Chiapas and the Crisis of Mexican Agriculture

by Roger Burbach and Peter Rosset

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EXECUTIVE SUMMARY

The rebellion in southern Mexico led by the Zapatista National Liberation Army is rooted in the profound agricultural crisis of the state of Chiapas. Is Chiapas an isolated case in an otherwise "modernizing" Mexico, or, rather, is it symptomatic of a larger malaise affecting the entire country? In this Policy Brief we argue for the latter viewpoint, suggesting that the Chiapas uprising should serve as a wake-up call to Mexican society.

With the bulk of the Chiapan population dependent on agriculture, over seventy five percent of the state's population lives below the poverty line. Almost twenty percent of the economically active population has no cash income, while another thirty nine percent makes less than the minimum wage of $3 per day. This poverty stands in stark contrast with the agricultural wealth of Chiapas. A state with less than four percent of Mexico's population, it is the country's largest coffee exporter, the third largest maize producer, and among the top three states in exports of bananas, tobacco, and cacao.

Due to agrarian reform programs begun in the 1930s, over half the agricultural land is held in ejidos, or agrarian communities. But the peasants and Indians who work these lands lead meager existences. Most of this sector is located on marginal lands of low fertility and scarce water resources. In the Lacandón rainforest of Chiapas, from whence the Zapatistas come, the ejidos and agrarian communities are essentially cut off from market access. The best lands are under the control of a group of wealthy land owners who control the state's economy and are linked to the ruling PRI party.

While the Zapatista uprising has focused attention on the appalling living conditions of the majority of the inhabitants of Chiapas, the conditions there are not all that different from those affecting the rest of rural Mexico. A study prepared for the World Bank declared that "Mexico is probably the best representation of a bimodal agricultural system," with "a small number of powerful, well capitalized" enterprises, and a vast majority who are impoverished. Throughout Mexico the best lands are under the control of a small minority who dominate the country's agricultural economy. With ties to the ruling PRI party, these agrarian businessmen, who also control Mexico's export markets, have, over the decades, benefited from the financial and technical resources of the Mexican state.

During the 1970s the Mexican state did allocate major resources to the ejido sector, including the creation of state marketing agencies that bought peasant commodities at subsidized prices. But this strategy of development failed because of the extensive corruption of government bureaucrats and the program's top-down nature. When the state withdrew its support in the mid-1980s, due to the Mexican debt crisis, the ejidos found themselves more impoverished than ever.

Today the Mexican government is implementing neo-liberal economic policies aimed in part at abolishing the ejido. Article 27, the agrarian reform clause of the Mexican constitution, has been gutted, and under NAFTA, import barriers are being dropped, enabling cheap corn and other staple foods to flood Mexican markets, impoverishing the peasantry even further. As demonstrated by Chiapas, the progressive impoverishment of rural peoples can only lead to further social unrest and the eventual destabilization of larger Mexico.

The Zapatista movement in Chiapas is demanding a reversal of neo-liberal policies, proclaiming, for example, that NAFTA is a "death certificate" for the Indian and peasant peoples of Mexico. The Zapatistas are calling for a new agrarian reform program for the entire country, one that will not only redistribute the better lands, but also provide peasants with the resources they need to create a new agricultural economy to meet their needs rather than those of rich landowners and the Mexican state. Only if Mexican society heeds the wake-up call of Chiapas and acts on these proposals can stability be restored and prosperity for the majority achieved.
Introduction

On January 1, 1994, the Zapatista National Liberation Army (EZLN) seized six towns in the highland area of the Mexican state of Chiapas. The Zapatistas have repeatedly returned to international headlines since then, as the conflict has continued to simmer and periodically erupt. In their declaration of war, and in many subsequent communiqués, the Zapatista rebels refer to issues of land and agriculture as fundamental to their struggle. For example, in their March 1, 1994, list of demands, they stated that "we want the great extensions of land that are in the hands of ranchers and national and foreign landlords and others who occupy large plots...to pass into the hands of our peoples."\(^1\)

The fact that a guerrilla insurgency has arisen around agrarian issues is a clue to the existence of a crisis in Mexican agriculture. But is this a local crisis in Chiapas, or is it symptomatic of a larger problem? We believe the latter to be the case. Other symptoms of a broad crisis include Mexico's widening agricultural trade deficit with the U.S., the fact that Mexican farmers are in default on 61% of outstanding farm loans,\(^2\) and the continuing out migration from the Mexican countryside toward cities and the United States.

This crisis should have been addressed head on by Mexican policymakers, as it threatens to undermine many aspects of the national economy and polity. Continued neglect of the large rural population can only accelerate migration to cities where employment opportunities are clearly insufficient. The likely collapse of the nation's ability to feed itself means that Mexican food security will depend increasingly upon the vagaries of international markets and the nation's capacity to import. And finally, the social stability of Mexico has been jeopardized by the increasing neglect of the rural poor, as the Zapatista movement and rural unrest elsewhere amply demonstrate.

In the vacuum created by the inaction of the Mexican government (or actions that have intensified the crisis), it is incumbent upon Mexican civil society to take the lead in formulating new directions in rural development that can meet the needs both of the rural poor and of the national economy. Impressive first steps have been taken in this direction by the National Democratic Convention (CND). Convened by the Zapatistas, the CND is a forum in which alternatives are being debated. It includes thousands of representatives from peasant organizations, unions, non-governmental organizations (NGOs), civic and community groups, etc.

