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Mexican Sugarcane Growers: Economic Restructuring and Political Options

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Introduction

Peter Singelmann

Since the late 1980s, Mexican campesinos have faced the dissolution of a longstanding political pact under which they had traded their loyalty to ruling party and government for legally stipulated social guarantees. The benefits of the pact were reflected in the constitutional protection of campesino landholdings, as well as in public institutions that provided credit, guaranteed crop prices, arranged marketing, and awarded a variety of other subsidies and services. These benefits, formally sanctioned by the Constitution of 1917 and related statutes, have their origins in campesino struggles for land and resources during the Mexican Revolution. In particular, Article 27 of the constitution provided the foundation for reestablishing dissolved campesino communities—or creating new ones—in ejidos comprised of inalienable lands controlled by campesinos, and set size limits on private landholdings. Due to its scope and importance for campesinos, Article 27 became entrenched in the political language of the postrevolutionary period as an emotionally charged symbol for land, liberty, and security.

The revision of Article 27 in January 1992 changed ejido land management by creating new opportunities for individuals to wrest authority over the use of their landholdings from ejido decision making bodies. The revised article and associated new regulations permit ejidatarios to assert their permanent and inalienable individual control over the ejido lands they have held in usufruct—without restriction they now can rent their landholdings and employ their usufruct rights as collateral. With approval of the ejido they can convert their land parcels to private property (and thus separate themselves from the ejido), as well as sell their land. The reforms also open ejido lands to joint ventures with domestic and foreign capitalists. Finally, they shift responsibility for success and failure from the ejido to the campesino cultivator—from the community to the individual. These modifications are components of a broader state-led program of economic transformation that, in the rural sector, also seeks the gradual but definitive elimination of crop subsidies and price guarantees as part of a strategy to align Mexico’s farmers to competitive international markets under the North American Free Trade Agreement (NAFTA) and global trading rules.

Under the new agrarian policies and economic rules, the customary patterns of political patronage and loyalty in the countryside no longer operate as before. Instead, campesinos now are challenged to think and act like entrepreneurs who assume investment risks in order to successfully participate in competitive markets. But most possess neither the economic resources nor worldviews that could readily transform them into the kind of “campesino entrepreneurs” sought by the government or by the leaders of the Confederación

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2. In this volume, campesino generally is used in place of such terms as peasant, family farmer, or small farmers. In this essay it is used as an ideal-type referring to individuals or households engaged in labor-intensive cultivation of small parcels with returns that do not exceed the requirements for ensuring the subsistence (“simple reproduction”) of the producers. “Modern farmers” are distinguished from campesinos by their capital-intensive land cultivation and greater potential for accumulating capital. In the Mexican context, a campesino household generally employs its own labor power to cultivate land it controls, although this may be supplemented by hired fieldhands or complemented through mechanisms of labor exchange with other campesino households.

3. An ejido is an agrarian reform community consisting of at least 20 campesinos who jointly control lands granted to them in usufruct. An ejidatario is a person with use rights to ejido land.
Nacional Campesina (CNC) and the Confederación Nacional de Productores Rurales (CNPR), the two campesino confederations affiliated to the ruling Partido Revolucionario Institucional (PRI).\footnote{The CNC was founded in 1938 to represent the ejidatarios, while small private landowners later founded the Confederación Nacional de Pequeños Propietarios (CNPP). In 1991, the leaders of the CNPP felt no longer obliged to portray themselves as the representatives of “small property” (i.e., private) owners and changed the name of their organization to the CNPR in representation of “rural producers.”}

This contradiction between campesino worldviews and neoliberal economic reforms defines the unprecedented challenge to the traditional legitimacy held by both organizations, especially as mediators between campesinos, on the one hand, and the PRI and the government, on the other. It has accentuated the rift in both organizations between those campesinos who insist that longstanding social guarantees be upheld and others willing to become rural entrepreneurs. Furthermore, it also is the basis for political polarization between those who mobilize within the institutional parameters set by the PRI and the government and those who resist such limits.

In this context of broad change, sugarcane growers represent a distinct social group. Their social history has been marked by the need to effectively coordinate sugarcane cultivation with factory production, and by the contradictions inherent in government mediation of the different demands posed by cane growers, mill workers, hired field hands, mill owners, consumers and the secondary industries that use sugar and other cane products. The particular implications of the current transformation for the social and political options of Mexico’s sugarcane growers will be examined in the essays of this volume.

**LAND AND SECURITY WITHOUT LIBERTY**

Sugarcane growers have occupied a unique position in postrevolutionary Mexico as both political and economic actors. As the recipients of hacienda lands, whose acquisition and subsequent distribution to ejido communities was initiated in 1911 in the state of Morelos under the leadership of Emiliano Zapata, they symbolize the populist conquests of the revolution. Moreover, as participants in the revolutionary compromise that not only reaffirmed traditional campesino rights but also established corporatist organizations to promote capitalist production strategies and market principles in the countryside, sugarcane growers exemplify the postrevolutionary role of campesinos in the Mexican national economy. In terms of political outcomes, this dualistic trajectory entailed the cane growers’ cyclical resistance to, and subordination under the tutelage of, leaders in their communities and in PRI-affiliated organizations.

The duality of popular control and state-led capitalist strategies has shaped the contradictory positions adopted by the campesino cane growers and the capitalist sugar mill owners. It underlies the rationale for both corporatist political control by the ruling party and the accelerated insertion of the state in regulating cane cultivation, financing, milling, and the distribution of mill products. In mediating relations and strategies in the sugar sector, the state has only been able to ameliorate, but not to resolve, the discrepancies between campesino perspectives, consumer demand, capitalist production, and market forces. In prerevolutionary Mexico, the government could ensure the viability of mill production through subsidies and import restrictions. After the revolution, higher returns could periodically be obtained from export to the United States at more favorable prices. But since the 1930s, when the maintenance of low sugar prices became a constant factor in government policy making due to the political need for popular approval, the importance of assuring mills of minimal profitability has declined. This has exacerbated the tensions implicit in the longstanding question of whether it is possible to simultaneously satisfy the demands of urban consumers and secondary industries for low sugar prices, meet the mills’ need for high sugar but low cane prices, and address the cane growers’ demands for high cane prices and broad social guarantees, as well as cover the costs of hiring field workers, cane cutters, and—especially—mill workers (whose union gradually had gained the political power needed to obtain high wages, fringe benefits and job security).
The answer to this question has always been negative, but over the years there have been important shifts in the amount available for redistribution and how it might be distributed among the different groups. The availability of fiscal resources has provided the economic context for the political choices made by the government, while each redistribution reflected the economic outcomes of political decisions. The nexus between the economic and political dimensions inevitably has been complex and ambivalent, and it is in this context that political mobilizations by cane growers, strikes by mill workers, and the political *compadrazgos* (alliaces) of the mill owners should be assessed. Given the difficulties of at least minimally meeting the demands of all groups, the institutional order remained precarious. In this context, intimidation, assassinations, and “undisciplined” political resistance have often been formally at the margin but actually at the center of such activities.

Prior to the 1980s, the premises of the revolutionary arrangements entrenched in the new sociopolitical order of postrevolutionary Mexico largely were unchallenged by policy shifts, legal revisions, and institutional reorganization. For small sugarcane growers, whose fortunes had improved with the acquisition of ejido lands, these understandings were rooted in revolutionary struggle and formed the basis of a set of social guarantees embodied in policies, laws, and institutions. Such guarantees closed markets by requiring mills to purchase cane at fixed prices only from local growers, assured the continued operation by the government of failing or bankrupt mills, provided health insurance and pensions, and prohibited the use of ejido lands as collateral—thus protecting them from potential forfeiture. The growers’ highly capital-intensive cultivation of their cane fields came to depend on resources provided by the mill owners, government, and public institutions. Consequently, the cane growers and their communities never obtained economic autonomy because their incomes and livelihoods were dependent on government programs, legal decrees, and party patronage.

The parameters of this dependence were set by the politically assessed social significance of sugar, sweet rolls, and soft drinks as popular consumer goods and by the corresponding inclusion of sugar under the price ceilings set for the official *canasta* (basket) of basic staples. Until the 1970s, small sugarcane growers generally lost out in competition with mill owners—and to a certain extent, with mill workers and field hands—for shares in the value produced within the sugar agroindustrial sector. Then the entire sugar industry became increasingly caught between rising production costs and low prices for sugar and other cane products. The competing groups found limits on their incomes increasingly set by the consumer-oriented components of government policies. However, the impacts on cane growers and mill owners differed. On the one hand, sugarcane growers were protected from bankruptcy due to the constitutionally guaranteed inalienability of ejido landholdings and to the de facto application of this principle also to the holdings of small private growers. On the other hand, while the sugar mills received subsidies to compensate for low sugar prices, they were not protected from failure if government support was insufficient to ensure their profitability. As the mills were not necessarily more politically important than other groups, when their losses exceeded what the government-controlled Financiera Nacional Azucarera, S.A. (FINASA) found politically feasible to offset the sugar refineries had to declare bankruptcy and turn their holdings over to the state. This process began in the early 1970s, then halted temporarily when mill owners obtained significant profits from exported sugar surpluses. But in 1976 the decline of the sugar industry began anew, despite the first sugar price increase since 1970, due to the disappearance of the exportable sugar surplus, the collapse of the international sugar price, and the 50 percent devaluation of the Mexican peso. Between 1976 and 1978, the majority of the sugar mills went bankrupt and were taken over by the government. By 1981, only 16 of the 68 mills remained privately owned.

For cane growers and mill workers, the industry’s collapse led to their realignment with the new public sector of the sugar industry. But the shift from private to public mill ownership did not entail a radical break for either group. In fact, by accentuating the role of both state and party patronage in the fields and in the mills, it opened a new political space for the PRI-affiliated unions of the cane growers and mill workers.
The political opening was fostered by other developments, including: (1) occupations or blockades of mills by different CNC-affiliated cane growers organizations, first in the state of Veracruz during 1972 and 1973, and across the nation through 1975; (2) the parallel political ascent of Roque Spinazo Foglia, a charismatic leader who stirred up unrest and subsequently integrated the major cane growers unions of the CNC into a strong national union that obtained significant economic improvements for its members; (3) spontaneous campesino mobilizations preceding the 1975–76 presidential election campaign; and (4) government sponsorship in 1975 of the Pacto de Ocampo between the CNC and three major independent campesino organizations,⁵ which aimed to integrate rural communities into the market economy, to provide a political base for a presidential hopeful, and to reinforce the political discipline of the major campesino organizations through the compensating award of seats in the legislature.

The intersection between the industry’s decline and the political ascent of the cane growers manifested broader social contradictions that fostered increased state intervention in the sugar industry through the 1975 reorganization of the Comisión Nacional de la Industria Azucarera (CNIAs). It also accentuated the distribution of spoils and jobs in both the mills and the cane fields. In the process, government institutions ceased to be primarily mediators and increasingly assumed nearly complete control over most aspects of cane cultivation, sugar processing, and distribution. Within limits, the government could shoulder the burden of taking over the bankrupt mills by drawing on new fiscal resources derived from the oil boom in the late 1970s. The government’s efforts were complemented by a growing willingness of the cane growers unions to increase productivity. The dissolution of the CNIAs, and its replacement by the even more centralized Azúcar, S.A. in 1983, represented a final, although temporary, attempt to separate state management from party politics. But sugar price increases barely covered the accelerating production costs stirred by unprecedented currency devaluations and inflation. Also for the cane growers, the government pricing policies continued to trigger an old complaint: when the new cane price was adjusted for rising costs of living and production, growers remained at best as poor as before.

**LAND AND LIBERTY WITHOUT SECURITY**

During the 1980s conditions became worse for many cane growers, but this time the decline was more the product of a radical program of societal transformation that emerged in response to the breakdown of the national economy in fall 1982 than of sectoral policies. A definite shift toward liberal economic policies stipulated by the International Monetary Fund (IMF) as a condition for refinancing Mexico’s international debt led to the opening of the national economy through the easing of restrictions on imports and foreign investment. This reorientation was made concrete by Mexico’s 1986 accession to the General Agreement on Tariffs and Trade (GATT) and the initiation of NAFTA in 1994. Internally, “restructuring” became the general code word for a range of policies that include the reprivatization of state-owned enterprises and the elimination or drastic reduction of government subsidies received by industries, agricultural producers, service providers, and consumers.

The sugar industry was one of the major sectors targeted in these changes. Between 1988 and 1992, a few state-owned mills were shut down. But most of them, including two controlled by cane growers’ cooperatives, were sold cheaply to new investors. Some of the new buyers primarily sought quick profits from the purchase of the underpriced mills. In other cases, a number of mills were transferred to the “social sector” comprised of ejidatarios and smallholders represented by the CNC and the CNPP. But the majority of mills were acquired by corporations seeking to secure cheap supplies of sugar and cane derivatives for their factories which produced sweet rolls, soft drinks, and other products. This vertical integration with secondary industries, and their greater independence from government patronage, distinguished the new owners from

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⁵ The independent organizations were the Unión General de Obreros y Campesinos de México “Jacinto López” (UGOCM), the Central Campesina Independiente (CCI), and the Confederación Agrarista Mexicana (CAM).

The shift entailed a restructuring of relations between mill management, mill workers, and cane growers. Sanctioned by the government, the new owners refused to play by the old political rules and systematically moved toward a more exclusive focus on productivity and cost reduction. For mill employees, the result was a drastic loss of jobs both in the offices and on the floor of the mill, a significant reduction of wage levels and fringe benefits, and the elimination of the mill's contribution to numerous funds set up for different social services. Under the new political constellation, the mill workers union rapidly lost the social and economic privileges for its members previously established in friendly negotiations with the state and the mill owners.

The position of the sugarcane growers has become more complex, especially in terms of their relations with mill workers. The small growers traditionally resented how mill workers utilized their privileged position to disproportionately obtain both contractually stipulated and illicit fringe benefits. Furthermore, previous mobilizations by the growers to demand from public and private mill managers a greater share of the product value had been undermined by a tacit alliance between the mill owners and the mill workers union. Today, however, the new emphasis on reducing mill operating costs has hurt the mill workers, while the cane growers tend to see the benefits of raising mill productivity and improving Mexican sugar's competitiveness. With the cost reductions in the cultivation and cutting of cane that also are being spearheaded by the new industrial sector, many cane growers see new possibilities for improving their own incomes and hence are showing little sympathy for displaced mill personnel, except for those who are members of their own family. Furthermore, the cane growers remain in a unique position, as the price of their crop continues to be officially set according to changing costs of production. By contrast, price guarantees and subsidies of all other crops will be gradually reduced in a 15-year time span under the NAFTA.

But their new relations with the mill owners also present unprecedented challenges to, and trigger new anxieties among, the cane growers who now find that their fates are more than ever before directly tied to the privately owned mills—and thus to the ability of mill owners to pay for cane, social security, and other services. In 1990 the industry's liquidity became strained again due to the flooding of the national sugar market with cheaper imports. As a result of tight financial conditions, many cane growers did not receive the weekly payments needed to finance the care of their fields, were not paid on time or at all for their crop, were forced to leave much of their cane unharvested, or lost the mills' contributions on their behalf to the social security and health system. In the worst cases, mills went bankrupt and closed permanently, thus leaving the cane growers with few feasible income-generating alternatives. Unlike during previous crises, the current decline of the sugar industry has had a direct adverse impact on the cane growers.

The small sugarcane growers have been further challenged by their recent assumption of responsibility for managing the cultivation of their lands. The challenge of reorganizing production has been exacerbated by systemic pressures on growers to immediately maximize productivity under terms of the sectoral regulations contained in the Decreto Cañero (Sugar Decree) signed by President Carlos Salinas de Gortari in 1991. Ironically, the responsibilities today thrust upon growers had been systematically denied to them under the regimen traditionally mediated by the CNC and CNPR. Previously, subordination to party discipline was rewarded by political patronage that led to upward mobility for some astute campesinos. Equally important, allegiance to the PRI had established the monopoly of its affiliated cane growers unions over jobs, and assured their members privileged access to a share of the economic returns, crucial political resources and needed social services. This customary exchange of political accommodation and economic dependence for social guarantees led to the establishment of practices and worldviews which, despite their contradictory dimensions, were appropriate to the then prevailing political structure characterized by the dominance of political considerations in governmental decision making. These practices and worldviews, however, are clearly incompatible with the capitalist economic principles currently being promoted by the Mexican state.
LIBERTY WITHOUT LAND OR SECURITY?
Now that neoliberal economic principles have set productivity in a competitive market as the overarching objective shaping social policies and other political decisions, the cane growers have been suddenly assigned the responsibility of managing the cultivation of their fields without the political patronage and economic guarantees to which they have become accustomed. The PRI and its cane growers unions now are forced to shift their strategies from political mediation and patronage to independent economic initiative, responsibility, and risktaking. They had been exposed to these issues since the mid-1970s, but neither the rank-and-file nor their leaders, for the most part, really addressed them until the transformation began to be definitively promoted by the Salinas government after 1988. Accordingly, the two cane growers unions of the PRI now face the dual challenge of changing their internal organization by dissolving the established privileges of their leaders and convincing their ordinary members that the restructuring is not only politically necessary but can provide new economic opportunities.

But for most cane growers, the question is not only whether they have been well prepared for this transition but, more importantly, whether as minifundistas (very small-scale growers) they can meet these challenges at all. Can they continue as cane growers under the new parameters, and if not, then what alternatives exist? The emerging answers to these queries will shape the growers’ future political responses.

While the intersection between economic development and political choice is always multifaceted, it can be argued that until the 1980s the cane growers had been incorporated into relations of production and distribution that were determined primarily by the selective distribution of economic benefits under shifting constellations of government and party patronage. The handicaps these processes set for both efficient production and fair distribution were always visible, but they assumed a new political salience only with the breakdown of the national economy in 1982. Since the initiation of mill reprivatization in 1988, political objectives have largely been displaced by greater adherence to internationally-recognized economic principles that downplay the political intrusion of party patronage in government policies and the legislature. But this shift does not necessarily translate into the smooth emergence of a social order guided by liberal economic principles unconfonted by politically mobilized growers. The emergent economic orientation is subject to questioning and resistance. What may be defined as economically necessary in general remains subject to disagreement among particular groups or factions, nor does it necessarily coincide with what is politically possible.

The essays in this volume will address such questions and contradictions in the restructuring of the Mexican sugar sector from the vantage points of sugarcane growers at the national level and in distinct regions. They also consider how Mexico’s participation in NAFTA may potentially reshape both the questions raised and the future roles of the social actors involved in cane cultivation and in sugar processing and distribution. As the answers are likely to remain elusive for some time, the potential political mobilization of anxious cane growers will continue to be a central issue for assessing future prospects for both economic and political change in the sugar sector. To the extent that current moves toward broader democratization progress, the cane growers (like other campesinos) will find greater space for political maneuver. A key question is emerging in regard to the shape of future mobilization: will wealthier cane growers transform their organizations into lobbies to mainly advance partnerships between better-off producers and private investors, leaving poor minifundistas to abandon sugarcane cultivation? Many cane growers currently are rejecting these contrasting alternatives because, on the one hand, they lack the resources needed to improve their productivity and become fully capitalist or, on the other, because they fail to find suitable income-generating options that might convince them to abandon their fields and to renounce their claims of social guarantees. Consequently, their new liberty actually may encourage them to mobilize to insist on the continuation of sugarcane cultivation on their lands under the security of the political and economic arrangements to which they have become accustomed.
Chapter 1

Campesinos, Sugar, and the Mexican State:
From Social Guarantees to Neoliberalism

Peter Singelmann and Gerardo Otero

Mexican sugarcane growers currently face a dramatic social transformation rooted in the restructuring of the Mexican economy that began in the early 1980s. Like other campesinos, the cane growers now confront the dissolution of the traditional “guarantees” they fought for and won during and after the revolution of 1910 (Stavenhagen 1978; Warman 1980a; Otero 1989). These guarantees ensured at least a portion of their subsistence, providing them with easy access to a wide array of state-sponsored benefits in the form of crop price guarantees, public subsidies, and low-interest loans for which their crops, but not their lands, could serve as collateral.

These hard-won benefits have been the foundation for the loyalty of the campesinos to what emerged as the PRI in postrevolutionary Mexico. Such loyalty manifested the gratitude and debt established with the distribution of ejido lands to the rural communities according to Article 27 of the 1917 Constitution (Simpson 1937: 56–97; Reyes Osorio et al. 1974: 372–433). It also provided popular legitimation for the emerging corporate state and for the acceptance of paternalistic subordination under party patronage by campesinos, workers, and groups affiliated with the “popular” sector of the PRI. Specifically for the campesinos, the social insurance manifested in these developments reflected patterns often identified in terms of the guarantees that constitute the basis for a general “campesino worldview.” Such an outlook entails the self-perceived “moral rights” of campesinos for minimal, but secure, incomes in return for their accommodation to political subordination and unfavorable economic exchanges. It discards the potentially higher, but insecure, “average returns” offered by capital-intensive production for the modern market (Scott 1975; Guha 1983; Joseph 1990).

Mexican campesinos are confronting today the definite dissolution of such guarantees under the increasingly prevalence of “modern” market forces (Cornelius 1985; Appendini 1992; Fox 1992; Hewitt de Alcántara 1994; Barkin 1990). This transformation began slowly in the mid-1970s and then received a significant push with the response of the de la Madrid administration (1982–1988) to the collapse of the Mexican economy in the fall of 1982 and, subsequently, with the acceptance of conditions set in 1986 by the International Monetary Fund (IMF) during renegotiation of the nation’s foreign debt. The current (re)privatization of state enterprises and the reassessment of party patronage in the distribution of economic resources represent central components of what amounts to an attempted paradigmatic shift in economic policies, class hegemony, and the way things are done in politics.

In the countryside, this transformation has radically challenged the “constitutive agenda” (Foley 1991) established by the campesinos after 1910. It entails the imposition of new economic forces over the established social and political compromises. Accordingly, the confederations of campesinos, workers, and


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popular groups in the PRI are obliged to redefine their position in the civil society and their relations to the state. They are challenged to maintain their legitimacy both against a government that effectively rejects their traditional role and against their rank-and-file members who insist precisely on the conquered and customary guarantees that had long been mediated by the campesino organizations of the PRI.

For Mexico’s farmers in general, and for campesinos in particular, the paradigmatic shift entails the opening of the national market to cheap agricultural imports, the elimination or drastic reduction of state subsidies and protective trade tariffs, and a radical challenge to the accustomed intersection between economic resources and party patronage in determining crop selection, loan provision, production management and product marketing. In both symbolic and practical terms, the 1992 revision of constitutional Article 27 has been central to efforts to integrate ejidos into a rapidly restructuring national economy.

These changes have highlighted a longstanding question raised by scholars and, in different ways, by the subjects of their investigations: to what extent can different types of campesinos transform their customary forms of land cultivation toward one marked by the production and marketing of commercial crops, and to what extent can they find plausible alternatives to their traditional guarantees? This chapter assesses such questions by examining the different options of Mexican sugarcane growers in the context of the broader changes currently taking place in the national sugar industry.

THE SUGAR INDUSTRY AND SUGARCANE GROWERS: THE HERITAGE OF 1910

The cane growers emerged as a new group in postrevolutionary Mexico with the legal dissolution of the sugar haciendas in 1940 and the distribution of their lands to newly formed ejido communities (Crespo et al. 1990: ch. 5; Maturana Medina and Restrepo Fernández 1970: chs. 1–3; Pérez Arce 1979; Igartúa 1987a; Bartra 1993b; Auraycochea and Paz Paredes 1993; Espinosa 1993). Their social position highlights the gains made by the rural lower class under the auspices of the zapatistas,3 as well as the broader social transformation in which the parallel ascent of other groups constituted the context for the political compromise that sought to mediate populist social reforms and industrialization under a corporatist political order.

The resurgence of the Mexican sugar industry in the 1930s was guided by the power of a new group of mill owners under the leadership of Aarón Sáenz. As victorious revolutionary generals, the members of this group subsequently assumed political office under the new regime and used their public positions to invest in the sugar industry (Espinosa 1993: 135–42; Heffley 1970: 67–86, 93–94; Ronfeldt 1973: 23, 30, 171; Hamilton 1982: 87–90, 297–98). This harmony of interests between public office and private business received its legal underpinning in 1938 with the inclusion of the mill owners and the government in the newly founded Unión Nacional de Productores de Azúcar, S.A. (UNPASA).

The populist component of the political compromise for the cane growers was reflected first in the distribution of sugar hacienda lands in 1911 by Emiliano Zapata to the villagers of Morelos. In 1940, the redistribution of other hacienda lands culminated in a decree that ordered the legal dissolution of all sugar plantations and the distribution of their lands to newly formed ejido communities. As was commonplace in the general land reform process, parcels in the new cane-growing ejidos were distributed primarily to minifundistas with inadequate resources for ensuring capitalization or even family subsistence.4 From the beginning, the growers’ social position was marked by the contradiction between their campesino worldviews and their dependency on the paternalistic mediation by the government and ruling party of their insertion into capitalist agriculture as suppliers of industrial raw materials (i.e., sugarcane). Formalizing these relations, a

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3. The postrevolutionary inheritors of the mantle of Emiliano Zapata, not the contemporary movement based in Chiapas.

4. During the 1970 zafra (cane cutting and milling season), 69.5 percent of the ejidatarios and 50.6 percent of the cane growers cultivated cane on up to four hectares (UNPASA 1971: 56–57). Cane growers tend to consider five hectares as the minimum for ensuring a modest standard of living.
1943 government decree obliged landholders in given *zonas de abastecimiento* (supply zones) to cultivate sugarcane on fields designated by the mills. A subsequent decree in 1944 subjected the sugar price to state regulation and assigned the determination of the cane price to UNPASA at the end of each zafra according to the mean sucrose content of the cane cut in different fields within given supply zones, and it set the criteria for other deductions from the cane price by mill management (see Maturana Medina and Restrepo Fernández 1970: 47–49; Espinosa 1993). As these decrees postulated both the absence of production decisions by the cane growers and a focus on mean, not individual, productivity for determining the cane price in the supply zones, they eliminated any rationale for individual cane growers to seek improved productivity. These practices also led to cane growers becoming accustomed to assigning both responsibility for success and blame for failure to the mills.

Despite the distinct social, economic, and political backgrounds of mill owners and cane growers, they faced the same problem early in the postrevolutionary period when sugar became included in the official breadbasket of basic staples subject to price regulations according to implicitly political, “social” criteria. The reactions of the owners and growers to the negative impact on their earnings due to the politicization of sugar pricing, in the context of the ties of the sugar industry to the ruling “Revolutionary Family,” contributed to the increasing need for state regulation of the sector. The resulting interventions included subsidies for both producers and consumers, sugar production quotas set to balance internal demand and supply, internal price controls which balanced the assurance of minimal mill profits against maximal popular appeal, and the establishment of a government monopoly over the purchase and resale of sugar from the mills (Maturana Medina and Restrepo Fernández 1970: ch. 3). The popularity of sweet rolls, soft drinks, and of other everyday foods also underlay the rationale for regulating the price of cane derivatives destined for secondary industries. The general parameters for the returns of both cane growers and sugar mills were set by such interventions, in conjunction with the regulation of sugar supplies—and hence, profitability—through management of sugar imports and exports (Espinosa and Sandoval 1979; Paré 1979b; Paré 1987b; Singelmann 1993).

