LATIN AMERICA'S EXCLUSIONARY RURAL DEVELOPMENT IN A NEO-LIBERAL WORLD

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Latin America's rural economy and society has undergone profound changes in the post-war period due to the increasing integration of its agriculture into the global agro-industrial food regime and by state policies ranging from agrarian reform to liberalization. Furthermore its importance has declined. While in 1960 over half the Latin American population was rural, today it is only one-quarter; agriculture's share in the value of total Latin American exports declined from approximately half to one-fifth; and agriculture's contribution to the Gross Domestic Product (GDP) fell from almost one-fifth to under 10 per cent.

This paper argues that the neo-liberal policies followed by an increasingly larger number of Latin American countries since the 1980s has deepened the exclusionary character of agriculture's modernization. New capitalist groups have emerged and prospered while traditional landlords have further declined. The peasant economy, although still an important provider of employment and staple foods, is a relatively declining sector and many peasants have been marginalized as producers, being condemned to a bare subsistence level and/or to seek wage employment. A more complex and heterogeneous agrarian structure exists today in comparison to the old bimodal latifundia-minifundia or hacienda system.

Globalization and Latin American Agriculture

Since the 1980s, the shift away from import-substituting-industrialization towards a new outward-oriented development strategy, has further integrated the Latin American agricultural sector into the world economy and has been accelerated by the process of globalization. The debt crisis of the 1980s and the adoption by most Latin American countries of 'structural adjustment programmes' stimulated agricultural exports in the hope that these would alleviate Latin America's foreign exchange problems. As a result of the export drive, agricultural exports have been growing much faster than production for the domestic market.

These shifting production patterns have modified the rural social structure in Latin America. It has largely been the capitalist farmers who

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have been able to take advantage of, and benefit from, the new opportunities: the financial, organizational and technological requirements of the export products being beyond the reach of the peasant economy. Nevertheless, through agribusiness contract farming, some smallholders have been able to participate in the production of agro-industrial products for export or for high-income domestic urban consumers. This integration of some sections of the peasantry as producers into the agro-food complex has accentuated the socio-economic differentiation process. While some peasants have been able to prosper through capital accumulation and expanded reproduction thereby evolving into 'capitalized family farmers' (Lehmann 1982) or 'capitalist peasant farmers' (Llambí 1988), others have become 'proletarians in disguise' (i.e. formal owners of a smallholding but in effect completely tied to, and dependent on, agribusiness) earning an income similar to the average rural wage, or 'semi-proletarians' whose principal source of income is no longer derived from the household plot but the sale of their labour power for a wage. Furthermore, a significant proportion of peasants have been 'openly' and fully proletarianized, having been displaced from markets through the shift in consumer tastes, cheap and subsidized food imports, competition (often unfair) from agribusiness, and technological obsolescence, among other factors.

Latin America's Agricultural Performance

Agriculture continues to provide a major share to Latin American foreign exchange earnings although its contribution declined substantially in the 1970s and 1980s. Agricultural exports which accounted for 44 per cent of the total value of exports in 1970 declined to 24 per cent in 1990 (ECLAC 1993: 81). In only exceptional cases, such as in Chile, has the share of agriculture in total export earnings risen. Since the 1960s subsistence crops, which are mainly produced by the peasant sector, grew at a much lower rate than export crops, produced largely by the medium and large commercial farm sector. This reverses the trend of the 1950s and early 1960s in which agricultural production for the domestic market grew faster than production for export.

Non-traditional exports such as soybeans and fresh and processed fruits were particularly dynamic, while most of the traditional export products like coffee, sugar, bananas and cotton recorded below average rates of export growth. Subsistence crops performed poorly as a consequence of discriminatory government policies, unfair international competition, and changes in urban consumption patterns which have been shifting away from traditional staple commodities (such as potatoes, cassava, beans, maize and sweet potatoes) to more processed and varied commodities (such as vegetable oils, bread, noodles, rice, poultry, pork, dairy products, and fruit and vegetables), often with a higher import content.

Capitalization and Modernization of Agriculture

The modernization and liberalization of agriculture based on the growth of an export sector followed upon earlier modernization strategies. During the 1960s and 1970s a shift towards the intensification of Latin American agriculture took place. Many Latin American governments encouraged the modernization of the hacienda system through such measures as subsidized credits for the purchase of agricultural machinery and equipment, better quality livestock, fertilizers, and improved seed varieties as well as the delivery of technical assistance programmes. Consequently large commercial farmers began to shift to higher value added crops which were in increasing demand by urban consumers and to capitalize their enterprises through land improvements (for example increase the area under irrigation), upgrading infrastructure, mechanization, etc. This process of modernization can be characterized as the 'landlord road' to agrarian capitalism as landlords themselves transform their large landed estates into commercial profit-oriented capitalized farms.

Also green revolution type technologies, involving improved seeds, were increasingly adopted. In 1970 about one-tenth of Latin America's wheat area was sown with high-yield varieties but today this has risen to nine-tenth. The spread of the green revolution, a technological package much favoured by the TNCs, also contributed to the increased use of fertilizers and pesticides.

This intensification of agriculture meant that growth in output was increasingly achieved by an increase in the productivity of the various factors of production. However up to the 1980s the expansion of agriculture's land area still accounted for sixty per cent of output growth; thereafter the intensive margin predominated as a source of agricultural growth (Ortega 1992: 123). However, this process of capitalization has proceeded unevenly in different Latin American countries. In Brazil, agriculture continues to expand to an important, though lesser extent, via the extensive margin due to the colonization of the Amazonian frontier. Furthermore, within agriculture capitalization has been largely confined to the commercial farm sector, leaving peasant agriculture relatively unaffected.

Scope and Unravelling of Land Reforms

While the hacienda was modernized and capitalized, more structural changes took place in some Latin American countries as a result of agrarian reforms. The impulse behind agrarian reform was as much political as economic. Aside from the declining performance of agriculture, social and political conflicts arising from landlord-peasant relations were viewed by some governments as a source of instability. The US and Latin American governments, haunted by the

spectre of socialism following the Cuban revolution of 1959, launched the Alliance for Progress in the early 1960s. Agrarian reforms were regarded as a way of defusing peasant uprisings and preventing more fundamental political and economic change.

Agrarian reform policies aimed to replace what came to be considered as the inefficient hacienda system. Prior to land reform, the agrarian structure in the 1950s and early 1960s was one in which large estates or latifundios, constituted roughly five per cent of farm units but possessed about four-fifth of the land, while small farms or minifundios made up roughly four-fifths of the farm units but controlled only five per cent of the land. Latifundios under-utilized land by farming it in an extensive manner and left a significant proportion uncultivated. Minifundios, by contrast, used too much labour on too little land. Thus it is not surprising to find that while labour productivity was much higher on latifundios than on minifundios, the reverse was the case regarding land productivity. The dominant social relations of production were those of unpaid household labour working on the minifundia ('external peasant family farms') and on various kinds of small-scale tenancies ('internal peasant family farms'). Peasant holdings employed about half the agricultural labour force, of which four-fifths were unpaid family workers, while large estates employed less than one-fifth of the agricultural labour force. Furthermore, an estimated one quarter of agricultural workers were tenants or squatters and a further third were landless or proletarian (Barraclough 1973).

