
Farewell to the Peasantry?

Political Class Formation in
Rural Mexico

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This book is lovingly dedicated to the memory of my son and great friend Rodrigo Otero-Ordóñez (1979–1997). His company during and after his seventeen years of life has been warm and inspiring. Even now, with the deep pain of his loss, I feel his presence as a strong, invigorating force that has been essential to my completion of this project, which I dedicate to his life and surviving spirit.

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of Marxism. Archer calls it "upward conflation" because it basically inverts the order of determination. In this case the cultural system is supposed to be basically a reflection or epiphenomenon of sociocultural interaction. Marx himself actually allowed for a more nuanced analysis that allowed for the possibility that the cultural system might influence sociocultural interaction. The third conflationary approach to culture and agency is represented by Anthony Giddens's theory of structuration (1976, 1984). Archer calls it "central conflation" because of its tendency to negate the independent action of the cultural system and sociocultural interaction by amalgamating them. By amalgamating culture and agency, we forego the possibility of examining the *interplay* between them over time. Thus, while upward and downward conflationism amount to conceptualizing either culture or agency as an epiphenomenon of the other, central conflationism denies their autonomy or independence by its assertion of mutual constitution. Some autonomy or independence must be assigned to each, culture and agency, in order to come up with an adequate theoretical stance that captures the interplay between the two entities of social life.

6. Peasant-entrepreneurs are autonomous, simple commodity producers who are self-employed and use limited amounts of hired labor. The concept is inspired by Ivan Selény's (1987) notion of "peasant-burgers." The concept is equivalent to Lenin's *kulaks* (1967), minus the satanic connotation that the term *kulak* acquired in the early years of the Russian Revolution.

7. Ann Swidler has provided a persuasive argument in favor of culture's independent influence on action. She argues that action is neither governed by interests or values. Both views that sustain these propositions are flawed by excessive emphasis on the "unit act," she says. Instead of viewing actions as decided upon piece by piece, Swidler proposes the following: "Action is necessarily integrated into larger assemblages, called here 'strategies of action.' Culture has an independent causal role because it shapes the capacities from which such strategies of action are constructed." (1986, 276-277). Strategies of action, says Swidler, incorporate and depend on habits, moods, sensibilities, and views of the world. I would add that all of these are sustained mostly by the specific social relations of reproduction in which social agents are immersed.

8. Alastair Davidson has convincingly argued that during the 1920s, but mostly in the 1930s, Gramsci modified his developmentalist interpretation of the peasantry. Also, he saw that popular culture contained elements of hegemonic culture, but also of noncapitalist culture on which Marxists could build to incorporate the peasantry in a new hegemonic project of allied subaltern classes. His new strategy assumed the following: "(1) the peasantry would remain in the foreseeable future as a significant political force; (2) their ethos and values would therefore have to be incorporated in any Marxist theory of transition to socialism; and (3) developmentalism and modernization would have to be re-examined as a core part of Marxist strategy" (Davidson 1984, 139). Although Gramsci has been regarded as the Lenin of advanced capitalist formations, I believe that these general observations are especially relevant to Third World societies as well and are clearly a revision of Leninist theory.

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Agrarian Reform: Capitalism, the State, and Neoliberalism

The Mexican agrarian reform is often touted by government officials as the product of a peasant revolution that brought justice to the rural masses. In contrast to this view, the critical history I present here argues that land redistribution in Mexico was the way chosen to develop and entrench capitalism in Mexico. Mexican agrarian reform has resulted in a pauperization of rural people that has brought both peasant and capitalist agriculture to a crisis. The end of redistribution in the 1970s weakened the relationship between the peasantry and the state, undermining the viability of the state in the corporatist form it assumed after the revolutionary period from 1910 to 1920. In fact, the changes in agrarian legislation introduced in 1992, along with the neoliberal policies that have been pursued since the mid-1980s, present a dramatic change in the menu of available policy choices for the state vis-à-vis agriculture and the peasantry. This chapter discusses the agrarian reform in historical perspective as a background to these recent changes, the legal end of agrarian reform in 1992, and the new agricultural policies brought about by neoliberalism.

Social Origins of the Agrarian Reform

The social and political origins of the agrarian reform may be traced to Articles 27 and 123 of the Mexican Constitution of 1917. These two articles embody the revolution's approach toward the peasantry and the working class, respectively. They represent advanced social thought when seen in relation to postrevolutionary Mexican society. Indeed, they became the basis for future peasants' and workers' struggles, and most of the resulting organizations were folded into the PRI, the dominant political party (with several name changes) since 1929.

More specifically, Article 27 was a negotiated settlement between two predominant political factions in 1917, one led by Alvaro Obregón and the other by Venustiano Carranza. These two factions represented the constitutionalists, and

their goal was to deprive the more radical revolutionary peasant factions—led by Emiliano Zapata and Francisco Villa—of their original demands. With the completion of this move, the radicals lost a final political battle against the reformist constitutionalists, coupled, as it was, with the military defeat of both Zapata's and Villa's armies. Thus, the Constitution of 1917 marked the rise of a new reformist regime from a bloody revolution.

The Mexican revolution was a costly social process in which one million people died. Those who gained from it were not the ones who sacrificed the most. The revolution primarily helped the agrarian bourgeoisie of the north, not the peasantry who had been the primary revolutionary force. On the other hand, the reformist leadership managed to form an alliance between the working class and the constitutionalist movement. Thus, some Mexican political scientists conceptualize the revolution as a political rather than a social revolution because it did away with a highly exclusionary regime in which political power was based on land ownership. Nonetheless, the main trajectory of the new society was still capitalist development; notwithstanding reformed property relations in the countryside, private ownership remained the foundation of the economic system. Thus, while the revolution eliminated the barrier to capitalist development in agriculture that had been erected by the large and inefficient landholders, it did not modify property relations fundamentally (Córdova, 1972).

The Reform Laws of the Porfirio Díaz Regime

The diverse histories of the various regions that make up the Mexican republic reflect a heterogeneous agricultural population. The rural people of central Mexico had an important precolonial cultural heritage, while the north was significantly settled only in the last century.

Before the revolution, the Roman Catholic Church was the largest landowner, representing a type of feudal ownership that contrasted markedly with the liberal ideology that had emerged in other sectors. A clash resulted from the emergence of an industrial bourgeoisie that demanded the development of agriculture so that its own growth would not be stunted by increased wage demands and falling profits. Meanwhile, the Church continued to maintain large areas of uncultivated land and represented a major fetter to development.

The liberal reforms of 1857 provided the legal instruments to expropriate the Church's landholdings. But the same law, aided by further legislation passed during the *Porfiriato* (the prerevolutionary period, 1876–1910, during which Porfirio Díaz ruled Mexico), was applied as well to Indian community land. Thus, after the liberal reform laws and during the *Porfiriato*, the Indian communities were deprived of 90 percent of their land.

Land monopolization continued at a brisk pace during the *Porfiriato*, abetted by the *baldo* laws of 1883 and 1884, which provided for the surveying and sale of "vacant" lands. For these purposes, surveying companies (*compañías deslindado-*

ras) were created. These companies were given the right to keep one-third of the surveyed land as payment for their work; the rest was sold by the government. The surveying companies eventually owned 49 million hectares, or one-fourth of Mexico's territory; once surveyed, the companies purchased much of the land sold by the state. They also surveyed the Indian and peasant towns and communities, arbitrarily deeming the land to be "vacant" or eligible for surveying as they went. When Indian communities lost their land, their members were converted into laborers or peons, working for the resultant *haciendas* or the surveying companies; many became unemployed.

