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PEASANTS, CAPITALISM, AND THE STATE  
IN LATIN AMERICAN AGRICULTURE

by

Alain de Janvry

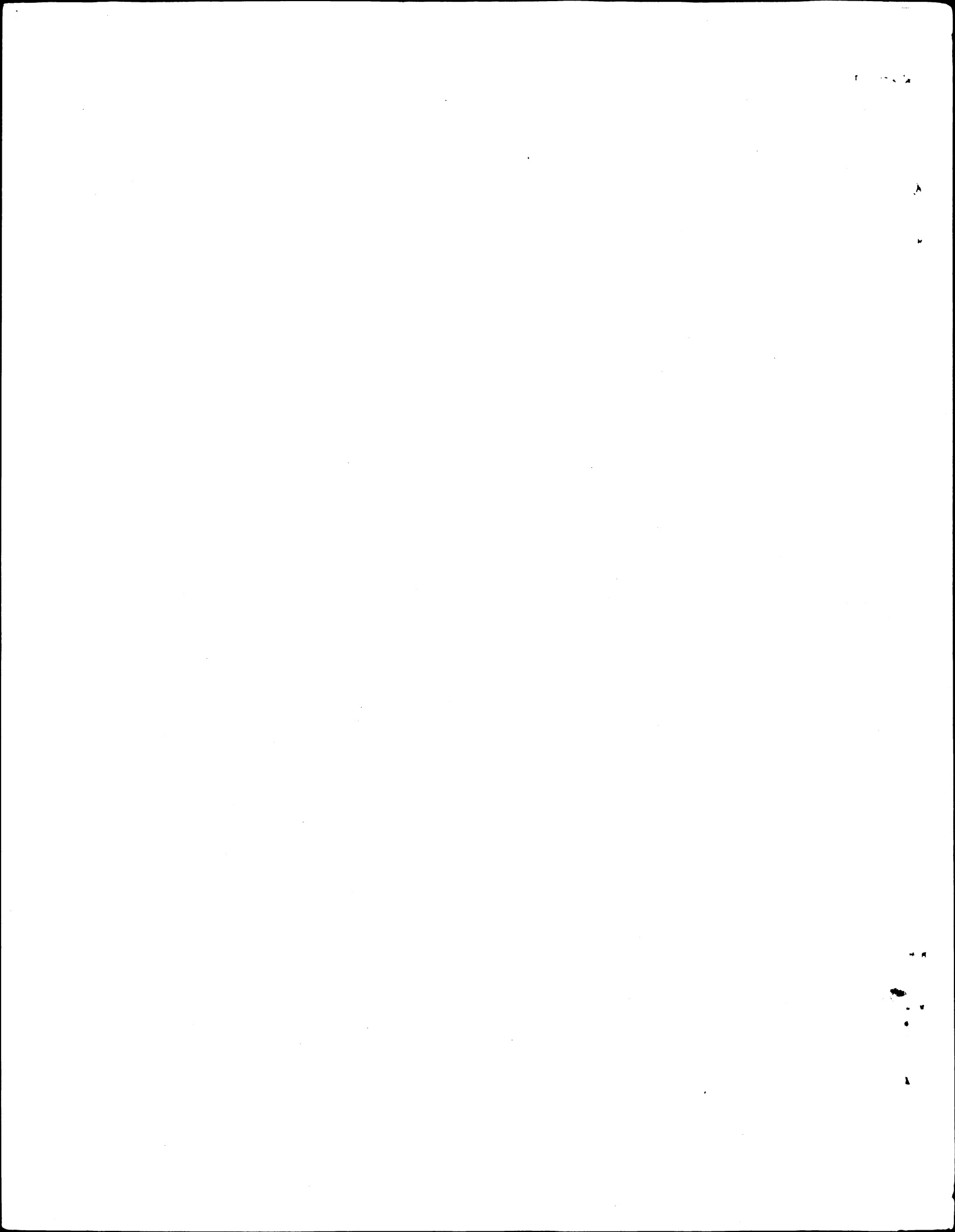
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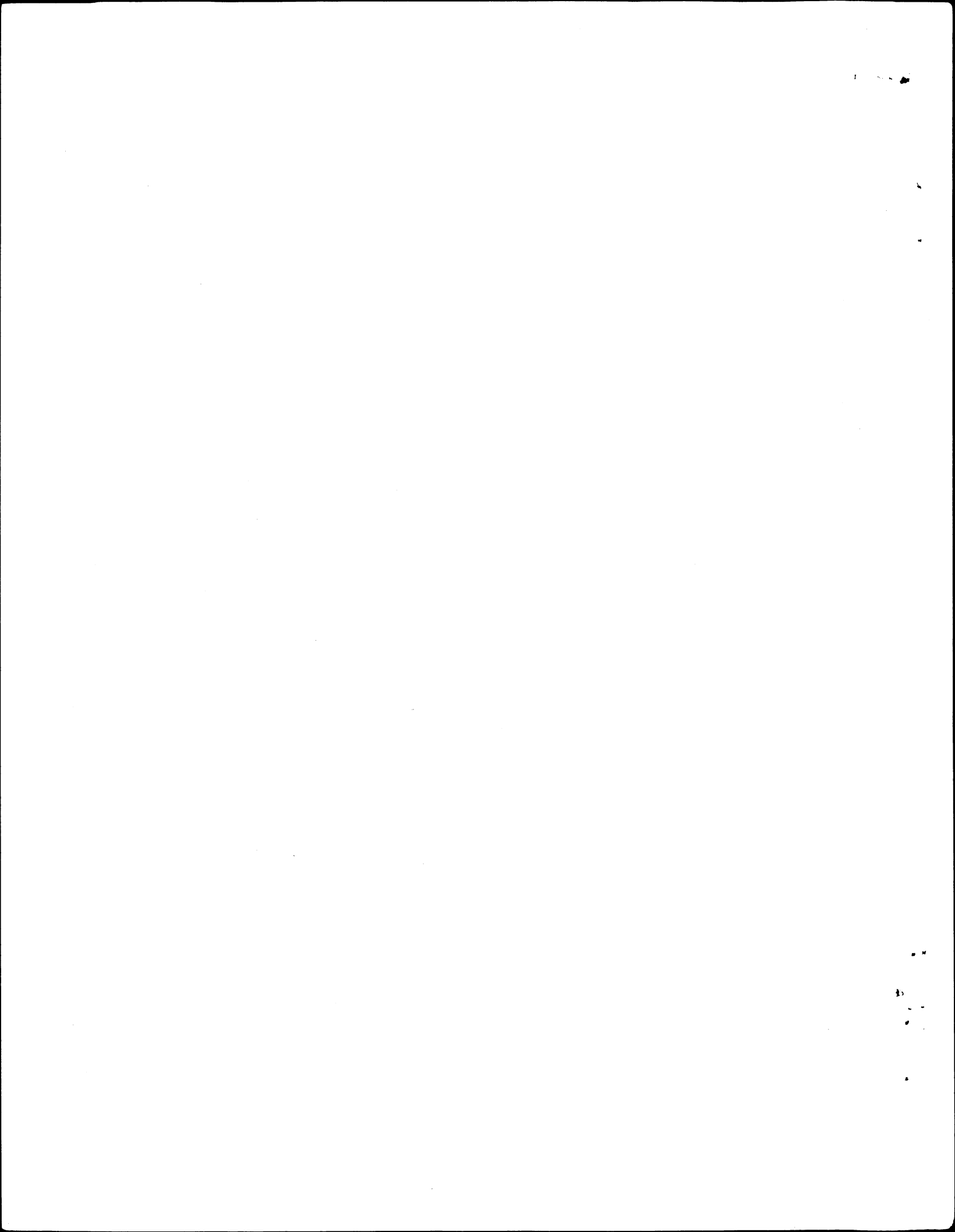
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California Agricultural Experiment Station  
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## PEASANTS, CAPITALISM, AND THE STATE IN LATIN AMERICAN AGRICULTURE