Changes in popular demands and shifting political constellations had different impacts on the real revenues of mills and cane growers over time (del Villar 1976; Singelmann 1993). Between 1940 and the mid-1980s, low cane prices were set by the government according to political criteria and were taken as a given when determining the returns of the cane growers (Paré 1979b; Bartra, Aurrecoechea, and Paz Paredes 1993; Espinosa and Aurrecoechea 1993; Bartra, Paz Paredes, and Aurrecoechea 1993). During this period, the disadvantage of the low cane price was to some extent compensated by the protection from unpredictable market fluctuations implicit in the government’s guarantee of a minimum price (Singelmann, field notes, Morelos 1975–76).

Mill owners and cane growers thus were engaged in capitalist production, but under politically guided price restrictions that involved different rules of the game for each group. For both mill owners and cane growers these rules encouraged strategies typically associated with poor campesinos—producing for low but guaranteed returns. But the mill owners operated legally under market principles and could go bankrupt if the government-controlled Financiera Nacional Azucarera, S.A. (FINASA) called in their debts. By contrast, ejidatario cane growers de jure, and private smallholding cane growers de facto, could not formally go broke because their lands are inalienable, although they might be forced to reduce their standard of living or increasingly rely on supplementary income from other sources. The rash of mill bankruptcies between 1970 and 1982 for the most part only meant that the state took over the mills; in the process incorporating them

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5. The low cane price has to be assessed not only according to the net returns obtained from cane cultivation in comparison with other crops. It also has to be evaluated in terms of the long period of approximately 18 months between initial soil preparation and final liquidation during the first cycle (*plantada*). The *soca* in the following season and subsequent *resocas* entail 12-month periods.

6. On the position of the cane growers until the 1980s, see Espinosa and Sandoval (1979); Paré (1979b); Singelmann, Quesada, and Tapia (1982); and the essays in the volumes edited by Paré (1979a) and Bartra (1993a).
more explicitly into government and party patronage. But the transfers of the mills from the private to the public sector threatened neither the secure market nor the price guarantees for the cane growers (Singelmann 1993; Pérez Arce 1979; del Villar 1976).

Under these conditions, impoverished minifundistas tended to see their trade of subordination for guarantees with little enthusiasm, but they usually considered it essential in order to minimally ensure their subsistence. For those with more land, this trade-off provided a secure base from which to undertake riskier ventures in potentially profitable “commercial” crops (Singelmann, field notes, Morelos 1975–76). For the cane growers the turbulent shifts in the fate of the sugar industry mattered little, as they did not directly affect the guarantees undergirding their income from cane cultivation. It is this kind of security that has become directly challenged since 1988.

ECONOMIC RESTRUCTURING AND THE SUGAR INDUSTRY
The catalyst for this challenge rests in the breakdown of the national economy in 1982 and in the subsequent shift in government policies toward restructuring. These developments led to the inclusion of the sugar industry in the group of state enterprises earmarked for reprivatization according to the conditions set by the IMF in 1986 for the restructuring of Mexico’s foreign debt. Between 1988 and 1991, the two cooperative mills and all government-owned mills were sold, and in 1992 Azúcar, S.A., the government agency that had centrally controlled the production and distribution of sugar since 1983, was dissolved.

The mill reprivatization, in conjunction with the liberalization of the national economy, established fresh possibilities for the sugar industry, especially for the new owners consisting primarily of companies and corporations engaged in the production of soft drinks, sweet rolls, paper and other industrial products that use cane derivatives as raw materials. With the dissolution of Azúcar, S.A. and the termination of the government’s monopoly over sugar distribution in the wholesale market, the new breed of mill owners could now additionally benefit from the direct and low-cost supply of raw materials to their secondary industries. Other investors were speculators seeking quick profits from the purchase of underpriced mills7 under the expectation that new government policies would lead to the setting of the sugar price and import quotas according to the needed average returns of the sugar industry, rather than to the politically guided criteria that had traditionally favored consumers and secondary industries.

After reprivatization, government policy towards the sugar sector remained problematic (García Chávez 1993: 44). In part, the ongoing difficulties of the sugar mills resulted from the fact that their revenues continued to hinge on a government-set maximum price on sugar for industrial uses. They also were affected by the government’s decision to permit high levels of sugar imports based on inaccurate estimates of internal demand and supply. Thus, a new crisis in the sugar industry began in 1989 when higher than expected sugar production was exacerbated by the flooding of the national market with cheap imports. Without the guaranteed and centrally regulated market that had operated before, the sugar supply exceeded domestic demand and outstripped storage facilities. As the industrial prices for sugar sank below the government-set level for the first time, net losses for the industry as a whole grew, and a wave of bankruptcies marked a new crisis that matched the collapse of the industry after 1975.8

The new crisis is not merely the result of an erroneous assessment of supply needs or of political maneuvering. It also has structural roots in the convergence of the established contradictions between populist

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7. The mills were sold at discount prices, in part due to the distrust of government policies and commitments by the potential buyers, generally for a 10 percent down payment and a 10-year payment schedule (interviews with representatives of Azúcar, S.A. in 1991, and with representatives of the "traditional" private sector of the industry, May 1993).

political calculation and capitalist economic forces, the dissolution of the sector’s institutional props, and in 
the sociopolitical challenges faced by different actors caught between dependence on a structure that no 
longer operated and new parameters that were not yet fully established. The sector’s fragility had long been 
evidenced by the constant indebtedness of the mills, the decapitalization of both growers and mills due to 
inappropriate or inadequate government policies dating to the 1960s, and the virtual takeover of the industry 
by the government (Igartúa 1987a; Bartra, Paz Paredes, and Aurrecoechea 1993). The tensions in the sector 
escalated when Azúcar, S.A. lost its monopoly over the industrial sugar market in 1991, resulting in the 
absence of mechanisms that could ensure adequate mill profits by regulating supply and demand. It was this 
uncharted space, at both the institutional and the firm level, that marked the distinct nature of the crisis⁹ and 
provided both the economic impetus and the political climate for restructuring relations within the sector 
under the premises of the new government policies (López de la Rosa 1993: 15).

Five main components of this current transformation can be identified. First, the new crisis of the sugar 
industry has initiated an increasing concentration of mills in the hands of a few corporations with investments 
in more than just the sugar sector and, in many cases, which are linked to foreign capital or active in the 
international market. Some companies that had little capital to invest in factory modernization simply sought 
quick returns by buying mills at discount prices after 1988 with the expectation that more favorable 
government pricing policies would ensure profits. These firms have been largely eliminated from the industry 
due to bankruptcies and some permanent mill closures. By summer 1994, most of these undercapitalized mills 
had been taken over by larger corporations with greater capital reserves and an interest in tying mill operation 
to the provision of raw materials for their secondary industries; additional purchases were under negotiation. 
Also by summer of 1994, the virtual elimination of the sugar surplus that had accumulated since 1990–91 due 
to excessive imports resulted in prices high enough for the industry to pay off debts and to accelerate 
investments that, up to that time, had been limited to the bare minimum required to ensure operations, except 
in the case of a few mills.

Second, the “new” group of mill owners has few links to the traditional corporatist polity. Operating more 
purely as a pressure group, it owes little to the government or party beyond what is stipulated in negotiated 
contracts or political arreglos (deals, arrangements). The new breed of owners’ growing hegemony over 
the sugar industry has resulted in confrontations with the “traditional” owners who are engaged only in mill 
operation¹⁰—and consequently, more dependent on the sale of sugar and on the adequacy of the prices set 
by the government. Initially, relations between the old guard of the industry and the new group entailed open 
manifestations of prejudice, recognition of overlapping but not identical interests, resentment and disdain of 
perceived inexperience in the new group or, conversely, the inability of the old group to overcome traditional 
industrial perspectives. During this time news reporters indulged in citing the derogatory expressions used by 
both the traditional mill owners (“los simpáticos” [“the nice ones”]) and their enemies (“los antipáticos” 
[“the disagreeable ones”]). In the latter category, the “neoindustriales azucareros” (“the neoliberal sugar 
industrialists”) were depicted as “los malos” (“the wicked ones”), “grandes comerciantes” (“big merchants”), 
and as “coyotes” (“tricky brokers”) who acted as “acaparadores” (“monopolists”) (El Sol de México, 30

⁹. The structural roots of the crisis are reflected in the news reports and analyses of that period, such as El Financiero (23 
International Edition (23 November 1993; and 10 June 1993), Excelsior (30 May 1993), and La Jornada (16 May 1993).

¹⁰. We use the term “traditional” to reflect the organization of the industry as fixed by the distinct parameters established 
after the 1930s, but not to imply that traditional owners lacked a “spirit of capitalism.” The initial conflicts between the two types 
of owners were in part founded on legal advantage held by the new mill owners at the beginning of the reprivatization period 
(the permission to bypass Azúcar, S.A. and to deliver mill products to its own secondary industries), an advantage resented by 
the traditional sector that did not possess secondary industries and continued to depend on the monopoly of Azúcar, S.A. over 
the sugar wholesale market at that time. The dissolution of Azúcar, S.A. in 1991 formally opened the sugar market for all mills. 
Another source of the conflict was the old guard’s resentment of the “upstarts” who soon assumed hegemony and were not always 
sensitive to the traditional group’s situation.
March 1993; La Jornada, 12 and 15 May 1993; and El Financiero, 5 May 1993). Leaders of the cane growers also saw the “new sector” in similar terms and attacked those who “[are] taking away the conquests of the cane growers . . . and don’t pay the mill workers what they are entitled to.”

Much of this conflict occurred in the context of the general crisis of transition and bankruptcy after 1989. It was founded more on temporary discrepancies in the background and interests of the two groups than on permanent division between them. To a great extent, the reason for their differences has been eliminated or reduced by both groups of mill owners increasingly recognize their common interests with the government, mill workers, cane growers, and national and international markets. In part, this change is due to “learning experiences,” improved mutual understanding, and better communication, as well as from the severity of the new crisis.

Third, these common interests are reflected in the establishment by the sugar industry in March 1994 of the Fidelicombis Organizador del Mercado Azucarero (FORMA; also referred to as the Bolsa Mexicana Azucarera), which functions as a futures market for the purpose of regulating internal sugar demand and supply. The integration of FORMA into the international sugar spot, forward, and futures markets also can be seen as a way to balance the need for internal stability with the exigencies of the world market.

Fourth, the implementation of NAFTA on January 1, 1994, also portends new export opportunities for the Mexican sugar industry over the long term. Immediate projections do not suggest, however, that a significant Mexican sugar surplus will be exported to the profitable U.S. market because the sugar component of NAFTA was revised in response to protectionist demands by the U.S. sugar industry (García Chávez 1993; Kessel, Buzzanell and Lord 1993).

Finally, the 1991 Decreto Cañero and related regulations have redefined the economic relations between sugar mills, cane growers, and the state, with a corresponding increase in the relative power and influence of both mills and growers, particularly relative to mill workers. The decree limits the state to regulating the international trading of sugar, fixing the maximum industrial sugar price, and continuing to set cane prices according to a formula whereby the cane purchase price offered to growers within a mill supply zone is determined by the average recuperable amount of sugar per ton multiplied by 54 percent of the government-set wholesale sugar price (effectively eliminating a fixed minimum price for growers). Concomitantly, the significance of party and government patronage has lost much of its formal rationale. Furthermore, state mediation and control in the sector largely has been replaced by direct contract negotiations between the mills and the growers.

The declining influence of the state has redefined the relative positions of mill owners, mill workers, and cane growers in the complex of cane cultivation and sugar production. To a large extent, the sugar industry

11. Stated Jesús González Gortazar; founder and leader until 1991 of the Confederación Nacional de Productores Rurales (CNPR) affiliate the Unión Nacional de Cañeros (UNC), then Secretary General of the CNPR, cited in El Sol de México (30 March 1993). In interviews during May 1993, some representatives of the group reflected similar suspicions. The terms “simpáticos” and “antipáticos” were used by Luis Soto in his “Acciones y Reacciones” commentary in El Financiero (16 May 1993) to describe these attitudes in the perspective of the old sector. For reference to the initial “inexperience” of the new sector see, for example, El Financiero (17 and 23 August 1993).

12. On the program of the FORMA and its operation since January of 1994, see Agrobusiness (May 1993, June 1993, July 1993, and August 1993). On the hopes and skepticism about its prospects, see Agrobusiness (January 1994, February 1994, and March 1994). But by spring 1995, the “Bolsa Azucarera” was failing to receive adequate and regular contributions from its members, and much of the sugar trade continued to bypass the organization (see Luis Soto’s “Acciones y Reacciones” column in El Financiero, 19 April 1995).

13. Mexico’s mill owners continue to see the prospect of future productivity and export profits (interviews with representatives of the sugar industry, Mexico City, May and July 1994; Agrobusiness November 1992, and November 1993. See also the essay by Flora and Otero in this volume. On the programmatic changes needed to maintain this optimism in the sugar industry, see the directions outlined by Rodolfo Perdomo Bueno, Vice-President of the Cámara Nacional de las Industrias Azucarera y Alcoholera (CNIAA) (El Financiero, 20 June 1994).
has been freed from traditional political constraints and mill owners have been enabled to push for contracts that reduce costs and promote productivity growth in cane cultivation and sugar processing. For mill workers and white-collar employees, this has entailed a significant reduction of their political weight in the triangle—a weight that had previously led mill owners to customarily fill more plazas (positions) than necessary and to offer both floor workers and office employees high wages and extended fringe benefits.14

In principle, reductions in mill labor costs and more efficient land cultivation also favor the incomes of cane growers, thus setting the parameters for their potential economic cooperation and political alliance with mill owners. These possibilities were reflected in the acquisition of seven mills by the Confederación Nacional Campesina (CNC) and the CNPR soon after reprivatization was initiated; in contrast, the mill workers union failed to have similar requests even considered by the government. Furthermore, the recent promotion of new cane growers associations that would regionally organize production—possibly apart from the traditional cane growers unions—has increased growers potential political autonomy from the ruling party. But the impact of this development on their bargaining position vis-à-vis the mills has, by the same token, become more problematic: many cane growers fear that the dissolution of their centralized organizations will reduce their bargaining clout. Support for more productive and competing “campesino entrepreneurs” by the government, the CNC, and the CNPR has been accompanied by efforts to compact small individual parcels into larger fields, to reduce agricultural labor requirements, and even to reestablish the management of cane cultivation under the direct control of the mills. These efforts have reaffirmed traditional campesino suspicions and consequently the current challenges to the accustomed political rules and privileges have been met by both direct and informal resistance from sugarcane growers.

NEW CHALLENGES FOR SUGAR CANE GROWERS15

These suspicions emerged when the privatization of the state-owned mills was initiated in 1988 with the sale of the Atencingo mill in the state of Puebla. The initial concerns, shared by cane growers affiliated with other mills undergoing privatization, focused on anxieties about unknown futures, rhetorical distortions of an ever-changing present, and all-too-well remembered abuses from the past. These unprecedented existential anxieties were manifested in the cane growers’ distrust of the new group of mill owners who attempted to redefine the place of the growers but were ill prepared to communicate with campesinos or to see the salience of their customary demands (see the chapters in this volume by Núñez Madrazo, Chollett, and Powell).

With the deepening in 1990 of the crisis faced by the sugar industry, these concerns became magnified and provided for a sharp juxtaposition between the old guarantees and the new insecurities. Prior to the current crisis and restructuring, timely distribution of credits and liquidaciones (liquidations or harvest payments) were vital to cane growers’ efforts to produce and to assure family subsistence. In the earlier periods, low cane prices and abuses16 usually were resented and often led to various local and regional rebellions (Ronfeldt 1973; Bonilla Machorro 1975; Boege and Avila Palafox 1979; Carton de Grammont 1979; Ponce Jiménez and Núñez Madrazo 1992; Bartra, Aurrecoechea, and Paz Paredes 1993; Espinosa and Aurrecoechea 1993). But in the intervals between such mobilizations, the power of mill, government, and local PRI officials tended to be cynically accepted by the cane growers. They had continued to grow

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14. For a case study of the of the prior coalescence between mill workers, mill administration, and party patronage, see Singelman (1979); Singelman and Tapia (1979). By declaring mills bankrupt, mill owners (government or private sector) can legally dissolve mill workers contracts, (re)hire drastically reduced numbers of mill staff at lower wages or salaries, and eliminate the accustomed mill contributions to a variety of social funds.

15. Apart from the references cited, the following section is based primarily on our recent field work from 1991 to 1994 in the states of Puebla and Morelos and on interviews during the same periods with representatives of the UNC of the CNPR and the Unión Nacional de Productores de Caña de Azúcar (UNPCA) of the CNC in Mexico City.

16. For example, deductions by mills of spurious costs from the amounts paid to growers for their cane production.
sugarcane because they feared assassination by pistoleros (gunmen) employed by mills (common until the early 1970s) and were intimidated by the various sanctions available to the local inspectores de campo (field supervisors) in charge of coordinating cane cultivation with milling schedules. Furthermore, they had become accustomed to the unique security provided by a captive industrial market, government-guaranteed cane prices, and by their inclusion in the federal health and social security program—the Instituto Mexicano de Seguro Social (IMSS).

These advantages for sugarcane growers have not been eliminated altogether, due to the persistence of government price-setting for raw cane and controlled regional cane markets. However, the longstanding responsibility of mill management—whether public or private—to address the needs of both the cane growers and the community surrounding the mill has not been assumed by the new group of mill owners. Contributions by mill proprietors to social security, subsidized housing, public utilities, road maintenance and a variety of social services have for the most part been made the responsibility of the cane growers themselves or eliminated. The reduction of the mill owners’ obligations to the cane growers and the surrounding rural community reflects how the new businesslike footing of government policies and laws is eroding social guarantees. It also reveals how the mills increasingly are sources of remuneration for local political fidelity.

Furthermore, mill reprivatization and the dissolution of the monopoly of Azúcar, S.A. over the industrial sugar market means that cane growers’ revenues now hinge on the profitability of the local sugar mill. When mills faced severe cash flow problems or filed for bankruptcy after 1990, they neither could pay for the cane nor for the cane growers’ social security and health insurance quotas. As outdated equipment continued to impede productivity and resulted in excessive down time for mill machinery, an extraordinary amount of cane was left uncut, was cut without being processed, or its sucrose content was diminished because inefficient or inoperable mill machinery negatively affected cane processing. In response, cane growers began to voice more than their usual complaints about low cane prices or presumed abuses by mill staff, cane growers unions, or officials of the local mill workers union.

Under these conditions, the balance between risks and opportunities favored the cane growers even less than in what has come to be seen as “the good old days,” when they were subjected to low returns and subordination but did not have their incomes tied to the financial liquidity of the sugar mills. Although cane and sugar prices were raised as part of the strategy for reprivatizing the sugar industry, the concurrent elimination of public subsidies, coupled with dramatic increases in interest rates and high inflation, resulted in rising production costs. Consequently, between 1988 and 1993 cane growers suffered significantly declining real returns. Instead of promoting increased productivity and profits in a modernizing agroindustrial sector, mill reprivatization merely entailed reduced revenues combined with new anxieties for the cane growers.

Concurrently, the 1991 Decreto Cañero assigned greater responsibility to the cane growers for increasing their productivity in a liberalized market characterized by more cost and price volatility, higher investment risks, and stronger competition. Growers now are required to closely manage their cane production and to independently contract with the mills. Accordingly, they are being forced to follow criteria designed to foster

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17. The issue of these mill bankruptcies was further complicated by widespread suspicions of “quiebras programadas” (“planned bankruptcies”) or “quiebras simuladas” (“simulated bankruptcies”) set up for the sole purpose of dissolving mill labor contracts and eliminating plazas (see La Jornada, 15 and 17 May 1993, 27 December 1993, and 23 January 1994; El Financiero, 12 January 1994; Diario Jalapa, 26 January 1994; and the observations made by Kathy Powell in this volume). These real possibilities do not, however, deny the severe crisis of the industry and the existence of “honest” bankruptcies, as recognized by Manuel Pérez Bonilla, General Secretary of the UNPCA (La Jornada, 7 January 1994), and by other cane growers representatives during interviews in Mexico City in May 1993 and May 1994.

18. Singelmann, field notes in Morelos and interviews with leaders of the UNC in Mexico City, May 1993. See also Chollett in this volume; El Financiero (30 July 1993).
maximal productivity rather than minimal security (López de la Rosa 1993). Now the cane growers have to weigh their new opportunities against economic risks and the social costs that will be incurred if they fail.

Theoretically, the new laws and decrees represent progress for the cane growers because they separate mill productivity from the cane price and, thus, no longer burden growers with the costs of mill inefficiency (García Chávez 1993: 22–23). Furthermore, cane growers perceived that their prospects improved dramatically with the final liquidation in the summer of 1994, when their real returns improved due to a significant increase in the government-set cane price and to a government bailout that ensured cane payment by the mills. But these gains remain precarious, particularly because cane growers’ returns increasingly are linked to mill profitability, which in turn partly depends on adequate government-set sugar prices. While the new policies continue to set the maximum, they no longer guarantee a minimum industrial sugar price, thus eliminating old industrial guarantees without permitting sugar prices to rise to levels high enough to provide both returns on investment and a surplus for reinvestment. In addition to price controls, the sugar industry is subjected to new governmental strategies which permit price-depressing sugar imports.

With the fresh national economic crisis that erupted in December 1994, production costs dramatically increased due to skyrocketing interest rates and to the rising nominal costs of imported machinery and parts caused by the devaluation of the peso. As a result, the mills have been rapidly stripped of financial resources needed to pay cane growers. In response, mill owners have pressed for ignoring or overturning the stipulations of the 1992 Ley Cañera (Sugar Law) that concern how payments to cane growers are determined and scheduled. The new owners in the industry especially seek to modify the rules that determine the cane price according to the theoretically recuperable amount of sucrose, rather than according to the actual amount recovered during milling. The inability of less efficient mills to meet the national standard for sucrose recuperation by the stipulated target date of 1995 has been exacerbated by the generally bleak situation facing the industry. In response, the national Chamber has pushed for cane pricing mechanisms delinked from industrial productivity. In mid-1994, complaints and protest by the growers about pricing and payment problems had little effect, mainly because government regulators were inclined to side with the mills which they regard as facing continuously precarious conditions (interview at the UNC in Mexico City, July 1994).

The situation changed slightly in the spring of 1995, when the government reluctantly increased the sugar price; nevertheless, the mill owners judged the new price to be insufficient and remained opposed to the government’s policies for the sugar sector. The limited price increases, inadequate policies, and general sectoral crisis, combined with the failure of many mills to meet the legal deadline (within thirty days of the

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19. The 1991 Decreto Cañero classified sugar mills into eight categories according to their productivity. Mill productivity, plus yield on the cane fields, enters into a formula for cane prices paid by the mills in each group. But the decree also set a timetable for increased mill productivity to meet the standard of the highest category and stipulated corresponding increases in the cane prices. Mills failing to meet the new standard by 1995 still must pay cane growers according to this criterion and the sucrose content of the cane delivered. Under the continuing crisis (resulting from new excessive imports [see footnote 21]), the national Chamber as of June 1995 was attempting to bypass these requirements and to extend the paying period for the cane until the end of the calendar year—seven months after the zafra (further discussed later in this chapter).

20. Cane growers are paid in two stages, entailing a preliquidación (preliminary liquidation) according to the weight of the delivered cut cane, with the balance paid at the final liquidation during the summer. The positive response to the final liquidation in July contrasted sharply with the pessimism manifested after the preliquidación in the spring (field notes in Morelos, May and July 1994).

21. The president of the CNIAA has suggested that the government possibly is setting inadequate industrial sugar prices in order to presser the industry, or perhaps to ensure that consumers suffer minimally. He also argued that the national market was flooded again with cheap imports in the spring of 1995 (with up to 2.5 million tons expected to be imported instead of the 300,000 tons estimated to be actually required). It also has been suggested that the government has threatened to import more sugar if the industry withholds its supplies from the market due to inadequate prices (see La Prensa, 31 March 1995; and Luis Soto’s column “Acciones y Reacciones,” El Financiero, 15 February 1995). The argument about excessive imports has, however, been rejected by other administrators tied to the sugar industry who suggest that such imports represented merely temporary market adjustments (Singelmann, interview with an administrator of the Comité de la Agroindustria Azucarera, Mexico City, June 1995).
conclusion of the zafra) for paying the final installment of the liquidation, stirred mill occupations by cane growers. In turn, mill owners sought anew to restructure their debts to obtain liquidity, and to change both the formula for the cane price (eliminating mill productivity as a factor) and the liquidation schedule for cane. Specifically, they proposed to replace the payments calendar tied to the zafra (December–May, with slight regional variations) with a 12-month schedule that would spread payments out up to an additional half-year over the rest period between cane cutting cycles (roughly June–November), thus prorating payments according to returns from sugar sales.\textsuperscript{22} From the vantage point of the mills, this proposal to extend the period of cane payments according to the sugar sales calendar can be seen as a plausible measure in response to the industry’s crisis. But the cane growers do not share the premises of that logic: as far as they are concerned, the traditional payments calendar is long enough. Most cane growers see no reason why they should wait possibly an additional six months to receive their final payment. Some, who are less strapped for money, however, are willing to accept an extended payment calendar if 25 percent interest is added to the delayed amounts, thus functioning as a form of savings (Singelmann, interviews with representatives of the UNC and the Comité de la Agroindustria Azucarera, Mexico City, June 1995).

The tensions in the triangle of relations among government, industry, and cane growers during the summer of 1995 contrasted sharply with the cautious optimism that could be observed a year earlier. For the cane growers, the issue now is less the cane price level and more the ability of the mills to pay for the cane they receive on time, in appropriate amounts, and according to the formula stipulated by the law. By June 1995, new uncertainties about all of these conditions were reinforcing both the traditional suspicions of many cane growers and more recent concerns about their relations with the new mill owners. In particular, despite the promise of higher returns, growers were wary of attempts by the new mill owners to establish capital-intensive cane cultivation by compacting growers’ parcels into larger fields directly managed by the mills. Many cane growers fear that such measures would reestablish prerevolutionary conditions of peonage—de facto converting them into mere hired field hands. Thus, mill management proposals confront the persistence of campesino worldviews in which the historical conquest of land represents the one gain many are unwilling to give up. Indeed, references to “collectivization” or “peones” in restructuring plans proposed by mills has only reinforced cane growers’ suspicions about a possible return to undesired forms of subordination remembered from both the porfiriató and from the more recent past under state tutelage (field notes in Morelos, July 1994). The promise of greater returns through higher productivity from compacted fields is not convincing to the many cane growers who doubt that improving productivity and lowering costs will inevitably translate into elevated net returns for them.\textsuperscript{23} But such developments will not have the same impact on all cane growers and thus raise new questions about the social differentiation processes in progress.