The immediate outcome of the liberal reforms was thus a transfer in landownership from the Church and the Indian communities to existing and new *latifundistas*. Large holders in the private sector of Mexican agriculture saw that they could enlarge their farms at little cost. For decades that followed, they satisfied their voracious appetites for land by putting their fences around Indian communal land. They also devised ways of attaching newly landless Indian peasants to the land—for example, through various debts the workers would incur with the landowner (credits for wedding feasts, goods advanced at *tiendas de raya* or *hacienda* stores, and so on). These debts were inherited by the peons' children, who were not able to give up their "jobs" until they had completely paid any past-due accounts to the landlord (López Cámara 1967; Hansen 1974; Meyer and Sherman 1979).

The *Porfiriato* saw the development of the infrastructure for industry (for example, a large railroad network). But, paradoxically, the *Porfiriato* also maintained and reinforced feudal and even slave forms of labor relations in farming. It was only through a ruthlessly repressive dictatorship that these contradictions in economic structure were maintained for so long. In the end, the contradictions between capitalist development and the archaic land-tenure pattern sharpened into a revolution that sought to alter the entire system.

Industry was still a nascent sector during the *Porfiriato*. As of 1910, the main capital investments were concentrated in railroads (40 percent), mining (17 percent), industry (6 percent), and oil (5.9 percent). Most of this investment—77 percent—was made up of foreign capital (Gilly 1974, 21).

The *Porfiriato* promoted a massive flow of North American investments into Mexico; this was a decisive step for Mexican integration into the world economy, one viewed by Friederich Katz (1982) and others as a prime mover of the revolution. The second motivating factor was the expropriation of Indian communities, and the third was the pacification of nomadic Indians on the northern frontier, which transformed the area into a peaceful and permeable border with the United States (Aguilar Camín 1977). The flow of North American capital into the Mexican economy followed soon thereafter, and the downturn of the world economy in 1907 had dramatic effects in Mexico's northern states.

The revolutionary movement coalesced in different ways in the various regions of Mexico. In central Mexico the main social rift was between the expropriated In-

dian communities and the *hacendados*. In the north, revolution was led by the *hacendados*, who were excluded from political power during the *Porfiriato*. They formed a broad and unlikely alliance with their own peons, small farmers, ranchers, and urban middle classes. In central Mexico, specifically in Morelos, Indian peasants had been organized to oppose the *Porfiriato* since 1908, before Francisco I. Madero had even called for the revolution's first shot (Womack 1969). Unlike the broad alliance in the north, which was represented by *hacendados* (like Madero), the Morelos peasantry chose their leader, Emiliano Zapata, from their own community. Zapata earned his livelihood from training horses on a *hacienda* in exchange for a wage. Thus, strictly speaking, he was not a peasant. Yet he was a respected member of the community. Followers of Zapata decided to ally themselves with Madero and the northern *hacendados* because an effort to air their grievances had been repulsed at the state level.

By the time of the *Zapatista* uprising, sharecroppers and poor farmers were ready to join with the revolutionary movement. *Peones acasillados* (peasants resident on haciendas) preferred their current lives to the uncertainty of revolt:

Only rarely did they [the *Zapatistas*] recruit rebels among the *gente de casa* [resident peons], who anyway preferred their bonded security, and nowhere evidently did they excite these dependent peons to rise up and seize the plantations they worked on" (Womack 1969, 87).

The most militant and combative of *Zapatistas* were poor peasant producers and share tenants. In 1911, once *Zapatistas* began to implement local land reform according to the *Plan de San Luis Potosí*, Madero's revolutionary manifesto, "armed parties of sharecroppers and poor farmers began invading fields. . . . The defenseless plantation managers and peons resident on the lands the squatters claimed had no alternative but to meet the revolutionary demands." (Womack 1969, 87).

The prerevolutionary situation in the north was distinct. La Laguna, located in the north-central region, was settled only in the last century; it did not harbor an extant, sedentary Indian population as did so much of the highlands of central Mexico. Among the difficulties faced by settlers were repeated attacks by warrior and rootless Indian tribes of the north. These "Apaches," as they were generically called, had always been outside of Aztec influence prior to the Spanish Conquest (1521). Whereas the *Laguneros* had been the native settlers before 1750, their population was so decimated by the struggles against Spaniards and smallpox that, by the turn of the twentieth century, there was hardly a trace of Indian culture in La Laguna (Beals 1932).

In contrast to peons from central *haciendas*, who tended to remain loyal to their patrons and spurn the revolution, peons and *hacendados* in the north rebelled together against the central government. Francisco I. Madero, a *hacendado* from the state of Coahuila, led the rebellion. Such an alliance was possible partly because, in the north, debt servitude had lost its sway since mid-nineteenth cen-

tury because of the development of mining and even some industry, which offered alternative employment opportunities (Katz 1982, 28–29; Knight 1986). Even the *tienendas de raya* were different in the north. In the center of the country they were the *hacendado's* instrument to keep peons indebted and thus attached to the hacienda; in the north, by contrast, peons were not forced to purchase goods at the *tienda de raya*. Indeed, *hacendados* usually sold products there at lower prices as an additional incentive to attract labor. Also in La Laguna, agricultural wages were the highest in the country (Katz 1982, 31).

In addition to those involved in the resident peon-*hacendado* relationship in La Laguna, there were the colonists. They usually held greater amounts of land and more livestock than free peasants of other regions (Landsberger and Hewitt de Alcantara 1970, Craig 1986). In the state of Chihuahua, communities of colonists were established specifically to defend the frontier against Apache incursions. They had a greater internal autonomy and felt that they had not only the right but also the duty to arm themselves against Apache attacks (Nugent 1985; Wasserman 1980). Although they were not a large percentage of the rural labor force, they did get land from President Benito Juárez in 1864 after helping him fight against the French invasion. Later on, during the *Porfiriato*, the La Laguna colonists struggled with livestock *hacendados* who had deprived them of water by altering the flow of the Nazas River (Eckstein 1966, 132). Considering that the colonists had lost their land under Porfirio Díaz, it was not surprising that they became combative in the revolution and were among the first land reform beneficiaries in 1917. In Chihuahua, compared to ordinary peasant communities, colonists had become accustomed to privileges usually accorded Spaniards and Creoles; they were land proprietors and could sell their land. But by 1910, they had been dispossessed of their land and deprived of municipal autonomy. These aggrieved colonists were easily organized for combat (Katz 1982, 24–26).

Another important revolutionary group developed in the northwest state of Sonora. Most of the leaders of the constitutional movement, in fact, came from Coahuila and Sonora (Cumberland 1975). Initially headed by Venustiano Carranza, a former governor of Coahuila, the Sonora group seized control of the revolutionary state by 1920 (Matute 1980). Generals Adolfo de la Huerta, Alvaro Obregón Salido, and Plutarco Elías Calles are closely associated with the triumph of this faction of the revolution; they helped to legitimize the emerging agrarian bourgeoisie of the north. These three generals held the presidency of Mexico between 1920 and 1928, and Calles extended his reign through "puppet" administrations from 1928 to 1935 (Loyola Díaz 1980; Medin 1982). At the time of the revolution, Obregón was a small farmer, whereas Calles came from a family of well-off merchants. Nevertheless, they soon embodied the spirit and character of what today is the northern agrarian bourgeoisie (Aguilar Camín 1977, 1982; Sanderson 1981; Cartón de Grammont 1990).