It was hoped that a new reformed sector would increase agricultural productivity and production and by improving access to land, rural incomes, and employment prospects would contribute to political stability. In addition, it was expected urban consumers would benefit from lower food prices and industrial producers from a wider home market for industrial goods. At their broadest, agrarian reforms were regarded as a way of overcoming the domestic market and foreign exchange constraints facing Latin America's struggling industrialization process after the so-called 'easy-phase' of industrial import substitution (ISI) was exhausted. Today land reform proponents tend to include gender and environmental concerns and particularly emphasize social participation and political democratization.

The most far reaching agrarian reforms were the outcome of social revolutions in Mexico (1917), Bolivia (1952), Cuba (1959), and Nicaragua (1979). However, the agrarian reforms in Chile during the elected governments of Frei (1964-70) and Allende (1970-73) and in Peru during the military regime of Velasco Alvarado (1969-75) were also quite extensive in terms of land expropriated and numbers of peasant beneficiaries. Of lesser consequence were the agrarian reforms of Venezuela, Colombia, Costa Rica, Honduras, Dominican Republic, Ecuador, Panama and El Salvador. The major exceptions to land reform

are Argentina and Brazil where to date no significant agrarian reform has taken place. In Brazil, with the return to civilian government in the mid-1980s, hopes that an agrarian reform would be carried out were very high but were soon crushed by strong opposition from landlords. However, the issue is unlikely to disappear given the demand from impoverished peasants and landless rural workers for land redistribution. In Paraguay and Uruguay colonization programmes but no significant agrarian reform have taken place.

The legacy of agrarian reforms has diverged substantially from their initial purposes and organizational structures. Many resulted in the modernization of the hacienda system, and its transformation into a capitalist farm, rather than its elimination 'from below' through the redistribution of hacienda lands to peasants. Thus many land reforms can be considered as a continuation and acceleration of an already well established landlord path to agrarian capitalism.

Agrarian reforms failed to fulfil their expectations for a variety of reasons. In some cases, the political will or power to enforce them was lacking. Although governments regarded land reform as a panacea, they failed to ensure the financial, technical, and institutional support necessary to enhance the performance of agrarian reform. Mistakes in design and implementation of agrarian reforms also contributed to their unravelling. In some cases, an inadequate organizational model for the reform sector succeeded in alienating peasants by limiting their participation in the decision-making process or by excluding them from the benefits of reform altogether.

The more radical agrarian reforms encountered opposition from landlords and other groups which modified or subverted their original intention. In some cases, early gains of the agrarian reform were reversed following a counter-revolution or military coup d'état. For example, in Guatemala the CIA supported overthrow of Arbenz in 1954 reversed the agrarian reform which resulted in the expropriation of about one-fifth of the country's arable land and benefitted almost a quarter of the peasantry (Brocket 1988: 100). In Chile, most landlords stayed in business since they either retained some land (the reserve) or managed to reclaim part of their former property with the 1973-80 counter-reform. But the latifundia have not been restored since the average size of the large estates is far smaller than before and, more importantly, the relations of production have been completely transformed. On account of the much reduced size of the reformed sector, the relatively generous size of parcelas (on average nine times larger than the average minifundia), and political discrimination against peasant activists (among other reasons), fewer than half of the beneficiaries obtained a parcela which was sold to them by the state for about half its market value (Kay and Silva 1993).

The 'unravelling' of Peru's agrarian reform intensified in the late 1980s and early 1990s. In Peru hardly any expropriated land was returned to former owners but has been redistributed to peasants. The coastal production cooperatives were subdivided into parcelas. In the highlands part of the cooperative's land was transferred to adjacent peasant communities and part was distributed among individual cooperative members.

In Nicaragua peasant pressure and the war waged by the 'contras' led the Sandinista government to modify its emphasis on state farms. Since the mid-1980s there has been more emphasis on a peasant-oriented organization of the reform sector. Thus more individual land titles have been awarded to beneficiaries, reducing the relative importance of state farms and enhancing the role of individual farming. This process was much intensified with the fall of the Sandinista government in 1990 and some expropriated landowners have been able to reclaim their farms (Enríquez 1997).

Last but not least, although over the years more and more of Mexico's collective ejidos have been farmed individually, the 1991 reform of Article 27 of Mexico's Constitution will certainly facilitate and allow legal privatization and thus open the gates for private investors to gain access to ejido land with consequences which may be far from favourable to peasants.

The Legacy of Agrarian Reforms

The shift away from collectivist organizations to peasant farms enhanced the prospects of a peasant road to agrarian capitalism. Although the break up of the reformed sector enlarged the peasant sector initially, as shown above, this situation has not been sustained. Neo-liberal policies, implemented with increased vigour and frequency in Latin America since the 1980s, have resulted in a withdrawal of support from the peasant sector. The liberalization of land, labour and financial markets, increased exposure to international competition, and the export drive have benefitted those with access to capital, technical and informational resources, and markets. Those with little or no access to these resources are being integrated in an increasingly subordinate way or further marginalized. For example, in Chile about half of the parceleros (owners of land parcels) have had to sell their land because they were unable to repay the debt incurred when purchasing the land or because they lacked capital and market experience to continue their farm operations: a process referred to by some as 'impoverishing peasantization'. Thus, in the final unravelling of Chile's agrarian reform only about 5 per cent of the country's peasantry were able to acquire and retain a family farm.

Only where peasant farmers have been able to link themselves to new technologies and markets, often through contracts with agribusinesses, is a

successful peasant sector emerging. Their chances of success are enhanced if they organize themselves into producer associations so as to strengthen their bargaining power with respect to both the state and agribusiness.

The break-up of the reformed sector has, thus, led to a more complex agrarian structure. Although one cannot say that the classical landlord road to agrarian capitalism has triumphed as a result of counter reforms, those former landlords who retained a reserve have been able to capitalize and prosper under neo-liberalism. In addition, the enhancement of the land market has enabled new types of entrepreneurs (such as agribusinesses, agronomists, farm managers, and traders) to acquire land and invest in agriculture to a greater extent than in the past. Some capitalist farmers have acquired more land over time but talk of neo-latifundism is premature and inappropriate. Even where large farms have arisen (as in livestock and forestry plantations), their social and technical relations of production differ from those of the old type of latifundia.

The legacy of the agrarian reform is therefore complex and its future uncertain. Certainly, the more radical agrarian reforms put an end to the dominance of the landed oligarchy in Latin America. In general, they contributed to capitalist development through institutional changes. By making land and labour markets more competitive and flexible, they enhanced agriculture's responsiveness to macroeconomic policy and market forces (Thiesenhusen 1995).