**POSSIBILITIES FOR NEW SOCIAL DIFFERENTIATION**

The emerging social profile of Mexico’s sugarcane growers does not show a clear-cut division between those growers who abandon cane cultivation or at least their control over it, others who revamp their worldviews

\textsuperscript{22} The industry justified its claims with the argument that cane has to be paid around June each year (30 days after the end of the cutting season), while sugar was sold throughout the year after the beginning of the zafra. The cane growers, in turn, insisted on separating their schedule of the zafra (ending around the beginning of June) from the cycle of sugar commercialization. Actually the cane cycle also entails 12 months (18 months for the first season), with the heaviest production inputs between July and December. The difference is that the cane cycle begins in July, while the cycle of sugar sales begins with the cane cutting season in December.

\textsuperscript{23} These concerns have been exacerbated by rumors that the new owners intend to eventually reestablish dual ownership of both mills and lands. Such rumors have been reinforced, in turn, by the emergence of formal contracts under which some 60 percent of the landholders around the Los Mochis mill in Sinaloa rent their land to the mill which manages the cane cultivation and employs hired field hands. Many of the remaining lands were becoming increasingly concentrated in the hands of rich farmers (interview with a wealthy cane grower from the region, May 1993).
to think and operate in entrepreneurial terms, and those who attempt political action to regain the traditional guarantees. Current developments suggest a new and complex process of social differentiation that is unfolding along four economic paths:

(1) The revised Article 27 of the constitution does permit ejidatarios to rent out their land, change its status to one of private property, and sell it with the approval of the ejido. It also permits asociaciones en participación (joint ventures) between ejidatarios and private investors (Cornelius 1992; Stanford 1994). This clearly encourages cane growers to sell or rent their land, especially when facing cash emergencies, or in order to raise capital to undertake other activities. Therefore, an increase in the concentration of cultivated lands in fewer hands is expected (field notes in Morelos and Puebla 1991–94; Chollett 1994a and her chapter in this volume).

Sugarcane growers with large parcels now exhibit a new sense of security for their property under the revised constitution. At least at the individual level, many of them now see new possibilities for promoting their interests through producers associations operating according to “economic” criteria and with less interference by traditional “political” factors. They optimistically assess the opening of the U.S. sugar market under NAFTA as well as the interests they share in principle with the sugar industry. Cane growers with larger landholdings—whether owned, rented or held as ejido lands—are most likely to perceive the expected benefits from the economic restructuring currently taking place in the countryside. While the ongoing crisis and diminished government control over crop selection have combined to reduce their commitment to cane cultivation, the landholders in this group are in a position to newly appreciate the “noble nature” of their crop (interview with an official of the UNC in Mexico City, May 1993). These growers can afford to wait for long-term profits under government-set cane prices, and they can balance low cane returns with profits from other crops while dramatically increasing their yield per hectare with investments that are inaccessible to minifundistas.

Such cases suggest an increasing concentration of land under the ownership of or rental by growers able to capitalize beyond the level previously promoted by the government. But there is little evidence that such developments represent a heightened rate of disappearance of small cane growers, as many of the land sales currently being reported merely reflect the formal legalization of prior arrangements, and others primarily reflect land redistribution among smallholders themselves (field notes in Morelos, 1994). More importantly, the rationale for giving up their lands continues to be absent for many small growers because they lack feasible employment alternatives and they value the ensured crop returns and social security benefits their landholdings represent.

(2) The illegality of renting ejido lands was largely eliminated in 1980 with the enactment of the Ley de Fomento Agropecuario (the Law of Agricultural Development); the 1992 revision of constitutional Article 27 has only expanded and politically dramatized this earlier development. The 1992 change, which also legalized sales of ejido lands, not only has promoted greater control of land by fewer cultivators (see above) but also has opened new possibilities for small growers. For the latter group, land renting is increasingly feasible and attractive because it provides for low but immediate and secure incomes. Moreover, the recent constitutional revisions make this option less dependent on informal arrangements approved or put together by local caciques (political strongmen) (field notes in Morelos, May 1993 and May 1994).

While many small growers have a deep-rooted bond to cane growing, in practical terms their cultivation activities historically have been carried out under mill control due to their political subordination and to legal stipulations about the organization of sugarcane production. Now that their unions have gained greater political space and are assigned new economic responsibilities as well as risks, questions arise as to whether a formal adjustment to the new conditions is feasible and whether those in charge of that transformation can be trusted. Interviews in Morelos during July 1994 suggest that the general distrust of the small cane growers in turning cane cultivation over to the mills on compacted parcels would not necessarily preclude them from
changing their assessment of this option if they see possibilities under the new regimen for raising their net incomes. By the summer of 1994 most cane growing minifundistas in Morelos had seen projections or the initial stages of the new programs to organize cultivation, but had yet to observe them fully underway. Pending the results, they preferred to wait and see how things would turn out for others, except that the others were just as hesitant—thus, changes in the organization of cane growing can be expected to be occur slowly.

(3) With the reprivatization of the sugar industry after 1988 and the subsequent economic crisis, an increasing number of campesinos failed to see the possibility for secure returns from cane cultivation as their net revenues became insignificant or negative, as their payments have come to hinge on uncertain mill liquidity, and as the traditional patronage of both government and PRI dissolved without any new safety net appearing. For these small growers the prospect of uncertain returns from cane cultivation and the instability of the sugar industry reinforce the rationality of accepting lower incomes due to their minimal investment in productivity-enhancing practices and technologies.

As cane growing campesinos discovered that the traditional guarantees no longer existed, they often replaced cane cultivation with the less risky planting of maize and beans for family subsistence. Alternatively, they reduced the portion of their lands dedicated to sugarcane to the mere minimum required retain their eligibility for social security benefits. For others, the reduced motivation to dedicate adequate labor time to cane cultivation also spawned incentives to divert financial resources provided by the mills to other expenses, including family subsistence. Under these conditions, the longstanding practice of diverting funds for cane cultivation to non-cane production in other fields has found a new rationale (field notes in Morelos 1994; see also Chollett 1994a and the chapters in this volume by Núñez Madrazo and Chollett). The result was often a drastic decline in productivity on the cane fields, which in turn led to growers posting net losses and incurring new debt to the mill (field notes in Morelos, July 1994).

(4) For another sizeable number of small cane growers, abandoning cane cultivation is not an option. Their land is only suitable for fruit trees that require several years to mature (during which they would have to make significant investments and assume many costs) or for riskier high-value annual fruit and vegetable crops that require prohibitively large amounts of capital. To the extent that they remain involved in cane cultivation and resist the compacting of their fields under mill control, these minifundistas often continue to insist on the incomes customarily guaranteed under the previous configuration of the sector.

The dissolution of the safety net of social guarantees is not taken for granted in the rural communities. Resistance to the new insecurities is manifest in complaints raised at public meetings and demonstrations. In 1993 and in May 1994, the cane growing ejidatarios affiliated with the Emiliano Zapata mill in the state of Morelos exhibited their usual distrust of the mill administration by complaining about short weighing of cane delivered to the mill, deliberate miscalculations of mill productivity (which until 1995 entered into the formula to determine the cane price), and unjustified, unexplained, or incomprehensible deductions from the cane price paid by the mill. They also voiced new complaints about insufficient and untimely credits, the questionable ability of their local leaders to deal with the administration of the privatized mill, and drastically declining returns for their crops.

24. Based on interviews with skeptical cane growers and local leaders in Tlaltizapán and Zacatepec, Morelos. Regional and national leaders who have already endorsed the changes should be added to the ranks of supporters of the new approach, although they may face resistance among the rank-and-file.

25. Cane growers distrust in the weighing of cut cane has traditionally been widespread in Mexico, but varies regionally. It is difficult to separate historical attitudes of distrust from actual fraud. In the case of the Atencingo mill in the state of Puebla, cane growers mobilized in 1970 to establish their control over the weighing of the cane (Ronfeldt 1973; field notes, 1991–1993). Interviews with national leaders of the UNC suggest that the critical issue today is not so much the control over weighing the cane than over the technical difficulty, even for professional chemists hired by the cane growers union, to document the potential manipulation of the sucrose content in the cane. Here, the accumulation of minute inaccuracies can provide significant extra profits for the mills (interviews in Mexico City, July 1994).
But the most prominent concern expressed by the cane growers in the 1990s has focused on the new responsibilities they have been assigned and the concomitant failure by both government and mill owners to help build up their capacities to shoulder them. This overriding concern provides the context for ambivalent positions that pit aspiring rural entrepreneurs, acting in a social context still marked by campesino worldviews, against defensive campesinos who find their livelihood strategies under attack by growing market forces.

CONCLUSIONS
The developments examined in this essay suggest new questions about the relative viability of different options for various types of cane growers. According to the assumptions underlying the current program of economic restructuring, the new agrarian laws and policies would free up “unproductive” campesino lands for sale or rent by growers who demonstrate the capacity and will to become agricultural entrepreneurs. Such a transformation would establish a new correspondence between capitalist production and distribution by integrating the capital-intensive cultivation of industrial raw materials such as sugarcane into a competitive market. In terms of the principles rediscovered by the framers of the neoliberal economic policies today guiding Mexico, cane growing minifundistas unable to become capitalist farmers would peacefully give up their lands, while the new breed of land cultivators would easily obtain the resources to focus on improving their competitive productivity.

Such transformations have, of course, never been that simple in Mexico or in other societies, and not even the governments identified with the neoliberal conversion have attempted to launch their new programs without exploring new mechanisms for tying the three sectors of the ruling party to the new world. For the cane growers it is far from certain that they will only calculate their choices in modern economic terms without consideration of cultural, social, and political aspects. But the conditions under which they must choose alternatives have changed, and the implications of these changes are distinct for minifundistas, better-off campesinos, and so-called modern farmers.

With the revision of Article 27, new economic spaces have opened for land buyers, renters, or investors in ejido communities. This is likely to consolidate the economic prospects of the better-off cane growers, and it is this group that is most likely to embrace the new economic agenda. By itself, however, such development does not imply the inevitable dissolution of traditional campesino production, worldviews, or forms of interest representation. In part, the persistence of campesino perspectives emphasizing economic guarantees and social (if not political) patronage remains the only strategy available to many minifundistas. In the case of the sugarcane growers, the insertion of their small parcels into capital-intensive sugarcane production had always entailed the coordination and supervision of land cultivation by the mills yet never meant the dissolution of individual parcel boundaries (linderos) and accounting based on differential productivity. This sense of separate property, reinforced by past experience of mismanagement in agricultural collectives, is based on variations in land quality and production inputs by individual cane growers, as well as on campesinos’ insistence in maintaining the linderos as proof of conquered rights to the land. As a result, minifundistas are resisting efforts by mills to compact parcels into larger production units, thus reinforcing the salience of parcel size as the key factor that differentiates cane growers in terms of productivity, levels of returns, and access to credit.

But this differentiation, which separates the majority of minifundistas from a minority of landholders who possess parcels sizeable enough to permit profits, does not necessarily mark the boundaries between

26. These programs include new social services and the promotion of communal infrastructures under the National Solidarity Program (Pronasol), the cushioning of NAFTA through Procampo—the new government program of direct payments to farmers (sugarcane growers, however, are excluded), and the attempted reorganization of the “new CNC” as an umbrella of market-oriented producers associations (see CNC 1994).
campesino perspectives and the visions of market-oriented entrepreneurs. In the case of the cane growers, the limits of such a dichotomy are reinforced by their unique status as producers whose returns are explicitly tied by presidential decree to the value produced by the sugar mills and, accordingly, to government-set sugar prices. These prices are subjected neither to the conditions stipulated by NAFTA nor to the gradually declining direct subsidies provided under Procampo. As a result, cane growing minifundistas, better-off campesinos, and capitalist farmers are all aware of the relative advantage cane cultivation continues to provide in the face of the new market conditions. While other crops are seen as offering prices that both are insecure and represent as little as 50 percent of what is needed, the price of sugarcane is set by the government and merely is “somewhat” below the desired level. For the cane growers, the issue is one of renegotiating the level of the cane price under the existing structural parameters rather than of confronting a severely declining cane price in a free market.

The current national economic crisis initiated when the peso was drastically devalued in December 1994 provides the context for new challenges.27 By June 1995 the peso crisis had not yet seriously affected the cost/price ratio of cane because its cultivation mainly requires heavy outlays during its early phase between July and November (i.e., prior to the devaluation). Nevertheless, the devaluation triggered price increases for fuel and imported replacement parts that dramatically raised the cost of sugar processing and portended major hikes in expenses for the next cycle of cane cultivation. Because cane payments are no longer secured from a state-controlled monopoly through organizations like UNPASA or Azucar, S.A., but instead depend on the solvency of the individual mill which receives a grower’s cane, cane growers also were placed in a precarious situation when FINASA declared that 40 of the 61 mills were unfit for new loans for the following zafra. Not only were the majority of mills denied new loans for the following season, but they also were insolvent and thus unable to pay their cane growers for the cycle ending in June 1995. Sugar price increases in January 1995 (15 percent) and then in May (10 percent) were insufficient to cover the mills’ increased costs. As a result, most mills were unable to pay the final liquidation installment, and at this writing it remained unclear whether and how the government would intervene again to resolve the immediate crisis.

The economic crisis of the sugar industry was matched by a political crisis in which the mill owners attempted to redefine the nature of their relations with sugarcane growers and the growers both resisted such attempts and mobilized to demand what they were entitled to under the Decreto Cañero. The mill owners and their business organization (the CNIAA) found in the crisis a new opportunity to challenge the stipulations of the 1991 Decreto Cañero and the 1992 Ley Cañera tying sugar payments to the cane cycle and cane prices to theoretical mill capacity. The mill owners now demanded the liberty to delay cane payments by up to six months after the end of the zafra according to incomes from subsequent sugar sales and to change the legally stipulated formula of the cane price according to the real productivity of the mills for each season. The cane growers indicated they were willing to make temporary concessions in order to overcome the current crisis. However, the permanent redefinition of the payment schedule according to mill liquidity represented a new form of potential manipulation to them, as it would render them dependent on the mill for information about sales and profits and, furthermore, expected them to cover for the limited liquidity of sugar companies. An equally controversial issue was the insistence of the mill operators on the exclusion of theoretical mill capacity from the formula of the cane price, because the cane growers saw this formula as a long fought-for conquest and current mechanisms for measuring the sucrose content of the cane were not set up independent from the appraisal of mill productivity.

When the mills were unable to make the final cane payment within thirty days after the end of the zafra, the cane growers reinforced and made public their old demands for security by temporarily blocking mill storage facilities. At stake in this new confrontation was not merely the demand of the cane growers to be paid on time regardless of sugar sales and mill liquidity, but also their demand that the cane price should

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27. The following information is based on interviews by Singelmann with directors of the two cane growers unions, the sugar industry, and the Comité de la Agroindustria Azucarera in Mexico City during June 1995.
not be affected by fluctuations in mill efficiency. The crisis also reinforced the traditional distrust of the cane growers of mill managers and market forces, and thus provided further obstacles to the establishment of common interests, objectives, and procedures. For the cane growers unions, the growing resistance of the rank-and-file members and their return to their traditional demands accentuated the dilemma of their leaders who confronted a new sector of the sugar industry that was vertically tied to other industries (simplified in public discourse as the refresqueros, producers of soft drinks) and that was perceived—not only by cane growers—as being concerned exclusively with economic calculations without understanding the established bonds between cane growers and the traditional sector of the industry.

In the current context, the government is constraining market forces by continuing to set sugar prices below the level required for industrial profitability in response to political considerations about the social importance of sugar for consumers’ diets. Continuities also are apparent in the efforts by cane growers to insist on their long established guarantees—demands which they have reinforced politically under the auspices of their unions by blocking mills. Such mobilizations correspond more to traditional demands and patterns of resistance than reflect the lobbying and pressure tactics expected from the associations of entrepreneurs envisioned under the new paradigm. The current vagaries of the sugar industry are reinforcing traditional campesino perspectives and demands anchored in the gains that emerged from the Mexican Revolution. Even better-off cane growers often have joined campesino growers in their adherence to the traditional perspective: for example, the two cane growers unions—one (UNPCA) more characterized by minifundista perspectives, and the other (UNC) supposed more oriented towards entrepreneurship—were united in their political mobilization, as they sought to reestablish and maintain their social conquests. Just as the traditional political apparatus and programs could not operate with disregard to macroeconomic principles and, indeed, eventually gave way to the paradigmatic shift of the 1980s, today’s neoliberal reforms cannot establish a new economic order without social components of sufficient political weight.

28. What was new, however, was the conscious blockage of the sugar storage bodegas (warehouses) of the mills after the cane cutting season, as opposed to traditional mill blockages that either hurt both mills and cane growers (if mobilized during the zafra) or had little clout (if during the period of mill reparation during summer/fall). The leaders of both cane growers unions of the PRI perceived this change as reflecting the transformation of their organizations from “political” mobilization to “economic” producers association.
Chapter 2

Restructuring the Mexican Sugar Industry: Campesinos, the State, and Private Capital

Donna L. Chollett

Structural adjustment policies and recent national development initiatives are profoundly transforming much of the social, economic, and political life of Mexico. This transformation is particularly acute in the sugar sector, which provides income to 131,533 cane growers, 76,854 cane cutters, and 50,000 sugar mill employees, indirectly supporting between 5 and 6 million persons, or one out of every 15 Mexicans (Becerril 1993a; Correa, Corro, and Robles 1989; García Colim 1992). Within this sector, the fundamental conditions for relations among campesinos, the state, and private capital have been radically altered. In 1982, President Miguel de la Madrid, in keeping with conditions imposed by the International Monetary Fund (IMF) for debt restructuring, made the decision to privatize the sugar industry; between 1988 and 1992, the government sold all 49 state-owned sugar mills to private capital, mostly to soft drink manufacturers. Contrary to neoliberal expectations, private capitalists have failed to invest in the modernization of sugar mills, production has declined, indiscriminate opening of the border to cheap sugar imports has created market distortions, and government price controls on sugar contribute to increasing bankruptcy among both cane growers and mill owners. As a result, the newly privatized sugar sector faces the worst crisis in its history (Correa, Corro, and Robles 1989).

Mexico represents a case within a class of peripheral capitalist states that have maintained remarkable stability by distribution of material resources, manipulation of ideological mechanisms, and control of political organization to create support for the system (O’Malley 1986; Salinas de Gortari 1982). After the 1910 Mexican Revolution the building of a corporatist state structure mobilized campesinos and the working class and contributed to Mexico’s unique development. The alliance of the state with the campesino movement has been an essential ingredient in Mexico’s political stability (Gordillo 1988). The state must mediate its distributive powers between campesino and capitalist interests, both of which continue to make demands on state resources in the context of destatization of the economy. This process has involved a tenuous and shifting alliance between the state and campesinos over time; when challenged, the state has had to bend to campesino interests, from which it derives an important base of support (as exemplified in the land distribution of the 1930s and the state takeover of sugar mills in the 1970s). Since the advent of the economic crisis in 1982 and the subsequent decrease in the state’s distributive capacity, the state’s primary mechanism of control is through campesino union organizations. At the same time, the capacity for campesinos to produce, mobilize, and realize their demands is limited by the fragmentation of campesino interests, the

1. Research on privatization of the sugar industry was supported by the National Science Foundation under Grant No. 49975, the Fulbright Program and the Inter-American Foundation. Research results are based on anthropological fieldwork in the state of Colima from 1990 to 1991. The author was a visiting researcher affiliated with the Colegio de Michoacán. Data were collected from a sample of 100 informants; some comparative data are given for research conducted in the same area in 1984–1985. The author thanks Manuel Chávez, Michael Ennis-McMillan, and Peter Singelmann for reading a preliminary version of this paper. Any opinions, findings, and conclusions or recommendations expressed are those of the author and do not necessarily reflect the view of the supporting institutions. The author can be contacted at: Division of Social Sciences, 109 Camden Building, University of Minnesota—Morris, Morris, Minnesota 56267 USA; or by e-mail at: cholledl@caa.mrs.umn.edu.

2. The poor performance of the private owners does not suggest a denial of the well-documented inefficiencies of the sugar industry under state control (see del Villar 1976; Paré 1987a).
inefficacy of the Confederación Nacional Campesina (CNC) as a medium to press demands, and the increasing weakness of the state-campesino alliance (Hardy 1984).

This chapter draws on research carried out in the region of a sugar mill in the state of Colima. After briefly describing the research zone, the essay presents the historical context that gives shape to the contemporary sugar sector and the more recent process of privatization of the sugar industry. A central concern is the active role campesinos play, through new culturally constructed understandings and through collective and individual strategies of resistance, to confront the privatization of the sugar mill. The essay analyzes how sugarcane growers contribute to the reformulation of campesino-state-private capital relations as they contest the restructuring of their means of livelihood. Of little noted significance is the transformation from a dyadic state-campesino relationship to a more complexly configured interaction, which divides the campesino struggle between the state and private capital.

These transformations pose a series of relevant questions as market opening, privatization, retraction of state subsidies, and land reform proceed. Given its historically strong role in the sugar sector, can the state discard this role in the process of privatization and laissez-faire neoliberalism? Can the state risk the rupture of its alliance with the campesino sector as it foments more favorable conditions for private capital? Will the state be capable of asserting its hegemony over those classes most adversely affected by economic restructuring, or can campesinos create spaces of power through which they challenge the system? As campesinos’ economic conditions decline with loss of distributive power on the part of the state, will the state be required to resort to increasingly repressive measures of political control? To raise questions about the changing and future relationships among campesinos, the state, and private capital requires situating the sugar sector in its historical context.

CONTEXTUALIZING THE RESEARCH
The present research on privatization of the sugar industry was conducted in the state of Colima from 1990 to 1991. Although geographically marginal to the primary regions of cane production in Mexico, Colima shares similar historical processes with other cane producing zones. The hacienda of Albarrada, which dates to 1776, was a precursor to the contemporary sugar mill, Queseria, that today serves as the only cane processing facility in the state. Production historically depended on state support and legitimization of the expropriation of land and exploitation of labor by hacendados (hacienda owners) (Navarro Iñiguez n.d.; Quinto Rosas 1990). As happened in other areas, the Colima mill underwent important expansion and modernization during the Porfiriato (1876–1911), with subsequent disruption to production during the years of the revolution. Colima is unique in the early distribution of ejido lands, from 1916 to 1933. It was during this period that numerous campesino and labor organizations appeared in the state; thus local resistance most likely forced the state to respond to campesino demands. The hacienda was expropriated and its lands distributed to campesinos in 1936 (Navarro Iñiguez n.d.; Osegua Velázquez 1979). The Quesería mill changed hands among five private owners before being taken over by the state in 1972. The mill was privatized in 1989 when the state sold it to Grupo Beta San Miguel, a consortium affiliated with Coca-Cola, Nestlé, Pan Bimbo, and Mundet. The supply zone of the sugar mill decreased from 10,618 hectares in 1985–86 to 8,020 in 1990–91; an outcome which reflects the negative impact of state policies of economic restructuring and privatization.

Colima differs from other cane producing zones, such as Veracruz or Morelos; these states contain multiple mills, union organization is stronger and more radicalized, and producers have opted for independent union organizations. Colima is a markedly conservative state, a characteristic reflected in local culture, the relations of production, and union organization within the entity, and which renders remarkable the campesino mobilizations and strategies of 1990 that in other regions may appear less notable.
Despite this important difference, the state has been equally affected by neoliberal policies, privatization, implementation of the National Modernization Program, and the strong presence of the Partido Revolucionario Institucional (PRI), including organizations such as the CNC, Unión Nacional de Productores de Caña de Azúcar (UNPCA), and the Confederación Nacional de Productores Rurales (CNPR). In 1991, the mill was provisioned by 1,373 cane growers (1,242 ejidatarios and 131 pequeños propietarios) living in 32 communities. Most ejidatarios, who held 5,530 hectares of cane land, belonged to UNPCA, an organization integrated into the CNC; and pequeños propietarios, who controlled 1,558 hectares, were organized into the CNPR, a branch of the Frente Nacional de Organizaciones y Ciudadanos (FNOC). Because of profound transformations in the linkages of these producers’ unions to the Mexican state, union members are challenging the reentry of private capital into a formerly state-operated domain.

HISTORICAL ANTECEDENTS

The issue of reprivatization raises two important questions: (1) what, historically, has been the role of the state in the sugar industry? and (2) what, then, is the significance of its recent retraction from the sugar sector? Sugar mills in Mexico, owned largely by private capital until the 1970s, have always been subject to a substantial degree of state intervention and control. During the early colonial period in Mexico, state policy ensured that private sugar entrepreneurs would have access to important resources, such as land, labor, and capital, thus guaranteeing capital accumulation among the rural elite. While the Spanish Crown did not finance the genesis of the sugar industry in Mexico, the role of the state was essential to capital accumulation at this early stage.

Clearly, early state involvement in the sugar industry set a historical precedent for state intervention which became an increasingly important feature in the sugar industry’s subsequent growth and development. After Mexico won independence in 1810, the state continued to play a key role in the industry’s development through protective tariffs, the Reform Laws, and its toleration of despotism on the part of hacendados, allowing them to increase their exploitation of labor and encroachment on indigenous lands. Subsequently, during the Porfiriato, the state policy of economic liberalism promoted railway transportation, industrialization, foreign capital investment, protective tariffs, and significant growth of Mexican sugar mills (Landázuri Benítez and Vázquez Manecón 1988; Melville 1979). This growth most likely would not have been achieved without the participation of the state, a fact that is of relevance to the current withdrawal of the state from regulation of the sugar industry.

At the same time, historical lessons may be gained by understanding the resistance of cane growers to their increasing exploitation by private mill owners. During the period of expansion and modernization of sugar mills, the concentration of land by sugar haciendas simultaneously fomented the development of an antagonistic campesino sector which played a major role in the Mexican Revolution (Crespo et al. 1988). The state of Morelos was the center of revolutionary activity. Campesinos of this sugar-producing zone, who had suffered repeated encroachment on their lands, put the sugar mills into operation and used the profits to arm themselves against the hacendados and the Mexican government. Other provinces followed suit.

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3. At the time of the field research, this organization was called the Confederación Nacional de Pequeños Propietarios (CNPP) and was comprised mainly of pequeños propietarios, or cane growers who own private land.

4. Previously the Confederación Nacional de Organizaciones Populares (CNOP).

5. During the colonial period, for example, encomienda (the system of land grant and tribute of “Indians” and their free labor) and repartimiento (a rotating system of compulsory labor) provided hacendados with access to indigenous labor; the Bourbon Reforms later facilitated the entrenchment and expansion of sugar haciendas (Landázuri Benítez and Vázquez Manecón 1988; von Wobeser 1988).