Revisionist historians have pointed out enormous regional differences in kinds of revolutionary leadership and involvement. Barry Carr (1973, 1980), for exam-

ple, has challenged the supposedly "popular" character of the first decade of the revolutionary period. He emphasizes "the hegemony exercised by bourgeois groupings over most of the revolutionary coalitions" (Carr 1980, 7). In the Sonoran case, argues Carr, "an exceptionally high percentage of the state's revolutionary leadership emerged from the ranks of the hacendado community or from the class of prosperous capitalist farmers and ranchers that occupied such an important place in northern society." (Carr 1980, 8)

In sum, the social origins of the Mexican revolution were as varied as Mexican society itself. The key contrasts between the revolutionary alliances in the north and south corresponded to diverse regional social structures and political cleavages.

Article 27: A Reformist Compromise

Article 27 of the 1917 Constitution was designed to fulfill the demands of the many peasant farmers who had been dispossessed during the *Porfiriato* while preserving the possibility of private landownership. Indeed, the land reform article of the Constitution was a reformist compromise. One of its central features was that it declared all land to be owned by the nation. The nation, in turn, had the right to transmit this land to individuals and to constitute "private property." Also, the nation had the right and the obligation to expropriate any private property when the land was deemed necessary for "public use." This article provided the postrevolutionary state with the legal instrument to carry out land redistribution. The methods for carrying out an agrarian reform were to be determined in a set of enabling laws designed by the national Congress (Sanderson 1981, 67–69).

The *ejidatario*, legal holder of an *ejido* land grant, is a producer independent of large landowners. Like the *minifundista* (or private proprietor of a tiny plot of land), the *ejidatario* might transform himself into a capitalist or might become proletarianized; he might accumulate capital or lose his means of production; he might maintain himself in the market or be eliminated. Such polar alternatives existed for *ejidatarios* after the inception of the 1917 agrarian reform. Whether they became capitalists, peasant-entrepreneurs, or proletarians depended largely on state policy.

Structural Reforms Under Cárdenas

From 1917 to 1935 some land was slowly redistributed. During Carranza's mandate (1917–20), much of the land that had been given out under the *Zapatista* laws was returned to its previous owners. Zapata himself was murdered by an officer of the Federal Army at a meeting in which the two were expected to negotiate terms for surrender of the peasant armies (Womack 1969). Without its beloved leader, the peasant movement in Mexico gradually became impotent.

The period from 1920 to 1935 was one of economic reconstruction and ruling-group consolidation. Because the "revolutionary family" was becoming frag-

mented, especially after the assassination of Obregón in 1928, Calles in 1929 sponsored the organization of all revolutionary forces into a political party called the National Revolutionary Party (*Partido Nacional Revolucionario*, or PNR, the first precursor of the PRI). The 1920s saw the "Sonora Group" rise to the top of the nation's hierarchy. The agrarian bourgeoisie was establishing its hegemony over postrevolutionary development.

The outstanding features of the 1920–35 period were a leadership based on *caudillos* (charismatic military leaders), an ideological radicalism expressed in heavy anticlericalism, and a halt to land redistribution. Anticlericalism led to the *Cristero* rebellion in west-central Mexico, while the absence of significant land redistribution led to a radical agrarian movement in the eastern state of Veracruz. This movement was headed by Governor and General Adalberto Tejeda, one of the revolutionary *caudillos* (Falcón 1977; Fowler Salamini 1979). These two threats, one from the right and the other from the left, explain why the congress of the dominant PNR chose Lázaro Cárdenas as its presidential candidate in 1933 (Medin, 1982). Calles, the *Jefe Máximo*, or highest chief of the revolution, agreed to nominate Cárdenas for at least three reasons: Cárdenas had proved himself loyal to him, political factors predominated over ideological or economic factors (i.e., the "revolutionary family" was becoming consolidated within the PNR), and he felt that Cárdenas's record as an agrarianist during his stint as governor of Michoacán would offset the pressures from radical *Tejedisimo* in Veracruz.

In order to consolidate the power of his office against Calles, who attempted to retain his informal rule even after the election, Cárdenas organized the peasantry and the working class into mass organizations. Rather than allowing peasants and workers to organize independently, he incorporated their organizations into the official party, which became the Party of the Mexican Revolution (*Partido de la Revolución Mexicana*, or PRM, second and last precursor of the PRI). This obviously required making several concessions. Cárdenas encouraged workers—within certain limits—to struggle with the other "factor of production" (i.e., the capitalists) to attain an "equilibrium." His intention was not to promote class struggle but to encourage a "class conciliation" in which the state was the "impartial" mediator (Córdova 1974; Hamilton 1982; Medin 1972).

Before Cárdenas's administration, most land in the agrarian reform had been distributed to *ejidatarios* as *individual* plots to each *ejido* member. But Cárdenas confronted, for the first time, the need to distribute the land of highly productive *haciendas* in irrigated regions where the agrarian movement was intense; he felt there were scale economies in these units. In order to preserve the productivity of large units and to maintain an uninterrupted flow of agricultural raw materials and wage-goods to industry, Cárdenas's policy was to create "collective" *ejidos*, which appeared very similar to producer cooperatives. Ultimately, about 12 percent of all *ejidos* assumed this collective form of organization (Eckstein, 1966).

Although Cárdenas obliged the large-acreage ex-owners to transform themselves into capitalist agriculturalists, he also respected the principle of "small private property ownership." Each time a farm was expropriated, the owner could retain the *hacienda* core, not to exceed 150 hectares (1 hectare = 2.47 acres) of irrigated land; in land-reform jargon, which often involves a euphemistic turn of phrase, this is a "small property," or *pequeña propiedad* (sometimes called a *ranchito*). An important number of *latifundistas*, frightened by the climate of violence in which agrarian reform was being carried out, divided their lands themselves and sold them as "small properties." In some cases this was done through trusted *prestanombres* (name-lenders). The *prestanombre* might be a family member or a former employee. These cases usually implied that the original owner retained control of land that was formally "sold."

At the end of his presidential mandate, Cárdenas had granted more land to the peasants than all his predecessors together: 17,891,577 hectares had been distributed among 814,537 peasants (Gutelman 1974, 109).

The Collective Ejidos: La Laguna, El Yaqui, and Atencingo

The *Cardenista* plan for La Laguna's collective *ejidos* set the example for future collectivization in other regions of modern capitalist agriculture; the government hoped it would serve as a model of the political viability and the economic superiority of collective farming as compared to private property. Furthermore, enough popular strength had to be mobilized to offset the reaction of *hacendados* when their farms were threatened with expropriation. After land redistribution, beneficiary-producers had to maintain a solid organization to resist attacks from *hacendados* and to produce at an exemplary level.

The plan aimed at achieving self-management by *ejidatarios*. In La Laguna, this goal was to be achieved through the organization of beneficiaries into fifteen regional unions, which would eventually substitute for the *Banco Ejidal* (Ejido Bank), a state credit-granting agency. The fifteen unions would be coordinated by the Central Union of Collective Credit Societies, which was intended to perform the *ejido's* economic and marketing functions.

This plan was proposed and elaborated through the interaction of the *Ejidatarios'* Central Union and government technicians. The initial impetus for the fifteen regional unions and the Central Union came from below, from beneficiary-producers; Cárdenas not only approved the plan but also helped to convert the organization into a legal entity. President Cárdenas was so impressed by the La Laguna organization that he thought all future collectives should adopt a similar pattern (Rello 1984).