In this Policy Brief we argue that Chiapas is but the tip of the iceberg of the rural crisis confronting Mexico. We begin with an overview of the situation in that Southern state, which we then expand to a discussion of the national agricultural sector. Based on this background analysis, we conclude with a variety of policy recommendations.

Chiapas

The backward, impoverished, and polarized condition of agriculture in Chiapas is a fundamental cause of the January rebellion. The bulk of the populace lives off the land, most in conditions of abject poverty. Nineteen percent of the state's economically active population has no cash income, while another 39 percent earns less than the minimum wage, which is about $3 a day.\(^3\) About three-quarters of the people of Chiapas are malnourished, and half of them live in dwellings with only dirt floors. Thirty percent of the children do not attend school.

The state's official statistics claim that the infant mortality rate is about 39 per thousand, the same as the national average. But a recent independent study in Chiapas found that most infant deaths in Indian villages simply go unreported to the authorities, and that the real infant mortality
rate is 54.7 per thousand.⁴ Mortality rates among all age groups in Chiapas are high due to infections, malnutrition, anemia, and many diseases that are preventable with vaccinations.

This impoverished population exists in a state that is one of Mexico's most agriculturally developed and productive. With just 3.8 percent of the country's land and a similar proportion of the country's people, Chiapas is the largest producer of coffee, the third largest in maize production (some years it is first), the fourth largest cattle producer among Mexico's 38 states, and numbers among the top three states in tobacco, banana, soy, and cacao production.⁵

On the surface, the rather simple explanation for this situation is that the large commercial land owners control the land of Chiapas, while the Indians and peasants are landless or own small subsistence plots at best. This is belied by the striking fact that 54 percent of the land of Chiapas is controlled outright by what are called ejidos or agrarian communities with communal land titles, both of which are worked by campesinos and Indians. Referred to as the ejido sector, the ejidos and agrarian communities have been established as a result of land distribution programs carried out by the Mexican government since the late 1930s. Most of the lands in the ejido sector are farmed by individual families while a few are operated as collectives.

To understand why a prosperous commercial sector exists in Chiapas alongside an impoverished peasantry, one has to look beyond the statistics on land ownership. A study by the U.N. Economic Commission for Latin America and the Caribbean (ECLAC) based on 1990 and 1991 census data provides us with an insight into the internal economic structure of the ejidos and the agrarian communities.

In Chiapas there are about 179,000 agricultural producers in the ejido sector of which about 19,722, or 11 percent, are commercially viable producers marketing about ninety percent of their agricultural production. At the other extreme are the subsistence peasants who constitute 31 percent of the ejido sector with about 27 percent of the land. They consume most of what they produce, marketing one-third or less of their production, an amount that does not enable them to obtain the basic necessities of life. (ECLAC, 1994)

The remainder, 58 percent of those in the ejido sector, are considered "diversified" producers, meaning that they market a significant portion of their production. But most of these producers barely eke out an existence on their lands, earning an average annual income of about $300 from their marketable surplus. The marginality of the "diversified" sector is also revealed by the fact that over half of them produce corn and beans, staple foods destined for home consumption or the local market. These two crops generate very limited cash returns. The main cash crop for most of these producers is coffee, a commodity that lends itself to small scale production.

Those at the top of the ejido sector, the commercial producers, do not owe their relative prosperity to control over extended tracts of ejido land, since they cultivate only about 15 percent of the land while constituting 11 percent of the producers. Although specific figures are not available for Chiapas on capitalization and investment for these individual units, the ECLAC study generally attributes the viability of the commercial producers to their greater access to bank credit and to their use of tractors, fertilizers, and pesticides on their lands. Many producers employ wage labor on their lands, thereby increasing their productivity. They also have greater access to irrigated and better quality lands.

The Private Sector

While the commercial producers in the ejido sector produce an economic surplus, it is the private agricultural producers who dominate the Chiapan economy. Although the 1990 census of
the Mexican government compiled information on the private producers in Chiapas and the rest of Mexico, our ability to analyze this critical group is limited because the government has refused to release any of this data.

However, a recent study of Soconusco, the region of Chiapas with the most developed commercial agricultural sector, provides some basic insights into the structure and economic clout of the private sector. Located on the Pacific coast next to the frontier with Guatemala, Soconusco comprises only 7 percent of the Chiapan land area but has 18 percent of its population. As Daniel Villafuerte Solis, the author of the Soconusco study notes, "on the one hand there is a system of capitalist agriculture comprised fundamentally of plantations oriented towards the international market, while on the other there is a peasant and minifundia economy that produces maize and a few commercial products sold in the capitalist market to provide a subsistence existence." In Soconusco, the best lands are dominated by plantations, producing bananas, sugar cane, coffee, cotton, and cacao for the export market, while beef cattle are also raised on many of the large estates for the domestic and international markets.