The performance of agriculture and the position of peasants in the social division of labor cannot be analyzed but in relation to the totality of the social formation of which they are part. This includes the structure of the economy and its insertion into the international market, the social class structure and the associated patterns of surplus control, and the set of institutions that constitute the state including both the state apparatus and the government that has formal control over it. The study of peasants must, consequently, be specific to a particular historical, geographical, economic, social, and institutional context. It is only by reference to this context that the production performance of peasant households; their levels of welfare; their differentiation into new social classes; and their permanence, elimination, or transformation can be understood. The relationship between peasants, capitalism, and the state is a dynamic, triangular relationship that is conditioned by this context.

Although the study of peasants is, thus, highly context specific, there are a number of constants in peasant behavior that are rediscovered among social formations and that unify the field of peasant studies. One is the family-based nature of production motivated by the rationality of insuring the reproduction of the producers and of the production unit itself. This gives peasant agriculture features that are markedly different from those of commercial farming such as an absolute commitment to the productive use of family labor; indivisibility of factor incomes; partial market orientation of the product; incorporation in production of family members (such as children, elders, and women in the reproductive phases of their life cycles) with,

eventually, zero opportunity cost on the labor market; and behavior toward risk dictated by safety-first objectives (Schejtman, 1984; Deere and de Janvry, 1979). Another constant is the socially dominated position of peasants that forces them to surrender a surplus under a variety of forms such as rent in labor services, kind, or cash; unfavorable terms of trade and low wages; and usurious credit terms. Finally, the geographical dispersion of peasants and the personal nature of at least some of the relationships of domination to which they are subject make their forms of collective action discontinuous and often more defensive (evasive reaction, foot dragging, and other everyday forms of resistance) than expressive of clearly articulated and aggregated interests.