After months of preparation and labor mobilization, La Laguna agricultural workers finally were awarded *ejido* land grants on October 6, 1936. In the first few years, the La Laguna collectives were well supported by government agencies. Thus, their productivity was comparable and, in many cases, superior to that of

former capitalist *haciendas*. This tendency lasted only through 1947 in La Laguna. (For more on this region, see Chapter 5.)

As in La Laguna, the collectives organized in the Yaqui Valley of southern Sonora also illustrate that production in the initial period was satisfactory. The confluence of widely available credit, technical assistance, and water resources in the first few postreform years pushed per-hectare yields from collective *ejidos* past those of private farms (see Chapters 5 and 7).

A collective *ejido* was also organized in Atencingo, Puebla. But here the story differs from that in the north. Those pressuring for land were not landless agricultural workers who lived as *peones acasillados* on their *haciendas*; they were peasants like those who had rebelled in Morelos under Zapata. In Atencingo peasants were still demanding redress for the dispossession of communal lands in the late 1800s.

The sugarcane-producing lands in question in Atencingo included nine villages that belonged to William Jenkins, a former U.S. consul in Puebla. Indeed, he had built an agroindustrial sugar empire of sorts: The harvested cane was destined for a sugar mill that he owned. In order to end the struggle of the *Zapatistas*, Jenkins decided to circumvent the problem by "donating" his cropland to the resident peons on his farm (Ronfeldt 1973; Paré 1979a).

The new *ejidatarios* were obliged to produce sugarcane and sell it to Jenkins's mill, thus guaranteeing him a continued supply and, perhaps, a more comfortable living than before. The Atencingo *ejidatarios* remained the mill's *de facto* peons as Jenkins played fast and loose with loopholes in the law. They were hired and fired as before and had no real rights over the new collective *ejido*. They lived from their wages only, since no profits were distributed to them between 1938 and 1947. Any grievances they had could be repressed, and corporal punishment was common. (The Atencingo region is discussed at length in Chapter 6.)

Cardenismo: The End of the Agrarian Bourgeoisie?

The 150 irrigated hectares (or the equivalent in lower-quality land) left to the former owners at the time of reform were always the best on the ex-*haciendas*. They left the proprietors with a precious enclave complemented by latent contacts with at least some of the agrarian-reform beneficiaries. It did not take long, therefore, for many landlords to renew their patron-client domination. Additional leverage was provided to them by the fact that *ejidatarios* often lacked the infrastructure, resources, and credit that, for a price, the *pequeños propietarios* could supply. The ensuing concentration of land and power often resulted in so much landlord domination that some observers have labeled this phenomenon *neolatifundismo* (Stavenhagen et al., 1968; Warman, 1975).

Thus *Cardenismo* did not really mean an end to the agrarian bourgeoisie; it did mean a restructuring of the power bloc (Contreras 1977). In a sense, *Cardenismo* created an opening into which the industrialists stepped with investment; they

were abetted by an agreeable state. The state adopted its contemporary form and structure at that time. Personalistic politics of yesteryear were left behind in favor of more impersonal and institutional forms. For example, the man wearing the presidential sash could have extraordinary power, a situation that could last for only six years, however. (González Casanova 1964; Hellman 1983; Otero 1996a).

After 1938 the consolidated Mexican state geared up in earnest to promote industrialization. Because this meant acquiring large quantities of foreign exchange, agriculture had to be modernized rapidly; crops were to be exported to pay for industrial machinery, raw materials, and technology. The consolidation of this industrial hegemony in the power bloc was one of the new features of the two administrations which followed that of Lázaro Cárdenas, especially that of Miguel Alemán.

Alemanismo: Restructuring the Power Bloc Under the Hegemony of the Industrialists

The end of the peasant-oriented agrarian reform came in 1938. Cárdenas's reformism was limited by negative foreign reactions to the expropriation and nationalization of the petroleum industry and the resultant discontent of the internal bourgeoisie (Hamilton 1982). Thus, a development philosophy geared to the private sector set in before the end of the Cárdenas administration. Because World War II called for a policy of "national unity," Mexico awoke after the war to find that its working class and mass organizations had been coopted by the state. In particular, the National Peasant Confederation (*Confederación Nacional Campesina*, or CNC) and the Workers Confederation of Mexico (*Confederación de Trabajadores de México*, or CTM) were converted into governmental political arms so that the state could control peasants and workers, respectively. One additional target was the collective *ejido*: It had become a stronghold of opposition and socialist organization, and its example was threatening to private firms.

In the late 1940s the government's productivity drive was combined with a commitment to individualism. Collectivism was equated with the "threat of Communism," an epithet of the Cold War. This was a global change and, reflecting it, "the CNC took an increasingly individualistic position toward land tenure and exploitation during the 1940s, even joining with private property-owners in some states to pressure the regime for stabilization of land tenure." (Sanderson 1981, 138)

All this was anticipated in 1942 with two *ejido*-policy laws that sanctioned the individualistic tendencies: the Agrarian Code and the Law of Agricultural Credit. The former placed great emphasis on granting individual *ejido* title (which fell short of full ownership and a fee simple title) to each beneficiary.

The emphasis on security of possession and on titling accompanied bourgeois pressure for government to extend *certificados de inafectabilidad* (certificates of immunity) to landlords. These certificates were guarantees that holders would

never be expropriated. To protect the livestock industry, the government granted to owners of large acreages certificates for "enough grazing land for 500 head of cattle" (or the equivalent in smaller livestock) or for "land without irrigation." When owners eventually improved their land, the immunity certificates still held, leaving some with substantial farms. Providing these certificates was central to the free-market spirit of the Alemán government. Clearly, several paragraphs of the Agrarian Code were amended to promote commercial agriculture. For this reason Alemán's presidential term has been called a "period of counterreform." His initiatives were further strengthened in later administrations. Under Alemán alone 11,957 certificates of immunity were granted to private landholders, safeguarding over a million hectares of privately held cropland. Also 336 certificates were granted to protect 3,449,000 hectares of grazing land. During the same period 56,108 peasants received only 3 million hectares of land, much of which was marginal and infertile (Gutelman 1974, 115-19).

Dismantling the Collective Ejidos

Although the legal strictures meant to dismantle collectives were in place by the end of 1942, government agencies did not generalize their campaign against them until 1947, at the beginning of Alemán's term (1946-52). Representatives of the Ejido Bank, the Ministry of Agriculture, and other governmental departments tried to convince *ejidatarios* that they could earn more by working their own plots without paying technical and managerial functionaries or contributing to a machinery fund (Hewitt de Alcántara 1978, 174).

Mexico's involvement in World War II resulted in its forging close economic and political ties with the United States during the wartime administration of Manuel Avila Camacho (1940-46). As we saw above, however, it was his successor, Miguel Alemán, who carried out the Cold War's extension in Mexico. The manner in which this hardening of ideological positions shaped state policy toward rural Mexico was dramatic. Not only was financial and technical support withdrawn from the collectives, but the *ejidos*' efforts to become self-managing enterprises were ignored by the government. During this period there was heavy federal expenditure for irrigation infrastructure (much of it to transform former pasturelands into cropland); large-scale, capitalist agriculture was given strong impetus under *Alemanismo*. Not by accident, irrigation was chosen as a primary vehicle for modernizing agriculture: It was the infrastructure most needed by the strongest agricultural pressure group in the country, the entrepreneurs of northwestern Mexico (Sanderson 1981, 154; de Grammont 1990; Mares 1987).