6. The Ley Lerdo and Ley de Desamortización of 1856 attacked corporate properties of the Church and indigenous communities. Wealthy hacendados acquired lands and their irrigation systems at half their value, as well as control over the labor force from whom land had been alienated (Landázuri Benítez and Vázquez Manecón 1988; Melville 1979).
themselves (Warman 1980b). The campesinos’ challenge to the hegemony of private capital in the sugar-producing region of Morelos created conditions for the emergence of the modern Mexican state. President Lázaro Cárdenas distributed some 20 million hectares of land to campesinos nationwide, which weakened the mill owners’ control of the sector and forged a state-campesino alliance (Esteva 1983). It is the dissolution of this traditional alliance that privatization and current policies of economic restructuring now bring into question. The Mexican Revolution and subsequent agrarian reform culminated in a significant transformation in the relations of production in the sugar sector: the landed oligarchy had been displaced from the land, the unity of factory and field in sugar production was disrupted, and the state was forced to balance the conflicting interests of sugar barons who had retained the mills, campesinos who demanded land redistribution, and urban workers who demanded low sugar prices. Campesinos became an important ingredient in the stabilization of the new Mexican state (Crespo et al. 1990; Warman 1980b).

The state gradually increased its hegemony over the sugar sector through provision of credit, control of prices, intervention in official institutions of the sector, and policy setting which centralized its control and subordinated campesinos to external forces. The state asserted economic control by providing credit to the sugar industry through its banks, the Banco de Crédito Agrícola and the Banco de Crédito Ejidal (Purcell 1981). Cárdenas created the CNC in 1938 to politically incorporate campesinos into the official party, the Partido Revolucionario Mexicano (PRM)—later to become the PRI—and thus ensured state control over producers’ unions (Hamilton 1984; Hodges and Gandy 1983; Montes de Oca 1977; Rounds 1977). The UNPCA is the official sugarcane growers’ union linked to the CNC; the separation of campesinos from labor groups (organized into the Confederación de Trabajadores de México [CTM]) and of UNPCA from the CNPR precludes the unification of these potentially powerful groups.

The reorganization of key institutions within the sugar sector and the setting of policy through state decree further fortified the state’s role. Private capitalists, who formed Azúcar, S.A. in 1931 as a cartel to market their sugar, conceded control of the price of sugar to the state in order to gain access to credit. By 1938, Azúcar, S.A. was transformed into Unión Nacional de Productores de Azúcar, S.A. (UNPASA) with government representation (see Singelmann and Otero, this volume). The institution provided credit, warehoused and marketed sugar, and exported sugar surpluses (Crespo et al. 1990; Jiménez Gúzman 1986). However, as sugar industrialists directed production away from national demand to the production of alcohol and molasses for export, Mexico was forced to import sugar (Crespo et al. 1988; Flores Lúa 1987). In 1943, the state issued a decree to delineate supply zones around sugar mills and obligated campesinos in these zones to produce sugarcane. A 1944 government decree established regulations for fixing the price of cane that mills paid to cane growers. These decrees put into place a new management system to associate cane growers with industrialists in a subordinate relationship under a system of increasing state hegemony in the sugar sector (Crespo et al. 1990). The 1944 decree, nonetheless, gave cane growers a share of the profits from the sale of cane by-products, such as bagasse, molasses, and alcohol (Paré 1987a). Subsequent restructuring resulted in the loss of these benefits—a fact not lost on cane growers.

The decade of the 1970s brought the state into direct control of sugar production. This was largely the result of a freeze on the price of cane from 1958 to 1970 which contributed to the destabilization of the sugar industry. Mill owners responded to government controls and the expanding role of the state in the sector by decapitalizing their mills. Many invested government credit in more lucrative sectors of the economy, since the low price of sugar impeded capital accumulation. Over the 1970s, the state gradually assumed control of failing sugar mills; this period is noted for the substantial growth of parastatal enterprises in the country (Crespo et al. 1988, 1990; Purcell 1981).

The policies of the 1970s were in part a recognition of the need to maintain the viability of a sector upon which thousands of campesinos depended for their livelihood. President Luis Echeverría (1970–76) restructured the industry in 1970 and increased the price of sugar to ensure the viability of mills, increase production, lure back campesinos who had turned to more lucrative crops, and raise the income of cane
growers (Jiménez Guzmán 1987; Purcell 1981). Echeverría’s administration created the Comisión Nacional de la Industria Azucarera (CNIA) to coordinate and administer the industry; it would incorporate UNPASA, Financiera Nacional Azucarera, S.A. (FINASA), and the Operadora Nacional de Ingenios, S.A. (ONISA). UNPASA, the only supplier of sugar to the domestic market and a credit institution for mill owners and cane growers, was now vertically integrated into the larger state organization. The government acquired FINASA in 1966, and through it retained exclusive responsibility for providing credit to the sugar sector. ONISA was to manage all state-owned mills, signifying direct state control in the production of sugar (Crespo et al. 1990; del Villar 1976; Jiménez Guzmán 1987; Purcell 1981).

By 1975, this state restructuring of the sugar industry had failed to draw the sector out of its crisis. A 1975 government decree changed the formula for fixing the price of cane, which was now determined by sucrose content rather than by weight. This measure removed the burden of capital accumulation from inefficient sugar mills and placed it on the producers’ field yield (Jiménez Guzmán 1987). The Comisiones de Planeación y Operación de la Zafra (Harvest Planning Committees) were to give cane growers a role in decision making and link them directly to the government through a tripartite representation of cane growers, mill owners, and the national state. Since the majority of mills were managed by the state, producers were outvoted two to one (Jiménez Guzmán 1987; Purcell 1981). The CNIA assumed control over all aspects of the sector, serving as both creditor and debtor of the industry (del Villar 1976). Despite these measures, Mexico lost its export capacity for sugar and became a net importer from 1976 to 1985. Insolvency of sugar mills prompted a second wave of state takeovers in 1977 (Crespo et al. 1988; GEPLACEA 1990).

Revisions to the Decreto Cañero7 in 1980 again made the price of cane dependent on factory efficiency, thus placing the burden of mechanically inefficient sugar mills on the shoulders of cane growers; this factor would become critical under conditions of privatization. In addition, cane growers lost their rights to benefit from the sale of cane by-products (Paré 1987a). During the administration of President Miguel de la Madrid (1982–88), the various branches of the sugar sector were consolidated into a single entity, Azúcar, S.A. de C.V. By 1985, Mexico became a net exporter of sugar, and productivity increased in both field and factory. In 1987, sugar generated 14.7 percent of all foreign exchange earned from agroindustrial exports (Crespo et al. 1990). Mexico’s reentry into the world sugar market was thus accomplished while the sector was under state control.

The state has intermittently intervened during periods of crisis to preserve the economic viability of the sector and maintain political stability in rural areas. This process is clearly present in the statization of the sugar sector in the 1970s. The preservation of sugar mills was essential to prevent the erosion of the rural communities’ economic base, the potential unemployment of thousands of campesinos, and the destabilization of the campesino sector. The state had sacrificed private interests in order to assume direct control in the context of political constraints exerted by the popular classes (Purcell 1981). Furthermore, as providers of raw material to the increasingly state-operated industry, the state organized cane growers into government-controlled unions, forming an organic relationship between campesinos and state-owned sugar mills. In 1988, the de la Madrid administration made the decision to divest and decontrol the sugar industry; privatization of the sugar sector constituted a crucial element in the development policy of the Salinas administration (1988–94). Privatization of Mexican sugar mills severed the organic relationship between campesinos and the state, maintained by the state’s dual control over the agroindustry and cane growers’ unions.

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7. The Decreto Cañero is the official contract that specifies how the price of cane is determined, defines the manner of payment to the producer for the cane, and regulates relations between cane growers and the sugar mill.
PRIVATIZATION OF THE SUGAR MILLS

Privatization of Mexican sugar mills followed two decades of direct state control of the sugar sector. The 1970s was a period characterized by significant growth of parastatal enterprises in Mexico, particularly after windfall oil revenues and foreign loans bolstered the state’s capacity to subsidize key sectors of the economy. Parastatal enterprises have frequently been instruments for social and political ends, such as maintaining employment, pursuing social welfare, and serving the function of redistribution; as such, states have been traditionally reluctant to surrender these firms to private forces without some degree of government regulation. In the latter 1970s, state intervention received renewed impetus as a strategy to correct the social disparities produced by the “free hand of the market.” State involvement in the economy, then, transcends purely economic objectives (Ibarra 1990). In Mexico, “estado rector” is not only a legal, but also a cultural and an ideological concept referring to the state’s leading role in economy, society and politics, and to a long tradition of government limitations on foreign companies, regulation of labor contracts, protection of domestic production from foreign competition, and the defense of nationalism (Morici 1991). Culturally, the social pact between the state and the different social sectors is viewed as a constitutional right; this social pact is fundamental to the stability of the state (Gilly 1990).

Despite this rationale for a state-directed economy, severe structural weaknesses—including inefficiency, overemployment, and corruption—afflicted the sugar industry during its public enterprise phase (see del Villar 1976; Jiménez Guzmán 1987; Paré 1987a; Purcell 1981). Nonetheless, that the sector was structurally weak, economically inefficient, and dependent in part on sugar imports prior to statization in the 1970s suggests that efficiency is not an inherent characteristic of private enterprise. Increased state ownership of the sector in the 1970s thus represents a rescue operation. Moreover, from 1984 to 1988, under state control, cane production increased 40 percent, having achieved a record harvest in 1984 (Paré 1990). Mexico regained its position as a net exporter of sugar from 1985 to 1988 and became the fourth largest sugar producer in Latin America, with exports of one million tons in 1988. Once privatization began, the country once again became a net importer of sugar, as the net trade deficit in sugar reached 263,265 tons in 1989 (GEPLACEA 1990).

Both Presidents Echeverría (1970–76) and López Portillo (1976–82) were able to contain discontent through public subsidies to the labor and campesino sectors; Presidents de la Madrid (1982–88) and Salinas de Gortari (1988–94), faced with an economic crisis, abandoned these public expenditures. Mexico’s threat to default on its loans in 1982 led the international banking system to realize that other countries could follow suit, and thus contribute to the demise of international finance. The economic crisis of 1982, coupled with Mexico’s $95 billion foreign debt, prompted the IMF and World Bank to call for radical transformations—to open the country to foreign investment, cut government subsidies, and divest the government of inefficient state-owned enterprises (Carlsen 1991; Felix 1991; Glade 1986; Ibarra 1990). Upon Salinas de Gortari’s assumption of the presidency, the Mexican debt represented 60 percent of the country’s Gross Domestic Product (GDP), and servicing of the debt absorbed 50 percent of the country’s export earnings (Castañeda 1990). Salinas, confronted with retraction of international loans and the failure of his 1990 European trip to obtain new loans and investments, promptly entered into negotiations for a free trade agreement with the United States and Canada (Felix 1991). Because the capacity of oil and foreign loans to finance development had deteriorated, access to U.S. markets for Mexico’s manufactured goods became essential. Salinas primed his approach with privatization, retraction of government subsidies, opening his country to foreign investment, and cracking down on corrupt union leaders, businessmen, and drug dealers. The North American Free Trade Agreement (NAFTA) signals a new era of modernization and a restraint on state management of the economy. While neoliberalism offers concessions to certain segments of the elite civil society, disenfranchisement of campesinos and the labor class portends grave political costs. Once initiated,

8. Of course a number of sugar mills always remained under private control.

9. Oil accounted for 78 percent of the value of Mexican exports in 1982, but by 1989 it had dropped to 35 percent. Over 60 percent of manufactured goods exported from Mexico are produced by multinational corporations (Weintraub 1991).
privatization proceeded at an extremely rapid rate, leaving only three sugar mills under the control of campesino groups (see Table 1).

<table>
<thead>
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<th>Table 1</th>
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<td>Ownership of Mexican Sugar Mills, 1988–1992</td>
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<tbody>
<tr>
<td>State</td>
<td>49</td>
<td>36</td>
<td>26</td>
<td>5</td>
<td>0</td>
</tr>
<tr>
<td>Private</td>
<td>14</td>
<td>25</td>
<td>34</td>
<td>54</td>
<td>55</td>
</tr>
<tr>
<td>Union</td>
<td>0</td>
<td>2</td>
<td>3</td>
<td>3</td>
<td>3</td>
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<tr>
<td>Cooperative</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Closed mills</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>6</td>
</tr>
</tbody>
</table>

Total extant | 66 | 65 | 65 | 64 | 58 |

Source: Azúcar, S.A.

Clearly, the sales of particular mills were protested by cane growers. The campesino-owned cooperative mill Emiliano Zapata, in the state of Morelos, was temporarily removed from the list of mills to be sold, due to pressure from the workers' union. The workers claimed, "We are not willing to have our principal source of employment taken over by the private sector, especially the Escorpión soft drink group" (translated from Tumbando Caña 1990 [19]: 27). This mill was declared bankrupt and sold to Grupo Xafra (owner of Coca-Cola) in 1992 (Becerril 1993b). This closing is of historical significance because this mill was established in the heart of the Zapatista region after the Mexican Revolution. Cárdenas founded this mill in the 1930s as a campesino-run cooperative, one of only two in the country. More recently, the mill was acquired by Grupo Escorpión, a soft drink conglomerate (Peter Singelmann, personal communication). El Mante, the second campesino cooperative, was declared bankrupt in 1992. Ultimately, Aarón Sáenz, the longtime sugar baron who wields considerable power in the sugar industry, purchased the mill (Becerril 1993c).

The El Higo and Mahuixtlán mills (both in Veracruz) were purchased in 1988 by cane unions belonging to the CNC. A cane growers' journal praised the acquisition of these mills: "An old dream of the CNC family throughout its history was to transform ourselves into industrialists of our own product. Today, with the acquisition of the El Higo and Mahuixtlán mills by our UNPCA-CNC, this longing becomes reality" (translated from Tumbando Caña 1989 [14]: 2). Under CNC ownership, the Mahuixtlán mill's factory and field yields both surpassed the averages for Veracruz, and the mill achieved the highest number of tons of sugar per hectare in the state (Becerril 1993d; Tumbando Caña 1990 [17]). The CNC purchased a third mill, Melchor Ocampo, in 1990 and experienced better economic results than it originally predicted (Diario de Colima, 21 June 1990). By 1991 the campesino mills continued to market their sugar, whereas many privatized mills became insolvent (as discussed below), explained in part by the transfer of their sugar to the soft drink and processed food industries (public official, Azúcar, S.A., personal interview). Nonetheless, the CNC-owned mills were eventually put up for sale as well (Peter Singelmann, personal communication).

Out of 44 state-owned sugar mills that were sold, four of the seven mills destined for producer control have subsequently reverted to the private domain. Not all mills were privatized; rather, the government closed several of them, contributing to unemployment in their regions. The closure of Oacalco mill prompted cane growers of the area to demand that President Salinas intervene; 800 cane growers seized the offices of Azúcar, S.A. and demanded the mill be turned over to them—without success. One year later, the zone was noted for its high unemployment and out-migration to the United States. Eleven mills were closed between 1985 and 1992 (Correa, Corro, and Robles 1989).
Contrary to neoliberal expectations, privatization had clearly not increased the sugar mills’ operating efficiency by 1991. Despite the investors’ purchase of mills at depressed prices (50 to 60 percent of their value, on average), officials at Azúcar, S.A. (now defunct) and FINASA in Mexico City reported minimal investment in the antiquated sugar mills to improve productive efficiency. Of 64 mills in the country, only 21 were operating at a profit in 1991; 16 had net losses, and the remainder were breaking even (FINASA official, personal interview). Failure to invest in mills characterized the initial stages of privatization during the period of fieldwork and throughout the following year. There is evidence that some of the less profitable mills have since been resold, and a few owners are demonstrating interest in increasing productivity to take advantage of NAFTA (Peter Singelmann, personal communication). Ironically, the state continues to provide all credit to the sugar industry through FINASA. With the disappearance of Azúcar, S.A., there no longer exists coordinated control over the distribution of sugar for popular consumption.

Soft drink corporations, purchasers of half of Mexico’s sugar, predominate in ownership of Mexican sugar mills. Azúcar, S.A. recognizes that the savings in utilization of sugar produced in the owner’s mill is an attractive incentive to purchase sugar mills, especially for soft drink companies. The first sugar mill to be privatized was Atencingo which, along with the Plan de San Luis mill, was purchased by Grupo Escorpión; Escorpión holds the franchise for Pepsi-Cola and a number of other soft drinks (Correa, Corro, and Robles 1989). Holders of Pepsiço’s franchises now own 12 mills and control 20 percent of the country’s sugar production (Malpica Aburto 1991). Pepsiço bought out Empresas Gama (headed by Alberto Santos de Hoyos),11 although the latter’s sugar mills were slated to be turned over to the CNPR, which had made initial payments of 15 percent on the purchase price. Cane growers of these regions were thus forced to associate with Grupo Gama in order to process their cane. Pepsiço admits that the key factor in its decision to purchase Gama was the U.S.-Mexican market integration. Coca-Cola controls two-thirds of the soft drink market in Mexico, and Grupo Industrial Bimbo accounts for one-third of the snack market; it leads the country with 90 percent of the sweet snack market and 15 percent of salty snacks (Bouleau 1990; Correa, Corro, and Robles 1989; Malpica Aburto 1991). Coca-Cola and Bimbo are co-partners in Grupo Beta San Miguel, owner of four privatized sugar mills. Continued government control of the price of sugar is an important factor in reducing the profits of the privatized sugar mills. The subdirector of Azúcar, S.A., however, admitted that lack of cash flow among mill owners is partially explained by the fact that they are utilizing their own product for processing, rather than selling it on the market (personal interview).

By May 1993, fourteen private mill-owning groups had repaid less than half of their contracted purchase obligations and still owed 4.5 billion new pesos. Neither had they covered their financial obligations to IMSS, the Comisión Nacional de Agua (CNA), and the unions of the mill workers and cane growers. Grupo Sucrum, headed by Juan Gallardo Thurlow, a representative in the NAFTA negotiations, failed to pay $5.5 billion (old) pesos owed to IMSS to cover medical services for workers and cane growers at the Independencia mill. The quotas had already been deducted from the pay of workers and producers, who were left without medical services. These benefits were the result of years of class struggle between cane growers and sugar mills. Two years after the purchase of the Independencia mill, without having made any monthly payments subsequent

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10. Pepsiço’s annual sales are US$15.42 billion, and it realizes profits of $901 million (Ortega Pizarro 1990). As a multinational corporation, it has bought out Frito Lay, Taco Bell, Pizza Hut, and Kentucky Fried Chicken. A Mexican group that produces chicken for Tyson Foods has initiated a project in ejidos of the La Laguna region (on the Coahuila–Durango border) to establish chicken farms to produce chickens for Kentucky Fried Chicken outlets in Latin America (Poole 1991). Pepsiço plans to expand the number of Kentucky Fried Chicken restaurants in Mexico from 53 to 200 (Bouleau 1990).

11. Empresas Gama is a consortium comprised of numerous enterprises: Promotoria Agropecuaria Gama, Productos Gerber, Ingenios Gama, and Grupo Gama. Grupo Gama includes Nabisco Famosa, Harinera Santos, Dulces Lady Baltimore, Mareaes Alimenticias Internacionales, Galletera Palma, Gameo Comercial, Desarrrollo Industrial Games, Almacenadora Games, Desarrrollo Inmobiliario Games, Pastas Tepeyac, Inmobiliario Jalisciense, Corporativo Games, and Acerosanto. Pepsiço purchased 72 percent of Empresas Gama in 1990 at a cost of US$320 million (Ortega Pizarro 1990). Empresas Gama recently embarked on a pilot project with ejidatarios of Nuevo León to turn 10,000 acres of ejido land into wheat farming to supply wheat for Gamesa’s cookies (Poole 1991).
to the down payment, Thurlow declared the mill bankrupt (Becerril 1993b, 1993e). The largest sugar mill, Ingenio San Cristóbal, was sold to Grupo Escorpión in 1988, but by the end of 1990 Escorpión still owed $34.64 billion pesos. Escorpión had sold broken-down equipment from the mill for $69 billion pesos, which would have more than covered the debt, yet it failed to meet even its annual payments. In 1992 the government restructured its loan. Nor has Escorpión liquidated its loan on two other mills it purchased (Becerril 1993b).

Grupo Xafra (linked to Coca-Cola) deposited one-half the purchase price of its three mills (Modelo, Potrero, and San Miguelito, three of the best mills in the country) in 1988 and has not made one further payment (Becerril 1993b). In 1990, a producers’ and workers’ strike broke out at the Potrero mill; workers accused the owners of intending to operate the mill for five years and resell it, in ruins, to the government. The management threatened to liquidate the workers and end the harvest, leaving producers and cutters without jobs (Torres Sánchez 1991a; 1991b). As of August 1992, two sugar mills were declared bankrupt and 12 were in virtual bankruptcy. Two of these mills shut down operations, and four operate at 50 percent capacity, with no worker unions or legal work contracts. At least one of these bankruptcies involved serious violations of human rights (Becerril 1993a).

Alberto Santos (owner of the Alianza Popular, Bella Vista, Pedernales, and Puruarán mills) received financial support from FINASA to modernize his mills, increase productivity, and preserve the zones as sources of employment. On May 25, 1992, he closed the Puruarán mill in Michoacán and began dismantling the factory. Factory workers, growers, and local inhabitants, determined to keep the mill open, took it over on December 7, 1992. Denied credit, they repaired the mill and processed the cane. From the sale of sugar, they covered salaries, advance payments, liquidations, and credit for fertilizer and insecticides. At the end of the harvest, they had 700,000 new pesos worth of sugar in the warehouse. As they were putting the mill back in operation, Alberto Santos hired gunmen, who fired on three workers on October 10, 1992. The gunmen were detained by police, but they were released one hour later with their high-power weapons returned to them. Subsequently, on May 3, 1993, state and federal police invaded Puruarán and the sugar mill and entered the houses of five workers and cane growers. These victims were abducted, and their whereabouts remained unknown (La Jornada, 5 July 1993).

The entry of new investors into the sector represents an important change from the industry’s management by the traditional sugar industrialists. The latter own mills as a family tradition, have decades of experience, and are more dedicated to sugar production. The former have entered this sector largely for speculative purposes, and they lack the knowledge and experience of the traditional sugar families (Peter Singelmann, personal communication). As new private managers have taken over the sugar mills, the need has surfaced to redefine the relationship between cane growers and the state, and between producers and the sugar mill. Private mill owners have unwillingly inherited a sector in which notions of a paternalistic relationship between cane growers and the sugar mill persist. Cane growers hold a strong sentiment of “belonging to the government” and an unwillingness to adjust to the new private owner–cane grower relationship.

Economically, these conditions have contributed to the abandonment of 100,000 hectares of cane between 1986 and 1992, a 20 percent drop in sugar production, and a decline in factory yield of 11 percent (Malpica Aburto 1991; Marcos Chávez 1992). The social and political costs to cane growers—who were to enjoy increased standards of living and a participatory role in the process—include increasing debt, loss of employment, fewer benefits, deleterious modifications to the Decreto Cañero, greater external control over

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12. These sugar mills include Navolato, Rosales (Sinaloa); Purísima (Jalisco); Puruarán (Michoacán); Santo Domingo, Juchitán (Oaxaca); Hermenegildo Galeana (Tabasco); San Pedro, San Francisco Naranjal, El Higo, Mauixtlán, Panuco (Veracruz); El Mante (Tamaulipas); and Emiliano Zapata (Morelos) (García Colim 1992).
union organizations, and political repression of their protests against privatization.¹³ Reprivatization of the sugar industry portends a reconstitution of resources by sugar industrialists, which may require a renewal of state measures of control.

**RECONSTITUTING STATE-CAMPESINO-PRIVATE CAPITAL RELATIONSHIPS**

Concern with the shifting balance of power, as campesinos reconstitute their relationships to a contracting state and the penetration of private capital, focuses analytic attention on the cultural production of knowledge by campesinos. It is these culturally constructed understandings that generate the diverse forms of collective and individual strategies of resistance that campesinos use to challenge the hegemonic forces for change (Scott 1985, 1990; Bartra 1985; Escobar and Alvarez 1992; Foweraker and Craig 1990; Gordillo 1988; Hardy 1984). The following sections discuss the processes through which cane growers in Colima assert their demands for spaces of power in the context of privatization of the regional sugar mill.

**The Sugarcane Growers’ Strike of 1990**

Prior to the harvest of 1990, cane growers affiliated with the regional UNPCA (affiliated to the CNC) in Colima staged a strike which articulated with similar strikes throughout the country, in response to declining earnings, threatened loss of historically gained benefits, and mechanical deterioration of the newly privatized sugar mills. This event was but a more visible expression of an ongoing process of cultural redefinition of the relations of power and everyday strategies of resistance. Through this process, in the initial stages of reprivatization of the sugar industry, campesinos are reformulating their orientation to the state and largely rejecting the entry of the new private mill owners, both discursively and through a variety of acts of resistance. This resistance on the part of cane growers in the region is polyvalent in nature—it is at once economical, political, and cultural (Escobar and Alvarez 1992; Isaacman 1993; Roseberry 1989; Scott 1985, 1990).

The CNC is a political unit of the official party that penetrates campesino society and, at the same time, a class instrument that penetrates the state apparatus (Hardy 1984); as such, it becomes an important arena for expressing the state-campesino relationship. Before privatization, given the double control of the state over the sugar mill and the cane growers’ union vertically situated within the CNC, cane growers were incorporated into a structure of domination that jointly linked their political organization to the agroindustrial complex.

Nonetheless, cane growers historically have utilized the CNC to press their demands for better prices and to challenge the hegemonic control of sugar mills (Crespo et al. 1990). They have at several junctures succeeded in gaining price increases, medical services, clinics, and a share of the profits from cane by-products (Crespo et al. 1990; Flores Lúa 1987).¹⁴ Dissension broke out within the CNC in the 1960s, and conflicts among different producers’ unions weakened the bargaining power of cane growers. As many producers abandoned the CNC in the 1970s, mill owners refused to negotiate contracts with non-CNC members, and dissident unions and their leaders were repressed and assassinated.¹⁵ The government continues

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¹³ Documentation of these effects are reported elsewhere (see Chollett 1994b).

¹⁴ As early as 1941, producers organized to demand an increase in the price of cane. In 1944 the Decreto Cañero gave producers a 50 percent share in the sale of by-products (molasses and alcohol), and a presidential decree granted medical services in 1945. The state extended social security to cane growers in 1963 (Crespo et al. 1990; Flores Lúa 1987).