New Relations of Production

The quickening pace of the capitalist transformation of the countryside, together with the changes in the land tenure structure following the agrarian reforms and counter-reforms have restructured both technical and social relations of production. In addition the spread and dominance of agro-industries and the growth of export agriculture have been an important influence in some Latin American countries in reshaping rural labour markets and production relations.

The technological transformation of agriculture discussed earlier has largely been confined to 'entrepreneurial agriculture' (<u>agricultura empresarial</u>). Macroeconomic policy, favouring the development and diffusion of capital-intensive technologies and the bias of extension services in favour of commercial farmers, has widened the technological gap between entrepreneurial or capitalist agriculture and the peasant economy, reinforcing a bimodal agrarian structure. It is difficult, if not impossible, for peasant farmers to adopt new technology. Not only is it too risky and expensive, but it is also inappropriate for small-scale agriculture and the inferior soils

of peasant farming. In addition, the harmful environmental consequences of fossil fuel based technology is increasingly being called into question. The capital-intensive (and often import-intensive) nature of this technology is also inappropriate for Latin American economies as it requires too many scarce capital resources (such as foreign exchange) and too few workers of the abundant labour supply.

Changes in the Rural Labour Structure

The modernization of the latifundia has been accompanied by a structural shift in the composition of the agricultural labour force. Compared to the traditional personalistic and clientelistic relations which existed between landlords and peasants, the relations between capitalist farmers and peasants are increasingly mediated by impersonal market forces and characterized by new forms of exploitation and subordination.

Four major changes in the composition of the labour force can be highlighted: (a) the replacement of tenant labour by wage labour; (b) within wage labour, the growth of temporary and seasonal labour; (c) the increasing feminization of the agricultural labour force; and (d) the 'urbanization' of rural workers.

a) *The decline of tenant labour*

Tenant labour used to supply most of the latifundia's permanent and temporary labour needs. During the 1950s and 1960s, following the introduction of social legislation (such as social security and a minimum wage) and increased peasant agitation, tenant labour became more expensive than wage labour for landlords. The rent income received from tenants (sharecroppers, labour-service tenants, or others) was lower than the profits landlords could earn by working the land directly with wage labour. Mechanization, which was attractive because of the often overvalued local currencies and the availability of government subsidized credits, turned direct cultivation by landlords into a more profitable activity than tenancy. Thus the higher opportunity costs of tenancies and tenant labourers resulted in their being replaced by wage labourers, leading to an 'internal proletarianization' process. Already in 1973, the proportion of wage labour within the economically active agricultural population varied between 30 and 40 per cent in most Latin American countries and in a few cases it was over 50 per cent (Ibáñez 1990: 54-56), thereby indicating the high degree of proletarianization of the peasantry since many were landless or had insufficient access to land to make a living.

Landlords also reduced the number of tenants and permanent labourers they employed for political reasons. In the changing political climate of the 1950s and 1960s landlords responded to pressure from rural labour, especially amongst tenants for land or reduced rent payments, by introducing labour-displacing technology. In addition, landlords anticipated the implementation of agrarian reform legislation by sub-dividing their estates among family members or by selling part of the land. Agrarian reform legislation often exempted farms below a certain size or efficient and modern enterprises even though they exceeded the size limit. Where agrarian reform legislation allowed landlords to retain a reserve, this generally included the best land, the farm buildings as well as the livestock and agricultural machinery. As these were now concentrated on a smaller farm, the capital-land ratio as well as the capital-labour ratio improved. These reserve-type farms accordingly had much lower labour requirements than the former estates and sometimes than other farms of similar size.

b) *The growth of temporary and seasonal wage labour*

Within the shift to wage labour, there has been a marked increase in the proportion of temporary, often seasonal, wage employment. In many countries permanent wage labour has declined, even in absolute terms, while in almost all countries temporary labour has greatly increased. In Brazil it is estimated that in 1985 permanent wage labour had fallen to a third of rural wage labourers; the remaining two thirds being employed on a temporary basis (Grzybowsky 1990: 21). In Chile the shift from permanent to temporary labour has also been dramatic. While in the early 1970s, approximately two thirds of wage labour was permanent and a third temporary, by the late 1980s these proportions had been reversed (Falabella 1991).

This growth of temporary labour is partly connected to the expansion of agro-industries which export seasonal fruit and vegetables and is therefore particularly evident in those Latin American countries which export these products. This has led to the increasingly 'casualization' (precarización) or precarious nature of rural wage labour. Temporary workers are generally paid by piece rates, are not usually entitled to social security benefits and have no employment protection. These changes in employment practices towards more casual and flexible labour enable employers to increase their control over labour by reducing workers' rights and bargaining power. Their introduction has been facilitated by regressive changes in labour legislation, introduced often by the military governments but continued by their neo-liberal civilian successors. The expansion of temporary wage labour therefore represents a deterioration in the conditions of employment.

This casualization of rural labour has contributed to the fracturing of the peasant movement. Although seasonal labourers can be highly militant they are notoriously difficult to organize due to their diverse composition and shifting residence. Thus the shift from permanent to seasonal labour in the countryside has generally weakened peasant organizations making it difficult for them to negotiate improvements in their working conditions either directly with their employers or indirectly by pressurizing the State.

c) *The feminization of rural seasonal wage labour*

Associated with the expansion of temporary and/or seasonal wage labour is the marked increase in the participation of women in the labour force. In the past, rural women worked as day labourers, milkmaids, cooks or domestic servants on the landlord's estate. They also found seasonal wage employment during the labour-intensive harvests on coffee, cotton and tobacco farms. With the increasing commercialization of agriculture and the crisis of peasant agriculture an increasing proportion of rural women have joined the labour force. The majority have found employment in the urban service sector.

The rapid expansion of new export crops such as fruits, vegetables, and flowers, however, has opened up employment opportunities for women. Agro-industries largely employ female labour since women are held to be more readily available, more willing to work on a seasonal basis, accept lower wages, and are less organized and according to employers are better workers for activities which require careful handling. Any permanent employment, however, tends to be the preserve of men. Although they are employed in generally low-skilled and low-paid jobs, aside from being temporary, for many young women these jobs provide an opportunity to earn an independent income and to escape (at least partially and temporarily) from the constraints of a patriarchal peasant-family household. Even though the terms of their incorporation are unfavourable, this does not necessarily imply that gender relations have remained unchanged. Furthermore, with the rural women's rising incorporation into the formal labour market they have begun to exercise increasing influence in the affairs of peasant organizations and, in some instances, have even established their own organization (Stephen 1993).