These peasant constants (family-based production, social domination, and defensive strategies) occurring in the context of specific social formations lead to markedly different outcomes in terms of the production performance, welfare, social differentiation, and permanence of peasants. We analyze in this chapter the position of peasants in present-day Latin America. Because of lack of space, we only provide a limited factual characterization of Latin American peasants today (for which see, e.g., Pearse, 1975; Goodman and Redclift, 1984; de Janvry, 1981) but develop a theoretical framework that permits an understanding of their continued permanence and continued poverty, stressing, in particular, the role that the state plays in these dynamic processes.

The approach we follow here is, in part, motivated by the need to dispel the myopia of many studies of rural development processes which do not attribute significance to the role of the state. This is the case for many orthodox Marxists, for whom there is capitalism with its laws of motion but no



state, as well as for many liberal economists for whom there are market forces but no state either. As we shall see, not only does the state eventually engage in major reforms, such as redistribution of the land, but it also engages in widespread manipulation of prices, credit, wages, technological alternatives, and educational opportunities, all of which have dramatic impacts on the welfare and permanence or disappearance of peasants. As we shall also see, the state cannot be reduced to a monopolistic instrument of rule for those in power; it is as well an object of struggle for the dominated groups, and it has limited effectiveness in implementing the reforms and policies it pursues.

#### Peripheral Capitalism or Cheap Labor as the Engine of Industrial Growth

We start by observing three well-known facts that have characterized the growth of Latin American nations during the last 20 years. The first is that many of these economies have been highly dynamic, displaying a high rate of industrial growth, but that the type of growth that occurred has been systematically inequalizing on the distribution of income and highly unstable over time. The best example is the case of Brazil where the average annual rate of growth of the gross domestic product was 8.5 percent between 1965 and 1980 but fell to -0.3 percent between 1980 and 1982. The share of income of the richest 20 percent in the population increased from 54 percent in 1960 to 62 percent in 1970 and 63 percent in 1980. The second fact is that, in spite of considerable vertical mobility, the level of real wages of unskilled workers failed to rise significantly over the long term and growth failed to resorb surplus labor even during periods of economic booms. In Chile, for example, while the gross domestic product grew at an average annual rate of 8.5 percent

between 1977 and 1980, the official rate of unemployment was 18 percent and real wages were 20 percent below their 1970 level. A third fact is that the sectors of the economy with the most rapid rates of economic growth were not the wage-goods sectors but the sectors producing luxury consumption goods (cars and electrical appliances) and capital goods.

There are a number of theoretical explanations of why economic growth occurring in the particular economic and social structure of modern Latin American nations creates inequalizing spirals. They all have one element in common which is to make cheap labor the engine of growth for the modern sector. A highly unequal initial distribution of income, much more unequal than ever characterized the industrialized countries at levels of per capita income similar to those of Latin America today, is due to extreme inequality in the distribution of assets (land in particular); surplus labor and, consequently, low wages; use of skill-intensive technology in the modern sector which pushes upward the wages of skilled workers and employees; and terms of trade unfavorable to agriculture. These sources of inequality are reinforced by growth which valorizes the assets, by population growth as a rational response to poverty, and by biases toward adoption of laborsaving technology, thus perpetuating surplus labor. Increasing inequality in the distribution of income distorts the pattern of effective demand and, hence, the pattern of intersectoral allocation of investment toward luxury consumption goods.

An investment program dominated by capital and luxury consumption goods tends to be self-reinforcing as the intersectoral allocation of investment is not only demand led but, also, acquires a certain degree of autonomy from demand. This is due to the role of the state which favors public-sector investment in capital goods to accelerate future growth, to the influence of

planning theory which recommends investment in capitaland luxury-goods sectors for having high backward and forward linkages,<sup>1</sup> and to the role of foreign capital which invests in the production of commodities that are wage goods in the advanced economies but luxuries in the Third World due to large disparities in the levels of wages between moreand less-developed countries. With a bias toward investment in luxury goods and periodic emergence of excess capacity, the state is eventually pushed into creating effective demand to sustain growth. This takes the form of consumption credit and tax incentives on the purchase of luxury goods and real wage concessions for skilled workers and employees while minimum wages for unskilled workers are left to lag behind the rate of inflation.

The existing social class structure, the state, and the pattern of insertion of Latin America into the international division of labor all contribute to patterns of economic growth that result in inequalizing spirals for which cheap labor is the engine of growth. It by reference to this general framework with all the specificities and variations it assumes in particular countries and time periods that the nature and future of Latin American peasants must be understood.

