

Debating Rural Poverty in Latin America: Towards a New Strategy

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Neither the state-driven development strategy of import-substitution industrialization from the late 1940s to the 1970s nor the neoliberal market-driven strategy since the 1980s has been able to resolve endemic problems of rural poverty in Latin America. This Development Viewpoint argues that the major reason is that the main causes of rural poverty are structural, e.g., related to an unequal distribution of land and political power. Hence, effectively tackling such causes will require a new Development Strategy as well as a new balance of political power (see the Journal of Agrarian Change Survey Article, Kay 2006).

To elaborate such a strategy, we have to analyze the current conditions of the peasantry. First, we have to distinguish two types of peasantry—namely, 1) those who continue to have direct access to land, through private, communal or cooperative ownership and 2) those who have only indirect access, such as through tenancy. The modernization of the latifundia system and the internationalization of agriculture have displaced many tenant farmers, most of whom have migrated to the cities. Meanwhile, capitalist farming has become dominant, limiting peasant options to have secure access to land.

A lively debate (between 'campesinistas' and 'proletaristas') has continued on whether the peasantry has endured these transformations or has become increasingly proletarianized. See several issues of the Journal of Agrarian Change, namely, Vol. 4, Nos. 1, 2 and 3 (January, April and July), 2004, for a spirited general debate on these issues.

This author's position is that the peasant economy in Latin America has continued to survive and will undoubtedly survive in some form for the foreseeable future. However, while the peasantry is far from disappearing, it is hardly thriving, and it is undergoing significant change. While a minority of peasants have been able to capitalize their smallholdings, the majority have been forced to increasingly engage in temporary wage labour under highly precarious and exploitative conditions. Some of the most disadvantaged peasants have been indigenous people. In addition, the lack of access to land has disproportionately affected women.

Peasants Are Doubly Squeezed

Peasants are subject to a relentless double squeeze of decreasing access to land and employment. As peasant numbers have increased, individual farm sizes have shrunk and competition has intensified for dwindling employment opportunities. One result has been an increased migration of peasants to urban areas or abroad.

Peasants who have stayed in the countryside have had to resort increasingly to off-farm or non-farm wage labour. In other words, semi-proletarianization appears to be the only viable option for peasants who still wish to retain access to their small plots of land.

Clearly, limited access to land by the majority of Latin America's campesinos is one of the chief reasons for the persistence of rural poverty. Hence, some form of meaningful land reform is still necessary. This is unlikely to take

the form of 'collectivization', however, unless a country's agriculture has been substantially modernized and large capitalist farms predominate.

For example, while Brazil's influential MST (Movimento Sem Terra) has called for forming collective farms, many of its members appear to prefer the establishment of small farms. A similar reaction faced the Sandinistas when, having taken power in 1979 in Nicaragua, they assumed that the main demand of campesinos was for better wages and employment conditions, not land. Eventually, the peasants' reaction against the formation of production cooperatives and state farms led the Sandinistas to change course.

In contrast, forming cooperatives, collectives or state farms made much more sense in Chile during the Allende government in the early 1970s. Chile's agrarian system had advanced the furthest towards capitalism in Latin America. Because much of the rural labour force had already been proletarianized, there was little support for subdividing latifundia into small farms. Hence, while land reform is necessary in much of Latin America, its specific form could vary across countries.



Photograph by David Bacon. See the site: <http://dbacon.igc.org/>

In addition, even though land reform should be considered a necessary condition for achieving broad-based rural development and poverty reduction, it should not be regarded as a sufficient condition.

The State will have to intervene to support land reform with a series of supportive measures, such as technical assistance, credit, and marketing facilities, in order to enable land reform beneficiaries to increase productivity and shift into more profitable agricultural and rural economic activities.

Increased access to credit would be crucial, in particular, for land reform beneficiaries. In addition, the State would have to guarantee universal access to good-quality education.

In the most recent period, the World Bank and other agencies have responded to the need for some form of land redistribution by proposing 'market-friendly' transactions based on a 'willing seller, willing buyer' principle as well as other related initiatives, such as promoting more accessible land-sales and land-rental markets based on improved land registration and titling.