In Mexico, about 25 per cent of the economically active rural population are employed in fruit and vegetable production and half of them are women (Barrientos 1996: 274). In Colombia over 70 per cent of the labour employed in the cultivation of flowers for exports and about 40 per cent of coffee harvesters are women (ECLAC 1992: 103). In Chile about 70 per cent of temporary workers in the fruiticulture export sector are women being employed mainly in the fruit packing plants. Last, but not least, it is estimated that in Ecuador in 1991 69 per cent of workers in non-traditional agro-export production were women (Thrupp 1996: 69).

d) *The 'urbanization' of rural labour*

An additional dimension to the growth of temporary wage labour concerns the geographical origins of the workers so employed. An increasing proportion of temporary workers come from urban areas. In Brazil about half of temporary workers employed in agricultural activities are of urban origin. They are known as 'bóias frias' ('cold lunch', as they go to work with their lunch box containing cold food) and 'volantes' ('fliers' or floating workers) who reside on the periphery of cities or towns and fluctuate between rural and urban employment. For example, about three-quarters of female volantes are employed in the coffee growing industry and when there is no agricultural work they tend to look for employment in the urban areas largely as domestics (ECLAC 1992: 98).

The growing presence of labour contractors (contratistas) who hire gangs of labourers from small towns and cities for work in the fields, means that the direct employer is not always even the farm owner or manager. This indicates both the ruralization of urban areas, due to the high rates of rural-urban migration, as well as the urbanization of rural areas with the mushrooming of rural shanty-towns (poblados rurales), thereby blurring the urban-rural divide. Furthermore, increasingly rural residents have to compete with urban labourers for agricultural work, and vice-versa, leading to more uniform labour markets and wage levels.

The expulsion of tenant labourers and the growth in temporary-type employment has resulted in the creation of new rural villages and settlements as well as in the expansion of old ones into small rural towns. Needless to say these villages often lack the basic physical and social infrastructure and provide few, if any, social services like schools and medical centres. In the past shanty-towns were largely evident in the large cities of Latin America but today they have spread to the smaller cities and even to rural towns. This spread of shanty-towns is explained not only by the demise of the traditional hacienda system and the changes in the agricultural labour market noted above but also by the peasant economy's inability to absorb the growing population, as will be seen later.

Agriculture, particularly entrepreneurial agriculture, has become more locked into urban and industrial capital thereby blurring the rural-urban divide. Many peasants have also become more urbanized or more closely linked to the urban sector through seasonal migration, market integration, and the informal establishment of 'confederations of households' between rural and urban households which are linked through family, kinship or community ties.

The Campesinista and Descampesinista Debate

The internationalization of Latin America's agriculture, the demise of the hacienda system and the increasing dominance of entrepreneurial agriculture, are having a profound impact on the peasantry. How are these major transformations affecting the development of the peasant economy, especially in the wake of the increasingly widespread and entrenched neo-liberal policies pursued by most governments throughout Latin America? This question will be examined with reference to the Latin American debate on the peasantry and the contemporary significance of the peasant economy.

The fate of the peasant economy and of Latin America's peasantry has been the subject of much debate. In the late 1970s and 1980s the dominant view that the landlord road to capitalism was steamrolling ahead was challenged by those who emphasized the resilience, vitality and relative importance of the peasant economy (Stavenhagen 1978, Warman 1979). A debate ensued between the 'campesinistas' ('peasantists') and the 'descampesinistas' or 'proletaristas' ('depeasantists' or 'proletarianists').

The *campesinistas* adhere to the endurance of peasant farming, which some regard as superior to capitalist farming. They reject the view that the wage relation is being generalized in the countryside and that the peasantry is disappearing. They argue that the peasantry far from being eliminated is persisting and even being reinforced. Thus they view the peasantry as mainly petty commodity producers who are able to compete successfully with capitalist farmers in the market rather than viewing them as sellers of labour power and being subjected to processes of socio-economic differentiation.

In contrast, the *descampesinistas* or *proletaristas* argue that the peasant form of production is economically unviable in the long run and that the peasantry as petty commodity producers will eventually be eliminated to be replaced by mainly capitalist farms and a few capitalized peasant farms. Descampesinistas stress that capitalist development enhances the process of differentiation among the peasantry transforming ultimately the majority into proletarians.

The Latin American debate about the future of the peasant economy continues today as it raises crucial issues about the nature of the agrarian question and transition. While theoretical differences continue to feed the debate, the changing reality and the availability of new statistical data also require an ongoing process of reinterpretation. The peasant economy will undoubtedly survive for some time to come in Latin America. The key question concerns the terms of this survival: prosperity or destitution? Can the peasant economy provide adequate productive employment and rising incomes? Will peasant producers be able to increase productivity thereby stemming the erosion of their past role as a

major supplier of cheap food or will they become a mere supplier of cheap labour to the capitalist entrepreneurial farm sector? Or, even worse, will the peasant economy become a refuge for rural labourers who are unable to find alternative employment opportunities in either the urban or rural sectors and in which they do no more than barely survive?

The Contemporary Significance of the Peasant Economy

In the past, the importance of the peasant economy in Latin America was often underestimated as national census data failed to record it, or to record it accurately, especially the peasant tenant enterprises within the hacienda system (the 'internal peasant economy'). This past (largely pre-1970s) neglect of the peasant economy has led scholars to underestimate the process of proletarianization, principally 'internal proletarianization', as well as overestimate any subsequent peasantization of 'internal peasantries' resulting from land reform or parcellization processes.

Turning to the present, the peasant household farm sector is still a significant sector within Latin American rural economy and society. As we have seen, the peasant economy has not faced a unilinear decline. In particular, the parcellization of the reformed sector in Chile and Peru and, more recently, in Nicaragua has significantly expanded the peasant sector. In Chile parceleros control more land than the former external peasant enterprises who did not benefit from land reform.

It is estimated that peasant agriculture in the 1980s in Latin America comprised four-fifths of farm units, possessed a fifth of total agricultural land, over a third of the cultivated land, and over two fifths of the harvested area (López Cordovez 1982: 26). The peasant economy accounted for almost two thirds of the total agricultural labour force, the remaining third being employed by entrepreneurial or capitalist farms. Furthermore, peasant agriculture supplied two fifths of production for the domestic market and a third of the production for export. Their contribution to food products for mass consumption is particularly important. At the beginning of the 1980s, the peasant economy provided an estimated 77 per cent of the total production of beans, 61 per cent of potatoes and 51 per cent of maize, as well as 41 per cent of the share of such export products as coffee. In addition, the peasant economy owned an estimated 24 per cent of the total number of cattle and 78 per cent of pigs (ibid.: 28). Other estimates, which use a wider definition of the peasant economy, show that peasant farming made a particularly large contribution to agricultural production in the following countries: Bolivia 80 per cent, Peru 55 per cent, Mexico 47 per cent, Colombia 44 per cent, Brazil 40 per cent, and Chile 38 per cent (Jordán et al. 1989: 225).