¹⁵ One significant example of the struggle between local and national power groups within the CNC was the formation of the FVPC (Federación Veracruzana de Productores de Caña) under the leadership of Roque Spinizo Foglia. This group posed a serious threat to the leadership of the CNC, then headed by Alfredo Bonfil. Operating within the margins of the CNC, the organization opposed the contract proposed between the CNC and sugar mills in 1972. A work stoppage staged by the FVPC at Ingenio San Cristóbal, Veracruz, known as the *huelga de machetes caídos* (strike of fallen machetes), in protest of the CNC
to deny to independent cane unions the benefits that it extends to officially recognized organizations (*Tumbando Caña* 1990 [19]). A crisis of legitimacy for the CNC led the state to absorb the Unión General de Obreros y Campesinos de México “Jacinto López” (UGOCM), the Central Campesina Independiente (CCI), and the Confederación Agrarista Mexicana (CAM) into the Pacto de Ocampo, to facilitate vertical control and the co-optation of union leaders. At this time, the sugar sector was in the process of statization, which required a single organization controlled by the state to regulate the relations of production and promote capital accumulation (Paré 1987a). Subsequently, a unification assembly of the various cane growers’ groups met in 1977, forming a national-level entity, which in turn incorporated regional unions from each production zone of the country (Hardy 1984).

Since 1988, strikes have erupted over compliance with the Decreto Cañero and worker contracts (Becerril 1993b). In 1989, strikes broke out when mill owners attempted to terminate advance payments guaranteed in the Decreto Cañero. Furthermore, in 1988–89 and 1989–90, the government failed to comply with regulations requiring that the price of cane be adjusted according to inflation, leaving a price deficiency to producers of 18 percent, equivalent to $10 billion pesos (Sepúlveda 1990). These factors, together with the increasing criticism of corrupt union leaders, have led cane growers throughout the nation to reformulate their loyalties and reject the official organizations:

The CNC’s survival mechanisms are weak in the face of state policies that do not resolve the rural problematic and the growing breach between the organization and the peasantry, a breach that in some way explains the emergence of incipient independent organizations, still weak, but regionally present (Hardy 1984:12).

The 1990 strike by the official cane growers’ union in Colima reveals not only the assertion of demands for a just price, but also a reconstitution of the campesinos’ cultural understanding of the Mexican state. Unlike other regions, where relations between sugar mills and the wealthy, private landowners of the CNPR are generally more positive than that with ejidatarios integrated into UNPCA, in Colima the CNPR has taken a powerful stance against the privatized mill, utilizing the media (radio, television, newspapers) to publicly denounce the inefficiencies of the mill and declining profits of cane growers. After a season of mechanical breakdowns at the mill, the CNPR leader threatened to take legal measures against the mill because “the industrialists’ arbitrary actions and delay in processing [the cane] is provoking an urgent situation and is causing cane growers to suffer huge losses” (translated from Ochoa Meza 1991:1). It has also been suggested that the large, private landowners are most likely to benefit from the major transformations of privatization and land reform (see essay by Singelmann and Otero in this volume); in this region of western Mexico, however, many of the private cane growers also went bankrupt and have withdrawn from cane production. Nonetheless, the sharp division between the CNPR, whose members dominate the region economically and politically, and UNPCA precluded unification in the 1990 mobilization for a just price for sugarcane.

At the beginning of the 1990–91 cane harvest, rising production costs required that producers receive at least a 50 percent increase in price merely to remain solvent. On November 6, 1990, the government offered a price increase of 26.9 percent. At the national level, UNPCA rejected the proposed price and threatened a national strike unless the government met their demands for a 100 percent increase. The leader of the regional union in Colima, which represented all but one of the 47 mills that took part in the strike, announced at a special meeting of UNPCA that the private sector had also proposed changes to the Decreto Cañero, to eliminate social security, advance payments, and the sale of processed sugar back to producers at a discounted price. The union made plans to block the entry of cane to the mill until the 100 percent increase was granted.

contract, fraud, and abuse of power within the organization, culminated in the intervention of the army. Spinozo was arrested but soon released, whereupon he reconciled and signed the contested contract, agreeing not to stage further strikes. Spinozo Foglia eventually emerged as the co-opted leader of the newly unified cane growers’ organization, the UNPCA, which formed in 1977 (Crespo et al. 1990; Igartia 1987b). Spinozo, who had fought for numerous rights and guarantees for cane growers, was assassinated in 1985.

16. These cane growers belong to the national UNC (Unión Nacional Cañera), which is affiliated with the CNPR; in Colima, these producers referred to themselves as members of the CNPP (today the CNPR).
Several special union meetings were held during the negotiation process, in which the leader incited the members to strike and members reiterated their strong commitment to achieving their goal.

Unions throughout Mexico sent delegates to a series of meetings with Azúcar, S.A., and the Secretarías de Agricultura y Recursos Hidráulicos (SARH), Reforma Agraria (SRA), Hacienda y Crédito Público (SHCP), and Comercio y Fomento Industrial (SECOFI). At subsequent meetings of the regional union, campesinos expressed their anger over the withdrawal of state support and their ambivalence toward the private sector. Although the union had pressured the mill to retain workers' benefits (insurance, advance payments, and discounted processed sugar), members also continued their demand for a 100 percent price increase. Campesinos at these meetings expressed their antipathy toward the government's policy reorientation in statements such as the following: "we cane growers are starving to death in the countryside;" and "the Pact is designed to benefit the people who do not produce; we who produce, they do not pay."17

As the strike proceeded, Isidro Pulido Reyes, national leader of UNPCA, warned the general secretary of the CNC that a 26.9 percent increase in the price for sugarcane would result in economic losses for producers. Cane processing fell behind as the strike threatened to paralyze all of Mexico's 64 mills (La Voz de Michoacán, 15 November 1990). After subsequent negotiations among government authorities, sugar mill officials, and cane growers, national UNPCA leaders accepted an increase of 14.5 percent in credits and other collateral benefits, in addition to the 26.9 percent price hike and agreed to commence with the harvest. Twenty percent of those in disagreement decided to break with UNPCA and join the CNPR (Diario de Colima, 28 November 1990).

The CNC asserted its ideological hegemony by commending producers for their "understanding, patriotism, and nationalism in the past two harvests in accepting price increases smaller than the inflation index" and enjoined producers "not to enter the terrain of deceit, demagoguery, and lies" by joining oppositional organizations, such as the Partido de la Revolución Democrática (PRD). The leader explained, "The PRI is on the side of the campesinos" (translated from Sepúlveda 1990: 2). On the other side of the ideological divide, cane growers in Colima criticized the government for failing to respond to their demands and accused the national UNPCA leader of being "bought off" by the government.

Cane growers are linked in a web of relationships with the state, the mill, and the producers union, a situation that poses a formidable obstacle in the context of privatization. The weakening of the organic relationship between campesinos and the state coincides with a deepening of private capital's involvement in the sugar industry. The state's withdrawal from control of sugar mills has reconfigured the fundamental nature of the relations of production. Formerly, the state controlled both the sugar mill and the producers union. Cane growers channeled their grievances and price demands to the state, and the state frequently acquiesced to their demands in order to ensure economic viability of production zones and political stability among campesinos. Under privatization, the state continues to control the price of sugar (as a subsidy to wage labor and to the food-processing industry); thus campesinos must divide the focus of their struggle between the state (over price), on the one hand, and private mill owners (over issues of production), on the other. This division weakens their efforts to create spaces of power, wherein they must confront hegemony on two fronts.

In 1990–91, once the price was established at the national level, the union redirected its efforts toward bargaining with the regional mill for additional benefits. The regional union leader in Colima negotiated for the mill to pay 50 percent of the cost to maintain access roads and 50 percent of the cost of cane cutters, and to make advance payments to all producers, regardless of the debt they had already incurred. The union threatened to continue the strike unless the mill met these demands. Advance payments, however, were already specified in accordance with the Decreto Cañero, and payment for cutters was denied. Despite the union members' strong commitment to challenge the government over price and to press the mill for

17. The "Pact" referred is the Pacto para la Estabilidad y Crecimiento Económico (PECE), an agreement among the state, unions and producers organization, and the private sector to control prices.
additional benefits, at a subsequent meeting the union yielded, accepting minimal benefits. The union did not meet again until the last month of the harvest, despite serious equipment breakdowns which caused 45,000 tons of cane to be left unharvested in the fields. The union successfully pressed the mill for payment for undelivered cane; yet in the following year, again after mechanical problems left many producers of the zone with unharvested cane, the mill refused to compensate producers, in contravention of the Decreto Cañero.

In a region where conservative politics and PRI loyalty have prevailed, campesinos are reconstituting new cultural meanings in regard to the state and to official unions, and toward the new private mill owners. Whereas the author's previous research in this region in 1984–85 found largely unquestioning support for what campesinos then perceived to be a paternalistic state, culturally shared meanings in the 1990s evoke the state's betrayal of the state-campesino alliance, distrust and wrath over the exploitation by the private mill owners, and a new openness about expressing that opposition. This reorientation is significant because, as Isaacman noted for Africa, "The creation of an oppositional culture is itself a political act... Defiance of the dominant culture was an act of empowerment" (1993: 245).

As suggested by Jelin (1990) for other areas of Latin America, events unfolding in Colima involve both a political struggle for access to power and a cultural struggle in search of a new identity. It is through recurrent interaction in social networks that campesinos in Colima constitute novel, shared meanings about their identities (Melucci 1988a). An emerging identity among cane growers assumes an oppositional stance toward the state, the sugar mill, and the union. As stated by Escobar, "As social life is subjected to contestation and reinterpretation, these processes are fundamentally discursive" (1992:78); the everyday discourse of campesinos in Colima reveals this emerging ideology:

The cañero has three rivals. The first is the sugar mill. The second is the government, because no one tries to help him; it tries to see how much it can take. The third is the union of the cañeros. These give him the coup de grace (field notes 1991).

Many campesinos feel betrayed by the government and report a newly forged alliance between the state and private capital that coincides with the weakening of their own position vis-à-vis the state:

We all thought that the government was putting money in its pocket, but it was helping the cañero. For the last three years, we have made no profit, we feel like we have gone backwards. When the mill belonged to the government, they built houses for the cañeros. When the owner changed, all this ended. These [owners] want nothing more than to take out money; the campesinos are of no concern to them. The government and the private sector have agreements; the government defends the private sector. The private sector says to the government, "I am going to buy [the mill], but help me"—by not accepting demands from the campesino, so they receive a profit. The private sector says to the national leader, "This price is not acceptable to us" and nothing more can be done (field notes 1991).

Furthermore, the majority of cane growers no longer believe that the union defends their interests:

The [union] leader can defend the cañeros, but there is no longer much confidence in the leaders because they have been bought off. The campesino is the one who suffers, and do you know why? Because the leaders do not defend us. Unfortunately, the leaders are traitors to the cañeros. If the sugar mill and the leaders do not act on behalf of the cañero, as they are obligated to do, the cañero is the one who suffers a loss. Everything depends on the leader. The strike did not succeed because the leader was bought off. Everything is screwed (field notes 1991).

Although many producers were ready to take new measures to realign the relations of power in 1990, the continuing co-optation of union leaders by the government is widely recognized:

In the 1990 strike, I was ready to suffer, to tighten my belt, if there was no harvest. If the mill didn't grind, it was going to be a greater hardship. The national leader lacked determination—he caved in. He had the support of all the unions of the country, but he did not defend us. This is why we never achieve anything. We need leaders who are more decisive and courageous. Roque knew how to organize. He defended the rights of all

18. The generalized nature of mechanical inefficiency of sugar mills is reflected at the national level, where 1.5 million tons of cane remained unprocessed in 1991.
cañeros. They could not hush him up with money or threats. Those who want to help the ones that are most exploited, they kill. They already killed our defender, Roque Spinozo Foglia (field notes 1991).

Cane growers in Colima have redefined their position vis-à-vis official power structures, yet their rejection of these hegemonic forces rarely leads them to select alternative channels of collective mobilization outside of the official union. The assassination of Spinozo stands as a grave reminder of the consequences. The leader of an alternative, independent organization (discussed below) related:

The cañero has a choice; he can go with or against the leader. But the cañeros are afraid to break with the established structure. They say, “If I go against the leader, who will join me? Do I go alone?”

Rejecting Officialdom: Alternative Campesino Strategies
It is in such a repressive context that alternative social movements have emerged. These movements, according to Hellman (1992), tend to develop where the state limits opportunity for democratic expression and represses popular organization through official institutions. Thus, simultaneous with the development of the cane growers strike, an unprecedented independent producers organization arose in Colima. The objective of CEDPA (Comité Estatal para la Defensa de los Productores Agropecuarios), which is independent of party affiliation and incorporates producers of all sectors, is to attain just prices for agricultural products. Crucial differences distinguish CEDPA’s objectives, strategies, and modes of participation from official organizations. In contrast to the Salinas administration’s National Modernization Program, which CEDPA argues places the rural area in the hands of the private sector, CEDPA attempts to put control in the hands of campesinos. It aims to create “spaces of power,” in the words of the CEDPA leader, in which the leader acts not for, but with, his fellow members. A public statement clearly stated CEDPA’s aims and objectives:

Under the slogan of national modernization the government has permitted, promoted, and accepted the importation of agricultural products. . . . without considering internal production. . . . In these difficult circumstances and in this gloomy agricultural panorama where the official campesino organizations do little or nothing to defend their “representatives,” an incipient, alternative group, a true campesino struggle emerged, the Comité Estatal para la Defensa de los Productores Agropecuarios (translated from Ecos de la Costa, 7 April 1991).

Establishing a region wide network in 1990, the group held marches, demonstrations, and open markets where they sold their crops at prices set by campesinos, and they dumped their crops on the main streets of the capital city of Colima to protest the crops’ low value. Government officials condemned these demonstrations and held a “peaceful” march of officially recognized campesino organizations, such as the CNC, UNPCA, and the CNPR. Officials blocked CEDPA from entry to the government palace, where the governor received the plea of the official organizations for control of prices, restructuring of credit, and tariffs on crop imports.

However, in response to CEDPA demands, Carlos Hank González, the Minister of Agriculture (SARH), came to Colima to hold discussions with campesinos. Again, the government attempted to bar CEDPA from participation. The CEDPA leader persisted until officials included him in the roundtable of campesino organizations scheduled to meet with the SARH official, where he proceeded to demand action on the part of the government to address the needs of producers. CEDPA provides grassroots participation and has not been co-opted by the government; its leader ran for state governor on the PRD ticket the following year. On the negative side for such new campesino initiatives, political democratization has not accompanied state policies of economic opening, and the lack of official recognition severely restricts CEDPA’s activities. Few cane growers of the region consider CEDPA a viable alternative.
Individual Appropriation of Power
In the cane-producing region of Colima, the majority of campesinos have traditionally repudiated alternative means to collective confrontation, and alternatives remain weakened by lack of official recognition. Negotiation of relations of power thus takes other forms. Limited collective alternatives intensify the ongoing, persistent efforts of campesinos to redefine their relationship to official institutions and to seek individual means of appropriating power. Campesinos seek to reduce the effects of, or augment their gain from, the transformative processes with which they must contend. The ideological matrix of cane production, widely shared among producers of the zone, becomes materially manifested in strategic actions campesinos take to defend their interests. Detailed analysis of their strategies may be found elsewhere (Chollett 1994b). But briefly, numerous small-scale cane growers in Colima have chosen a variety of strategies of resistance: to abandon cane production; to reduce the number of hectares of cane, without total abandonment of the crop, in order to retain medical insurance and social security from the mill; to sell cane for cattle feed rather than deliver it to the mill; to convert cane fields to cattle grazing; to rent cane fields to more wealthy producers, usually private landowners; to divert the fertilizer provided by the mill for sale or for use in maize fields; and to pay bribes to get low-yielding, otherwise unacceptable cane into the mill. While many of the campesinos' strategies of resistance are not new, the state's loss of distributive power and the entrenchment of private capital intensify these efforts.

During previous field research by the author in 1984–85, cane growers of Colima defined numerous advantages of producing sugarcane. In interviews, 50 percent of all campesinos claimed that cane was their most important crop. In 1991, 43 percent (n=99) said there were no advantages to cane production, and only one person identified cane as his most important crop. Of this sample, 54 percent believed it would be best to terminate cane production. If the private mill owners terminated medical insurance, as they unsuccessfully attempted to do in 1990, 75 percent of these cane growers would abandon their cane. Between 1986 and 1991, campesinos took 2,598 hectares of cane out of production, a decline of 24.5 percent of the zone (Chollett 1994b).

Changing orientations toward cane production are generalized and widely shared among ejidatarios and private landowners of the zone. These cultural understandings diverge, however, among a differentiated campesino sector. Both wage laborers who harvest the cane and non-cane growers who rent or sharecrop stand to lose should the economic crisis culminate in closure of the mill. It is in their interest that the sugar mill continue to function as a source of employment, even though sugarcane has undergone a cultural redefinition among ejidatarios—from a desirable, lucrative production strategy to one that is the object of contempt. As they engage in diverse strategies to reappropriate the surplus value extracted by the mill, campesinos increasingly deprive the mill of its raw material, and thus rob the mill of its potential profits. These practices are generalized in the supply zone, constituting campaigns of attrition; as Scott argues, "When such acts are rare and isolated, they are of little interest; but when they become a consistent pattern . . . we are dealing with resistance" (1985: 296).

CONCLUSIONS
With the reprivatization of the Mexican sugar industry, campesinos have become engaged in what Escobar and Alvarez (1992) refer to as a cultural and political struggle for access to mechanisms of power. Transformations taking place in the Mexican countryside must be understood in terms of ideology and the cultural construction of meaning and in regard to the structures of power that impinge daily on the lives of campesinos. Historically, the state ensured the production of sugar as a luxury commodity by granting entrepreneurs access to land, labor, and capital, setting into motion relations of hegemony, power, and unequal distribution of wealth. This hegemony has not gone uncontested; campesinos were both victims and agents in constituting their own histories. Campesinos’ confrontation with the landed oligarchy during the
Mexican Revolution created conditions for the emergence of the modern Mexican state. It is this state that forged an organic state-campesino alliance through redistribution of land and creation of the hegemonic political system that incorporates campesinos into the structures of power.

In the sugar sector, campesinos were brought into direct relations of production with the state through state ownership of sugar mills in the 1970s and through state control and manipulation of cane growers’ unions. The reversal of this dual control with the assumption of ownership by private capital represents a major transformation in the relations of production. Campesinos now subject to the privatization of sugar mills vehemently contest the abrogation of the organic relationship between cane growers and the state. The state’s continued control over credit to the sector and over the price of sugarcane interposes itself between private capital and cane growers, effecting a transformation from dyadic to triadic relations of production. The object of campesino struggle (the price) no longer coincides with the source of their exploitation (the sugar mill). Under state control, the two coincided, and producers simultaneously confronted mill owner and controller of the price in a single entity, which allowed for a more efficacious bargaining process. Reprivatization has caused producers to divide their efforts between a struggle with the state over price and a struggle with the mill over benefits and fair working conditions. The state’s continued incorporation of UNPCA into the CNC, and thus the PRI, further weakens the campesinos’ challenge to hegemony in the sugar sector. The former distribution of material rewards by the state during periods of crisis stands in contrast to the privatized sugar industry, wherein private mill owners demonstrate a primary interest in profit and less concern for the welfare of those who provide the mill with its raw material. State policy periodically accorded benefits such as price increases, social security, and health insurance to cane growers. Policy directives associated with economic restructuring, however, explicitly disavow this paternalistic role (although the state continues to control the price of cane and to provide social security and health insurance under a modified scheme). Privatization of the sugar sector marks an important historical juncture that raises questions about the abrogation of the state-campesino alliance and Mexico’s transition to the neoliberal paradigm.

Superimposed on this situation is the government’s renouncement of the Mexican Revolution through modifications to Article 27 of the Constitution. Article 27 provided for the redistribution of lands to ejido communities and guaranteed usufruct rights to campesinos. The constitutional changes of 1992 eliminate this protection. The right to sell ejido land, with a two-thirds majority vote from members, may be acted upon by debt-ridden cane growers and thus may promote the concentration of land among wealthier cane growers in Mexico or in the hands of national and international capital. As the social glue that held the society together dissolves and alternative means for production and reproduction fail to emerge, we may expect campesinos to select more radical means to ensure their survival. As campesinos develop new strategies of resistance, the consequences of economic restructuring and privatization foment conditions that may require the state to resort to increasingly repressive measures of political control.

In the state of Colima, collective resistance on the part of cane growers achieved small gains (a small price increase, retention of social benefits, payment for unprocessed cane), but this resistance was largely co-opted by the state. Thus the unprecedented (at least for this region of Mexico) emergence of an alternative producers’ organization symbolized a redefinition of campesinos as an oppositional force to the government, in rejection of the former state-campesino alliance. In the interstices of the ongoing trajectory of campesino resistance are found numerous examples of low-profile, individual strategies of contestation. These activities are but a phase expressed in “submerged networks” that are complementary to the periodic emergence of social mobilization (Melucci 1988b). Individual strategies of resistance, while inefficient in terms of productivity, are the weapons used by campesinos of the zone to contest state control of their union and to lessen surplus extraction by the sugar mill. The choice to abandon cane production, thus withdrawing the raw material on which the mill depends for profit, is a mechanism for the appropriation of power. As Escobar explains, transnationalization of the economies and dismantling of Latin American states has led social actors “working at the margins and in the fissures of peripheral capitalism” to “question . . . the existing mechanisms
for the production of meanings, identities, and social relations” and to “take space away from capitalism and modernity” (1992: 68).

Future research needs to take into account regional differences, which will contribute to diverse strategies with divergent results. In contrast to the more conservative efforts of campesinos in Colima, for example, cane growers and workers at the Puruarán mill in Michoacán decided in February 1994 to join forces with the EZLN (Ejército Zapatista de Liberación Nacional) in Chiapas, in order to press their demands for the reopening of the bankrupt sugar mill. The state responded with increasing political surveillance and control of the area (Robles 1994). As events unfold, research must be attuned to whether privatization brings recovery or collapse to the sugar industry, the role that privatization of ejidos will play, and the rapidly changing political context within Mexico. The concurrence of transformations from state to private capital, land reform, and the entrenchment of neoliberalism raises the important question of how relations of power will be reformulated. At different junctures in its history the sugar sector has been transformed as campesinos contested the hegemony of the state and private capital. As state retraction from its alliance with campesinos and renewed assertion of the sugar mill’s hegemony over cane growers deepens, we may expect campesinos to renew their efforts to redefine the relations of power.
Chapter 3

**Socioeconomic Implications of Destatization in the Sugar Agroindustry: The Case of Los Reyes, Michoacán**

*Kathy Powell*

The withdrawal of the state from the Mexican economy began with the implementation of structural adjustment policies after the debt crisis of the early 1980s, conforming to IMF conditionality on debt restructuring. The subsequent acceleration and expansion of the destatization process during the Salinas administration (1988–94), however, was driven by rather more than compromise with the demands of debt crisis management. It also demonstrated a strong and positive commitment to and identification with the neoliberal politico-economic ideology which informs the social and economic policies of the north, and perhaps exemplifies more than anything else the technocratic resolve to make Mexico part of the First World, not the Third. This commitment has involved attempts to effect from above a radical shift away from postrevolutionary ideology—with important socioeconomic, political, and cultural implications at the local level. These attempts have been accompanied by a great deal of proselytizing rhetoric by politicians at all levels—particularly through state television channels—focusing on the themes of democratization, pluralism, and, perhaps most strenuously, economic modernization, led by the withdrawal of the state from its commanding role in the economy.

In the countryside, modernization rhetoric has emphasized that campesinos must become more rational and informed in their decision making, raise their productivity in order to enter markets competitively, and establish dynamic business partnerships with private investors—in short, to become more entrepreneurial. The rhetoric also has centered exhaustively upon the need to shake off the culture of paternalism which allegedly has long prevented the sector from creating the conditions for the flourishing of individual enterprise. At the same time, the Programa Nacional de Modernización del Campo 1990–1994 (National Program for the Modernization of the Countryside 1990–1994)—while basing its food supply policy squarely on the contentious principle of comparative advantage3—proclaimed as one of its fundamental objectives an increase in production and productivity while procuring justice for the families of producers. The inclusion of justice for producers at the level of the family (which, significantly, leaves out the families of landless campesinos) in policy statements demonstrates a need to maintain a perceived degree of continuity between postrevolutionary socioeconomic principles and neoliberal ideology.

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1. These observations are drawn from field research carried out principally from July 1990 to August 1991, kindly funded by the Wenner-Gren Foundation and by the Centro de Estudios Mexicanos y Centroamericanos, Mexico City. A subsequent short field trip in early 1993 was funded by the Central Research Fund of the University of London. The author may be contacted at: Anthropology Department, University College London, Gower Street, London WC1E 6BT, United Kingdom.

2. As epitomized by Salinas’s second State of the Nation address on November 1, 1990.

3. Many evaluations of the static theory of comparative advantage question the extent to which it can deliver “justice”—more secure and higher standards of living—to the rural poor, on the grounds that it inadequately addresses the imperfection of real markets and does not take into account historically accumulated unequal development. Exploiting *existing* comparative advantages in Mexico—which is what the 1990–94 Program intends—merely reproduces an economy characterized by low levels of skills, wages, and productivity, when what is required are policy strategies to develop potential comparative advantages in higher-value activities (Gledhill 1995; Ros 1994).
The reality of the destatization process in the sugarcane region surrounding the Los Reyes Valley in Michoacán, however, bears little relation to any of these imperatives. Beginning with the sale of the valley’s two sugar mills to the private sector in October 1990, the process has been largely characterized by disinformation, uncertainty, and, increasingly, anxiety about the future among cañeros (sugarcane growers), obreros (mill workers), and jornaleros (day laborers) alike, while the experience of working with new private capital has borne little resemblance to the kind of modern business practice they are exhorted to aspire to—the negotiation of mutually profitable partnership. Concern over the fortunes of the agroindustry is shared not only by those directly involved in sugarcane production but throughout the region, as sugar has been recognized as the central motor of the regional economy since large-scale monoculture of cane began in the 1950s, generating the growth of small businesses in the valley servicing surrounding pueblos (villages) and ranchos (hamlets).

A fundamental difficulty has been that the process of destatization has failed since its inception to adequately account for the prevailing socioeconomic realities and problems that have developed in the sugar agroindustry. In particular, there has been a failure to recognize the inadequacies of the state management system and how they led to the deterioration of the sugar sector in the years leading up to the privatization of the sugar mills. Far from securing justice, families working in the newly privatized agroindustry have seen their incomes squeezed between declining real prices and wages and growing indebtedness. This dynamic contributes to their decapitalization and exacerbates the high degree of socioeconomic differentiation within the region. Far from shaking off the passivity induced by the culture of “paternalism,” the cañeros, obreros, and jornaleros find themselves more than ever unable to significantly influence events.