#### From Cheap Labor to Cheap Food

Starting again from facts, we make two additional observations. One is that there has been a systematic undervaluation of agricultural commodities in Latin American countries (of urban wage foods, in particular) by contrast to overvaluation in the more developed countries. Latin American cheap food policies have been principally implemented through overvalued exchange rates, trade restrictions, and price fixing. Overvalued exchange rates lower the

domestic price of both imported foods and exported agricultural products. Trade restrictions have taken the form of export taxes imposed by monopolistic marketing boards and export prohibitions. Price fixing leads to excess demand and requires imposition of rationing such as meatless days. The other is that we witness the permanence of large numbers of peasants in spite of extensive social differentiation in agriculture and decades, if not centuries, of development of capitalism. This is evidenced by the observation that the Latin American peasantry, as a share of the economically active population (EAP), increased from 60 percent in 1950 to 65 percent in 1980 (PREALC, 1982). The absolute number of peasant EAP increased by 31 percent over the 30-year period, in spite of the fact that the share of agriculture in total EAP declined from 32 percent in 1950 to 20 percent in 1980. This indicates that, in spite of intense rural-urban migration and a significant displacement of the traditional sector toward the urban economy (the ratio of traditional urban EAP to peasant EAP increased from 41 percent in 1950 to 98 percent in 1980), the peasantry remains a large and growing social sector.<sup>2</sup>

The reasons that cheap food policies have been implemented are compelling. Holding down the price of food allows cheapening of labor for the modern sector to contain inflationary pressures and stimulate industrial investment, increasing of effective demand for modern-sector goods as a lower food bill frees purchasing power for other goods, and legitimizing governments in the eyes of politically important urban constituencies. The consequence of cheap food policies and of increasing inequality in the distribution of income has been a bias in agricultural production away from wage goods and toward export crops, inputs for industry, and luxury goods. It has also been a

generally poor performance of agricultural production with output barely following population growth and a rising share of imports in total consumption.

Capitalist farms are generally partially or totally compensated for low product prices by socially discriminating "institutional rents" handed out by the state. These include subsidized credit, public technology and extension services, infrastructure projects, and differential price treatments by crops according to who produces and who consumes them. The market thus takes away from producers through a distorted price system while the political economy selectively compensates to maintain the rate of profit in particular farms and activities. In Brazil, for example, large farms producing export crops have received the lion's share of subsidized credit. State intervention through price distortions and institutional rents thus creates serious biases in the allocation of resources which lead to inefficiencies and foregone production and accelerate social differentiation against the weaker groups, the peasants in particular, who are rarely benefited by institutional rents.

In this context of sharply uneven development by farms, activities, regions, and time periods, the peasantry (as well as the urban informal sector) finds itself functionalized in four different ways to the global pattern of accumulation. Peasants are here defined as those social groups with family-based agricultural production units that lie in a continuum of social differentiation between fully landless agricultural workers, at one extreme, and capitalized family farms able to insure a return to factors of production equal to their opportunity cost on factor markets at the other extreme.<sup>3</sup> Within the range of these limits, we find different types of peasants fulfilling four basic functions consistent with the logic of disarticulated growth.

Originating with upper class peasants who have sufficient access to land to generate a marketed surplus, labor and capital market failures allow these peasants to deliver food in markets at a price eventually lower than that of capitalist farms. Their cost advantage is based on self-exploitation, i.e., on the use in production of labor categories recruited within kinship networks with zero opportunity costs such as children, elderly, women in reproductive periods, and the seasonally unemployed. For the farm as a whole, the implicit total factor income is below opportunity cost on factor markets. If the capitalist sector cannot compensate for this cost advantage through either higher total factor productivity or discriminatory access to institutional rents, peasants can outcompete capitalists and deliver low-cost food on the market, for example, in situations where it is underpriced by cheap food policies. Functional dualism between peasants and capitalism where peasants are a source of cheap food for the rest of the economy has, thus, been used as an argument to explain the staunch permanence of peasantries under capitalist development. Peasants remain in existence both because they have the ability to resist elimination through efficient resource use (in spite of traditional technology) and through self-exploitation and because there is a structural logic to this exploitation as part of the cheap labor-cheap food requirements of disarticulated growth.

In situations where peasants are not freeholders, the surplus generated on the basis of their efficiency and self-exploitation can be captured in the form of rent. This is why we witness the perpetuation of sharecropping arrangements even under advanced capitalism. They allow mobilizing of labor within kinship networks when labor markets fail, bypassing labor legislation, avoiding the cost of supervisory labor, and passing to peasants part of the production and market risks.

Peasants with insufficient land resources to absorb family labor productively typically rely on survival strategies that lead them to engage in a variety of activities outside of the home plot--particularly wage labor. These semiproletarian peasants are, thus, able to cover part of the cost of maintenance and reproduction of the household outside of the wage economy. Wages paid can fall below this cost, and employers benefit from a subsidy that originates in unpaid household labor applied to the peasant plot. Peasants become a source of cheap labor for the capitalist economy both directly, as workers in the modern sector, and indirectly as underpaid wage workers in food-producing capitalist farms that can transfer to cheap semiproletarian labor the costs of cheap food policies.