The lands of Soconusco are about equally divided between the social and the private sectors. However, approximately 19,580 producers are in the ejido sector, while there are only 3081 farms and plantations in the private sector. The average size of land holdings in the ejido sector is 11 hectares, while that of the private sector is 81 hectares. At the pinnacle of the Soconusco land system are 144 holdings between 500 and 1000 has, and 109 in excess of 1,000 hectares.7

**Poverty and Mexican Agriculture**

To fully understand Chiapan agriculture, one has to step back and look at the general state of Mexican agriculture. The reality is that Chiapas may have one of the most impoverished Indian and peasantry populations of Mexico, but its plight is not all that different from the rest of the country. As a study prepared for the World Bank noted, "Mexico is probably the best representation of a bimodal agricultural system" with "a small number of powerful, well capitalized" enterprises, and the vast majority who are impoverished.8

Moreover, on a national level, as well as in Chiapas, Mexican agriculture is in crisis. In recent years, Mexico has imported between one-fifth and one-third of the staple foods needed for domestic consumption.9 The appalling inability of Mexico to feed its own people is rooted in the poverty of the rural sector. Nationwide, the peasantry and rural population constitutes about 24 million people, or 30 percent of the country's inhabitants. According to an ECLAC study in 1989, just over half of the rural population of Mexico lives below the poverty line, while about 7 million are desperately poor. (ECLAC, 1989)

A recent study of Mexican poverty revealed that 700,000 to 900,000 of the extremely poor in the countryside are landless. Even among those who do have land, 50 percent are minifundistas who are forced to seek off-farm employment in an effort to survive.10 Poverty is most highly concentrated among the rural Indian population, which makes up 40 percent of the very poor in Mexico while constituting just 8 percent of the country's population. Overall, poverty is most pronounced in the areas with the highest proportion of Indian inhabitants, particularly the southern states of Chiapas, Oaxaca, Puebla, Guerrero, and the Yucatan peninsula.11

Although Mexico does have a modern export sector, it is questionable how well it will be able to compete in the international market, now that Mexico has joined GATT and NAFTA. Mexican exports of fruits and vegetables have largely stagnated in the 1990s. Few experts expect the Mexican commercial sector to flood the U.S. market or drive California growers out of business. Indeed, U.S. tomatoes, along with grapes, peaches, and apples from the U.S. west

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coast are now flowing southward, capturing middle class consumer markets in Mexico during the summer months. Moreover, Chile and Brazil are also competing intensely in many of the same areas of the U.S. market into which Mexico hopes to expand. As David Runsten, an expert on Mexican fruit and vegetable production concludes, "at least in the short term Mexico will not be terribly competitive in the U.S. market."\(^{12}\)

Mexico's prospects for substantial growth in the more traditional agricultural products—coffee, sugar, bananas, cacao, tobacco, and cotton—is also quite limited, given the glut of these commodities on the world market. No important new export niches exist for Mexico in these crops, and its profits will be negligible or moderate at best.

Perhaps the most telling statistic about Mexico's food crisis is that it imports about 20 percent of the country's main staple food, corn.\(^{13}\) The backwardness of Mexican maize production is a tragedy of historic proportions, given that Mexico's Indians were the original domesticators of maize. How is it that Mexico, with one of the world's most important native crops, and an aggressive land reform program, which is also one of the pioneering exporters of fruits and vegetables to the U.S. market, today possesses an agricultural system in crisis with few prospects for substantial growth in coming years?

**Mexican Agriculture: A Case Study of Failure**

Mexico is a case study in the failure of a series of development strategies employed over the decades. The fundamental reason for these failures is the divorce between the government's commitment to land redistribution and its productivity objectives. In the 1930s President Lázaro Cárdenas gave meaning to Article 27 of the 1917 constitution by expropriating many of the largest estates and turning them into ejidos or agrarian communities. Beginning in the early 1940s, the government embarked on a strategy of building a rural infrastructure of dams, irrigation works, roads, and electrification projects that created a climate favorable to private investment in large scale commercial agriculture.

Pursued until 1965, this strategy appeared reasonably successful and was even dubbed the "Mexican miracle" as cheap food flowed into the cities to facilitate industrialization. And due in part to the adoption of Green Revolution research and new seed varieties on the large commercial, irrigated farms, Mexico by 1963 became a net grain exporter.\(^{14}\)

Much of this boom in agriculture occurred in northern Mexico, particularly in the states of Sonora and Sinaloa. But most of the southern part of Mexico experienced a different process of development. In Chiapas, agrarian reform arrived somewhat tardily, leading to the breakup in the late 1930s and early 1940s of many of the old latifundia that had served as the backbone of the oligarchy's control of the state for centuries.\(^{15}\) By 1950 Indian communities in many of the highland towns had gained control over half of the land or more, forming ejidos, or communal farms.

But the best lands in areas like Ocusingo, the Grijalva Valley, and the Soconusco region remained under the control of wealthy farmers, plantation owners, and nouveau riche cattle ranchers. And even in the highlands, many of the old latifundia owners ceded only their more marginal lands to the Indian communities. As permitted by the law, they kept the choicest property (often up to 3000 hectares) for themselves, including the machinery, buildings, and agricultural processing facilities. Some family estates were actually larger than officially recorded as each member of the family placed tracts of land in his or her name, thereby evading the law. Moreover, the parceling out of lands actually helped the oligarchs stabilize the labor force they needed to work their lands: the Indians could not produce enough on their own marginal plots and were driven to augment their income by serving as common laborers on the nearest estate.
In the highland areas as well as the rest of the state, a group of caciques, or powerful local strongmen, aligned themselves with the ruling Institutional Revolutionary Party, or PRI, to manipulate the bureaucracies and to turn local politics to their advantage. The caciques were usually mestizos or ladinos, but many were Indians. Some would be appointed as municipal presidents by the state governor, others would gain control of key properties and assets that they used as a source of local power, and still others would manipulate local credit, commerce, and transportation facilities, extracting their cut in exchange for "assistance" or protection. The caciques helped insure that the Indians would be kept in line, providing a constant and stable work force for the state's agricultural economy. In effect, the caciques greased the wheels of a system that still favored the rich in Mexico City, San Cristóbal de las Casas, and the provincial towns dominated by ranchers and businessmen.