SOCIOECONOMIC PROFILE OF THE AREA
The area surrounding the town of Los Reyes de Salgado in Michoacán is a long-established regional center of the sugar agroindustry. Santa Clara mill to the north of Los Reyes and San Sebastián mill to the south have separate cane supply zones which include land in the municipalities of Los Reyes, Peribán, Tocumbo, Tingüindín, and Cotija de la Paz. While the cultural characteristics and microhistories of each of these municipalities are very diverse, they compose a regional dynamic which has been influenced since the Mexican Revolution by the long process of agrarian reform and the fortunes of the sugarcane agroindustry, whose combined impacts have determined to an important degree regional socioeconomic differentiation, both between and within communities, often at the level of the family.4

The distribution of ejido lands during the 1920s and 1930s converted many medianos (sharecroppers), peones (hacienda laborers), obreros, and former migrant seasonal workers into ejidatarios. Initially land reform provoked a drop in cane cultivation because of the high costs of production and limited availability of credit for sugarcane. Many ejidatarios instead took advantage of credits extended by local rice mills (Velázquez Hernández 1986). In the Santa Clara ejido, for example, families with greater resources, access to credit, and favorable local connections (especially with the mill), or those who had appropriated leading roles as new ejidal officials, were first able to seize much larger portions of land within ejidos and subsequently to prevent attempts to redistribute land more evenly. Land distribution within the Santa Clara ejido remains extremely skewed: a handful of families control several parcels each, while other families have single parcels of only two or three hectares. In other cases, such as Los Reyes, difficulties in financing cultivation resulted initially in a surfeit of quality, irrigated land, which provoked a certain degree of immigration from surrounding ranchos after the creation of the ejido in 1924 when people moved in to settle in the community and cultivate available land. Consequently the number of people in the community applying

4. A further major influence in the region, beginning in the 1970s, was the boom in avocado production, which has had a marked impact in the higher elevations of Los Reyes, Peribán, and Tingüindín, at the edges of the cane-growing area.
Socioeconomic Implications of Destatization in the Sugar Agroindustry

for ejidal rights had swelled by the time the ejido’s land was parceled in 1948, when each ejidatario received about eight to nine hectares, usually half in irrigated and half in rainfed land.

The attraction of both the mills and the cane fields as sources of permanent and seasonal employment increased with the growth of the agroindustry, which accelerated during the 1950s after credit for sowing cane was made available via the sugar mills. Many inhabitants of the Los Reyes Valley originate from ranchos located around the Michoacán-Jalisco border, the cane regions of Jalisco, and the area between the valley and the Meseta Purhépecha. During the harvest period, seasonal jornaleros arrived from ranchos in the vicinity of Cotija, Sahuayo, and Jiquilpan—though seasonal migration from these areas has declined over the past 15 to 20 years as migration from these areas to the United States has increased.

The work history of ejidatarios prior to gaining land or inheriting land rights is fairly uniform: most worked as jornaleros, yunteros (ploughmen), carreteros (carters), or, in the more elevated areas of the region, in lumbering. A great many have histories of seasonal migration to the United States, working in both agriculture and industry, as do many of their children and siblings. Indeed, it is unusual to find a family in the area without members who have had some U.S. migration experience. Savings from migrant earnings have in many cases played an important role for those ejidatarios who subsequently dedicated themselves to cultivating their parcel, enabling them to build or to extend a house, or to purchase a small private parcel to exploit as an additional source of income. Currently the principal employment options for ejidatarios’ successors and for landless campesinos (who may also be their sons) continue to be employment as jornaleros, migration to the United States, or a seasonal combination of both. The varying nature of more recent migrant employment in the United States, however, in terms of levels of earnings and the permanence of employment, does seem to reflect local social differentiation, in that migrants from better-off ejidal families with higher levels of education and training tend to enter higher skilled and better paid jobs in the United States, while migrants from landless or poorer ejidal families with less education are more likely to enter lower paid agricultural work (Gledhill 1991). This situation is, however, increasingly qualified by a generalized reduction in employment opportunities in the United States.

Much the same pattern exists among mill workers’ families. By tradition, jobs within the mill have been inherited—that is, a worker has the right to enter a child, usually the eldest son, on the mill’s list of potential employees. When a position becomes vacant the son begins as a seasonal eventual (called upon for work as needed during the cane harvest), taking a higher place on the list to enter the more stable category of temporal (guaranteed work during the harvest) to eventually become an obrero de planta (with permanent work in the mill throughout the year). Clearly this can take a long time, as movement up the ladder depends on the retirement of an obrero de planta, or on someone ahead deciding to forgo their place in the list, perhaps for permanent work in the United States. Consequently, between cane harvests eventual and temporal workers must seek employment in the local agricultural labor market or migrate to the United States. For many, therefore, work in the mill offers stable employment for only half the year, while at the same time opportunities for members of families with no prior connection with the mill, or for landless campesinos, is virtually nonexistent.

It is important to note that a sizeable number of workers in both mills are also ejidatarios. There were opportunities for mill workers, by virtue of their residency in agrarian communities, to gain land rights; even prior to the agrarian reform some already cultivated pieces of land allocated by the mill owners. Some of the

5. A decree in 1943 established the Financiera Nacional Azucarera, S.A. (FINASA) to finance both cane cultivation and mill operations (Singelmann 1993). The local agroindustry, however, was severely disrupted by the eruption of the volcano Paracutin in 1943, which left the region virtually unworkable for several years.

6. In 1991, 114 out of 288 members of the ejido of Santa Clara were or had been mill workers. Forty-five of them were now retired, but their sons (who may or may not also be successors to the ejidal parcel) work in the mill; 56 were currently mill workers; 12 worked at harvest time; and one was a seasonal worker. By early 1993, however, the number of workers employed in the mill had been cut from 560 to 410, with more layoffs felt to be imminent.
later arrivals to the valley were able to secure land, but not access to work in the mills. For some mill workers in Santa Clara, however, land rights were only forthcoming after struggles to secure extensions of the ejido succeeded, and currently some mill workers, together with jornaleros, are still engaged in the pursuit of communal land rights in a rainfed potrero above Santa Clara which they have been cultivating for many years.

Distinctions between obreros, landless campesinos, ejidatarios, and pequeños propietarios (small private farmers), therefore, are far from categorical. They depend on the differential insertion of families into the regional economy, correspond to an individual’s stage of life, reveal the seasonality of work, and reflect the outcomes of land struggles. Discrete categories such as ejidatario, obrero de planta, or jornalero are, therefore, analytically limited. When considering, for example, issues that affect either ejidatarios or obreros as a group, it is important to bear in mind that the effects will be experienced very differently depending on the broader situation of the individual family. Different situations or combinations of activities determine not only levels of income but, perhaps more importantly, also security of income and access to credit and to loans. While within both obrero and ejidatario families there are invariably both siblings and children who will not gain positions in the mill nor land rights, there are also a large number of campesino families in the region who have never had access to land nor opportunities for work in the mills, who work exclusively as jornaleros.

Locally, jornaleros are generally paid above the official minimum daily wage, which is so low that no one is prepared nor expected to work for it. In 1991 the daily rate in Santa Clara was considered low, at between 15,000 and 20,000 (old) pesos; rates in Los Limones were consistently higher, but by early 1993 these had fallen from 25–30,000 to 20,000 pesos, despite an annual inflation rate of 11 to 12 percent. In spite of registering above the official minimum, real earnings remain low and are falling. Although locally there is a fairly high amount of opportunity for day labor in comparison to other regions, there is also a high degree of competition for work, which tends to depress wages. While the working day (except during harvest) is short in relation to a mill worker’s day, this advantage is offset by lower overall earnings due to the irregular and seasonal nature of agricultural day labor.

Among jornaleros, social differentiation within the region becomes most apparent during the harvest: in ejidos such as Santa Clara, La Magdalena, and La Esperanza, jornaleros from the communities themselves and nearby small ranchos form local cuadrillas de corte (cane cutting crews). In Atapán, local cortadores (cane cutters) come mainly from the indigenous community; whereas in Los Reyes, Los Limones, or San Sebastián, for example, those local jornaleros who are members of ejidal families generally do not work as cortadores; here cuadrillas are formed by the local landless, by seasonal migrant workers from indigenous communities in Guerrero and San Luis Potosí and, still to a certain degree, from small communities in the region above Sahuayo and Jiquilpan. This variation seems to occur because locally, only those jornaleros with the most slender economic resources work as cortadores, while in Los Reyes or Los Limones, where many jornaleros are sons of relatively better-off ejidatarios, they tend to seek better remunerated labor within cane cultivation and cane transport—or migrate to the United States. Apart from the obvious reasons for not

7. Several of the older ejidatarios in Santa Clara who are also retired mill workers originate from cane regions in Jalisco, brought over as skilled labor for the mills, who arrived in the region in time to qualify for ejido land rights.

8. Potrero is used within the region to refer to divisions between different areas of land in an ejido. For example in their contracts with the mill, the location of a cane grower’s land will be indicated by the name of the ejidal community and the name of the potrero.

9. Once labor-intensive post-harvest tasks such as planting and fertilizing are finished in late August, the amount of work for jornaleros is much reduced until the beginning of the following harvest, in early December.

10. It is interesting that migrant patterns have changed over time: formerly far more cortadores came from the Jiquilpan area, but these people now migrate instead to the United States. The cortadores from Guerrero, for example, include members of their indigenous communities who do not engage in U.S. migration because of the costs involved, as well as those who come to cut cane precisely to finance a trip al norte to seek work—these tend to be younger people. But in both cases, immigrant cortadores seem to come from the bottom of the “migrant hierarchy,” be it internal or external.
wanting to cut cane—i.e., that the work is very arduous and badly paid, it is also the case that a negative prestige attaches to cane cutters precisely because of the conditions of work and what this indicates about their socioeconomic and cultural position—factors which are mutually reinforcing.

The interests of jornaleros and cortadores have never been adequately furthered or represented, either locally or within the industry in general. This state of affairs has, if anything, worsened since the 1977 unification of regional sugarcane growers' unions some seven years after the state takeover of the mills.11 The role of the UNPCA has been to participate in regulating the conditions for and contracting of cane production, and has gained important social benefits for its membership. As a union of producers, however, all landless campesinos—jornaleros and local cortadores—were by definition excluded from its representative mandate. Official institutions for addressing broader issues regarding the interests of all campesinos, therefore, have not had a significant local presence; regional officials of the CNC seem to be visible locally only at election times (and to argue, significantly, for the need to support the local candidate of the Partido Revolucionario Institucional (PRI) in spite of the perceived threats to campesino production inherent in government policy).

The issue of land rights is revealing in this regard. While land rights since the initial distributions has never been a quiet issue in the region,12 it is significant that recent local campesino land claims have in several cases been advanced by an independent organization, the Unión de Comuneros Emiliano Zapata (UCEZ) rather than by local CNC affiliates.13 The UNPCA's lack of commitment to resolving land disputes is not a peculiarity of the local branches—rather it is the product of a CNC strategy emphasizing agricultural production over agrarian struggle. In the late 1970s, the CNC formed a series of producers' unions for the specific purpose of organizing production in major sections of the agricultural economy, precisely at a time when further land reform was being devalued on the national political agenda (Paré and Morett 1987).

On the one hand, the formation of the UNPCA has had the effect of institutionalizing rather than improving the status and class position of the sugarcane growers; the political control afforded by the unification of the cane growers unions has been an important instrument in reproducing the subordination of producers to the mills (Paré and Morett 1987). This has been a consequence of the union's vertical and hierarchical structure, which militates against members' participation in decision making at the level of the base and tends instead to communicate decisions made at the national level (where political priorities differ widely from local concerns) in a top-down manner. In so doing, the UNPCA restricts its activities to managing rather than representing sectoral militancy. On the other hand, the formation of a producer's union left large sections of campesinos, most working at least seasonally within cane production, without organized representation of any but the most nominal kind.14 Unsurprisingly, landless campesinos have suffered most

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11. Cane producers were affiliated to local branches of either the Unión Nacional de Productores de Caña de Azúcar (UNPCA) affiliated to the Confederación Nacional Campesina (CNC), or the Unión de Productores de Caña (UPC) of the Confederación Nacional de Pequeños Propietarios (CNPP), which was affiliated at the time to the Confederación Nacional de Organizaciones Populares (CNOP), but which has since dissolved. Although the UPC was affiliated to the CNPP, it had a mixture of smallholders and ejidatarios in its ranks, as did the UNPCA; neither union was exclusive in regard to type of land tenure. Sugar mill workers are affiliated to the Sindicato de Trabajadores de la Industria Azucarera y Similares de la República Mexicana (STIASRM) affiliated to the Confederación de Trabajadores de México (CTM).

12. There have been additions to ejidos in Santa Clara, Los Limones, Los Reyes, and Tingüindín; in Guascuaro the ejido was recovered after battling back cacique invasions as late as 1967; communal rights were granted to the indigenous community of Atapán in the mid-1980s, while in 1991 the ejido was still pursuing claims to another potrero.

13. In 1991 the UCEZ supported land claims in Santa Clara and Los Chorros de Varal, as well as in several indigenous communities in the neighboring Meseta Purépecha.

14. It should be noted that while the program of action outlined in the statutes of the STIASRM states the necessity to work for the incorporation of the agricultural proletariat into the union's ranks, there is no indication that any organizing activity of this kind has ever taken place.
from the crisis within the sugarcane industry and increasingly feel that they have been left off the modernization agenda altogether.\textsuperscript{15}

THE IMPACT OF PRIVATIZATION ON THE ORGANIZATION OF SUGARCANE PRODUCTION
At the time the mills were sold in 1990, sugarcane growers had already been squeezed for some time by the removal of subsidies on interest rates and high inflation in the costs of production (especially fertilizer and transport) that had not been offset by increases in the price of cane. In the years preceding privatization, furthermore, the mills themselves had suffered from a lack of investment and, according to the growers, of managerial care, especially in the period between the announcement of the privatization program and the actual sales of the mills. According to a local activist of the Partido de la Revolución Democrática (PRD), the delay occurred because the initial announcement of the intention to sell state-owned sugar mills provoked a great deal of interest from the unions of cane growers (particularly in Veracruz) and of mill workers. Since the establishment of union cooperatives clearly was not what the government had in mind, the question of the sales slipped quietly out of the news; the sales actually took place sometime later and with minimum publicity, and the UNPCA obtained a 15 percent share of ownership in the local mills as a conciliatory token.\textsuperscript{16} Whatever the merits of this interpretation, it might help to explain why so much disinformation surrounded the sale of the mills (in regard to the identity of the new owners, the terms of the sale, and the implications for the future structure of contracting and credit, etc.), which in the event took place less as a positive assertion of the modernization program than as a deal made in secret and surrounded by rumor.

Private capital, then, entered the regional sugar industry at a time of crisis and anxious speculation, initiating the destatization process in a context where the agricultural sector remained largely organized by the ejidal land tenure system (in terms of numbers of producers as well as extent of land), and mill workers, ejidatarios, and pequeños propietarios remained organized by corporatist unions that had, since the introduction of structural adjustment policies, increasingly found themselves in a tense relationship with the government’s change in political direction. While the entry of private capital inevitably undermined somewhat the industry’s strong corporatist structure, at the same time the unions remained broadly committed to the support of government policies by their role as priista organisations. With destatization as one of the central tenets of economic policy, the unions found themselves in the unenviable position of being required to support the erosion of their own power, even, as some union officials perceived it, to preside over the demise of their own constituency.\textsuperscript{17}

In these circumstances it was hardly surprising that the sales of the mills in the Los Reyes Valley took place with a disconcerting lack of transparency. Moreover, the fact that state representatives were inflexible in their negotiations with the mill workers’ and cane growers’ unions over annual wage and cane price increases generated a climate of distrust among the rank and file and directed toward the new owners, the unions themselves, and the government. The 1990–91 cane harvest began in a climate of discontent; many points remained unsettled, and it was unclear whether the government or the new local owners were to blame for the delay. Strikes were threatened at the national level by mill workers protesting both a wage increase that did not match inflation and threats to the integrity of their collective contract, and by cane growers

\textsuperscript{15} Observation based on numerous conversations with landless campesinos and their families.

\textsuperscript{16} Conversation held with PRD activists in Tingoáului in 1993. This explanation was also advanced in conversation held during 1989, a year before the mills were sold, with members of the the local obrero’s union who were PRI supporters. As one of the priistas put it: “We [STIAISR] wanted to buy them, but well, they wouldn’t have it . . .”

\textsuperscript{17} An aspect of destatization which had particularly affected the mass sectoral organizations like the CNC and the CTM was that structural adjustments deprived them of much of their “necessary negotiating resources to maintain clientelism. In terms of clientelistic relations we can say that the austerity policies dried up the spoils which could have been distributed through the system of local bosses or corporate leaders” (Gómez Tagle 1993: 74).
protesting both a low cane price inadequate to offset their rising costs of production and a reduction in their access to individual loans.

Initially, cane growers had shown little hostility to privatization on principle. Indeed, many had voiced a guarded optimism about the sale of the mills: "Let's hope it is someone [the new owners] we can work with." This outlook was in part a negative reflection on the outgoing state management—variously described as corrupt, inefficient, and arbitrary—and in part an internalization of the routine notion that privatization is a good thing in itself. This optimism faded quickly, however. Many growers remarked that the new mill owner did not have the courtesy to introduce himself to them—despite the fact that they would be entering a contractual relationship—and his first communications, issued via a hierarchy of management and union officials, took the form of didactic and peremptory demands rather than outlining areas for negotiation.

For their part, the mill owners viewed continued state regulation of the price of sugar as an enduring constraint, at the same time that state deregulation was allowing an influx of cheap imported sugar, making it difficult for mill owners to find markets for their product even at the official wholesale price. On the other hand, the continuing supply of state credit was presumably intended to ease the new owners' need to invest heavily in the early stages of ownership. However, the new private sector soon found itself in financial difficulties, quickly running up a debt at national level of nearly 1,400 billion old pesos (Epoca, 24 June 1991). The mills had been acquired by the new owners with a 20 percent down payment, and a period of seven years to repay the balance. Since repayments were to be adjusted in accordance with variations in the price of sugar—if the price went up, the government would recover a greater proportion of the balance—it seems doubly perplexing that sugar imports have been allowed to jeopardize the ability to repay by saturating the domestic market and depressing prices.18

These conditions exacerbated tensions between industrial management and the cane growers. Constrained by a low wholesale sugar price and competition with cheap imported sugar, and faced with the need to recover initial investments in equipment upgrades, the new private owners urgently needed to rationalize production by achieving an increase in productivity together with a reduction in costs—in effect, transferring the costs of privatization to the mill workers and the cane growers. The mechanisms for effecting this transfer were largely located in prevailing counter-inflationary price and income policies. Other mechanisms included reneging on contractual obligations to growers and on agreements made at national level to contribute to the cost of infrastructural works.19

For mill workers, the transfer of privatization costs brought downward pressure on their incomes, as rising prices were not matched with timely and adequate wage increases. Similarly, for the cane growers, neither the amount of credit available nor the price of cane were fully or promptly indexed to keep pace with

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18. The official explanation that a surplus of cheap imports resulted from a miscalculation of internal supply and demand seems at best partial; in December 1989 local mills already were complaining about unfair competition from imported sugar, continued to do so throughout the 1990–91 cycle; and were still complaining, even more vigorously, in early 1993. There seems little excuse for such persistent miscalculation; moreover, the same phenomenon was occurring during 1990–91 with potato, rice and sorghum growers, who also were unable to obtain even the official price on account of a glut of imports. There seems less a tendency to miscalculate than a tendency to "fall into the trap of disloyal competition against Mexican producers" (Calva 1991: 44).

19. The mills had a contractual obligation to pay growers a proportion of the value of contracted cane which was not harvested (caña quedada). Growers were complaining in 1991 that the mill had stopped paying this three years previously, and the new owners were also avoiding doing so. An agreement reached in 1991 between the Secretaría de Agricultura y Recursos Hidráulicos (SARH), the mill owners' organization (Cámara Nacional de las Industrias Azucarera y Alcoholera [CNIAA]), and the two cane growers unions included provisions for hydraulic infrastructural works in the supply zones of twenty-one of the newly privatized mills. The SARH was to provide 50 percent of the available resources, the mills 25 percent and the growers 25 percent. Growers were to make applications for specific works (wells, irrigation canals, etc.) in their zones. However, the new mill owners claimed they were unable to pay their part of the works applied for in the Santa Clara zone.
increases in their costs of production.\textsuperscript{20} While following such a policy, characteristic of neoliberal economics (Grahl 1991), may help curb inflationary tendencies in the short term, for the mill workers and cane growers it introduces a lag in the adjustments between incomes and expenditures. The transfer of privatization costs was facilitated by the implementation of the PECE,\textsuperscript{21} to which CTM, CNC, and CNOP affiliates had all committed, thus severely limiting their power to bargain for adequate and timely wage increases or a higher price for cane. This provides a clear example of how the corporatist unions’ virtually automatic support for government policies can undermine their most basic functions. Indeed, the PECE was used as a kind of a moral threat when setting the 1990–91 price for sugarcane; when local union representatives argued that the 26.9 percent increase offered fell far short of the rise in production costs (for example, fertilizer prices had jumped over 40 percent), government officials responded that a larger increase would jeopardize the PECE’s objectives, and the cane growers would bear full responsibility for the program’s failure.\textsuperscript{22}

During the 1990–91 cycle, growers remained squeezed between an unrealistically low price imposed on their product, high production and harvesting costs, and the fact that they were pressed into indirectly subsidizing any drop in industrial efficiency, since the cane price was still directly related to the productive level of the industrial process.\textsuperscript{23} Transferring an even greater proportion of production costs to the workers and growers, therefore, could not help but have a downward spiral effect on the sugar industry. This is particularly the case since adequate investment to ensure the optimum sugar content of cane is crucial to raising productivity; this must include offering amounts of credit for cultivation which correspond to real costs, to ensure, for example, adequate applications of fertilizers, pesticides, herbicides, treatment against rodent pests, etc., rather than merely “making do” with fewer applications and hoping for the best.

However, during 1990–91 the credit funds available to growers from FINASA through the mill were severely inadequate, according to cane growers in the Los Reyes Valley. The specified amounts of credit available for particular tasks within the production cycle (credit tariffs) are ostensibly based on average local costs of inputs and labor, but the relationship between the specified amount and the growers’ actual costs tended to vary according to the type of task involved. For example, in the Santa Clara zone the credit tariffs for the preparation of fields generally did correspond to costs, but several of these tasks may not always be necessary, depending on the nature of the parcel, or may be performed by household labor where possible to avoid applying for credit for hiring labor. However, credit tariffs regularly proved inadequate for those tasks which are necessary for everyone and which require machinery and/or hired labor, such as sowing and applying fertilizer. Consequently, many credit tariffs simply do not cover production costs; on the other hand,

\textsuperscript{20} For most growers this results in a repeating pattern of having to work with inadequate levels of available credit, upon which interest payments are high. The established price to the cañeros of a kilo of sugar (upon which the price for a ton of cane is calculated, see note 23) had, up until the end of the 1990–91 harvest, been set in November or December, at the beginning of the harvest period. Growers’ settling of accounts with the mill did not take place until the following July; consequently they had sold their cane at a price that could be up to six months behind inflation. Although there is a pre-settlement payment made within a month of harvesting, it is nonetheless affected by some inflationary lag, though to a lesser extent than the balance due to the grower.

\textsuperscript{21} Pacto para la Estabilidad y Crecimiento Económico (PECE) a prices and incomes control mechanism, renewed continuously in one form or another between 1988 and 1995 and based on agreements reached between the state, unions, peasant organizations, and the private sector.

\textsuperscript{22} This issue of the social responsibility of producers of basic agricultural goods is an interesting one and represents a disingenuous abstraction of rhetoric from reality: the responsibility being exhorted here was the expectation that not the state but the producers themselves would continue to provide the largest subsidy to the price of their product by accepting what amounted to at best stagnation in their incomes and standards of living.

\textsuperscript{23} The 26.9 percent increase represented a rise from $57.95 (old pesos (1989–90 cycle) to 708 pesos (90–91 cycle) as the established price for a kilo of standard sugar. This price was related to the rendimiento en fábrica (the average number of kilos of sugar produced per ton of cane, adjusted to account for the percentage of sucrose content lost during industrialization.) In 1990–91, the final rendimiento was 11.75 percent (117.5 kilos per ton) for Santa Clara and a record 12.976 percent (129.75 kilos per ton) for San Sebastián, which gave final prices per ton of cane of $83,190 and 91,870 old pesos for respective mills. The linking of price to industrial efficiency was abolished in the Decreto Cañero of June 1991.
the number of tasks for which credit is needed varies between cane growers depending on the soil, topographic, and hydraulic conditions of their respective parcels. Other important differentiating factors are the age and health of the producer (which influence how much of the work he or she can undertake) and whether family members can help with cultivation, a particularly important consideration for women producers. Thus production costs can increase sharply for growers whose parcels are difficult to cultivate or who must employ non-household labor.

Sugarcane growers can do little to reduce their borrowing and have few alternatives with which to offset shortfalls in credit tariffs. As noted, many growers seek to minimize the amount they must borrow by doing much of the work themselves or with family members, thus increasing their levels of self-exploitation, or by forgoing tasks that are not essential in the short term. When credit tariffs still fail to cover costs, growers sometimes apply for credit for work that is subsequently either not done or only partially done, and then apply the remaining money to critical phases of production that were inadequately funded. Unfortunately this tendency, recognized by both growers and union officials as a practice born of necessity, can often lead to mismanagement of credit resources. Especially for growers with limited resources, there is the constant danger that money “put by” in this way will be diverted to some unforeseen expense. In an extreme case, the credit may be converted into a source of regular cash income for everyday expenses instead of cane cultivation, putting the grower at his credit limit before the end of the cultivation cycle and thus jeopardizing the quality of his cane. When this occurs, the grower may be forced into additional debt from other sources, creating a vicious circle from which escape is very difficult. For growers with few resources, even a minor economic crisis in the household can set such a spiral into motion. However, such ad hoc juggling of credits to compensate for insufficient credit tariffs has become more difficult to carry out since the new mill management has begun to require proof that credits are in fact applied to the work for which they were requested, and this requirement is backed up by increased surveillance by field inspectors.

Some growers may offset credit shortfalls by tapping savings or income from other sources—a small avocado orchard, a few hectares of maize, some cattle, a truck, and so on. However, these activities also represent investment responsibilities, albeit often small ones, and the grower may be reluctant to reallocate these alternate resources in order to shore up cane production. Doing so might prejudice the supplementary income source and result in an overall decline in the household’s economic situation. Furthermore, income derived from other sources may be insufficient, unavailable at the right time, or needed to meet other expenses, including household maintenance. If the alternate source of income is a mill worker’s wage, then it is unlikely to cover anything more than weekly expenses. During the cane harvest, mill workers earn considerably more than during the rest of the year, but this extra money is often spoken for, to buy (or to pay off debts on) household items or home repairs, children’s education, clothing, etc. So even if a grower has additional income, it is highly unlikely that it could counterbalance shortfalls in credit tariffs without prejudicing other activities.