The final function fulfilled by peasants is to provide household-financed social welfare which allows both support and reproduction of surplus labor at no cost for the modern sector and political defusion of tensions created by rural dislocations and poverty. This is particularly important in periods of economic stagnation when unemployment increases, urban migration is sharply curtailed, and farm households have to absorb the brunt of lower food prices and increased unemployment. It is also important in the process of monetization and commodification of agriculture when traditional safety nets, such as patron-client relationships and guaranteed employment through belonging to social networks, are being dismantled. Finally, it is important when, as is typical of Third World development today and in sharp contrast to the history of industrialization in Western countries, the development of capitalism in agriculture displaces peasants from access to land while offering insufficient migration and employment opportunities in the rest of the economy. With limited mobility in the allocation of resources (by contrast to the typical

assumption of orthodox economists), this process of rapid structural transformation creates large segments of population trapped in the peasant and urban informal sectors. With weak public protective institutions, kinship networks become the zero-cost alternative to social welfare. Peasants are then functional to the overall economy not as a source of cheap labor or cheap food but as a source of financing systemic failures. In this case, their permanence does not provide evidence of superior efficiency relative to capitalist farms and of the success of peripheral capitalism in harnessing their capacity for self-exploitation on the product or labor market. It is, instead, a testimony to the social failure of peripheral capitalism.

#### Functional/Contradictory Dualism and the Possibility of Cheap Labor

While peasants fulfill a number of functions that explain the systemic logic of their permanence, the key to this permanence is their capacity to resist, if not social differentiation, at least their complete removal from access to land. We start here from the observation that peasants display a wide variety of survival strategies through adaptations in the division of labor by sex and age at different stages of the life cycle. Off-farm sources of income are a large component of total household income for the medium and small-sized peasant households. Household surveys show that off-farm income accounts for 67 percent of total income in Puebla, Mexico (farms of less than 4 hectares with 71 percent of the farm households in the region); 71 percent in Cajamarca, Peru (farms of less than 11 hectares with 89 percent of farm households); 61 percent in southern Bolivia (farms of less than 5 hectares with 67 percent of farm households); 58 percent in Ecuador (farms of less than 5 hectares with 77 percent of farm households); 76 percent in Guatemala (farms



of less than 1.4 hectares with 63 percent of farm households); etc. (see de Janvry, 1981; Deere and Wasserstrom, 1981; Commander and Peek, 1983; and Hintermeister, 1984). Among off-farm income sources, wages were in all cases by far the most important contributor. It is this wide variety of sources of income that allows the majority of Latin American peasants to remain in existence in spite of an insufficient land base to ensure household subsistence.

Another observation is that capitalist agricultural sector employment increased by only 7 percent in 30 years, in spite of an increase in agricultural gross disposable product of 85 percent during the same period (PREALC, 1982). At the same time, there was a widespread substitution of hired permanent workers by temporary workers. In Chile, for instance, the share of temporary workers in total paid employment in capitalist farms increased from 37 percent to 56 percent between 1965 and 1976 (GIA, 1983), while total paid employment increased by only 3 percent. In some areas, labor market adjustments to this changing employment structure resulted in the rise of town-based farm workers (e.g. the boias frias in southern Brazil) with labor contractors mediating the meeting of supply and demand for labor. In most other areas, it is the peasantry which has delivered this seasonal labor force (e.g., the enganche system between the Altiplano and the coast in Peru). The dominant fact, however, is that there have been relatively few opportunities for full proletarianization created in Latin American agriculture in spite of sustained output growth.

Exploitation of peasants through cheap food (terms of trade), rent payment, cheap labor (low wages), and household-financed social welfare is, however, highly unstable; hence, it contradicts the reproduction of peasant exploitation over time. The combination of poverty and control of productive

resources fuels demographic growth as it makes children instruments of production and protection for the household. The result is a declining land base per capita which reduces both the marketed surplus of food and the subsidy to wages. Agricultural census data thus show that the average farm size for peasant households decreased over the last 30 years in every single Latin American country, with the exceptions of Chile and Nicaragua (which had extensive land reforms), and of Venezuela. In Brazil, for instance, average farm size for farms less than 10 hectares, which represented 50 percent of all farms in 1980, declined from 4.3 hectares in 1950 to 3.5 hectares in 1980.

Poverty also forces an extractivist use of natural resources and a short-run valuation of conservation. Like demographic growth, ecological degradation reduces effective resources per capita and lowers the food and wage subsidy contributions of peasants.

Migration is also enhanced by poverty. While it benefits the migrants and has many positive spillovers on the household and the community through remittances and consumption expenditures, it also seriously jeopardizes the reproduction of peasants. In many communities, absenteeism leads to abandonment of the land, inappropriate production practices, and land speculation. Migration reproduces archaic social relationships and often deters productive investment because the returns from investing in migration are so much higher (Dominicans migrating to New York, Mexicans migrating to California, etc.). The result is the transformation of peasant communities in distant consumer suburbs of the destinations of migration. This is, of course, not the case for all peasants and all communities. When local profitable investment opportunities exist, successful migrants can invest their labor earnings in acquiring the status of family farmers. In this case, wage labor is not a symptom of depeasantization

but a detour toward acquiring the status of upper class peasant at a later stage of the life cycle.