One of the more lamentable consequences of the crusade against the collective *ejido* was that even formerly productive ones began to disintegrate, a process that was never reversed. From 1938 to 1943 period, *ejidos* (both individual and collective) outproduced private farms by 9 percent. After the state withdrew its support from collectives (and indeed began a boycott against them), a dramatic reversal in

production occurred. Hewitt de Alcántara (1978) and Silos-Alvarado (1968) present similar figures, which show deteriorating production yields for the post-Cárdenas period. From 1951 to 1955, the private sector began to show superior yields when compared with those on *ejidos* financed by the Ejido Bank. For 1956–60, the advantage of the private sector was accentuated (Silos-Alvarado 1968, 27–44). By 1960 private properties had a 25 percent yield advantage over *ejidos* (Hewitt de Alcántara 1978, 191).

The strength and type of attack on collectives varied regionally; the offensive was most severe where there was a local agrarian bourgeoisie pushing for counterreform. In La Laguna, the state eventually controlled most *ejido*-sector production, mainly through the Ejido Bank (now called Banrural, *Banco Nacional de Crédito Rural*). In El Yaqui, the agrarian bourgeoisie was consolidated, aided by huge public investments in irrigation infrastructure, while such infrastructure was largely denied to *ejidos*. Atencingo was the only collective *ejido* under state control in the entire state of Puebla. It represented a sort of state-capitalist island within a sea of peasant subsistence-production units, most of which were farmed only with family labor.

Alemán's policies consolidated the private-sector orientation that still prevails in Mexico, though there was a brief hiatus during Echeverría's administration. In addition to providing heavy investment in large-scale irrigation projects to benefit large farms, Alemán's presidency shifted a good deal of rural credit from the *ejido* to the private sector; gave strong impetus to the seed- and yield-improvement centers, which eventually became the linchpin of the Green Revolution; and emphasized production for export by downplaying the provision of ample foodstuffs for the domestic market (Sanderson 1981 145, 1986). All of these policies were consistent with the consolidation of the industrial bourgeoisie and the transformation of a tight alliance with its agrarian counterpart.

In the mid-1970s, the state tried to revitalize the *ejido*, but under the strict control of the state. During Luis Echeverría's presidential term (1970–1976), a few more collectives were established, but they were far from the self-managed, democratic cooperatives that Cárdenas had supported. Instead, they were a form of state-run enterprise (Warman 1977).

The *ejido* policy treated thus far has referred predominantly to those *ejidos* organized originally as "collectives" during *Cardenismo*. However, this kind of organization was implemented only in those places where modern *haciendas* had been expropriated. By 1970 collectives constituted only 12 percent of all *ejidos*. What happened to the vast majority of *ejidos*, which were organized on an individual basis form the outset?

A few *ejidatarios* managed to prosper from their individual *ejido* plots, often renting land belonging to their peers. But these were exceptions. Because most individual *ejidos* were in areas of rain-fed agriculture, they usually fared worse than the collectives. Individual *ejidos*, in fact, constituted a *minifundio* sector.

Ann Craig (1983) has documented the agrarian history of Los Altos de Jalisco as a case in point. She argues convincingly that the *ejidos* in this region are representative of most in the country. As Craig notes, Los Altos de Jalisco is a region "characterized by poor soil and highly variable rainfall, devout Catholicism, conservative politics, and an economy based on dairy farming and small scale cultivation of maize, beans and chile." (1983, 13)

Unemployment in Los Altos is still a major problem, and today there are more landless young men and families than *ejidatarios* in most municipalities of the region (Craig 1983, 245). Agriculture has provided so few rewards and so much hardship that young men now speak more about the need for sources of nonagricultural employment in the countryside than about land. Such perceptions are reinforced by short-term work experiences in Mexican urban centers and in the United States. Thus, in this kind of agricultural region, wage labor is highly valued by rural people, but not enough is offered. The region's *hacienda* class, in contrast, adapted quickly to new conditions after land reform; today, its members are still wealthy.¹

Are Small Peasant Operations Economically Productive?

Several economists have defended the Mexican agrarian reform, arguing that the "social productivity" of small holdings was greater than that of large landholdings (Barchfield 1979; Dvoring 1969). They assume that family labor costs can be calculated at zero for the *ejido* sector and for private holdings of 5 hectares or less, where family members provide the bulk of the required labor power. Thus, they calculate an inverse relationship between size of the farm and land productivity; they apply "social productivity" labor costs only to capitalist enterprises, where wages are monetary and an actual operating cost to the employer. Their justification for this assumption is that, in societies such as Mexico, where there is an "unlimited" supply of labor, opportunity costs are close to nil. Dvoring acknowledges that the greater production per hectare in *ejidos* and *minifundios* is due to greater labor-intensiveness.

This approach, which focuses only on the macroeconomic or "social" productivity aspects, disregards the economic consequences for the individual economic unit. As recent Mexican experience can attest, such an approach has proved myopic, even at the macroeconomic level. In the long run what appeared to be macroeconomically productive resulted in agrarian crisis.² For the peasant economy, providing free labor to society has had its limit—witness the agrarian movement of the early 1970s and the renewed activity of the 1990s.

Thus, the agrarian reform has not been able to solve the problems of the rural poor in Mexico. Capitalist development in agriculture expelled a large number of workers, while industrial growth has been insufficient to absorb them. In fact, the optimistic expectations that politicians had in the 1940s about industry and employment never materialized at the required levels. Large numbers in the coun-

tryside have been forced to confront counterreform and an industrialization process incapable of absorbing their labor power productively. The result, as we will see in Chapter 4, has been social polarization. Before going into this topic, though, I will turn to the most recent agrarian-reform legislation in Mexico.

Neoliberalism and the New Agricultural Policies

Chapter 2 discusses state intervention as one of three major variables determining political class formation in Mexico's countryside. Depending on whether it favored the social reproduction of agricultural direct producers or not, bourgeois-hegemonic, oppositional, or popular-democratic organizations would arise. This pattern was clearly true from the 1930s to the 1980s, as we will see in Chapters 5 to 7. Toward the end of the last decade, however, new national and international winds effected major changes in the state's approach toward its own intervention. Abandoning an inward-looking economy based on heavy protectionism, state intervention in the economy, subsidies, and deficit financing, Mexico's technocratic governments since 1982 have done a dramatic about-face to reposition the country in the international economy. Now the key goals are to eliminate direct state intervention in the economy, subsidies, and protectionism, and to promote market forces, international competition, and foreign investment. "As the economy makes the transition from a state-guided and paternalistic economy toward a more ruthless and market-driven one, high rates of joblessness and income inequality will be facts of life." (Bremner and Ihlwan 1998, 47) Much of this "neoliberal" reorientation of economic policy toward market-led dynamics has been imposed from the outside through the "structural adjustment" packages that Mexican officials had to sign with the International Monetary Fund and the World Bank in order to resolve the debt crisis of the early 1980s (Otero 1996a). Yet it is clear that much of Mexico's private-sector and government officials have supported and indeed promoted such reorientation (Valdéz Ugalde 1996).