The Process of Semi-Proletarianization

While the peasantry is far from disappearing, it is not thriving since their relative importance as agricultural producers has declined. According to de Janvry, Sadoulet and Young (1989) the Latin American peasantry are experiencing a 'double (under-)developmental squeeze'. Firstly, they face a land squeeze. By failing to acquire additional land to match their increased numbers, the average size of peasant farms has decreased. This decline of the peasant sector mainly concerns the small peasantry (minifundistas) which accounts for about two thirds of peasant farm households. Their average farm size decreased from 2.1 hectares in 1950 to 1.9 hectares in 1980. The remainder of the peasant sector retained an average farm size of 17 hectares, partly through the implementation of redistributive land reforms (de Janvry, Marsh et al. 1989: 74). The precariousness of smallholders is underlined by the fact that about 40 per cent of minifundistas lack property titles to the land they farm (Jordán et al. 1989: 224). Secondly, peasants face an employment squeeze as employment opportunities have not kept pace with the growth of the peasant population and as they face increased competition from urban-based workers for rural employment.

This double squeeze on the peasant economy has led many peasants to migrate, feeding the continuing and high rate of rural out-migration. Peasants have also responded by seeking alternative off-farm sources of income (such as seasonal wage labour in agriculture) and/or non-farm sources of income (such as small-scale informal enterprises and agro-industries).

In many Latin American countries over a quarter of the economically active agricultural population currently reside in urban areas and the proportion of the economically active rural population which is engaged in non-agricultural activities is rising, reaching over forty per cent in Mexico and averaging about twenty-five per cent in others (Ortega 1992: 129). Thus non-farm employment, is expanding faster than farm employment in rural Latin America. This trend means that an increasing proportion of total peasant household income originates from wages, whereas income from their own-farm activities often comes to less than half the total (de Janvry, Marsh et al. 1989: 141).

This process, which can be called semi-proletarianization, is the main tendency unfolding among the Latin American peasantry. It is the small peasantry who can be more accurately characterized as semi-proletarian as between two-fifths and three-fifths of their household income is derived from off-farm sources, principally from seasonal agricultural wage employment on large commercial farms and estates (ibid.: 63). As the small peasantry is the most numerous, it can be argued that this process of semi-proletarianization is dominant. However, this process of semi-proletarianization is less marked

in those few Latin American countries where land reforms significantly increased peasant access to land.

The Latin American peasant sector has increasingly become a refuge for those rural labourers who are unable or unwilling to migrate to the urban areas and who cannot find permanent employment in the capitalist farm sector. Thus, while the peasant economy increased its share of employment by 41 per cent between 1960 and 1980, employment in capitalist agriculture increased by only 16 per cent (ibid.: 59). Furthermore, rapid technological improvements in the capitalist farm sector and the insufficient land and capital resources of the peasant farm sector and its technological stagnation, make a decline in the peasants' role as agricultural commodity producers inevitable unless corrective measures are taken by the State.

In short, Latin America's peasantry appears to be trapped in a permanent process of semi-proletarianization and of structural poverty. Their access to off-farm sources of income, generally seasonal wage labour, enables them to cling to the land, thereby blocking their full proletarianization. This process favours rural capitalists as it eliminates small peasants as competitors in agricultural production and transforms them into cheap labour which they can employ. Semi-proletarianization is the only option open to those peasants who wish to retain access to land for reasons of security and survival or because they cannot find alternative productive employment, either in the rural or urban sector.

Structural Adjustment, Liberalization and Poverty

Agricultural modernization in Latin America, with its emphasis on capital intensive farming and the squeeze on the peasant economy, means that rural poverty remains a persistent and intractable problem. Furthermore, structural adjustment programmes and stabilization policies of the 1980s are generally considered to have had a detrimental impact on poverty. The contraction of internal demand as a result of adjustment policies negatively affected those farmers producing for the domestic market. Furthermore, trade liberalization policies increased the competition from food imports. However, the elimination of price controls on some basic food products partly compensated for the fall in internal demand and the devaluation of local currencies created incentives for agricultural exporters. In so far as structural adjustment policies shifted relative prices in favour of tradables smallholders, whose source of income is largely derived from non-tradables, suffer income losses compared to capitalist farmers.

Adjustment policies exacerbated poverty as government expenditure on social welfare, subsidies to basic foods and other essential commodities and

services was cut back. However, some governments reduced this negative impact by targeting welfare payments more closely and by introducing poverty alleviation programmes. But the main cause of rural poverty is structural, being related to the unequal land distribution and the increasing proportion of semi-proletarian and landless peasants. Tackling the root causes of poverty will require major land redistribution and rural investments, raising employment opportunities, improving agricultural productivity, particularly of smallholders, thereby affording higher wages and peasant incomes. Only by such a generalized assault on various fronts will it be possible to alleviate rural poverty significantly. To achieve these goals rural workers and peasants have to strengthen their organizations as well as their alliances with other social groups in society so as to alter the balance of political power in their favour. Government efforts (if any) are likely to be directed towards tackling urban poverty, if only for short-term expedience. However, Latin America's poverty is directly related to unresolved agrarian problems. How long such a process of massive rural out-migration and government neglect of the rural poor is sustainable remains an open question.

Multiple Paths of Transition

The characterization and identification of the future development path of Latin American agriculture has been the subject of extensive theoretical debate (Llambí 1990). In the early 1970s, I argued that the landlord road was the predominant path to agrarian capitalism in Latin America (Kay 1974). Goodman and Redclift (1982), as well as the campesinistas in the debate mentioned earlier, criticized this view for underestimating the strength and survival capacity of the peasantry. It was Lehmann (1982), however, whose work on Ecuador first clearly identified a viable peasant path. But this path was confined to a section of the peasantry which he conceptualized as 'capitalized peasant farmers'. Many other researchers subsequently 'discovered' such a 'capitalized peasantry' in different areas of Latin America. While not denying the possibility of a peasant path to agrarian capitalism I perceived it as either subordinated to the dominant landlord path or as the outcome of a shift in the class struggle in favour of the peasantry which could result in major redistributive land reforms and/or beneficial macroeconomic policies (Kay 1988). In my view, the landlord road to agrarian capitalism was dominant in the past, but today a multiplicity of paths can be observed in Latin America.

Compared to the bimodal structure of latifundia-minifundia, the Latin American countryside is now characterized by greater complexity and diversity through a process which could be labelled 'polarization with heterogeneity'. First, a large proportion of former haciendas or latifundios have successfully

been, or are being, converted into medium-sized modern capitalist enterprises, relying mainly on wage labour, using advanced technology, and integrated into the domestic and international markets. Second, in those countries where the reformed sector was subdivided into parcelas (plots of land), the peasant farm sector has been significantly expanded. Third, a proportion of the parceleros (those beneficiaries who acquired a parcela), albeit small, is joining the capitalized-peasant farm sector by successfully taking advantage of new market opportunities, improved links with agro-industries, pro-peasant government policies, NGO support, and other possibilities which are arising. Fourth, a significant proportion of parceleros have become indebted to such an extent that they had to sell their parcelas. Capitalist farmers, agro-industries and other capitalists have purchased these parcelas thereby expanding their control over land. Fifth, the modernization of the latifundia has furthered the peasantry's proletarianization, especially the 'internal peasantries' or tenants. Last, but not least, the semi-proletarianization of many small peasants continues to be a significant and persistent trend.