Peasant exploitation and the contradictory demographic, ecological, and migratory responses that it creates tend to transform the social relations of production that characterize peasants. While peasants increase in absolute numbers and some may acquire the status of capitalized family farmers, the majority sees its land base deteriorate, its marketed surplus decline, and its sources of income become increasingly dominated by wage earnings. Cornered between the successful expansion of capitalist farms and of capitalized family farms that concentrate the land, on one side, and lack of sufficient employment and migration opportunities on the other side, the peasantry has to cling tenaciously to land resources and becomes increasingly semiproletarianized. The famous Latin American debate between campesinistas (advocates of the permanence of peasants) and proletaristas (advocates of the transformation of peasants into wage workers) was, thus, one in which both parties were partially right and partially wrong. Peasants do remain in numbers but not with unchanged social relations and, in particular, with increasing reliance on wage earnings; peasants are proletarianized but without, in the majority of cases, full loss of access to some productive land. Careful statistical observations indicate that the capitalization of family farms and full proletarianization are possible for a few but that the majority of Latin American peasants drifts to the status of semiproletarianization. For those, the family unit is maintained and retains its agricultural residence while increasingly relying on wage income for its subsistence. During period of economic crisis, as in the current debt squeeze on Latin American nations, migration opportunities are reduced and the role of peasants as providers of

household-financed social welfare increases. As a refuge sector, the number of peasants thus changes anticyclically relative to economic growth.

### The Policies of State-Peasant Relationships

The state is a complex and dynamic coalition of forces representing, in accordance with their relative political power, the interests of different segments of civil society and of the agents of the state (bureaucrats and politicians). Endowed with a certain degree of autonomy relative to civil society, the state can also transcend parochial interests to respond to systemic crises that compromise economic growth or the reproduction of the dominant social order. In peripheral capitalism, this relative autonomy will generally be used to subordinate peasants to the logic of disarticulated growth and to functionalize their survival strategies as purveyors of cheap food, rents, cheap labor, and household-financed social welfare. As we have seen it, these interventions of the state tend to favor the dominant classes which have a greater rent-seeking capacity and are rewarded through the appropriation of institutional rents. State interventions thus tend to accelerate the development of capitalism in agriculture and to accelerate social differentiation among peasants. Because subordination is contradictory to the reproduction of peasants, however, the state may also periodically intervene through propeasant initiatives that protect peasants' access to land and increase the productivity of labor in their home plots.

The most important state interventions which have stimulated the development of capitalization in Latin American agriculture while institutionalizing functional dualism with the peasantry are the land reforms that started with Mexico in 1917 and terminated with Chile in the late 1970s. These reforms

were basically antifeudal in the sense of forcing elimination of different forms of labor bondage and rents in labor services and a shift to wage labor. In all cases, a dualistic agrarian structure was created. On the one hand, nonexpropriated land was transformed under the threat of expropriation into either large-scale capitalist farms with the same boundaries as the former semifeudal estates (Bolivia, Venezuela, Ecuador, Peru in 1964-1969, and Colombia) or into medium-scale farms with ceilings on landownership (Mexico, Chile, and Peru after 1969). The reform sector was more extensive where revolutionary pressures existed (Mexico and Bolivia) or where democratic legitimization for the reform had to be obtained from the peasants (Chile) than where it served as a mere threat for the modernization of the reform sector (Colombia and Ecuador). In all cases, the reform sector had the principal purpose of achieving labor absorption and political stabilization while the nonexpropriated (but transformed) sector had the purpose of achieving productivity gains. Most of the peasantry remained unbenefited or was hurt by the reform, e.g., the former sharecroppers or workers with land rights who were expropriated in the process of transformation of the nonexpropriated lands (Chile, Ecuador, and Colombia). The land reforms thus reinforced functional dualism between an expansive capitalist sector generously subsidized by institutional rents (including the technology of the Green Revolution) and a growing mass of semiproletarians. The land-reform sector increased the number of both semiproletarian peasants and family farms, the former delivering cheap labor to the capitalist farms and the latter, a marketed surplus of cheap food based on self-exploiting family labor in a context of cheap food policies without the compensating benefit of institutional rents.

With the successful end of antifeudal land reforms in the early 1970s, the land-reform programs, which were proving to be destabilizing of investment in capitalist agriculture as they legitimized land invasions and created further threats of expropriation, were replaced by programs of agricultural development for capitalist farms and of integrated rural development for family farms. The purpose of these programs was to enhance the productivity of family farms, to protect them from competition with capitalist farms, to increase their capacity to deliver a marketed surplus of food, and to create a politically stable buffer class between semiproletarian peasants and capitalist farms. These programs, which use credit and technology as their main instruments, had, of course, very little to offer to semiproletarian peasants with insufficient land resources. Consequently, when successful, they helped to reinforce the economic and political viability of functional dualism. In recent years, the Mexican Food System (SAM) of the Lopez Portillo administration was the most ambitious state-initiated attempt at boosting the productivity of peasant farming to reduce national food dependency. For as long as bountiful oil and debt rents were available to Mexico, transferring resources to peasants was not opposed by the dominant political groups and the SAM project met with a fair degree of success. This was no longer the case when the economic crisis of 1982 suddenly created severe competition for public revenues. Lack of peasant political power to protect the budget of the project led to its elimination with a change in presidency.