By 1991 Mexican agriculture contributed only about 7 percent of GDP with over 25 percent of the economically active people, a disparity that reflected a tremendous technological lag and the deep fragmentation of land tenure. The rural development strategy that had been followed by the Mexican state was predicated on an overwhelming and pervasive presence of the state, which intervened through diverse means—including selective indirect subsidies—that were usually regressive (i.e., deepened social and economic inequality). The *ejido*, as discussed above, was the main form of land tenure assigned to the beneficiaries of agrarian reform, who could not rent or sell the land. But the *ejido* also functioned as a means of corporatist political control since the 1940s and was heavily subsidized until the late 1980s. This form of corporatism also ceased to be efficient after democratization winds began to blow following the student and popular movement of 1968.

Hence, President Carlos Salinas de Gortari (1988–94) set out to introduce another agrarian reform in 1992. Its three main components were as follows:

(1) Land in *ejidos* could now be sold or rented; (2) the state no longer had the responsibility for redistributing land; and (3) while limits for individual landholding were kept to 100 hectares (1 hectare = 2.4 acres), corporations could operate as much as 2,500 hectares as long as at least twenty-five individuals were associate members and none exceeded the individual landholding limit of one hundred hectares. This agrarian reform was combined with other neoliberal policies, including deregulation of the agricultural economy; the transfer of former state enterprises to the private sector; the elimination of most subsidies; a severe restriction of agricultural credit and insurance; and a swift unilateral trade opening in basic crops such as sorghum, soy, and other processed and semiprocessed food products (Cornelius and Myhre 1998; Encinas R. de la Fuente, Mackinlay, and Romero 1995; García Zamora 1997). Therefore, this neoliberal reform as a whole represents a new model for the *ejido*: It is now free of state tutelage, but it is also deprived of nearly all state support. Nevertheless, the *ejido* could still become an organization of peasant support around which peasants could mobilize to obtain state support, but this initiative would have to emerge from below.

Established under the agrarian reform, the *ejido* sector was where the state intervened in most phases of production and distribution—from planning and provision of inputs to marketing. Such intervention is now being replaced by the market as the main mechanism for resource allocation. All subsidies for crop prices and agricultural inputs will be gradually eliminated by 2009. Credit has been substantially reduced, most marketing agencies of the state have been phased out, and direct price regulation has been replaced by trade liberalization for most crops.

The rest of this chapter explores the socioeconomic implications of these changes for Mexican rural society. Abandoning the state-led approach, the new policies single out market forces, productivity, and profitability as the key criteria for producers' decisions about resource allocation. The new policies seek to enhance Mexico's competitiveness in the global economy and to line up Mexican agriculture with the requirements of both the North American Free Trade Agreement (NAFTA) and the World Trade Organization (WTO). But the new agricultural policies are likely to promote a profound social polarization (see Chapter 4), since it is unlikely that the rest of the economy will grow quickly enough to absorb the labor force that will become redundant in agriculture.

Even though the state has traditionally expected agroindustries to conform to capitalist criteria, most land cultivators became accustomed to compensatory state intervention in agriculture. Now most Mexican land cultivators confront increasing pressures to meet the test of the market even though they lack capital and are not accustomed to the rigors of market forces and profit margins. The new agricultural policies can thus be expected to promote a new wave of bankruptcies that will force peasants to sell their lands and will expand the reserve army of unemployed workers in the cities. In fact, the labor surplus resulting from agricultural bankruptcies will far exceed the usual "function" of a reserve army of labor in capital accumulation.

Such "liberation" of workers from agriculture will have a threefold effect. First, there will be a process of land concentration in fewer hands; marginal lands might be abandoned indefinitely, while other peasants will continue to cultivate at greater social and environmental cost. Family members normally involved chiefly in household reproduction will be forced to take part in remunerated agricultural tasks; hence, the "feminization" of agricultural production—a growing phenomenon since the 1970s (Arizpe 1989; Preibisch 1996)—will no doubt increase, as will the intensification of the labor of school-age children and elderly persons.

Second, the expansion of unemployed workers will allow market forces to replace political repression as the chief means of exerting downward pressure on wages. In turn, low wages will continue to lure new waves of direct foreign investment into the NAFTA framework of industry and services. Third, the excess of unemployed population beyond the functional needs for an "industrial reserve army" in capital accumulation is likely to heat up already-simmering social tensions, possibly discouraging new foreign investment. One countervailing trend to the effects of neoliberalism, however, is that many peasants are taking refuge in subsistence agriculture, even if it means greater impoverishment (de Janvry, Godrillo, and Sadoulet 1997).

Mexico's Second Agrarian Reform by Alain de Janvry et al. lays a firm quantitative foundation for many widely held views on the peasant economy. Although the land market was legally opened only in 1992, some activity was captured by the 1994 survey—one of two on which this book is based (the other was conducted in 1990): Of the five regions into which Mexico was divided, the land market was most active in the gulf, center, and north; and it was least developed in the south Pacific, where very small farms dominate. There was also a slight increase—from 2.5 to 4.8 percent—in the percentage of *ejidatarios* holding private land.

Even though NAFTA has introduced a comparative advantage for the production of fruits and vegetables on Mexico's farms, the *ejido's* ability to adapt is limited by lack of access to credit and technical assistance. Hence, corn and beans, which remain the only crops with some state subsidy, are by far the most important crops: They occupied 57 percent of the total cultivated land in the *ejido* in 1994. State support for farmers has fallen off sharply: By 1994 only 8.6 percent of *ejidatarios* had some technical assistance, down from 59.6 percent in 1990. They were left in an institutional vacuum just when they needed to diversify and modernize to take advantage of NAFTA. Unless this vacuum is filled, neoliberal reforms threaten the competitiveness and solvency of the *ejido* (de Janvry, Godrillo, and Sadoulet 1997, 86).

The state dramatically decreased its support to farmers in credit and insurance between 1990 and 1994; access to loans increased through Pronasol (*Programa Nacional de Solidaridad*, or National Solidarity Program), a social assistance pro-

gram. But the mass of credit to the sector declined, and access to credit was thus diluted over a larger number of users. This trend is confirmed by David Myhre's studies of the financial system in rural Mexico (1998, 1996). Myhre says, for instance, that the

reorganization of the rural financial system has simply replaced one 'sad story' with another. Until reorganization strategies are implemented that do not a priori exclude half of Mexico's rural population from financial services, the prospects for a happy ending are few (1996, 136).

The most ironic social trend observed in the book by de Janvry et al. is the emergence of an entrepreneurial peasantry in the *ejido* sector, something that should have resulted from the original agrarian reform but was stifled by an overly interventionist state. With the neoliberal reform, entrepreneurship in the countryside is bolstered by peasant strategies that offer the prospect of survival if not success: monocropping corn in the fall-winter cycle, diversifying into fruits and vegetables, increasing cattle raising, and reinforcing the migration strategy. The first strategy was most concentrated in the north Pacific region; the second in the gulf; while cattle raising was more spread out into gulf, south Pacific, and center; and migration concentrated in the north and center regions. The determinants of success, however, were access to credit, irrigation, pastures and common lands, increased education, access to technology, and access to migration social networks. Since most of these were in short supply—especially credit—only a small percentage of farmers managed to pursue entrepreneurial strategies.

De Janvry's inequality chapter contains a sophisticated quantitative analysis that reaches a number of strong conclusions:

The *ejidos* with the smallest internal inequality compared to external inequality were those in the Center and North, those with a mestizo majority, and those with the oldest [land] endowments. In contrast, it was the indigenous communities that had the highest internal inequality. In this case two-thirds of total inequality was internal to the community, and only one-third external. The communities thus have the dual characteristic of consisting of very small farms with large internal differences (de Janvry, Godrillo, and Sadoulet 1997, 167).