Undoubtedly, it is the modernized capitalist farmers, often linked to agro-industrial and international capital, who set the pace and control the direction of Latin America's agrarian developments - within the limitations imposed by the relative decline of agriculture in the economy and its subordination to the penetrating processes of trade liberalization and globalization. Thus, while the 'capitalized peasant farmer' road will continue to develop it is the 'capitalized capitalist farmer' road which predominates in today's Latin American rural development.

State, Market and Civil Organizations

Neither the State-driven import-substitution-industrialization development strategy from the 1950 to the 1970s nor the debt- and deregulated market-driven process of the 1980s and 1990s have been able to resolve the peasant question. Rural poverty and the exclusionary cum inegalitarian rural development process are still with us. It was only during the brief land reform interlude, which brought in its wake major peasant organizations and mobilizations, that sections of the peasantry were beginning to emerge from their marginalized situation only to have their hopes for a better future cruelly smashed by the counter-reform period during the privatizing frenzy of the neoliberal project. However, these past upheavals have created new opportunities as well as constraints. In recent years calls for new thinking for new policies for rural development practices are multiplying. Such voices are seeking to find new ways of combining state action, with market forces and civil organizations so as to make a fresh attempt to resolve the agrarian

question (de Janvry et al. 1995). To overcome the problems of poverty and exclusionary and unsustainable growth requires strategic thinking and practices. While acknowledging that these issues can only be resolved in the long run they demand determined action today. The difficulty is to find the local and global actors who will be able to combine the three parts of the triangle composed of the state, market and civil organization so as to develop a virtuous and enhancing interactions between them. One of the key actors in this process has to be the peasantry and it is thus important to examine its future development possibilities.

What Future for the Peasantry?

What then are the prospects for a peasant path to rural development? It is well known that access to capital, technology, and domestic and foreign markets, as well as knowledge and information systems, are becoming increasingly important relative to access to land in determining the success of an agricultural enterprise. Even though in recent decades some peasants managed to gain access to land through agrarian reforms this by no means secures their future development. Indeed, peasants in general are in an increasingly disadvantageous position compared to capitalist farmers with regards to the above mentioned factors and this does not auger well for their future prospects. For example, the widening technological gap between the capitalist and peasant farm sectors have prompted those involved with the peasants' well-being to urge international agencies, governments and NGOs to adapt existing modern technologies to the needs of the peasant sector as well as to create more 'peasant-friendly', appropriate and sustainable technologies. Such a policy, however, runs the danger of relying exclusively on technological fix, while the sustainability of peasant agriculture depends on wider social and political issues and particularly a favourable macroeconomic context. In short, a viable peasant road to rural development raises questions about development strategy and ultimately about the political power of the peasantry and their allies.

For a peasant path to rural development to succeed requires a major shift in development strategy, land redistribution, and a major transfer of resources towards the peasant economy to ensure its capitalization on a scale broad and deep enough for it to compete successfully both in domestic and international markets. But the widespread adoption and intensification of liberalization policies in Latin America and the decline of developmentalist state policies do not encourage such a possibility.

In recent years, concerned scholars and institutions have become increasingly vociferous in pointing out the adverse impact of Latin America's

'selective' agricultural modernization on the peasantry. As opposed to the 'concentrating and excluding' ('concentrador y excluyente') character of this process of modernization, they call for a strategy which includes the peasantry in the modernization process (Murmis 1994). Such an 'inclusive' modernization is seen as part of the democratization of rural society and some authors speak of 'democratic modernization' to highlight this link (Chiriboga 1992). Currently, suggestions are being made with a view to 'changing production patterns with social equity' in Latin America and for the 'productive reconversion' of its agricultural producers so as to meet the challenges of an increasingly internationalized and global world economy in the new millennium (ECLAC 1990). To forward these aims, special government policies in favour of the peasantry (a form of positive discrimination) are proposed, to reverse the past bias in favour of landlords and rural capitalists. The achievement of broadly-based growth requires activist State policies so as to overcome market failures and biases against the poor while at the same time harnessing the creative and dynamic forces of markets in favour of the rural poor.

Non-Traditional Agricultural Exports (NTAXs)

Governments and NGOs concerned with promoting the development of peasant farmers proposed a series of measures for facilitating their participation into the lucrative agricultural export boom. It was almost exclusively capitalist farmers who initially reaped the benefits of the thriving 'non-traditional agricultural export' (NTAX) business as they had the resources to respond relatively quickly to the new outward-looking development strategy of the neoliberal trade and macroeconomic policy reforms. In view of the dynamism of NTAX sector it was thought that a shift in the production pattern of peasant farmers to these products would spread the benefits of NTAX growth more widely and ensure their survival. However, experience has been rather mixed.

To analyze the impact of NTAX growth on smallholders and rural labourers Carter, Barham and Mesbah (1996: 37-38) argue that this depends on three factors:

> whether small-scale units participate directly in producing the export crop and enjoy the higher incomes generated from it (which we call the 'small-farm adoption effect'); second, whether the export crop induces a pattern of structural change that systematically improves or worsens the access of the rural poor to land (the 'land access effect'); and third, whether agricultural exports absorb more or less of the labour of

landless and part-time farming households (the 'labour-absorption effect').

They examine the cases of agro-export growth in Paraguay, based on soybeans and wheat, of Chile, based on fruit, and of Guatemala, based on vegetables. Their findings reveal that only in the case of Guatemala was there a broadly based growth as both the land access and net employment effects were positive, while the opposite happened in Paraguay resulting in exclusionary growth. The Chilean had elements of both as the net employment effect was positive but the land access effect was negative (ibid.: 45). Thus in Chile the fruit-export boom has been partly exclusionary, as many peasant farmers (in this case largely parceleros) have sold part or all of their land as they were squeezed by the export boom, and partly inclusionary, as the shift from traditional crops to fruit-growing increased labour demand.

Even if a larger proportion of peasant farmers were to adopt the new export crops it is far from certain that this will ensure their survival. Thus the much fancied NTAX rural development policy of many Latin American governments cannot be considered as a panacea, especially if no complimentary measures are taken to create 'level playing fields' (Carter and Barham 1996). The Chilean experience is in this regard illustrative. First, there has been a very low adoption rate of NTAXs by small-scale farmers due to financial, technical, risk and other factors. Second, even those who did switch to NTAXs they were far more likely to fail as compared to capitalist farmers as they were less able to withstand competitive pressures due to their disadvantaged position in marketing, credit, technology, and other markets. According to Murray (1996) three stages can be distinguished in the transition of peasant farmers (largely parceleros) to fruit production for global markets. In the first stage only a small percentage undertake a limited production of fruit for local and national markets. In a second stage a larger proportion switches to fruit growing as well as to the expanding fruit export economy. However, in the third stage, which in Chile begins in the late 1980s and is continuing today, peasant farmers begin to get squeezed due to the increasing competitive nature of the export market. As a consequence of rising debts, among other factors, many are forced to sell all or part of their land thereby contributing further to the ongoing process of land concentration.