By 1970, the glaring inequities and problems of this agricultural system were obvious not only in Chiapas but at the national level. Throughout Mexico, subsistence food crops such as maize and beans were replaced by modernized livestock production and associated forage crops such as sorghum. And the Green Revolution in wheat on the large commercial farms in the north gave way to fruits and vegetables destined for the export market. Staple food production, particularly maize, once again became a peasant crop, grown on the poorest lands with traditional techniques and low yields. As a result, Mexico in the early 1970s became a major importer of basic foodstuffs. 16

Failed Strategy for the Peasantry

Beginning with the presidency of Luis Echeverría (1970-1976) and continuing until the onset of the debt crisis in 1982, the Mexican government switched gears once again and invested heavily in agriculture, including the ejido sector. More land was distributed, including some of the modernized estates in the north, and a variety of social programs were launched to assist the rural poor and to encourage development in the ejidos and agrarian communities.

An umbrella agency, the Public Investment Project for Rural Development, was set up in the office of the presidency to coordinate projects as diverse as feeder roads, small irrigation works, and peasant training. The government also created purchasing organizations to bypass the caciques and local middleman to buy staple grains and other commodities from the peasants and the ejido sector. Many of these projects were heavily supported by the World Bank, which saw Mexico as a model for its new policy of trying to assist small scale agricultural producers in the third world. 17

After more than a decade of heavy public investments and subsidies, this statist strategy of development also ended in failure in the early 1980s. At best it created a "modernized subsistence sector" as one student of Mexican agricultural development has labeled it. 18 The ejido sector and the peasantry in general became appendages of the state. They were not empowered to take the initiative from below. Bureaucratic corruption abounded, and huge investment projects often failed because they were hatched in a government office in Mexico City and had little or no input from the peasants and agricultural technicians who worked in the field.

Here again Chiapas at a state level illustrates the larger failure of Mexican government policies. The Mexican state invested heavily in Chiapas in large scale investments during the 1970s, and the economy boomed. Led by the agricultural sector, Chiapan economic growth during the decade was 10.5 percent, even higher than the national average. Cattle ranching was a driving force behind the agricultural transformation of the state. In 1970, Chiapas had two million head of cattle; by 1980 the figure had risen to 3.8 million, and by 1983 it peaked at 4 million. 19 Export crops, including bananas and cotton, also grew rapidly, doubling their total production.
during the decade. In 1970 Chiapas produced 7.7 percent of Mexico’s agricultural crop exports; by 1980 its share stood at 12.4 percent.20

During the 1970s the Mexican government and the World Bank encouraged ejidos and peasants to participate in cattle production, largely through credit programs. But instead of assisting the small producers, these credits actually reinforced the power of the large cattle barons and accelerated the process of capital accumulation within the cattle industry. They encouraged the campesinos and ejidatarios to focus on the riskiest part of cattle production—the raising of calves, which were often sold to the large ranchers to fatten on their extensive grazing lands. The small calf producers suffered substantial losses due to diseases, poor sanitation facilities, insufficient technical assistance, and a lack of genetic improvement programs. Moreover, the smaller producers had limited markets, often being compelled to sell their calves to the local cattle baron at the price he dictated. It is no wonder that by the late 1970s, faced with heavy losses and few profits, many campesinos and ejidos actually preferred to illegally rent their lands to large cattle owners, thereby accentuating the process of land concentration in the state.21

The cattle boom was particularly destructive in Chiapas. Based on extensive grazing, the cattle industry fomented the concentration and monopolization of land, the displacement of traditional agricultural crops, the continued destruction of the rainforest, and the illegal occupation and renting of ejido lands by large cattle producers. In spite of heavy outlays for the ejido sector, poverty and underdevelopment were not alleviated in Chiapas. By 1983, 30 percent of Chiapan lands were controlled by latifundistas while at least 100,000 peasants were landless.22

**Dutch Disease**

The term "Dutch Disease" is used to refer to the economic dislocations that occur when petroleum emerges as a major revenue source in a national economy. Dutch Disease struck Mexican agriculture in the 1970s with a particular vehemence. The massive state investment in agriculture from 1970 to 1982 was in large part underwritten by the petroleum boom in Mexico. Petroleum revenues were used to finance many agricultural projects and large international loans were secured for other projects based on anticipated revenues from future oil sales. It was the eventual collapse of oil revenues in the 1980s that led the Mexican government to terminate most of the programs for the ejido sector and precipitated a new and deeper crisis of Mexican agriculture.

Here again Chiapas is especially illustrative of the devastating consequences of the oil boom for agriculture and the peasantry. Northeastern Chiapas became one of the major sites for the development of the Mexican petroleum industry. Exploration and drilling were carried out from 1969 to 1971, and during the remainder of the 1970s oil and natural gas production boomed. The emergence of this industry dramatically altered the Chiapan social and economic scene. While the engineers, managers, and skilled personnel were brought in from outside of the state by PEMEX (the government-owned petroleum company), thousands of Chiapan peasants came to the northeast to work in the menial jobs of construction, maintenance, and transportation.23

The northeastern petroleum enclave soon became a glaring social sore in the state of Chiapas. Agricultural lands and production in the area were destroyed and the peasant population uprooted.24 Moreover, like most boom town areas, the living conditions were substandard. Dramatic increases occurred in the indices of prostitution, violence, crime, and alcoholism. There was a lack of housing and public services, while prices for basic goods skyrocketed, touching off an inflationary spiral that affected the entire state.