The End of Agrarian Reform

Under the state-led period of agriculture, most Mexican peasants gave their loyalty to the ruling PRI and the government in exchange for social guarantees and minimum incomes (Fowly 1991; Gates 1993; Bartra 1993; Singelmann and Otero 1995). Until 1992, article 27 of the Mexican Constitution (1917) had reflected a solid state-peasant alliance for over seven decades. It provided for the agrarian reform by

granting the state the right to redistribute land to poor peasants and rural workers. Through a series of state-run agencies and programs, most land cultivators came to depend on state intervention in agriculture, from technical assistance and loans to marketing and the transformation of agricultural products. It was the *ejido* sector that came to depend most closely on the state, thus reinforcing the historical state-peasant alliance (Warman 1976).

Through the agrarian reform program, 28,058 "*ejidos*" or "agrarian communities" had been formed by 1988.³ Other than private property, these were the two forms of land tenure that emerged in the wake of article 27 and its enabling laws. Together, *ejidos* and agrarian communities made up the agrarian reform or the "social" sector, comprising 3,070,906 individuals who held rights to 95,108,066 hectares (one hectare = 2.47 acres). This land surface amounts to nearly 50 percent of the grazing, agricultural, and forest land in the country. However, only 21 percent of this land is suitable for agriculture. Because of the poor quality of land distributed, as much as 73 percent of total land in the agrarian reform sector is held communally, whether in *ejidos* or agrarian communities, in such forms as shared pasture or forest land (DeWalt, Rees, and Murphy 1994, 4; Mackinlay 1994, 18).

While Mexican agriculture experienced a relative boom from the late 1930s to the mid-1960s, a severe crisis emerged both in peasant and in capitalist agriculture by the late 1960s (Bartra and Otero 1987; Bartra 1993; chapter 4 in this volume). In view of this crisis, some organizations in the private sector became quite vocal in proposing the privatization of the *ejido* lands, arguing that this would provide landholders with security of tenure: Private holders would no longer feel threatened by agrarian reform, while *ejidatarios* themselves would no longer feel dependent on the state.

But it was not until 1992 that a revision of article 27 formally declared an end to agrarian reform. It allows for the privatization of *ejido* land, permits rental of land and its use as collateral for loans from private banks, and promotes the formation of associations between *ejidatarios* and private enterprises (Barry 1995; Cornelius 1992; DeWalt, Rees, and Murphy 1994). To supplement these legal changes, the government has launched a new set of policies to eliminate agricultural subsidies, redefine criteria for rural credit by the official bank (Banrural), and dissolve or drastically reduce the funding of state-regulatory agencies in agriculture.

In practice, the Mexican state all but ended agrarian reform during the administration of José López Portillo (1976–82), when agricultural policy was geared toward increasing production. But this administration also inaugurated two agricultural policies with different implications for promoting peasant production: the Mexican Food System (*Sistema Alimentario Mexicano*, or SAM) and the Agricultural and Livestock Promotion Law (or *Ley de Fomento Agropecuario*, LFA). The SAM tried to increase production by supporting peasants in rain-fed agriculture, while the LFA promoted the association between *ejidatarios* and capitalists who would modernize agriculture through new investments. The main beneficia-

ries of the SAM were medium and large farmers, not the small peasants of rain-fed agriculture who were originally targeted (Redcliff 1981; Fox 1993).

In contrast to the SAM, the LFA openly established the legal conditions for private capital to enter agriculture decisively. This law was supposed to complement the official discourse on agrarian reform and declared that there was no more land to redistribute. Consequently, the rural population was supposed to concentrate on making its landholdings more productive with an infusion of capital investments from the private sector. Throughout the 1980s, however, no more than 110 associations emerged under the LFA along these lines (DeWalt, Rees, and Murphy 1994, 57).

Changing Role of the State

The Mexican state made its presence felt and controlled agriculture through multiple forms until recently. Besides the cabinet secretariats dealing with this sector, there were a number of other key "economic apparatuses of the state" devoted to agriculture. These included the Rural Bank (Banrural), Conasupo (the agency controlling the purchase of basic crops and distribution of popular foods, including basic crops), and Anagsa (the agricultural and livestock insurance state company) (Rello 1986). During the Echeverría administration, these agencies became large and notoriously corrupt bureaucracies. Rather than helping peasant production, they became effective means of economic and political control in the countryside (Gordillo 1988).

Along with the elimination of or fundamental change in most agencies related to agriculture, subsidies to crop and inputs prices are being phased out. According to the Salinas government assessment, with the policy of subsidies, farmers with the best lands tended to benefit disproportionately, a circumstance that often resulted in higher crop and food prices. Thus, consumers were also negatively affected by past forms of subsidies, which often resulted in higher crop and food prices. Because agricultural prices tended to be higher than international prices after the 1970s, past subsidies introduced an important market distortion, sustaining too many producers who had high production costs. Such policy-created distortion became clearly inconsistent with the trend toward globalization and North American integration in which the main logic is increased efficiency, reduced state intervention, and international competitiveness.

Another kind of distortion introduced by support prices (*precios de garantía*) had to do with crop choices: Some farmers tended to adopt subsidized crops in lands that could be better used for other, more profitable, crops—for example, in the north and northwest regions, which have an abundance of irrigated land, the surface dedicated to corn increased from 451,000 hectares in 1989 to 907,000 in 1992 (SARH n/d, 20). Conversely, poor farmers went into corn production through deforestation or by planting on slopes and other marginal lands with extremely low fertility.

In the past few years many state agencies have seen their regulatory roles fundamentally altered or eliminated. Banrural has become merely one more bank that can grant agricultural loans (using clear market and profitability criteria) alongside all the other commercial banks. Its former "social" function, expressed in routinely forgiving peasants in default (Gates 1993, 1996) has been absorbed by Pronasol. This new program was initiated on the first day that Carlos Salinas de Gortari took office as president of Mexico on December 1, 1988. It was designed to combat poverty through direct handouts given by the executive through municipal presidents (Cornelius, Craig, and Fox 1994). This program replaced much of the former action of corporatist organizations affiliated with the PRI and linked the urban and rural poor directly to the head of the federal executive, the president. As a political strategy, the program represented a response to the hotly contested presidential elections of 1988 and the rise of the opposition headed by Cuauhtémoc Cárdenas (Mackinlay 1994, 109; Otero 1996a).

Likewise, Conasupo is still engaged in the marketing of agricultural products, but state policy has now shifted to favor producer initiatives to cover such functions. Furthermore, Conasupo will no longer absorb distribution and transportation costs, as in the past; these will be charged to the producers as an additional incentive for them to organize their own distribution efforts.

Other state agencies have been completely eliminated—witness the dissolution of Imecafé, once involved in the planning and marketing of coffee production (Downing 1988), and of Azúcar, S.A., which centralized the planning, production, and distribution of the sugar industry, including the management of most sugar mills (Singelmann 1993, 1995). The agricultural and livestock state insurance company has been renamed Agroasemex, and its insurance functions now match the commercial criteria of private companies.

New Agricultural Policies: Procampo

Procampo (*Programa de Apoyo a la Comercialización Ejidal* or Support Program for Ejido Marketing) was launched in 1993 to support producers' income through direct subsidies, thus reversing the past logic of indirect agricultural subsidies through supported crop prices and lower input costs. With the latter forms of subsidies, all producers benefited regardless of their capital or land endowments, with the better-off farmers benefiting disproportionately. The goal of Procampo is thus twofold: to promote the production of crops in which Mexican farmers have a comparative advantage and to funnel subsidies only to those producers that need them the most.