Such an ongoing process of land concentration, which is also happening in other Latin American areas in which NTAXs are taking hold, is particularly remarkable in the Chilean case as this process continued since 1990 when the democratically elected government of the Concertación took office as its aim is 'growth with equity'. During the years 1964 to 1973 Chile witnessed a 'democratic-State driven' agrarian reform, only to be followed from 1973 to about 1983 by an 'authoritarian-State driven' agrarian counter-reform, and

since 1983 (and earlier) by a 'market-driven' reconcentration of land (Gwynne and Kay 1997).

Food Import-Substitution (FIS)

An almost forgotten alternative or additional possibility to NTAXs for peasant farmers is to enhance their comparative advantage in staple food production (de Janvry 1994). This can be achieved through a programme of 'food import-substitution' (FIS). Over the last decades an increasing proportion of staple foods have been imported which had detrimental effect on domestic producers. For a FIS policy to succeed requires supportive policies by the State such as specifically targeted protectionist measures to counteract the distortions in the world food market arising from subsidies to farmers in the developed countries (the unfair competition argument). Policies aimed directly at strengthening the position of the peasantry in local and global food markets would entail the creation of level playing fields. At present these market fields are greatly biased against peasant farmers and rural labourers. The import-substitution in staple foods has the advantage of not only saving valuable foreign exchange but of enhancing food security, employment, and possibly a more equitable income distribution, especially if it is peasant farmers who undertake this FIS. The expansion of peasant food output has also the advantage of being more ecologically-friendly as they use less chemical inputs as compared to capitalist farmers and also relative to NTAXs.

Instead of viewing NTAXs and food production as being in conflict or as alternative, they can be seen as complementary. In Schejtman's (1994) view it is possible to envisage a positive correlation as those peasants who are able to go into the lucrative agro-export can use their increased incomes, knowledge and market experience derived from NTAXs to invest in raising productivity of their traditional food crops.

Similarly, the search for wage incomes by members of peasant farm households and, in particular, for incomes derived from non-agricultural activities, either on-farm or off-farm, such as handicraft, food processing, ecotourism and rural industry can, under certain circumstances, enhance the productive capacity of the farm's agricultural activities. However, if such search for additional incomes arise out of distress situation of a peasant household fighting for its survival it is unlikely that such positive interaction between farm and non-farm as well as between on-farm and off-farm activities can be achieved as the peasant household might already have reached the point of no return thereby remaining in a state of semi-proletarianization or becoming fully proletarianized or depeasantized. In this case poverty is the defining feature of the semi-proletarian peasant household and this is

captured by the term 'pobretariado', i.e. impoverished proletariat or semi-proletariat.

Reconversion

The key for the development of peasant farmers and their transition to 'capitalized peasant farms', especially in these days of privatization, liberalization and globalization is to enhance their market competitiveness. For this purpose some governments in Latin America are beginning to design policies for the 'reconversion' (reconversión) of peasant farming which has been referred to in a variety of ways such as 'productive reconversion', 'productive transformation', 'readaptation to more profitable options', and 'new productive and market options'. In a broad sense reconversion measures aim at enabling and improving peasant agriculture's ability to adapt to its increasing exposure to global competition and to enter into the more dynamic world market. This is to be achieved through a series of specific peasant programmes with the purpose of raising productivity, enhancing efficiency and shifting traditional production and land use patterns to new and more profitable products thereby increasing the peasants' competitiveness (Kay 1997).

The False Dilemma State versus Market

To counterpoise the state to the market is to fall into the trap of creating a false dilemma. The art is to find the right combination between both so as to ensure the maximum benefit for society. Furthermore, civil society has a key role to play in structuring such an interrelationship. The lessons to be learnt from the success of the East Asian development experience is not that derived from the neoliberal interpretation but from those who recognize the crucial role that the State played in achieving that success. Thus the challenge is to find a new role for the State in Latin America in the post-structural adjustment period by learning the right lessons from its own past shortcomings and from the successful role it played in other contexts. The role for a modern State in today's globalized markets is to be less of a producer, more of a facilitator and, above all, of being a regulator. Thus markets need to be governed by 'good governance', especially if goals of sustainability and equity are to be achieved.

Non-Governmental Organizations (NGOs)

This State which governs markets has to develop a new relationship with civil society by devolving some of its powers, initiatives, financing, and

activities to local governments and civil organizations such as NGOs, producer and consumer organizations, trade unions, women and ecological associations, and, last but not least, political parties should play an increasing role in policy formulation and implementation. NGOs are known to be particularly able to establish close working relationships with grassroots organizations and their constituency. Such increased participation of individuals and civil organizations in economic, social and political affairs is likely to strengthen the democratic processes. By creating a more participatory framework it might be possible to establish mechanism for regulating and governing the market for the benefit of the majority in society.

In some instances governments in Latin America have already began to subcontract certain activities such as technical assistance for farmers to NGOs, as well as giving greater powers and resources to local administrative agencies. It is too early yet to assess the significance and impact of such initiatives but they certainly deserve encouragement as well as scrutiny to learn the lessons from these new initiatives. However, NGOs face a dilemma when they become to depend too closely on government resources and appear to be implementing government policy, especially if this of a neoliberal kind, as they might loose the support from the grassroots and thus the legitimacy which they currently enjoy. But if NGOs are in turn able to influence government policy by turning it more sensitive and friendly towards peasant, gender, indigenous and ecological issues then this closer relationship is only to be welcomed. Generally NGOs have too limited resources which constrains the coverage of their activities to a limited number of beneficiaries. In those countries where the State has been drastically downsized NGOs have often been used as a palliative to overcome the abdication of social responsibility by the State. For example, it is impossible and irresponsible to expect NGOs to solve the poverty problem. Thus the closer links between State and NGOs can be a mixed blessing.

Differentiated Government Policies

State interventions and regulations have to be geared toward creating a level playing field in the various markets and ensuring that access to its services and resources are not limited to the powerful but, on the contrary, are targeted toward overcoming structural heterogeneity, inequalities and the disadvantages of the weak and poor in society. This demands the design of differentiated agricultural policies. Instead of the landlord bias of past agricultural policies it is the parcelero peasant enterprise arising from the land reform, the minifundistas and the rural wage workers who, especially after the ravages of structural adjustment, require the specific support of the State and NGOs.