A common way that growers moderate their level of indebtedness is to postpone borrowing for plowing under and resowing cane for as many years as possible. Sowing new cane is expensive, and the time it takes the cane to mature (from 12 to 20 months, depending on the variety) means long delays in returns, during which interest on credit mounts. Although many current cane varieties can continue to produce sucrose longer than varieties sown in the past, as cane ages it takes longer between cuttings to reach the sucrose level required for processing. Consequently, older cane may need to be left uncut for a cycle, depriving the grower of a year’s income. The strategy, therefore, has serious economic repercussions.

The need for realistic credit tariffs became a central issue in 1990 following the sale of the mills in the Los Reyes Valley. The new mill management in the Santa Clara zone exhorted large numbers of growers to

24. The norm within the region is that agriculture is a predominantly male activity; very few women actively engage in cultivation, although many administer and supervise the cultivation of their parcels.
plow under caña verde, that is, cane which is heavy but which has lower sucrose content, and replace it with improved varieties. However, the inadequate amounts of credit available for sowing made this course unfeasible for many growers; moreover, for growers whose cane was recently planted or only a few years old, it implied sacrificing an investment recently made that had been calculated to give returns for many more years to come—an investment that the grower had yet to pay off in full. Furthermore, some varieties of caña verde are highly drought resistant, an advantage in areas of costly pump irrigation.

If at the national level the sugarcane sector’s concern is to increase and sustain productivity in the longer term, it seems irrational to transfer increasing proportions of the costs of production to producers, who are generally not in a position to support this burden. An economically rational approach would be to base credit tariffs on the local costs of marginal production—i.e., production in marginal areas with highest costs—in order to motivate the marginal producer to improve his cane, while at the same time liberating those in more favorable areas from the constraints of underinvestment and enabling them to make real strides in productivity. This need not provoke soaring sugar prices since productivity increases could be expected to offset higher levels of investment, and subsidies could be inserted at the wholesale or retail level if needed.

A fundamental difficulty is that, prior to the state takeover of the mills in the late 1960s and after the structural adjustment policies begun in the early 1980s, cane growers have consistently been viewed not as an integral part of the agroindustrial complex which warrants investment, but as providers of cheap raw material to industry. This relationship is reminiscent in some important respects to the relationship that existed between producers and capital within the regional hacendaria system of sharecropping—a similarity that has not escaped cane growers. The low cost of raw material to industry—held in place formerly by politico-institutional controls and now by policy instruments such as the PECE and deregulation of import tariffs—together with the high cost of dependency on credit has put growers in a powerless position in relation to capital.25 Exacerbating this situation further, in June 1991 FINASA announced that the interest on future credit was to be repaid monthly or interest would be compounded. Since a large number of growers were not going to be in a position to make monthly interest payments, the actual cost of credit threatened to rise steeply. The new policy’s only discernible objective would seem to be to squeeze the growers even further and, together with the reductions in the credit available for cultivation, raised the question as to whether this was an attempt to exclude the small producer altogether.

A further major expenditure for growers, and a source of anxiety as well, is the cane harvest, with its associated costs for cutting, loading, and transporting the cane (sometimes running to several million old pesos), in addition to informal outlays needed to “grease the wheels.” Again, costs vary considerably depending on location: in parts of the Santa Clara and Atapán ejidos, for example, some cane fields are too hilly for mechanized harvesting, making this process far more costly and laborious. Other fields are relatively distant from the mill, increasing the cost of transport.

A further consideration at harvest is the ability of the mills to run at capacity. In the early stages of harvesting, when cortadores fell the old cane (which is much harder to cut), progress is slow and the mill runs below capacity.26 At later stages, however, despite investments made to improve capacity, the mills still frequently fall below industrialization quotas, disrupting the harvesting all the way back to the fields. Logjams at the mill mean calling a halt until the backlog is cleared, leading to mounds of cane in the loading bay, long queues of trucks waiting to unload, piles of cut cane waiting to be loaded, extensions of burnt cane

25. It is, furthermore, a relation which is misrepresented by the notions of paternalism so routinely used to characterize the drawbacks of the campesino agricultural sector. As Thompson (1993) has pointed out in a different context, “paternalism” firstly is a descriptive phrase too normative to be analytically useful; secondly, tends to present a view of social relations as seen from above; and thirdly, refers more than anything to a technique of rule.

26. The local UNPCA at Santa Clara proposed beginning with cutting crews in old and new cane simultaneously in future harvests in order to reduce this problem and avoid the possibility of leaving large areas of cane uncut, although the question remains of whether a sufficient number of crews would be available at a given time.
waiting to be cut, and mature cane waiting to be burned. Any delay produces a drop in the sucrose content of the cane (and hence its value), and a series of stoppages in the mill inevitably means that machine operators, truck drivers, and cane cutters will be idle, losing potential income.

There is the additional, perennial difficulty in finding enough cortadores to keep the harvest progressing in a smooth, well-organized manner. Cane cutters' low earnings are a major disincentive, meaning that the problem could probably be eased by raising wages. Each grower pays the cost of cutting his or her own cane; but since a timely cutting is equally important to the mill, it seems reasonable that the mill supplement cortadores' earnings, perhaps through bonuses or extra pay for working Sundays along with a rotating system of rest days. A further incentive might be an annual contribution from the mill to improve the housing for migrant cortadores (which is at best minimal in standard) and to provide basic educational facilities for their children. In fact, however, the cortadores' earnings effectively have been reduced: their real wages have remained at a standstill while they have lost their sugar entitlement and a portion of their free grocery allotment. The mill and the growers often justify the poor living and working conditions of the cortadores by asserting that they were not used to any better and implying that anything more would only be abused or taken advantage of in some way—justifications redolent of colonial discourse, and contradicted by the migrant cortadores' expressed concerns for the health and education of their children.

The high cost and the organizational difficulties of the harvest are undeniably due in large part to the pattern of individualized production; parcels in the same area can be at different stages of cultivation, complicating the coordination of cutting, loading, and transport, as well as the organization of pre- and post-harvest irrigation. However, antagonisms between cane growers and the mill underlie actions that complicate the harvest process even further. For example, in 1990–91 the harvest program was frequently disrupted by the deliberate burning of cane in the field that had not yet been scheduled for cutting. This meant that the normal progress of the harvest had to be halted while these "accidents" were dealt with, since burnt cane must be milled within 72 hours to minimize the amount of sucrose lost. Such a forced interruption of the harvest, clearly to the detriment of growers whose cane is already programmed for cutting, was apparently motivated by fears that the harvest might fall behind schedule, that cane might be left uncut, and that the mill might fail to meet its obligation to pay for contracted cane that is not harvested.27 If cane goes uncut and growers receive no remuneration, they lose a year's income, while the interest mounts on their debt; consequently, some growers prefer a discount taken off accidentally burnt cane, to not harvesting at all.

Some growers, however, offered a second interpretation of the rogue burning of cane. They held that it was instigated by the mill in order to reduce the price the mill must pay for sugarcane. In either event, the deliberate burning of cane prejudices the majority of growers and is regarded as displaying a disregard for the social aspects of cane production—an attitude which, though not widespread, has corollary effects that can lower not only the productivity but also the credibility of the growers and thus undermine their unions' negotiating strength.

Growers welcomed a clause in the 1991 Decreto Cañero stipulating that the cane price was to be adjusted monthly according to variations in the wholesale price of sugar, thus taking inflation into account. However, a second clause changed the procedure for establishing the cane price: the established price to the growers for a kilo of sugar (on which the price per ton of cane is calculated), previously established on a yearly basis, was now to be set at 54 percent of the wholesale price of a kilo of sugar. Union officials regarded this as a change favoring industry rather than the grower (the remaining 46 percent of the price would go to industry). In addition to the inadequacy of credit, the continuing low price for cane, the introduction of compound interest, and the fact that growers are never guaranteed that their cane will be harvested at all, this clause led many growers to question, at the end of the 1991 harvest, "How long can we continue as cane growers?"

27. A reasonable fear, based on recent experience (see note 19): toward the end of the 1991 harvest several growers reported receiving letters from the mill requesting their signatures to the effect that they were willing to have their cane remain uncut evidently an attempt to reduce liability to pay for contracted cane left standing.
question reinforced by the mill management’s graceless suggestion that if they did not like it, then they should grow something else.

However, conditions are even worse for alternative crops, in regard to cost-price ratios, credit availability, and crop reliability. Consequently most cane growers have stayed put and tightened their belts, but these responses have their limits. Within the sugar agroindustry the most vulnerable groups are landless mill workers and seasonal workers (obreros temporales and eventuales), growers with few economic resources, and particularly landless jornaleros and cortadores whose income is directly linked to that of the growers. The cortadores’ work conditions are set by the Comité de Producción, but they themselves have no union representation despite their key role in the production process (Paré, Juárez, and Salazar 1987). The options open to day laborers and seasonal workers are limited; a decline in the local sugar industry would be likely to propel more of them into the flow of migrant labor to the United States or to cities within Mexico. In many communities within the region this would reinforce a long-established tendency to migrate, particularly to the United States. Especially during the rainy season, many small pueblos and ranchos are virtually empty of men of working age. This has profound consequences for the quality of community and family life and presents particular difficulties for those women left with the responsibility of maintaining the household, and who may have the additional worry of whether their partner will be able to send money and/or to return home at all. Moreover, migration cannot be regarded as an acceptable alternative for the maintenance of Mexico’s regional communities—given the degree of competition for work that migrants encounter in the United States, it does little more than relocate the problem. Indeed, a group of cortadores from Santa Clara decided against seeking work in the United States following the 1990–91 harvest when relatives sent word that little work was available and that they themselves were returning as soon as they had earned enough money to do so.

To date, the majority of active cane growers, unlike ejidatarios in other regions of Michoacán (Gledhill 1991), have not rented out their parcels and engaged in seasonal U.S. migration in order to make ends meet, though many did work in the United States before taking possession of their parcels. This gives some indication that, despite its numerous shortcomings, state management has been more effective in the cane sector than in other sectors, in that its levels of support have been sufficient to preclude recourse to U.S. migration. Any marked increase in migrant activity among growers would undoubtedly signal a deterioration in conditions of production and could be expected to appear first among growers with few resources, who might have to rent their parcel to finance a trip al norte. For small producers least able to withstand a further slide in the profitability of cane, there also exists the risk of being engulfed by more prosperous neighbors seeking to extend their area of cultivation through land rental, leading to fragmented pockets of yet another form of neolatifundism within the larger cane-growing region.

This is precisely what has come to be perceived as the most serious threat to the region’s ejidatarios. By early 1993 the financial crisis of the mills had deepened, both locally and nationally; mill workers’ and drivers’ wages had been held up for weeks, cutters’ wages had failed to keep pace in real terms; the mill management was negotiating with union leaders to accept a delay and only partial payment of monies owned to growers for cane processed as well as for cane that had been contracted for but not processed the previous year. In spite of all these problems, it was the extension of the destatization process to include land tenure which was causing most anxiety for the future. The changes to Article 27 of the Constitution were regarded by many as a potential threat to their security, and even to their future identity as campesinos. The freedom to sell ejidal parcels was seen as jeopardizing the parcel as a familial unit of production, with no rights extended to heirs or spouses of titleholders. But in a broader sense, in the context of deteriorating conditions of production, the fear had arisen that what Gates (1993) termed a process of triage—a weeding out of the weak—was taking place, and that the option to sell parcels might be progressively forced on poorer cane growers, leading to the piecemeal but incremental accumulation of larger landholdings. These fears were reinforced by rumors that the mill owners—despite their cash flow problems—were exploring the possibility of purchasing, or entering management partnerships with, some of the better-endowed ejidos. A scenario that
foreign capital might show an interest in the valley if the sugar industry collapsed was rather more remote, but all of these fears reflect the perceived threat—not felt to be imminent, but certainly now discernible—that growers would eventually be forced to surrender land. In response, there has been a kind of retreat into the ejido, a commitment to the integrity of the ejido which, as one grower remarked with some irony, was probably stronger now than ever.

Difficulties and contradictions still abound, and the ironies are not lost on the cane growers; while visiting officials from the Ministry of Agrarian Reform (SRA) insulted growers by asserting that they must “learn how to work, how to commercialize” as in the private sector, if they hoped to benefit from the changes to Article 27, the growers were simultaneously being asked to show forbearance because the mill’s private owners were unable to meet their obligations and pay growers for their cane. As one of the leaders of the San Sebastián cane growers concluded: “I suppose we’ll have to agree to accept partial payment, even though we can’t afford it. Because if we do agree, then even if the whole thing falls apart, we will have done everything we can; nobody will be able to say we didn’t do everything we could.”
Chapter 4

New Social Actors in the Sugarcane Sector? Restructuring Mexico’s Sugar Agroindustry

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This chapter analyzes how the recent reprivatization of the Mexican sugar agroindustry is affecting the social organization of sugarcane production in rural Mexico. Its central objective is to describe—with reference to five sugar mills in the state of Veracruz—how small sugarcane growers are responding to strategies being advanced for the modernization of sugar production in Mexico. The essay also aims to deepen our understanding of the complex sociocultural processes in which the social life of Mexico’s sugarcane growers unfolds, in the context of changes underway throughout the country. It attempts to go beyond viewing the transformation toward a modern Mexico solely from the vantage point of the state’s projects. To this end, it argues that any inquiry into the viability of the modernization program and the direction of its associated economic, sociocultural, and political transformations must necessarily be sifted through the concrete actions of the men and women involved. In other words, social processes are not the one-sided result of putting a development project into effect; they are realities that are constructed on a daily basis in the microspaces transited by social subjects.

THE RURAL MODERNIZATION PROJECT

The current context in Mexico, characterized generally as one of extensive transformation, raises a number of questions about the trajectory of the changes underway. Undoubtedly, the restructuring of capitalism on a world scale and the exhaustion of Mexican capitalism’s developmentalist model impose their own conditions on the transformation process. Similarly, the modernization project being implemented by the state is disrupting the social fabric that until recently characterized the country’s social and political regime.

In broad strokes, the modernization project represents an attempt to transform the socioeconomic and cultural conditions in which the various sectors of the population live, including the rural sector. The twentieth century has witnessed profound national transformations; the Mexico of today is far removed from the traditional landscape found at the start of the century. However, conditions of inequality and social polarization still prevail. In this regard it is worth asking whether the current proposal is not merely the most recent expression of the modernizing projects that for two centuries have been advanced in hopes of molding Mexico to the pattern of Western capitalist cultures.

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2. The state of Veracruz is the main producer of sugar in Mexico, contributing nearly 40 percent of national production. It contains twenty-one of Mexico’s sixty sugar mills. With approximately 200,000 hectares devoted to sugarcane (45 percent of Mexico’s total sugarcane fields), broad regional spaces have been defined around the sugar mills in the state; more than 620,000 people depend directly upon the sugar sector. The five mills studied are Mahuixtlán, La Concepción, and Independencia in central Veracruz, and San Francisco and San Pedro in the Los Tuxtlas region in the southern part of the state.
In other words, we may be dealing with Guillermo Bonfil's (1987) "imaginary Mexico," that dream country existing in the imagination of dominant national groups, whose goal always has been to adapt the country to the needs of modernization rather than to adapt modernization to the needs of the country (see Campos 1992). The major obstacle has always been that this archaic country—a Mexico subjected to and rooted in the past, a people closed to progress and civilization—does not fit the modernizer's dream of remaking the country, creating a people who can serve progress. However, we need to know if that is desirable, or even possible (see Campos 1992).

These questions challenge sociocultural analysis. Any attempt to answer them requires an examination of a complex set of economic, political, and sociocultural phenomena and processes. In other words, evaluating possible scenarios based on the current situation requires approaching the problem from multiple perspectives, ranging from an analysis of current trends in the national and international economy, through an understanding of the various sociocultural processes in which the current transformations occur, to an understanding of the no less transcendental changes in the political sphere. Further, given Mexico's socioeconomic and cultural heterogeneity, transformation efforts take on distinct characteristics in the country's different social regions and microspaces.

The social groups that today make up the Mexican rural sphere are facing profound changes in the conditions under which their production and their social and political lives unfold, and particularly in their relationship with the state. Beginning with the national policy of dismantling the interventionist and paternalist state, the rural modernization project has as its fundamental aim the enhancement of the productive potential of the rural sector in order to capitalize national agricultural production and make it efficient, and competitive in both the domestic and international markets.

The overall strategy for the agricultural economy includes privatization, deregulation, and opening to international trade. These changes are being implemented basically by reducing import tariffs, privatizing or closing state-owned firms, and reshaping agricultural credit and price policies. Thus, Banrural, the official rural credit bank, has been greatly reduced in scope and coverage, as have commodity price supports. In short, there has been a drastic reduction in subsidies to the sector.

Furthermore, modifications to Article 27 of the Mexican Constitution declare that agrarian reform has come to an end—the objective being to eliminate insecurity regarding land tenure. This has meant allowing the free play of market forces, opening ejidos and agrarian communities to nongovernmental investments, and promoting business forms of organization for production—all of which work to eliminate minifundia (farms generally consisting of five hectares or less of low quality land), which are considered a basic obstacle to the capitalization of agricultural and livestock activities (Zendejas 1992). Of course, this also raises the possibility of destructuring the ejido as an apparatus of political control. There is little doubt that today's rural landscape, based on the ejido, will change significantly to reflect these changes over the next few years.

Finally, the specific direction that the transformations take is a function of the attitudes, projects, and concrete social action of the social subjects immersed in those transformations. The conditions under which campesinos have developed in Mexico are varied and heterogeneous, and the specific circumstances of each case must be kept in mind.

3. Some analysts of the ejido (e.g., Gordillo 1992) refer to the need to "free" campesinos from the institution of the ejido through the precepts of the current modernization policy. According to this view, the rural reforms lay the basis for campesinos to make their own choices about land use, free from the constraints of Article 27.

4. "We cannot conceive of any historical reality if we exclude the existence and the activity of the social subjects who, through their ideological conceptions translated into practice, help shape the direction of their transformation process" (Zemelman 1989).
PRIVATIZATION OF THE SUGAR AGROINDUSTRY AND NEW BUSINESS STRATEGIES

Privatization has been one of the main adjustment and liberalization instruments applied to the Mexican economy since 1982, and especially after 1988. In the case of the sugar agroindustrial complex, the privatization policy initiated in 1988 produced the sale of fifty-two sugar mills (forty-nine were sold to the private sector and three to the Confederación Nacional Campesina (CNC). The conditions of the sales were extremely advantageous for the fourteen business groups that bought the mills: purchase prices were low; payment terms were easy (20 percent down, seven years to pay); and payments could be made in sugar bonds, whose value is adjusted to fluctuations in the price of sugar (Becerril 1993b).5

The privatization of the sugar agroindustrial complex was intended to correct the inefficiencies that have characterized the sugar agroindustrial complex for at least the last fifty years.6 Thus, the new private sector actors face the challenge of modernizing a production apparatus that is largely obsolete. Moreover, the international sugar market has historically been unstable and strongly competitive.7

The technological modernization of the sugar mills will encounter problems in the financial, administrative, and labor organization spheres. Business strategies are diverse and results are varied, depending on each mill’s particular circumstances. In some mills—such as La Concepción,8 located in central Veracruz—the industrialists have made sizeable investments to renovate the installations, and this has improved milling capacity considerably: sugar production at La Concepción rose by 23.4 percent between 1984 and 1992 (Núñez, Erasmo, and Lauro 1992, and field reports, May 1994). In others, such as the Independencia mill, acquired by Grupo Sucrurum in October 1990, the private owners appear to be highly incompetent in industrial and administrative management. After two disastrous sugar harvests (the worst in the mill’s history), the firm declared itself technically bankrupt at the end of 1992 (Hoffman and Núñez 1994).

One of the main business strategies for making the industrial conditions of production more efficient centers on changing the organization of labor and the nature of labor relations in the industry. Companies make extensive use of threats of bankruptcy in order to circumvent the national-level contract that governs labor-management relations, thus opening the door to local-level agreements through which employers can reduce workers’ social benefits to a minimum, manipulate wage relations, and implement more flexible use of the labor force. To date mill owners have been able to reduce some of the benefits that workers previously enjoyed through the fideicomisos (government administered social trust funds). Although the national contract remains in effect, there have been significant workforce reductions in all of the country’s sugar mills: 8,000 full-time workers have been laid off, out of a total of 30,000 sugar-sector workers (Becerril 1993b). When the Independencia mill declared bankruptcy, it laid off 50 percent of its workforce and shelved its existing labor contract (Hoffman and Núñez 1994). At the Mahuixtlán mill, which so far has been under the jurisdiction of the CNC, there have not been any significant personnel reductions. However, there have been increased demands on workers and increased supervision.

5. The soft-drink industry, which uses about 25 percent of all sugar produced in Mexico, was the sector that bought the largest number of sugar mills.

6. State intervention in the sugar industry reached its high point at the start of the 1980s when the federal government controlled as many as fifty-two of the sixty-five sugar mills in operation. The parastatal firm Azúcar, S.A. not only managed the sugar mills, it also sold all sugar produced. The sugar industry came to be subject to a series of regulations and conditions affecting prices, payments, sales, and even production methods. This substantially lessened its efficiency, meant significant costs for the public budget, and caused problems of undersupply. In fact, due to poor profitability, sugar production dropped by as much as 16 percent in the years just prior to 1990, causing Mexico to go from a net exporter of sugar to one of the main buyers of sugar on the world market (Epoca, 24 June 1991).

7. In fact, in 1992, with the deregulation of the domestic sugar market and Mexico’s opening to sugar imports, a crisis of internal overproduction resulted, which combined with other factors to generate liquidity problems for many sugar mills.

8. The La Concepción mill was acquired by a Veracruz industrialist linked to the food industry.
With regard to production conditions, mill owners have implemented measures to increase their control of the agricultural production process, above all in the area of credits provided to growers. In many cases, agricultural credits are extended only after the crop is ready for harvest; in other cases, credit is made conditional on proper land management techniques. Also, contracts, and therefore credits, have been suspended in the cases of cane growers with chronic indebtedness, which has forced many sugarcane growers to cease production. Furthermore, some firms have begun to contract only with cane growers who cultivate a minimum of two to three hectares, whereas contracts were previously established with cane growers with parcels as small as one-quarter of an hectare. The introduction of new varieties of sugarcane with higher sucrose content also has been promoted. The owners of the La Concepción mill now require growers to switch to more productive varieties in order to qualify for agricultural credits (field notes, May 1994).

At the same time, the modifications implemented in the 1991 Decreto Cañero, especially the elimination of a guaranteed purchase price, favor an increase in the production efficiency and the quality of the raw material. The decree also exempts mill owners from having to cover the costs of road repair and maintenance and the costs associated with extension services.

In general terms, this set of measures aimed at restructuring the sugar agroindustry has put in motion a complex process of transformations in the relations among actors in the sector—and it presents the possibility that one of the strongest, most consolidated, and most vertical corporatist-cacique (political strongman) structures of contemporary Mexico may, in stages, give way. First, the state ceases to be the omnipresent interlocutor for the organizations and social actors involved in the sector. From that point on, the strategies of the business sector tend to become more diverse. And finally, there is a modification in the conditions of negotiation for workers and cane growers organizations.

In sum, modernization of sugar production is a logical objective in the context of the perspectives opened up by NAFTA. However, the success of the effort depends on the emergence of new social actors. The state needs new interlocutors. It needs a society that will respond creatively to the requirements of modernization and social agents who will carry out self-initiated productive projects that can meet the demands of an open domestic and international market with efficiency and competitiveness.

SUGARCANE GROWERS STRATEGIES IN THE FACE OF MODERNIZATION
With the transfer of sugar mill ownership to the private sector, the relations between sugarcane growers and the mills have changed. Producers and their organizations no longer have the state as their main interlocutor. The production policies and strategies of business have diversified, putting into question the traditional spheres, networks, and, above all, social and cultural practices that have heretofore characterized relations among cane growers, the mill, and sugarcane workers’ social organizations. Also, the 1991 Decreto Cañero is altering the conditions of production and sale of the raw material. The decree’s ultimate effects, however, will depend upon the particular conditions of the sugarcane growers. In this new situation, growers find that

9. The fundamental modifications are in the system of payments to cane growers, and this is the key element in the new decree. Under the previous regulations, cane growers were paid on the basis of tons of sugarcane delivered to the mill in relation to the general sucrose yields of all cane growers in that mill’s supply zone. Under the new decree, cane growers are paid according to the sugar content that can be recovered from the raw material in relation to the wholesale price per kilogram of sugar.

10. There are three main labor and cane growers organizations involved in the sugar sector: the Sindicato de Trabajadores de la Industria Azucarera y Similares de la República de México (STIASRM) of the Confederación de Trabajadores de México (CTM); the Unión Nacional de Productores de Caña de Azúcar (UNPCA) of the CNC; and the Confederación Nacional de Propietarios Rurales (CNPR) affiliated to the Federación Nacional de Organizaciones y Ciudadanos (FNOC). All are linked to the Partido Revolucionario Institucional (PRI).

11. The information contained in this section is the product of field notes taken intermittently over the last four years, mainly in the supply zone of the Mahuixtlán mill, in the municipality of Coatepec, in central Veracruz.
they must change both their relations with the firm and their individual conditions of production. Like the rest of Mexican society, they are facing the challenge of becoming efficient producers.

From the perspective of governmental strategists, the problem facing campesinos is strictly technical and has to do with the organization of production. In other words, the possibilities for improving the conditions of agricultural production and for obtaining greater income resides with the cane growers newly ceded capacity to directly control their own productive activities. This situation contrasts with the relationships that historically have characterized the organization of the sugar agroindustrial complex. The sugar mill has long played an omnipresent role as the organizer and regulator of the conditions of production, for both the raw material and the final product. Campesino cane growers have played a relatively passive role at all levels and in all spheres of their productive activity: the sugar mill established the type of land to be planted in cane, and it set the calendar for planting, for tending the crop, and for harvesting. The mill also has had control of the financial resources that support those activities, serving as an intermediary and guarantor between the banking institution and the cane growers.

Within this structure, the producer organizations have served to mediate the relationship between cane growers and the mill. Together with the mill management, local leaders of these organizations set the conditions and the schedules for carrying out the various phases of sugarcane production and must concur on the distribution of the resources required for cane cultivation. Until now, sugarcane growers have never faced the need to individually assume responsibility for their productive activities. The UNPCA was organized based on the canons established by Mexican corporatist organizations, in which clientelism, authoritarianism, and paternalism are the daily diet.

Viewed from this perspective, the issue of efficiency in cane cultivation transcends the technical organization of production to uncover the linkage between culture and the organization of production. This is one of the nodal points of tension in the modernization of the sugar agroindustrial complex. In other words, the state project will be constrained by the sociocultural organization and the forms of domination upon which sugar production has been based for decades.