The first goal is addressed by providing a fixed, per-hectare support to those producers who have been planting one of nine basic crops in any of the three years prior to the initiation of this program in 1993: corn, beans, wheat, cotton, soybeans, sorghum, rice, safflower, and coffee. Supports go directly to producers' income rather than to crop or input prices, thus reducing market distortions.

Producers were declared eligible for support for fifteen years after the 1994 implementation, regardless of whether they continue to plant the same crop or change the productive activity on their land. One condition is that the land remain dedicated to a productive activity that creates employment. The hope is that by not ordaining the crop to which the land should be devoted, farmers will choose crops in response to market signals and to the "natural vocation" of the land. During the first ten years the per-hectare support will be fixed in real terms, and thereafter it will gradually decrease until the fifteenth year. In 1994 all price subsidies disappeared in Mexico, except for corn and beans (de Janvry, Gordillo, and Sadoulet 1994). On January 1, 1999, even the longstanding tortilla subsidy was eliminated. As is well known, corn tortillas are a staple of the Mexican diet.

The second of Procampo's goals is to address an acute dilemma of previous subsidies: Out of over 3 million agricultural producers, 2.2 million were being left on the margin of price supports because they usually dedicate a significant proportion of their production—over 58 percent—to self-consumption. Therefore, to the extent that their products did not become commodities bearing a price, subsidies in the form of price supports could not reach this kind of producer. The new form of subsidy has involved increased federal expenditures, absolutely and relatively: In 1994 Procampo had a budget of 11.7 billion new pesos, in contrast with 5.3 billion spent in 1993.

A central objective of this policy change was to make the adjustments necessary to put Mexico in line with international accords and its international trading partners. Most of the nine crops included in Procampo are also subsidized in North American and European countries. But in line with international accords such as NAFTA and the WTO, two basic principles had to be respected: (1) that subsidies do not involve a transfer from consumers, and (2) that the new support does not have the effect of becoming a price support for producers. Meeting these two criteria is supposed to guarantee that international agricultural markets will not be distorted by the support policy (SARH n/d, 25).

Other expectations of Procampo are that producers will switch to the most rational forms of land use. Those currently overexploiting marginal lands are expected to switch to the more "natural vocation" of such lands (such as forestry) to avoid deforestation and land erosion. Conversely, those producers with better lands will switch to more profitable crops with comparative advantages to increase Mexico's export capacity while reducing the amount of agrochemicals used in the production of corn in good lands. In both cases it is expected that the change will result in environmentally sounder practices.

In spite of the fact that both Pronasol and Procampo represent substantial expenditures for the Mexican state, they both act more as welfare safety nets rather than as spurs to production (Covarrubias Patiño 1996, 110). For example, while Pronasol covers about 2.5 million hectares of corn cultivated by poor small producers, it still represents a per-hectare loan several times lower than that assigned by Banrural (Appendini 1994; de Janvry, Gordillo, and Sadoulet 1997). Further-

more, Procampo is incapable of redressing income inequalities stemming from unequal access to land endowments. According to a survey conducted in 1994 by INEGI (*Instituto Nacional de Estadística, Geografía y Informática*, or National Institute of Statistics, Geography, and Information), 70.5 percent of *ejidatarios* who received Procampo assistance were concentrated in the range of 1–5 hectares plots and got an average of 2.6 times the program assistance. *Ejidatarios* with an average plot of 6–10 hectares, 20.9 percent of the total, received an average of 7.7 times; while those with over 21 hectares, representing only 1.5 percent of *ejidatarios*, received 39 times the program assistance (Covarrubias Patiño 1996, 109). Procampo nevertheless reaches those corn producers growing corn for subsistence who did not benefit from support prices in the past. But the paltry amounts of assistance cannot transform a production process, much less significantly cushion the blows felt by Mexican peasants from the restructuring of agriculture and the economy as a whole through their links to labor and commodity markets.

Conclusions

Neoliberal policies in Mexican agriculture have introduced sweeping changes for land cultivators. Agricultural direct producers have had to face a rude awakening from the decades of protectionism and state intervention in agriculture. This does not mean that they had been particularly privileged in the previous decades, for Mexican agriculture had been geared to subsidize industrial expansion since the 1940s by keeping urban costs of living low. This urban bias signified an increasingly unbearable cost-price squeeze, with rising input costs and declining relative crop prices.

By the mid-1960s, Mexican agriculture entered into a period of severe crisis from which it has yet to recover, resulting in high degrees of social differentiation. Today, few cultivators are adequately prepared to compete by international standards. Therefore, one should expect to see tremendous challenges in the era of NAFTA for the Mexican agricultural semiproletariat. For the state, the main challenge will be political, to the extent that the new policies have, *de facto* and *de jure*, dissolved the basis for the long-standing "state-peasant" alliance.

Procampo was designed less than a year before the 1994 presidential elections, primarily as a continued safety net for the poorest peasants in exchange for their political loyalty. Thus, at least two doubts have been raised about the state's success with Procampo: (1) It is quite unlikely that the supports of Mex\$250 per hectare on a yearly basis (starting in 1994) will become a production-enhancement program for small producers, who are generally at an infrasubsistence level. It is more likely that this program will supplement Pronasol, with the assistance-oriented and electoral overtones that have been assigned to this program by analysts (A. Bartra 1996; Cornelius, Craig, and Fox 1994; Dresser 1991); (2) contrary to expressed intent, both small and large farmers are likely to remain involved in environmentally damaging practices (DeWalt, Rees, and Murphy 1994). In the

case of small farmers, there is no reason to believe that the small-income support will be enough to deter them from producing in degraded or deforested lands. Likewise, medium and large farmers might simply transfer and even increase the use of agrochemicals in switching from corn to more commercial and export-oriented crops.

Thus, new dilemmas will emerge for the state when the assistance-oriented and political face of such programs becomes evident and once it is clear that a majority of rural producers are being left on the margins of mainstream economic development. As new government programs prove insufficient to turn them into peasant-entrepreneurs or provide feasible alternatives to land cultivation within the countryside, new government challenges will also arise in the area of employment insufficiency in industry and services. Such insufficiency is likely to become socially explosive, especially after nearly two decades of declining real incomes for the majority of the Mexican population and an official poverty rate of about 50 percent that runs even higher in the countryside and was aggravated by the economic debacle that started in December 1994 with the devaluation of the Mexican currency. It remains to be seen whether the next decade will represent a rerun of this one, but this time starting from a lower floor of poverty for most Mexicans.

Notes

1. Monique Nuijten (1998) provides a detailed account of the actual organization and functioning of the *ejido* in southern Jalisco and its relations with the state. Her story largely resembles that of Los Altos de Jalisco. For his part, Gabriel Torres (1997) offers a microsociological analysis of "everyday forms of resistance" by tomato workers in southern Jalisco. For the state of Michoacan, John Gledhill (1995) discusses migration strategies to the United States by impoverished peasant farmers.
2. For a more extended critique of this position, see R. Bartra (1974a, 1993), and R. Bartra and Otero (1987).
3. "Agrarian communities" was the legal tenure form devised to "restitute" Indian communities that had been displaced from their lands during the *Porfiriato*. In the end, however, many Indian communities received land in the form of *ejidos*, and many *mestizos* received land in the form of "agrarian communities."