Coinciding with the petroleum boom, the Mexican government built huge hydroelectric dams on the Grijalva river to provide electrical power for the rest of the country. The new reservoirs flooded over 100,000 hectares of some of the best lands in Chiapas while an equal
amount of land was lost due to micro-climatic changes and the isolation of large stretches of land. About 90,000 people were forced to move, placing new pressures on the urban areas and the remaining lands of Chiapas.25

The increasing orientation of agriculture towards the international market, combined with the onslaught of the petroleum industry in Chiapas, dramatically altered class relations within the peasant and Indian communities. Peasants who had accumulated some earnings as workers in the petroleum fields or who had in one way or another been able to build up some savings during the boom period, began to use their small capital to invest in Green Revolution technologies. This soon led to pronounced class stratification within even the traditional Indian villages.26

One study of the highland Indian community of Zinacantan presented to the United Nations Research Institute for Social Development shows how many of the young Zinacantecos who returned home from the petroleum fields invested in fertilizers and herbicides to grow corn. As the study points out: "Before, Zinacantecos had deployed household members in labor-intensive cultivation, giving advantage to elders who could subordinate youthful kin. Today as Zinacantecos purchase and use chemical fertilizer and weed sprays, their farming has become much less labor-intensive and more to the advantage of those who control commercial transport and capital. The work of the field hand has become more of a commodity to be bought and sold, to the advantage of a class of youthful men who have brought new wealth--derived from construction contracting, commerce, and trucking--into farming." 27

The Debt Crisis

Although the debt crisis emerged full blown in Mexico in 1982, its full impact in agriculture was not felt until 1986. From 1982 to 1986, agriculture actually fared better than the rest of the economy because of improved exchange rates for agricultural exports, favorable weather, and a slight increment in government-guaranteed prices. But then agricultural production slumped as cuts in subsidies for staple foods took effect, and slashes in the government bureaucracy resulted in demoralization and increased corruption as government employees took what they could before being forced out of work. For many ejidatarios, accustomed to government funding and bureaucratic supervision, the termination of state projects led them to virtually cease farming their lands except for what they needed for subsistence consumption.28

Chiapan agriculture experienced a very particular dynamic as the debt crisis unfolded on the national level. Towards the end of Echeverría's administration in 1976 he launched a new land reform program that targeted some of the bigger commercial farms, particularly in the northwest. As in the earlier part of the century, Chiapas was at first bypassed in the new land distribution program. But intensified agitation by peasant and Indian organizations in the late 1970s and early 1980s finally forced the hand of state and federal authorities. The situation became so explosive that in early 1983, President Miguel de la Madrid, just months after taking office, made an emergency trip to Chiapas.

His efforts to control the growing social upheaval characterized the manipulative approach of the government. He first set up a commission to deal with land tenancy disputes and then placed the state under strict military control.29 The state governor he appointed, General Absalon Castellanos Dominguez, launched an extensive land reform program that granted large blocks of land primarily to ejidos and Indian communities. By the time he left the governor's office in 1988, more land had been distributed in six years in Chiapas than in the previous thirty years.30

The land reform program however did nothing to alleviate conflict in the state or to increase production. The government's strategy in distributing land was to ignore or undermine independent peasant and Indian organizations that had fought for the land while favoring groups
and organizations that had been acquiescent or aligned with the PRI—for example, the National Confederation of Campesinos (CNC). Of 493 major land grants made in the state, only 27 went to communities or ejidos aligned with militant peasant organizations.\textsuperscript{31} In many cases, the CNC, knowing which lands the government was about to expropriate, would arm peasants aligned with it or use the police to move in and violently expel independent peasant organizations already occupying the lands.

Castellanos Domínguez also did his best to insure the security of those ranchers and big land owners who remained. As in the earlier reform in Chiapas, the large owners who were affected by agrarian reform retained the prime lands for themselves. Many others were not touched and even issued special decrees exempting them from any future land expropriations. By 1988 about 70 percent of the cattle ranches in the state were official exempted from land reform.\textsuperscript{32}

Unlike the rest of Mexican agriculture, the slashing of government-sponsored credits for agriculture, combined with the upheaval over land, had an almost immediate effect on Chiapas. The production of maize in the state between 1982 and 1987 fell by almost 20 percent, while that of beans dropped 18 percent. But other cash and export crops in Chiapas boomed, due largely to the devaluation of the peso and the resulting higher earnings of cash crops on the international market. The production of soybeans, peanuts, sorghum, and tobacco during the period grew by 150.8, 244.1, 144.8 and 261.2 percent respectively while the output of cacao and sugar cane doubled. Banana production displayed only a "modest" growth of 25 percent. The amount of beef marketed increased by 400 percent from 1982 to 1987, although the size of the state's cattle herd dropped by 22 percent, revealing that ranchers were liquidating their herds in order to reap immediate profits.\textsuperscript{33}

Neo-Liberal Recipes

The national crisis of Mexican agriculture reached new proportions in 1989-90, when the import of basic foodstuffs rose dramatically, with corn imports alone totaling $4 billion per annum. There was a consensus among virtually all observers, Mexican and international alike, that dramatic changes had to occur in the country's agricultural system.