Also, among some of the less developed countries of Latin America, such as Bolivia, Honduras and Nicaragua, the World Bank has been supporting Poverty Reduction Strategy Papers. But these strategy documents make virtually no mention of redistributive mechanisms as a means to address endemic rural poverty. Instead, they tend to focus on more modest measures such as improving land registries and regularizing land titles.

The Need for a Broader Development Strategy

However, the success of even such limited initiatives would depend on a series of institutional innovations that could protect the acquired rights of peasant households and communities.

But such innovations are unlikely without a fundamental change in the balance of economic and political power in rural areas.

Unfortunately, even such a rural economic and political shift, and the associated resolution of the land question, are unlikely without building a nation-wide base of support for implementing a broad-based development strategy that takes into account the interaction between rural and urban areas, and the synergies among the agricultural, industrial and service sectors in particular.

What would such a development strategy look like? When we compare the development experience of Latin America with that of East Asia, we can begin to outline some of the prerequisites. East Asia was able to develop national strategies more conducive to growth with equity, in which the State played a key role in providing protection to, and incentives for, both farmers and industrialists and encouraging investment, rising productivity and modernization.

Latin America has been unable, unfortunately, to build a mutually supportive interaction between agriculture and industry. In order to achieve high levels of development and eliminate poverty, it is necessary to industrialize, to a greater or lesser extent. Agricultural development, by itself, is unlikely to eliminate poverty.

Hence, agriculture needs to make a contribution to industrial development. But agriculture should not be squeezed to such an extent that farmers no longer have the resources or the incentives to invest, raise yields and expand production.

Although there were initial heavy net transfers of resources from agriculture to other economic sectors in some of the East Asian economies, such as the Republic of Korea and Taiwan, government policy ensured that sufficient incentives were retained to encourage peasant farmers to significantly raise agricultural productivity and output.

Hence, the critical factor for securing continuous growth and development was to achieve greater productivity in resource use throughout the economy, rather than concentrating on siphoning net surplus out of one sector. And a key ingredient for the success of these countries was the implementation of a thorough-going land reform.

From Neoliberalism to Neoliberalism

Within the current context of globalisation, neostructuralists appear to provide the most feasible alternative development strategy to neoliberalism in Latin America. Their approach is noteworthy for emphasizing the need for enhancing both equity and citizenship.

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For them, enhancing equity covers three components: 1) minimizing the proportion of households in poverty; 2) progressively abolishing discrimination due to social, ethnic or gender differences; and 3) directly addressing the concentration of wealth and power.

Thus, for the neostructuralists, a more egalitarian and widespread access to assets, either individually or collectively, is a fundamental prerequisite for achieving a major reduction in poverty. Hence, they agree that the land reform issue is far from being resolved in Latin America, although it needs to be set within a new historical context and complemented with State-supported access to credit, productive resources, technology and education.

The centre-left Concertación governments that took power in Chile, beginning in 1990, have attempted to implement major aspects of a 'growth with equity' or neostructuralist development strategy. They can certainly take major credit for having halved income poverty during their tenure.

But by mixing neostructuralist policies with an underlying neoliberal economic strategy, they have failed to make any significant progress in reducing Chile's high levels of income and wealth inequality. Undertaking more radical redistributive measures while still ensuring continued rapid and sustainable growth remains a formidable challenge for any progressive strategy.

This point reminds us that redistributing wealth and supporting it with complementary State measures still implies a fundamental change in the political balance of power in society, namely, a basic enhancement or empowerment of citizenship that is still lacking throughout Latin America.

Enhancing citizenship implies strengthening people's participation in public life and in decision-making processes that affect their livelihoods and their country's future. The expectation is that collectively people will thereby gain sufficient social cohesion and political legitimacy to undertake the major transformations—such as land reform—that are still needed to achieve equitable economic development and eliminate poverty in Latin America.

Reference:

Cristóbal Kay (2006). "Survey Article: Rural Poverty and Development Strategies in Latin America". *Journal of Agrarian Change*, Vol. 6, No. 4, October, pp. 455-508.