western Union, which used to control the market and charge exorbitant fees.

13. Gómez-Cruz et al. (2004) have put forth a more detailed proposal with regards to how the Mexican government could support organic agriculture. The following elements are included in this proposal: (1) support for the formation of an independent National Organization of Organic Producers; (2) better defined laws and standards for organic farming; (3) creation of a National Certification System for Organic Production; (4) provision of direct and indirect subsidies for organic producers (for example, cash transfers, subsidized credit, reduced bureaucracy and costs for certification, and exemption from taxes); (5) actions geared towards fostering an internal market for organic products; and (6) creation of a National Centre for the Development of Organic Agriculture in Mexico, whose main responsibilities would be to carry out research and development in support of organic agriculture, to collect and disseminate pertinent information, to provide organic farmers with technical assistance, and to promote farmer-to-farmer knowledge transfer by training ‘peasant promoters’.

14. The organizations affiliated with this movement include: Asociación Mexicana de Uniones de Crédito del Sector Social (AMUCSS), Asociación Nacional de Empresas Comercializadoras de Productores del Campo (ANEC), Central Campesina Cardenista (CCC), Central Independiente de Obreros Agrícolas y Campesinos, A.C. (CIOAC), Coalición de Organizaciones Democráticas Urbanas y Campesinas, A.C. (CODUC), Coordinadora Nacional de Organizaciones Cafetaleras (CNOC), Coordinadora Nacional Plan de Ayala (CNPA), Frente Democrático Campesino de Chihuahua (FDCChih), Red Mexicana de Organizaciones Campesinas Forestales (RED MOCAF), Unión Campesina Democrática (UCD), Unión Nacional de Organizaciones Regionales Campesinas Autónomas (UNORCA), Unión Nacional de Trabajadores Agrícolas (UNTA). It is interesting to note that seven of these organizations (UNORCA, ANEC, CCC, CIOAC, CODUC, CNPA, and FDCChih) are also officially affiliated with the international peasant’s movement Vía Campesina.
Bibliography


Escobar, Agustín (2005) ‘Pobreza y migración internacional: propuestas conceptuales, primeros hallaz-