Level Playing Fields: Assets and Power

The increasing competitive gap between peasant and capitalist farming due to agriculture's unequal modernization limits the survival of the peasant producers and perpetuates rural poverty. A few enlightened neo-liberals accept that rural markets in Latin America are distorted and biased against the peasantry and hindering the pursuit of efficiency and maximization of welfare (Binswanger, Feder and Deininger 1995). The slogan of 'getting prices right' is certainly not a panacea for rural development and its proper achievement entails structural reforms of which the less enlightened neoliberal proponents seem to be completely unaware. The creation of level playing fields requires a redistribution of assets as well as the empowerment of peasants and rural workers. Thus the need for land reform remains throughout Latin America even though many were implemented but they were limited and flawed in their execution. While land titling programmes for peasants, which became fashionable in the last decade or so, may give greater security of tenure and thereby encourage investment they are restricted in scope. Although land reforms are no longer on the political agenda, except in Brazil, the problem of land concentration remains. While the era of large scale land reforms may have come to a close in many Latin American countries a creative land policy will also make use of progressive land taxes, land settlements, land titling, and provide special arrangements for smallholders and landless groups to get access to land via the land market. Land policy reforms are far from dead as a broadly-based and sustainable development strategy requires a fairer distribution of land assets.

However, access to finance and knowledge are increasingly important assets in today's globalized world. This calls for government policies which facilitate peasant access to these other two crucial assets through market

reforms, human resource development, and special credit and technical assistance programmes. Some of these projects can be implemented by NGOs and the private sector. Governments have to give greater priority to rural education and undertaking infrastructural works such as irrigation and road projects which are targeted to smallholder communities.

The above mentioned policy reforms have little chance of being implemented and of succeeding unless peasants and rural workers develop their own organizations such as producer associations, cooperatives and trade unions. It is only through the creation of a countervailing power by peasants and rural workers and by exercising constant pressure that they will be able to shape the future to their advantage rather than having to continually accept the disadvantages of the past and present. While undoubtedly the State, political parties and NGOs can provide the necessary supportive role the development of such organizations depends on the determination of peasants and workers themselves. Although it is difficult to develop such organizations it is also true that the removal of structural constraints of the kind mentioned earlier is surely going to facilitate the empowerment of peasants and rural workers.

Whether or not these proposals will be adopted is an open question. But there are grounds for some optimism as new opportunities have emerged for going beyond the debt crisis. Real exchange rate devaluations should favour peasant farmers, as they make more intensive use of labour and less use of chemical inputs, compared to capitalist farmers whose costs of capital and tradable inputs would increased. Meanwhile trade liberalization has removed some biases against agriculture, although it is important to remember that 'urban bias' was not the main cause of all rural ills. These changes provide incentives for import-substitution in staple foods which should benefit peasant farming. New technological advances in agro-ecology and social forestry, although still limited in their application, tend to favour peasant farmers. Last, but not least, the explosive expansion of NGOs have certainly made governments more sensitive to issues of poverty, equity, gender and ecology. The extent to which these new opportunities are resulting in meaningful changes in favour of the peasantry remains to be seen.

The neoliberal project has certainly not gone unchallenged by peasants. The peasant rebellion in Chiapas, the most southern and indigenous region of Mexico, at the beginning of 1994, was fuelled by the exclusionary impact of Mexico's agricultural modernization on the peasantry (Harvey 1994) and by fears that Mexico's integration into NAFTA will marginalize them further (Collier 1994). Undoubtedly Mexico's peasant economy cannot compete with the large-scale mechanized maize and cereal farmers from North America unless special protective and developmental measures are adopted in their favour. The uprising in Chiapas has given an important warning to governments throughout Latin America that they ignore at their peril.

Conclusions

This essay shows how Latin America's rural economy and society have been transformed in recent decades as a consequence of the increasing capitalist development of agriculture and its further integration into the world economy. Latin America's agriculture is now an integral part of the new world food regime. Agro-industrial modernization and globalization have profoundly changed the technical and social relations of production in the countryside. Furthermore, the recent shift towards a new liberal era, reminiscent of the pre-1930 liberal period of outward-oriented growth, is intensifying these changes and bringing about new structural transformation.

This form of modernization has benefited only a minority of the rural population and excluded the vast majority of the peasantry. The beneficiaries are a heterogenous group, including agro-industrialists, capitalist farmers, and some capitalized peasant households. The losers are the semi- and fully proletarianized peasantry, the majority of rural labourers whose employment conditions have become temporary, precarious and 'flexible'. Some landlords, however, have also lost out especially in countries where more radical agrarian reforms were implemented or where they have succumbed to competition following the liberalization of the country's trade.

Agriculture and the rural sector are increasingly being subordinated to industry and the urban sector in terms of production processes (with the growth of agro-industries) and in terms of the demand for products. The dynamism of agriculture is increasingly dependent on the stimulus it is able to receive from the urban-industrial economy. This is accompanied by the rising importance of rural non-agricultural employment as well as off-farm activities for agricultural producers.

With the increasing integration of Latin America's rural sector into the urban sector, the boundaries between rural and urban have become ambiguous. The massive rural out-migration has partly 'ruralized' the urban areas and the countryside is becoming increasingly urbanized. Urban and rural labour markets have become more closely interlinked. The land market has become more open and competitive enabling urban investors and international capital to gain greater access to agricultural land. Competition among agricultural producers has intensified due to the more fluid situation in the land, capital and labour markets. The survival of large landlords, let alone peasant farmers, is no longer guaranteed unless they keep up with technological developments, innovate, and adjust their output pattern and production structure according to the changing market conditions.

While the rural economy and society are less important today than in the past, it still retains critical significance in most Latin American countries.

The 'lost decade' of the 1980s, when structural adjustment programmes proliferated throughout Latin America, reveals the strength of the rural economy in confronting the debt crisis and responding to changed circumstances such as a new impetus to export agriculture. To ignore the agrarian question of unequal access to land, rural poverty, and exclusionary modernization, is ill-advised. In Brazil and Guatemala, the land problem has not yet been properly addressed whilst in many others it remains unresolved. Rural poverty remains widespread and discrimination against indigenous communities is still pervasive. Last, but not least, the continuing promotion of agro-exports further depletes natural resources and societal forces are still not strong enough to prevent the persistent ecological deterioration. Nevertheless the environmental movement has emerged as a major social force in recent years forcing governments to introduce environmental legislation but the practical outcome is still unclear.

Although the shift from a State-centred inward-directed development process to a neoliberal market- and export-oriented model has weakened the power of traditional peasant organizations through the fractioning of rural labour, many social conflicts will continue to originate and erupt in the countryside. New grassroots organizations have emerged in the countryside and it will be politically difficult to continue to impose the neoliberal model upon the peasantry regardless of its consequences, especially in those countries where a transition to civilian government has occurred. It is possible that rural conflicts might even become more violent than in the past due to the fact that the State has been weakened in its mediating and incorporating capacity, and because the political parties, NGOs, church and other intermediary organizations are unable to deal with the effects of the current unequal and excluding pattern of rural modernization. The neoliberal model has had in particular an pernicious impact on the swelling ranks of the semi-proletarian peasantry and the landless workers, who might become a major force in future social struggles in the countryside.

Overcoming the exclusionary and unequal rural development pattern of the current neoliberal era requires a radical shift to a post-liberal development strategy. This post-liberal era has to be shaped by the dynamic interaction of civil society and an activist State in order to harness market forces for a democratic, inclusionary and egalitarian development process.

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