However, the government of Salinas de Gortari did not adopt solutions designed to assist or develop the ejido sector. As Jose Luis Calva notes in a study of the conflict over Mexican agriculture, an assault on the ejidos was backed by a "Holy Family" of actors, comprised of 1) foreign interests, particularly the World Bank and the United States government, 2) conservative business interests in Mexico, and 3) the "modernizing" technocrats of the Mexican government. The assault had two main legislative thrusts—the transformation of the ejido as it was defined in Article 27 of the Mexican constitution, and the passage of the North American Free Trade Agreement, which favored the commercial export oriented farms over the ejidos.

Article 27 of the Mexican constitution, which in 1917 had established land redistribution and the ejido as the building blocks of agrarian reform in the countryside, was basically gutted by Salinas in 1992. The new legislation enacted by the PRI-dominated Congress ended land redistribution and made it possible for private and foreign investors to invest in or buy existing ejido lands. Certain limits were placed on the move toward privatization, such as the requirement that two-thirds of the ejidatarios on a given ejido have to agree to any privatization scheme, and the setting of limits on the size (2,500 has) and number of shareholders (25) that could turn a former ejido into a commercial corporation.

Since the passage of the legislation, there has been no immediate "counterrevolution" in the ejido sector. Most ejidos, out of inertia, have simply continued operating as in the past. But partisans of the legislation as well as its opponents agree that the changes in Article 27 mean that
the ejido will gradually disintegrate and be replaced by a system of private landholders, both big and small. Capitalist style farming will assume increasing importance with the ejidos languishing or being sold off. The direction for the future

The authors of study prepared for the World Bank, but not endorsed by it, concluded that "the changes to Article 27 are unlikely to achieve the lofty goals of enhancing productivity and modernizing agriculture that are desired by the Mexican government." They argue that foreign capital will invest minimally in the ejido sector, given its general marginality and poor quality lands. Their prognosis is that some ejidos will shift to private livestock production due to its low capitalization requirements. Only a few of the "best endowed agricultural areas" will consolidate under large scale entrepreneurs who will concentrate on providing inputs for food processing operations. Most of the ejidos will stagnate or be parcelled up among their members.

Furthermore, there is little hope that the large commercial farms will step in to replace staple food production by the peasant producers. The ejidos produce two-thirds of Mexico's beans and corn and 70 percent of the rice. The problem for the ejidos and the Mexican peasantry in general is compounded by the fact that they will also be subjected to NAFTA and the logic of the international marketplace. The elimination of tariff barriers between the United States and Mexico means that a third world, undercapitalized, and impoverished agricultural system will be forced to compete against the most powerful and heavily capitalized agricultural complex in the world. U.S. corn producers, particularly in the Midwest, have the added advantage of farming some of the richest lands in the world, while Mexican maize producers farm depleted lands, often hillsides that never had rich and deep topsoils. In effect, the prices of many commodities produced by peasants will be driven downwards as international grain trading companies flood the Mexican market with cheap agricultural commodities.

The impact of NAFTA is illustrated by the productivity figures on corn, the single most important crop of the Mexican peasant. While Mexico averages 1.7 tons of corn per ha., the United States produces seven tons. One might think that Mexico could remain competitive because its labor costs are only a fraction of what they are in the United States. But this is not the case. To produce one ton of corn in Mexico 17.8 labor days are required, while in the United States only 1.2 hours are needed to produce that same ton of corn.

Figures on bean production, the other historic Mexican staple, also reveal a dismal future for Mexican peasants. Mexico produces about half a ton per hectare, while the U.S. weighs in with 1.6 tons. In Mexico 50.6 labor days are needed to produce each ton of beans while in the United States, just over half a day of work is required.

These striking differences in productivity leave little doubt that U.S. grains will inundate the Mexican market. Aware of these repercussions and the potential for social upheaval in the countryside, the Mexican government has taken steps to minimize the economic shock. Tariffs and import quotas on grains will gradually be eliminated, and Procampo, a government system of subsidies, has been established. Under Procampo, producers of seven agricultural grains and staples will receive about $100 per hectare per year. They can use this subsidy to grow corn, fruits, vegetables, or any other commodity. The subsidy payments will gradually be phased out over the next 15 years.

The logic behind Procampo is that the ejidatarios and others who produce commodities that cannot compete with imported grains will gradually shift into other, more profitable areas of production, using the income from Procampo to help finance that transfer. Such an outcome is highly unlikely. A hundred dollars per hectare is only a fraction of what is needed to change over to new crops. David Runsten and Robin Marsh, in a study of the potential for small scale fruit and vegetable production in Mexico, project costs that run in the thousands rather than the hundreds of
dollars per hectare. The cost of strawberry production, for example, is about $10,000 per ha., while that of broccoli is $2,300.38

Moreover, fruit and vegetable production, the area where Mexico will supposedly enjoy an advantage because it can produce for the winter market, needs irrigated lands. Unfortunately, the bulk of small scale maize production now occurs on rainfed lands, making it even more costly to shift to fruits and vegetables. And even if the Mexican government would encourage small scale fruit and vegetable production by funding irrigation projects, agricultural inputs, and technical services, it is questionable just how much the U.S. market could absorb. Mexico already produces 70 percent of the imported vegetables marketed in the United States. To squeeze out other international producers and take over an even larger share, Mexican produce would have to drop in price, thereby reducing profit margins.