While dominated by the logic of functional dualism, the relationship between state and peasants is highly dynamic. Peasants can employ a whole set of individual defensive strategies to protect themselves from aggression by the state. In other situations, defensive strategies give way to offensive

strategies either in the form of participation in revolutionary movements or through grassroots initiatives that evolve into collective action with the aim of influencing policy in their favor.

Hirschman (1970) has usefully contrasted two types of patterns of civilian response to unacceptable behavior of the state. One is "exit" where the dissatisfaction is expressed individually by evasive actions, failure to obey, and shifts to alternative sources of services. These defensive actions are not intended to change what are regarded as unjust public policies or poor performance of the state but to escape bearing the burden of their consequences. If public institutions depend for their survival on support from their clientele, exit will induce reorganization and redrafting of policies; but, if the public sector has a large degree of autonomy relative to peasant support, the effectiveness of exit behavior in inducing change will be very limited.

This behavior is typical of the majority of Latin American peasants. Their defensive strategies in response to aggression by the state are principally individual and evasive. Examples are the emergence of black markets and of illegal private appropriation of collective lands in response to abusive price controls in Chile under Allende, smuggling across borders between Colombia and Ecuador in response to overvalued exchange rates, withdrawal from the market when credit or terms-of-trade conditions are excessively unfavorable as during the oil and debt booms of the late 1970s with massively overvalued exchange rates and cheap food imports, and ignoring the authorities' prohibition of cutting trees in the watersheds of the Dominican Republic. These evasive actions induce state responses either toward laissez-faire or toward the use of force (Spittler, 1979). Force is, however, limited by the

difficulty of controlling production (hence, the tendency to collectivize as a means of control), by lack of information on the objective conditions of peasants, and by bureaucratic inefficiencies. The result is limited effectiveness in the implementation of policies directed toward peasants and limited response to the evasive behavior of peasants.

The other pattern of response, which Hirschman (1970) identifies, is "voice" which implies collective action with interest articulation and aggregation. In exceptional situations, peasant rebellions and revolutions have played important roles in the course of Latin American history. Large-scale peasant participation was determinant in the Mexican, Bolivian, and Nicaraguan revolutions (Huizer, 1972); but these movements are rarely initiated by peasants themselves, and the gains from these struggles are often captured by other groups. This was the case in Mexico, where the main beneficiary of the revolution has been the emerging bourgeoisie, and in Bolivia where peasants' gains in land were confined to infrasubsistence plots of land forcing them to offer their labor as semiproletarians.

#### Peasant Consciousness and Collective Action

There has been considerable debate over the origins of collective action among peasants and over the types of political programs in which they can be enlisted. In Mexico, for example, Bartra (1974) has argued that peasants assume petty bourgeois class positions and that a progressive alliance has to be sought between urban workers and the semiproletarian peasants and landless agricultural workers. Esteva (1978), by contrast, argues that peasants (including those who are highly semiproletarianized) are motivated by protection





and modernization of their small plots of land and can organize into eventually large peasant movements to achieve these goals. Peasant political organizations can, in turn, achieve a logical alliance with urban workers as they have mutual interests deriving from an increased production of basic foods and reduced urban migration which alleviates a source of downward pressure on urban wages.

There cannot, of course, exist a single political line among peasants due to the extraordinary heterogeneity and instability of their objective and subjective conditions. Yet, contradictory positions in this debate come from failure to acknowledge the fact that the class position of peasants, which is an intermediate location between the two essential classes of capitalism, is itself contradictory. Objectively, a majority of rural people tend to be more dependent on wage income than on home production for their subsistence. Yet, the seasonal and erratic conditions of their employment in a labor market marred by surplus labor and low wages force them to cling to plots of land for their survival, however small the contribution of land to total income. Rural wage earners are, thus, motivated to act collectively as small producers or in community struggles for public services, such as roads, potable water, and schools, while rarely for better employment conditions and higher wages. As Paré (1977) clearly indicates, neither should peasant demands for land and services be considered as reactionary nor should their heavy dependency on wage income be used to assume that they possess proletarian class consciousness. Collective action for greater access to land, to public assistance to the modernization of land use, and to improved community services has been at the base of grassroot initiatives in Latin America.

The conditions under which peasants' individual defensive strategies give way to collective action--not only to seek a collective solution to a common problem but also to act as a lobby and place claims on the state--are complex and varied. Huizer (1972); Castells (1983); and Hirschman (1984) have identified conditions such as (1) contacts with urban organizations and experiences derived from participation in other struggles; (2) availability of strong and charismatic local leaders; (3) creation of awareness through cultural revival and information campaigns; (4) external aggression by nature, landlords, or the state; and (5) support from urban allies or foreign assistance groups. Peasant political alliances have the distinctive characteristic of being generally aimed at the state rather than against other clearly defined class entities. In recent years, particularly under repressive forms of government that eliminate classical forms of organization as workers (unions) or producers (cooperatives), grassroots initiatives have been an important alternative course of collective action even if dispersed and confined to specific groups. Rarely do these initiatives aggregate into large movements and become significant agents of social change. Yet, the processes they set in motion can sometimes achieve substantial gains for participants and serve as springboards for more ambitious demands when the windows of opportunity suddenly open. They serve as nurseries for future leaders and breeding grounds for democratic values, and they are the most effective guardians against the potential barbarism of governments.