José Luis Calva, in a study of the impact of NAFTA, concludes that three million families, or about 15 million Mexicans will be expelled from the countryside as the market for basic grains collapses.39 Many will migrate into subsistence or marginal occupations in the nearby cities while others will try to cross illegally into the United States. Another study by Alain de Janvry, Elisabeth Sadoulet, and Gustavo Gordillo de Anda, argues that these migration figures are "vastly exaggerated."40 They look at corn producers according to household income levels, and assert that some, particularly those with higher incomes, will adapt and remain in the countryside. However, even De Janvry, Sadoulet, and Gordillo, who are supportive of NAFTA, conclude that "modernization and diversification" in the ejido sector will depend on access to institutional services such as "credit, technical assistance, insurance, marketing, delivery of inputs, and extension services that were formally delivered by government." At present, they see an "institutional vacuum" as the Mexican government dramatically reduces spending in the agricultural sector as part of its neo-liberal program.

The Search for Alternatives

Over the decades Mexican agriculture has been one of the most studied agrarian systems in the world, particularly by Mexican and U.S. social scientists. Their points of view span the ideological gamut, from conservative and neo-liberal, to reformist and Marxist. But they all have one common point of consensus—Mexican agriculture is in crisis. And they all agree that this crisis is most pronounced in the ejido sector.

However, analysts differ fundamentally over how Mexico can escape this crisis. The economic strategy of the neo-liberals and the Mexican political technocracy calls for "modernization," meaning the elimination of the ejido and the disappearance of marginal agricultural producers who cannot compete in the marketplace. They argue that all state interventionist policies for the past two decades designed to assist the ejido have failed, leading to the existence of an uncompetitive, undercapitalized, and underproductive agricultural sector that encompasses over half of the country's land and most of its rural population.

The neo-liberal program is a recipe for further disaster and marginalization among the Mexican rural population. The state of Chiapas will be among the hardest hit by the gutting of the ejido system and modernization via NAFTA. Far from the U.S. market for fruits and vegetables, Chiapas is one of Mexico's largest corn and grain producing states. In 1990, about nine out of every ten ejidatarios produced maize, with 95 percent of the maize coming from rainfed lands.41

Some have argued that since much of the maize production in Chiapas occurs on subsistence plots, the drop in market prices will have little impact—ejidatarios and peasants can simply go on producing for their families, regardless of market prices. However, the commercial price of maize has a very direct impact on the well-being of families of Chiapas. According to a

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government survey, 67 percent of the maize produced in the ejido sector in Chiapas is sold on the market, with the rest going to the household. This means that the meager standards of living of Chiapanes will deteriorate even more as foreign corn and other grains penetrate the Mexican market and drive down prices and the income of the poorest families. Small wonder that one of the first communiques by the Zapatista National Liberation Army declared that NAFTA "is a death certificate for the Indian peoples of Mexico." 42

This leads to a larger questioning of the neo-liberal society that the PRI wants to construct around NAFTA. As George Collier, Stanford University's outgoing Chair of Anthropology, says in his new book, Bastal Land and the Zapatista Rebellion in Chiapas:

A broader accountability is called for on behalf of those who have been disadvantaged by the growing differentiation in the Mexican countryside... "Modernizers" need to reconsider whether our societies can afford the impoverishment of the masses that accompanies economic restructuring... In the final analysis, can modern economies and modern states afford societies in which so many people are losing their economic power as purchasers and consumers? 43

An alternative approach has to begin by recognizing that the Mexican state's policy of intervention in the campesino economy has failed. But it has not failed because of any inherent "backwardness" of the ejido or because of a lack of initiative on the part of the Mexican peasantry. It is the development strategies of a "modernizing" Mexican state that have created havoc in the countryside and perpetuated poverty.

As David Barkin argues in Distorted Development, "in spite of innumerable government programs created precisely to aid agricultural modernization, the history of institutional intervention in Mexico demonstrates a definite socio-economic bias against the majority of poor farmers." 44 During the periods when the state did turn its attention to the ejido, it acted in a paternalistic manner at best, and exploitatively at worst, always putting political control before economic development and favoring the urban industrial economy at the expense of the agricultural sector.

The very process of agrarian reform under Article 27 has been incomplete and patchy, driven by a twin desire to buy peasant support through concessions and to relocate excess population to remote areas as a means of defusing conflict. A substantial proportion of the ejido sector is located on marginal lands of dubious fertility and scarce water resources. And in many cases, like the Lacandon in Chiapas the ejidos and agrarian communities are essentially cut off from market access.

The Zapatista call for reopening agrarian reform by annulling the reforms to Article 27 must be taken seriously. Although land reform became taboo in the 1980s' international political environment, it needs to be returned to the agenda. The problem with many Latin American land reforms, like the Mexican one, is that they have by and large left high-quality lands in the hands of large-scale, wealthy producers, while the poor have been relegated to basically useless areas.

The Zapatistas in their March 1 declaration on land reform spelled out additional measures that have to coincide with an authentic land reform program: "Land titles must be accompanied by support services...and fair prices for our products like coffee, corn and beans. The land to be distributed should be of good quality and should be complemented with roads, transportation and irrigation systems." This is a recognition by the Zapatistas that in the contemporary world it takes more than land to be a successful farmer.

Peasants were hard hit between 1980 and 1992 as the amount of credit available for growing corn fell by 77 percent. 45 At present there is a clear bias favoring large commercial
farmers in the delivery of support services such as credit, technical assistance, subsidies, roads, irrigation, and marketing. In order to succeed, small producers must be given a fair shake in all of these areas. In Chiapas, George Collier has shown that when peasants have access to the capital resources necessary, they are rapidly able to increase productivity. The problem is that so few of them ever have access to those resources.

The issue of fair prices must be addressed as well. Between 1980 and 1992 the support price that farmers received for their corn dropped by 20 percent, making it increasingly difficult for peasants to stay in business. Moreover, an overvalued peso tends to make food imports cheaper than domestic production. It is our belief that corn prices should be considered a national security issue, much as rice prices are in Japan. High producer prices assure food self-sufficiency at a national level. They provide incentives to farmers at the same time as they guarantee a minimum standard of living for even the poorest peasant producers.

There are two ways to keep prices up: subsidies and tariff barriers. The problem with the former is that subsidies generate budget deficits, while the latter is now difficult as NAFTA calls for a 15-year further "ratcheting" down of Mexican grain prices. Clearly Mexico must reopen discussion of such clauses in NAFTA, as they essentially lock the rural masses out of any possible benefit from economic integration.

As we have discussed earlier, the majority of the Mexican peasantry now obtains a sizable part of their income from off-farm activities, a fact that needs to be recognized and even viewed as a strength. Investment targeted at rudimentary food processing in communally-owned plants can dramatically alter the proportion of the value-added to agricultural commodities that stay inside the community and keep people employed in the rural areas. Here the Chinese Township Enterprises provide a major example of how rapid agricultural and manufacturing advances can be made in the countryside. Owned by the local communities, these township enterprises account for much of China's agricultural production and one-third of the country's manufactured goods. Largely through access to government credit and an environment conducive to their development, these little heralded township enterprises have achieved an economic dynamism that is as brisk as that of the much acclaimed coastal cities and free enterprise zones of China.

Mexico's current neo-liberal environment places too much emphasis on international economic efficiency and competitiveness, thereby ignoring the basic needs of the population. Too many people are simply left on the margins of the economy, unable to contribute to economic growth either through their productive activities or as consumers through their aggregate demand. The experiences of Japan, South Korea, and Taiwan, as well as China, show that, on the contrary, true land reform and full incorporation of the peasantry into the economy can be the basis for powerful growth. Peasants become consumers creating dynamic internal markets, which in turn give domestic industries the base they need to compete effectively in foreign markets.

Furthermore, there is substantial evidence that smaller-scale production units worked more labor intensively can outperform large-scale commercial farms in terms of yields per unit area, production costs, and employment. This further demonstrates that the only solution for Mexico's food crisis is a *real* agrarian reform, not one where peasants are once again relocated to the country's worst remaining soils, while the best lands are held in larger estates.

Under NAFTA even the urban industrial economy will not provide the necessary employment opportunities for the Mexican population. Setting aside the debate over how many will be expelled from the countryside by NAFTA, approximately one million people per year will be entering the job market for the next twenty years. At present a total of 400,000 people are employed in the maquiladoras, more than those who work in non-maquilaradora export production. Even if NAFTA fulfills the export dreams of the Mexican technocracy, it is difficult
to see how the Mexican economy, if it follows its current urban industrial strategy, will absorb the surplus working populace in the coming years.

Ultimately, the key to a new agriculture is the empowerment of the peasantry. The ejidos and agrarian communities have to be given the resources they need and empowered to find their own solutions. The renewed cry of the Mexican peasantry for tierra y libertad under the Zapatistas demonstrates that the historic tillers of the land in Mexico are determined to shape their own destiny. Modernization has failed. Now it is time for the creativity and innovation of the peasantry to assume center stage in Mexico. The main question is how much blood and repression the PRI and the Mexican state will impose on the Indians and the peasantry before they are permitted to transform their lives and the lands they till.

1. For a compilation of EZLN communiqués, see: Ben Clarke and Clifton Ross, eds. (1994), Voice of Fire: Communicados and Interviews from the Zapatista National Liberation Army, New Earth Publications.
4. Ibid.
10. Elisabeth Sadoulet, Department of Agricultural and Resource Economics, University of California at Berkeley, forthcoming book.
17. Ibid., pp. 36-38.
18. Ibid., p. 40.
22. Ibid., pp. 2&17
26 George Collier with Elizabeth Lowery Quaratiello (1994), Bastal Land and the Zapatista Rebellion in Chiapas, Food First Books.
29 Reyes Ramos, op. cit., pp. 118-119.
30 Erwin Rodríguez, op. cit., pp. 45-46.
31 Reyes Ramos, op. cit., p. 117.
32 ibid., p. 119.
34 Billie DeWalt et al., op. cit., pp. 56-57.
36 José Luis Calva (1992), Probables Efectos de un Tratado de Libre Comercio en el Campo, Fontamara, Mexico City, pp. 14-16.
37 ibid.
39 José Luis Calva (1992), Probables Efectos de un Tratado de Libre Comercio en el Campo, Fontamara, Mexico City, p. 35.
41 Harvey, op. cit., pp. 14-16.
42 Clarke and Ross, op. cit.
43 Collier, op. cit.
46 Collier, op. cit.
47 Hewitt de Alcántara, op. cit.
49 Interviews conducted by Roger Burbach in China in June, 1994.
52 Barkin, op. cit., p. 2.

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