Footnotes

1. Backward and forward linkages are best understood in the context of input-output analysis. The backward linkages of a particular activity measure the demand for input-supplying industries that are necessary to sustain the activity. The forward linkages of an activity measure the use of the output of that activity as input by other industries. Investing in industries with strong linkages will thus induce large investments in input-supplying and output-using industries.

2. The traditional urban sector EAP is defined as being composed of workers on own-account, unpaid family members, and paid domestic services. Peasant EAP is defined as workers on own-account and unpaid family members.

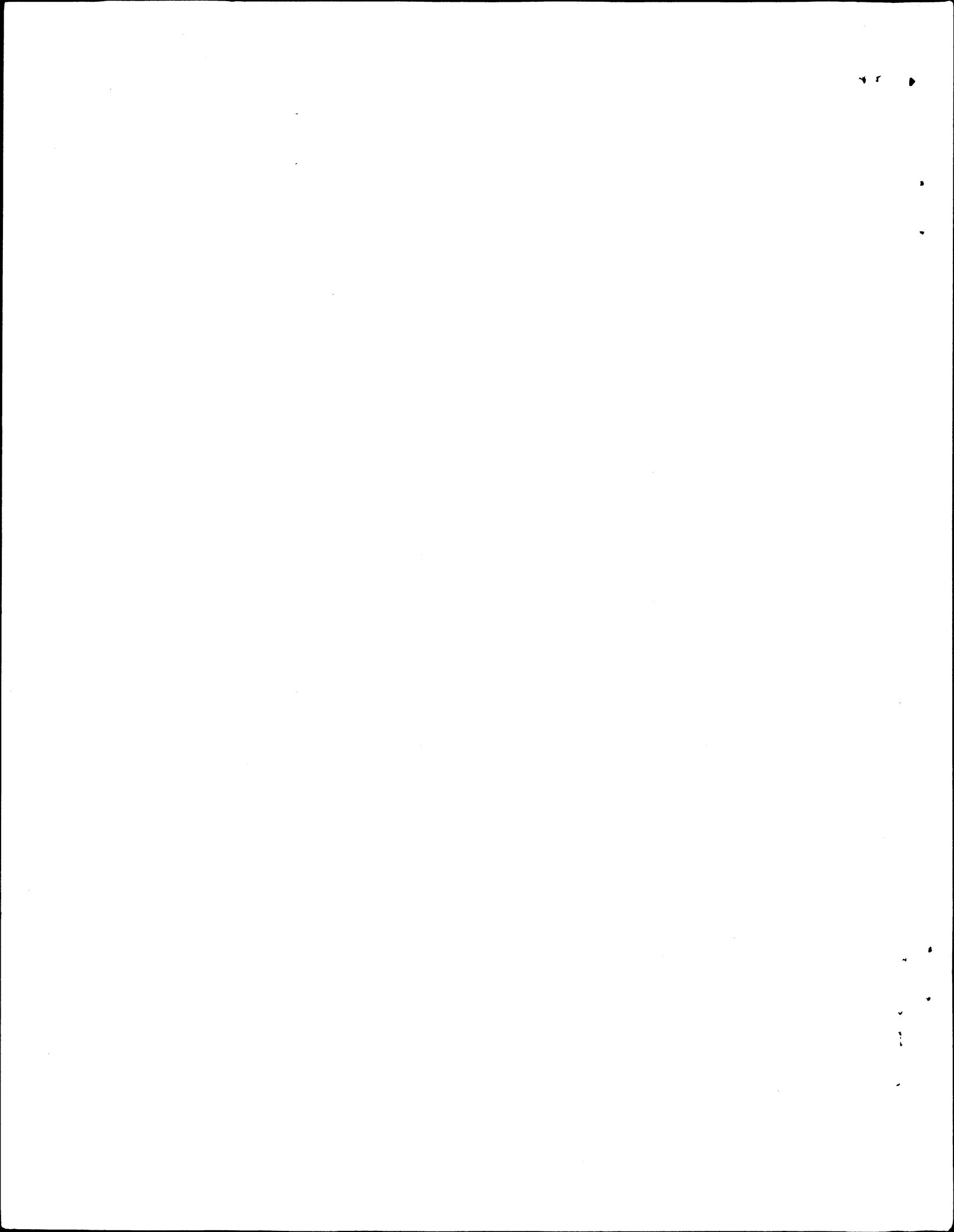
3. The implicit wages to family labor are equal to market wages, and the implicit rate of return to capital is no less than the average rate of profit to which this capital could have access in the economy.

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