This brings us once again to a fundamental issue in the current transformation process: at one extreme, the requirement, and at the other, the possibility, that new social subjects will be constituted who are willing and able to take up the challenges of the new project. From this perspective, the cultural dimension acquires fundamental importance: the strategies and skills with which various sectors of the population confront these challenges are necessarily filtered through these subjects’ view of their social world, along with their willingness to act upon that reality.\(^{12}\)

In this context, the socioeconomic and cultural differentiation of the cane growers emerges as a key issue. With regard to the material aspects of the organization of production in cane-growing regions, the cane growers’ chances to meet the challenges of efficiency, productivity, and competitiveness depend upon a number of factors, of which the following are among the most prominent: the size of a grower’s holding, the quality of that land, infrastructure (irrigation, transportation, farm equipment), and the parcel’s distance from the mill. It should be noted that a majority of Mexican sugarcane growers are minifundistas, of whom most are ejidatarios. The sugar mills researched in Veracruz are representative in this regard. At the Mahuixtlan mill (one of the three purchased by the CNC), 95 percent of the cane growers are ejidatarios who cultivate an average of 1.2 hectares. In the San Francisco and San Pedro mills, in the southern part of the state of Veracruz (in the Los Tuxtlas region), the average cultivation areas are 2.9 and 2.4 hectares, respectively. At

\(^{12}\) "If what is important is the ability to recognize historical horizons, we are obliged to incorporate the dimension of social will into the study of sociohistorical dynamics. The analysis of historical situations incorporates volition, since consciousness ceases to be the reflection of historical tendencies to be transformed into the ability to react upon the immediate" (Zemelman 1989: 38).
San Francisco, 47 percent of the cane growers have less than 2 hectares, while only 1 percent plant sugarcane parcels of between 10 and 50 hectares.

The minifundista nature of sugarcane cultivation is one of the greatest obstacles to the modernization project, according to mill owners. The alternative they propose to overcome the problems of low productivity in the minifundios is the creation of producer associations. This was referred to by the leader of the CNPR, who noted that one possibility for the reconversion of the sugar sector is for sugar mills to contract with growers who have a minimum of fifty hectares. This does not mean excluding those who have less than that extent of land, but rather urging them to form associations (La Jornada, 2 December 1992). Thus, growers who would best be able to participate in the reconversion of sugarcane cultivation are those with an expanse of land well above the average in most sugar mill supply zones, or those minifundist cane growers willing to associate in producer organizations.

However, the viability of this alternative is put in doubt if we analyze the sociocultural aspects, the subjective elements, that underlie the organization of production. This leads us necessarily to examine the rationality of the strategy shaping the production activities of these cane growers, in their majority minifundistas. Even though campesino cane growers cultivate an eminently commercial crop and rely on the sugar mill for production inputs and a market for their product, they nevertheless are operating within a subsistence mind set. That is, what predominates in the organization of sugarcane production is the rationality of a campesino strategy; cane growers invest whatever effort is necessary to satisfy what they consider to be their essential needs. Aside from the fact that these cane growers have no interest in producing surpluses, we also find that they do not incorporate business calculations into their individual organization of production. In other words, sugarcane growers function according to a logic that is far removed from a calculus of expectations. Quite the contrary; many of them admit that in economic matters they do not have a “vision of the future.” Referring to the loans and credits that they receive from the sugar mill for planting and harvesting (and implicitly alluding to the manipulation of these resources by the cane growers), a representative of a group of sugarcane growers from the Mahuixtlán sugar mill told us: “most of us are only interested in the situation of the moment; we don’t pay attention to the future.”

The set of guarantees and benefits that the sugar agroindustrial structure in the hands of the state offered cane growers, and which to a large extent is still in place, can be analyzed from the same point of view, above all with regard to the availability of financing. For these producers, being integrated into the sugarcane structure basically means being guaranteed a minimum secure income. This was expressed by the sugarcane growers’ representative cited earlier: “most of us producers don’t work out the numbers, we aren’t interested in figuring them out . . . As long as we can live from sugarcane, it doesn’t matter to us if in the end we do not have an alcance.”

Similarly, one of the common strategies among sugarcane growers is crop diversification. They even use resources provided by the sugar mills (personal loans, credit, and fertilizers) to maintain a range of crops—from maize and beans for household consumption to coffee or fruit for the market. Of course, the sugarcane minifundista household does not subsist solely on their sugarcane crop. This was clear from an interview with the leader of the local sugarcane growers’ union at the Mahuixtlán mill, in which he referred to the continuing decline in the price of sugarcane and in worker benefits as a result of the privatization of the industry: “the producer who does not depend on sugarcane alone is the one who survives.”

The way in which the majority of sugarcane growers organize production, as discussed in the preceding paragraphs, plays an important role in the formation of producer associations. Producers differ not only in

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13. Currently, sugarcane is the only crop for which Mexican producers can get agricultural credits virtually without conditions.

14. An alcance is the amount owed to sugarcane growers at the end of the harvest after production costs and personal loans have been discounted.
terms of the size of their parcels but also in how they conceive of their productive activity individually. For sugarcane growers, the feasibility of forming associations in the near future depends on overcoming a major obstacle: the custom of strictly individual management of parcels. That is, each producer determines his own work schedule and his own utilization of resources, within a framework previously determined by the sugar mill. This would have to change in order for collective associations to form.

Closely linked to the issue of the collective management of any future producer associations is the need to consider the characteristics that sugarcane organizations have displayed historically, especially since the 1970s, including the role that these organizations have played in the organization of production. Both the local producer unions affiliated with the CNC and the smallholders associations linked to the CNPR (as well as ejido authorities, in many cases\textsuperscript{15}) participate fully in all activities related to the organization of production: planning the harvest, contracting a labor force, setting rates (for cane cutters and for transportation), applying for credit, requesting personal loans and benefits, and so on. These organizations, through their leaders, have functioned as intermediaries between cane growers and the mill. The leaders are the ones who negotiate as representatives of the cane growers. When cane growers delegate their responsibility to their representatives and the leaders accept that responsibility, both parties are engaging in a personal interaction. In other words, sugarcane organizations are not a product of the will of a collective subject. Rather, they are based on personal relations between the producers and their leaders. The structure of sugarcane organizations is characterized basically by a culture of delegating responsibility, in which paternalist and clientelist practices predominate. This culture is counterposed to the requirements of self-management and autonomy that are implicit in the formation of new forms of organizing production.

Thus, in addition to the sugarcane growers' intrinsic dependency on the sugar mill for agricultural credits and for the purchase of their crop, we find a political culture that reinforces that dependency. This is an obstacle to the formation of autonomous social actors capable of taking on the challenges that the modernization project demands of them.

CONCLUSIONS

As noted above, a basic objective of the Mexican government strategy is to stimulate private investment in the rural sector. In the framework of the agrarian reforms, contract agriculture, as practiced in the sugar agroindustry, appears to be one of the best options for capitalizing agricultural production. However, it is unlikely that minifundist sugarcane growers will be able to take advantage of this option. For some, the conditions that are being imposed by the private management of the sugar mills have meant exclusion. This is the case of cane growers with less productive, rainfed plots located distant from the sugar mill, who have opted instead to grow basic foodstuffs or rent out their parcels (a common practice in the sugarcane-growing countryside). Other cane growers, who thus far constitute the majority, have tended to adapt passively to the new circumstances; for example, they introduce new varieties of sugarcane if that is required, and avoid doing so if it is not.\textsuperscript{16} It is very likely that in the not-too-distant future, many of these cane growers will join the ranks of the excluded, opting to cultivate basic foodstuffs or rent out their plots. A shift toward growing basic food grains does not appear to be a desirable alternative for sugarcane growers, who—whether because of

\textsuperscript{15} The participation of the ejido in the sugarcane industry is of fundamental importance; the president of an ejido's executive board (comisariado ejidal) in sugarcane areas are members of the Comités de Planeación de Zafra (Harvest Planning Committees). They also are authorized to request credit from the mill in the name of the ejido producers (e.g., to repair roads or irrigation canals), and they have direct contact with field inspectors, among other powers and duties. In short, the comisariado ejidal is the first level of negotiation between the producer and the mill.

\textsuperscript{16} According to some cane growers, the new varieties of cane with higher sucrose content only benefit the mill, because they weigh less. In fact, in the Mahuixtlán mill's supply zone, cane growers have refused to switch to the new varieties. Meanwhile, around the La Concepción mill, cane growers who have been forced to make the change complain that the lower weight of the sugarcane has reduced their earnings (field notes).
tradition or because of the security offered by sugarcane cultivation—resist turning to cultivation for subsistence. Furthermore, although the reforms in agrarian legislation make it possible to sell ejido parcels, the sugarcane ejidatarios do not seem willing to part with their land definitively. The subjective meaning of possessing land plays an important role in the ejidatarios’ calculus in this regard, along with the fact that the alternative of renting offers the prospect of a permanent income.

Undoubtedly, whether through the sale or the rental of parcels, the tendency toward concentration of land in the cane-growing countryside seems clear. Furthermore, it is likely that the new producers associations (in which small property holders would coexist with medium-sized cane growers) will take the form of neocorporatist organizations, assuming many of the old clientelist-cacique practices of the sugarcane industry organizations. This is indicated by the strengthening of the local associations of smallholders (CNPR), which present themselves as alternatives to the traditional and previously hegemonic organizations affiliated with the CNC, despite the fact that they are indistinguishable from the latter in their everyday practices and negotiations.

Finally, we can conclude that in the restructuring of the sugar agroindustrial sector we are facing a process which on the one hand reaffirms the polarized structure of the Mexican countryside and, on the other, far from contributing to modernity (understood as the rise of autonomous social actors and of self-managed social organizations), updates old sociocultural patterns. The rise of a business type of agriculture in the sugarcane sector appears to be a clear tendency; however, this does not necessarily mean the total disappearance of the traditional minifundist forms of production. Small cane growers are adapting to, rather than resisting, the new circumstances. For their part, the members of the new business sector are adapting their strategies to the old conditions. We are thus facing a process in which the traditional and the modern come together in new realities whose complexity poses unique challenges for social analysis.
Chapter 5

Sweet Neighbors?
The State and the Sugar Industries
in the United States and Mexico under NAFTA

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This chapter addresses the implications of North American Free Trade Agreement (NAFTA) for the U.S. and Mexican sugar industries. We discuss the role of the U.S. and Mexican governments in their respective sugar sectors and then the implications of the imposition of supra-state structures on industrial organization and labor relations. The history of sugar and the rise of neoliberalism in Mexico are discussed in other essays in this volume. We build on that background in our comparison of the sugar industries in the United States and Mexico.

More specifically, we examine the implications of national sugar policies on: (1) the provision of the raw material (sugarcane and sugar beets) from either domestic or foreign sources, addressing also policies related to the various factors of production (land, labor, and capital); (2) the transformation of the raw material into raw and refined sugar, and (3) the marketing of sugar, including the impact of alternative sweeteners. We then explore the impact of the implementation of international free trade policies on these dimensions in each nation, in terms of the well-being of growers and of agricultural and industrial workers, regional inequality and development, and industrial concentration.

SUGAR AND INTERNATIONAL TRADE
World sugar market prices are generally substantially below those of the U.S. market. Currently, the sugar sold on the world market has a residual character: a very small proportion of sugar production enters the world market, because nation-states use control of sugar as an important lever for bilateral and internal relations (Gitlin 1994). As most sugar produced worldwide is consumed domestically, often at government-controlled prices, and a large portion of world sugar trade is conducted under bilateral agreements and preferential terms (such as the European Community’s Lomé Agreement), slight shifts in total world production or government policy can have a large impact on prices in the world market. Governments can block exports in times of scarcity and “dump” excess stocks in times of surplus. Price variability, in turn, increases risk, particularly to producers lacking mechanisms for smoothing out price variations.

International Sources of Raw Sugar: The United States
Since the mid-1930s, the United States has maintained domestic sugar prices (both for producers and consumers) at or above world market prices, a practice followed in many countries due to great annual fluctuations in sugar production worldwide and to encourage domestic sugar production. Up until the Cuban Revolution of 1959, sugar plantations in Cuba were major suppliers of sugar to the United States. Cuban

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sugar was allowed to be imported at the same price as that received by U.S. producers. With the suspension of the Cuban sugar quota in 1960, sugar allotments were taken off U.S. sugar producers, and only reimposed on July 1, 1993, as will be explained below.

The highly protected price for U.S. sugar, as intended, brought many new domestic growers into the U.S. market. Thus, combined with the growing use of sugar substitutes, U.S. imports of sugar were greatly reduced during the 1980s from 5 million metric tons\(^2\) to 1–2 million tons in recent years (Buzzanell and Lord 1993: 1). The decline in sugar imports hit heavily at countries which once counted on the United States as a preferentially-priced market for their sugar exports. Indeed, in the case of Caribbean Basin countries, many of which are heavily dependent on sugar for foreign exchange, exports to the United States dropped from 1,397 thousand short tons in 1971 to only 429 thousand short tons in 1989 (a 69 percent drop), while the decline for total U.S. sugar imports was nearly 78 percent (Messina and Seale 1993, calculated from Table 1). Further, the real dollar value of sugar exports to the United States from the Caribbean Basin in 1988 was less than 18 percent of the 1981 level (Messina and Seale 1993: 177).

**International Sources of Raw Sugar: Mexico**
Mexico has traditionally been self-sufficient in sugar production, with some exportable surpluses. However, sugar consumption has increased in response to population growth, rising income levels, and attractive retail pricing. Furthermore, because sugar mills failed to modernize their plants, Mexico became a net sugar importer by the 1980s (Buzzanell and Lord 1993: 2). Prior to the implementation of NAFTA on January 1, 1994, Mexico’s duty-free export quota to the United States was a mere 7,258 tons, out of total U.S. imports which have fluctuated between 1.5 million and 2 million tons in the last few years. As with other countries with U.S. sugar quotas, it is profitable to export as much sugar as possible at U.S. prices, and buy sugar to replace it at the lower world market price.

**NAFTA’s Provisions on Sugar Trade**
Under NAFTA, Mexico’s U.S. export quota may increase from 7,258 to 25,000 tons during the first 6 years, and to 250,000 tons in years 7–14. Thereafter, all barriers to trade between the two countries will be eliminated. Given the tremendous resistance placed by the sugar lobby in the United States before the vote in the U.S. Congress on November 17, 1993, a last-minute executive negotiation substantially modified the original sugar agreement. According to the latter, beginning in year 7, Mexico would have been able to export duty-free to the United States the full extent of its projected surplus for that year at the U.S. preferential price, under either of two conditions: “if (1) Mexico has been a net surplus producer for any two consecutive marketing years (including years 1–6 of the agreement), or if (2) Mexico has been a net surplus producer during the previous year and is projected to be a net surplus producer that year” (Buzzanell and Lord 1993: 12). Mexico’s exports to the United States would be purchased at the U.S. preferential price, if that price preference is still in place.

Still further safeguards against Mexican sugar imports were put in place under pressure from sugar-state lawmakers. These safeguards are designed to prevent Mexico from substituting corn sweeteners for sugar and then exporting sugar surpluses to the United States (Wall Street Journal, 1 October 1993). For Mexico to achieve net surplus producer status, its production of sugar must exceed its consumption of sweeteners consisting both of sugar and high fructose corn syrup (HFCS). In addition, the “rules of origin” were redefined in such a way as to prevent Mexico from importing sugarcane, refining it, and then exporting it to the United States under the favorable treaty terms. However, the United States and Mexico will each allow duty-free access for raw sugar imported from the other country as long as it is refined in the importing country.

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2. Unless otherwise specified, all references to “tons” refer to “metric tons.”
and reexported to the producing country. This poses a major threat to the weak sugar mills in Mexico, which are undergoing a profound restructuring, as will be seen below.

THE ROLE OF THE STATE IN THE SUGAR INDUSTRY
The importance of the state in the sugar industry is recognized within both Mexico and the United States, as different actors in sugar production have successfully influenced state policy to favor their interests. For instance, the fifteen year transition period allowed under NAFTA for the sugar industry is the longest “grace period” given to any commodity (along with corn) and an indicator of the power of the vested interests in both countries. The sugar commodity group (an alliance of various sugar producer organizations in the United States) unanimously opposed NAFTA ratification (Orden 1994).

Sugar and the U.S. State
Tariffs are the traditional policy tool used by the U.S. government to protect sugar interests. Early exemptions from tariffs encouraged sugar production in U.S. protectorates such as Cuba, Puerto Rico, the Philippines, and Hawaii. In 1876, the United States signed a reciprocity agreement with the Kingdom of Hawaii, which permitted sugar to be imported duty free. The Spanish-American War (1898) added Cuba, the Philippines, and Puerto Rico, all sugar producers, to the American imperium.

The major conflicts in the United States, where Congress and the courts have provided battlefields, were between growers and sugar refiners. Tariffs on raw sugar imports have very different impacts on sugarcane and sugar beet growers compared to sugar refiners. Refiners want to import raw sugar as cheaply as possible, while such imports provide competition for U.S. growers.

The Sugar Trust, which dominated refined sugar production in the eastern United States at the turn of the century, was dependent on imports of raw sugar, particularly from Cuba and Puerto Rico (Eichner 1969). Sugar production in the western United States, in contrast, was vertically integrated, including sugarcane production in Hawaii and sugar beet production in the western states. State-level and federal anti-trust legislation had most impact on eastern sugar development, as the eastern sugar interest managed to legislate loopholes to exempt sugar refiners from anti-trust restrictions. Tariff protection was most important in the development of the western sugar industry (Roy 1995).

The provisions of the Sugar Acts (1935, 1937, 1948, terminating in 1974) gave the United States great power internationally. Intended to increase the United States ability to grow its own sugar, U.S. markets were protected from world market competition to preserve a large price incentive. Because the United States was not self-sufficient in sugar—determined by the difference between domestic production and projected consumption—certain nations were allowed to export specific quantities of raw sugar to it at the protected, domestic U.S. price through “sugar quotas” established on the basis of historic U.S. imports. Countries defined as America’s allies have been able to gain sugar quotas and export to the United States at its internal market price. Thus there are countries which no longer are self-sufficient in sugar, such as Taiwan, which buy quantities of sugar equivalent to their quota on the cheaper world market to sell to the United States at the higher tariff-exempt price. Countries which displeased the U.S. government in any of their policies were stripped of their sugar quota, which was then assigned to others that better met U.S. foreign policy objectives. Cuba, greatly favored under early sugar quotas, lost all access to the U.S. market with the revolution of 1959. The United States redistributed Cuba’s quota to governments, often dictatorships, that would stand firm against communism. The threat of losing sugar-related jobs and markets, combined with the threat of U.S. military intervention, served to keep such rulers as Trujillo (the Dominican Republic) and Marcos (the Philippines) in power in the 1960s and into the 1980s.
Prior to 1985, sugar growers were able to receive a government loan for a minimum price (support price) per hundred weight of raw sugar. If that price was not received, the U.S. government's Commodity Credit Corporation (CCC) took the sugar in lieu of payment. CCC commodities often were used internationally in Food for Peace programs. The Food Security Act of 1985 mandated a price support program for domestically produced sugar cane and sugar beets at not less than 18 cents a pound—over three times the world market price (sugar prices are for raw sugar, not the unprocessed primary materials). However, the Dole Amendment to the 1985 farm bill stipulated that the sugar program must be conducted at no cost to the U.S. Treasury. The president is empowered to regulate commodity imports when they interfere with U.S. commodity price support or stabilization programs. The cost of high prices to sugar producers is thus shifted from the federal government which does not buy surplus sugar to consumers both at the wholesale and retail level. Refiners and confectioners have lobbied strongly, but ineffectively to change this. As they have been unsuccessful, they pass the price on to the retail product or shift to cheaper sweeteners. Estimates of the annual cost of the U.S. sugar program to domestic consumers range from $1.0 billion to $2.7 billion (Messina and Seale 1993: 173).

The current structure of the U.S. sugar industry was locked into place in July 1993 when permanent sugar production allotments were assigned to domestic sugar cane and sugar beet growers in response to the meeting of U.S. sugar needs by the importation of only 1.25 million tons of sugar. Therefore, in order to keep the U.S. market open to at least this level of imports, sugar production was capped and allocations were given to current sugar processors based on historic patterns of production. Thus the large sugar plantations on fragile lands in Florida were locked into place, and the sugar cooperatives in the north central region prevented from expanding.

Sugar and the Mexican State
If U.S. state policy has made consumers subsidize the sugar industry through high prices, the state in Mexico has historically done the opposite. It has continuously subsidized consumption by maintaining artificially low sugar prices. As a result, it is hard to overstate the importance of sugar in the Mexican people's diet. It is estimated that sugar alone provides 17 percent of caloric intake for Mexicans. Further, in 1992 employment in the sugar industry was estimated at almost 300,000 workers, 74 percent of them living in rural areas (García Chávez 1992; Otero 1992).

As other chapters in this volume show (Singelmann and Otero; Chollett), the major shifts in ownership of sugar land and sugar processing between private and public ownership were triggered by direct government intervention. In contrast to the previous ownership pattern of sugar mills, centered on individual capitalists and government management, the majority are now owned by large corporate groups. But regardless of whether the owners have been private capitalists or the state, the sugar industry in modern Mexico has been highly regulated and considered of “national interest” by a series of decrees. Price controls for sugar have been the norm since 1940, but the most interventionist policies began in 1970 with the formation of a series of government agencies to regulate the industry and the takeover of some mills during the early 1970s. This trend was further exacerbated after 1976, when the state began to takeover rising numbers of bankrupt mills. This process culminated in 1982, a time by which the government directly owned 54 out of the total of 64 mills existing in Mexico. In 1983, Azúcar, S.A., was founded as a parastatal enterprise to set prices, control the marketing of sugar, and generally plan national sugar production.

Part of the dilemma for the Mexican state stemmed from trying to be on good terms with a multiplicity of social actors with divergent interests who participate in the sugar industry. According to Singelmann (1993), Mexican state policy has moved along three main sets of polarities, depending on which social group carried the most weight: (1) free market or protectionism in foreign trade, (2) "swim or sink" or subsidies with regard to domestic producers, and (3) domestic free market or state regulation with regard to consumer prices.
By the mid-1980s, cane growers were facing very unfavorable terms of trade with respect to industrial products (García Chávez 1992). They were being squeezed by increasing costs and declining relative crop prices. At the same time, industrial processing was managed by political criteria and suffered from much corruption. The large number of mills was causing a substantial drain of public funds. Sugar imports increased, as production did not keep pace with increased consumption. Thus, in a time of massive foreign debt, unsustainable public deficits, and a stagnant economy, reprivatizing the sugar industry, already written into the 1986 IMF accord, became unavoidable.

Under the pressures of NAFTA and a growing orientation toward neoliberal economic policies, the Mexican government has defined its new position with respect to the polarities posited by Singelmann. State interventionism is being phased out of sugar policy. The state has chosen free trade over protectionism in international trade, a “swim or sink” approach rather than subsidies with regard to domestic processors, and a free market to determine domestic prices. A futures market, inaugurated on March 14, 1994, is intended to provide a mechanism for risk management (or speculation). In the meantime, Azúcar, S.A. was dismantled in 1992, and private companies were allowed to buy and sell sugar on their own (including imports) in 1990–1992, leaving the industry without a regulated market or coordination of production and distribution.

Thus, the political context for the operation of NAFTA will be one of a withdrawn state. An important question now is whether or in what ways the new private industrialists in Mexico will meet the challenge of industrial restructuring under the new rules of the game. This is addressed below.

**AGRICULTURAL STRUCTURE**

The sugar industry has four stages, all of which are important in understanding its societal impact: (1) production and harvest of sugarcane or sugar beets, (2) extraction of raw sugar from sugarcane, (3) refining of raw cane sugar and the processing of sugar beets (sugar production requires two stages for cane and only one for beets), and (4) distribution of refined sugar among consumers. In the United States, government intervention is focused on the first stage. In Mexico, the state has intervened in all four. In terms of control, stages two (for sugarcane) and three (for sugar beets) are critical. This section discusses each of these stages.

**Growing Sugar in the United States**

The regional structure of the U.S. sugar industry has changed markedly in the last thirty years, shifting from small farms in the west and north central regions to large sugar plantations in the south. In the United States sugarcane is grown in Florida, Louisiana, Texas, Puerto Rico, and Hawaii. Florida's sugarcane production increased significantly when the United States stopped importing sugar from Cuba in 1960. The owners of the Cuban sugar mills moved to the Florida, purchasing the fertile soils along the southern and southeastern shore of Lake Okeechobee in southern Florida. By the mid-1980s, Florida was the largest U.S. cane grower, with 50 percent of the acreage and 43 percent of the production.

Sugar beet production in the United States is much more widespread than that of sugarcane, with nearly nine times the number of farmers. In 1988/89 there were nearly 8,500 sugar beet farms in the United States, compared to around 1,000 sugar cane growers. Further, the number of farms producing sugar beets has actually increased, although the location of production has shifted among the states where it is grown. Because of the greater productivity in sugar beet growing, more efficient processing, and the sugar support program, sugar beet production has become more profitable than other crops (Barry et al. 1990: 10). Currently, California is the largest producer of sugar beets, followed by Minnesota, Idaho, North Dakota, and Michigan. With the current distribution of sugar production from beets versus cane in the United States locked in place through the imposition of allocations in July 1993, the increasing entry of family farmers into sugar beet production is now blocked. Similarly, the concentrated cane industry is guaranteed its current
market share, although if cane processors buy into beet processing plants, they can maintain their quota and shift their locus of operation.

Growing Sugar in Mexico
Yield differences across Mexican regions are quite large, depending on access to irrigation. Average yields in the states of Morelos and Michoacán, with irrigation, are 104.6 and 93.7 tons of sugar cane per hectare, respectively, while the figures for Veracruz and Tabasco, with rainfed agriculture, are only 66.1 and 59.0 tons. Nevertheless, Mexico’s overall yields were 7 to 12 percent better than world average over the period 1985/86-1989/90, and higher than average yields in Brazil and Cuba, the largest net sugarcane growers in this hemisphere (Buzanell 1992: 16). In the United States the average is about 91.2 tons of sugar cane per hectare in 1988/89. The sugar beet yield average in the same year was 56.9 tons per hectare.

There is a sharp contrast in farm structure between Mexico and the United States in the parcel size of cane growers. Whereas in the United States cane growers tend to operate very large farms, in Mexico landholdings are dispersed among 130,000 growers whose majority consists of minifundistas (very small cane growers). Their total output is about the same as that of 1,000 sugarcane growers in the United States. Because U.S. growers currently devote more acreage per farm than Mexican growers, there are greater economies of scale in the United States. Furthermore, landholdings in Mexico are split between private ownership and ejido parcels, the latter being the land distributed to campesino communities under the agrarian reform program. The area devoted to sugar cultivation is 60 percent in ejido land, with an average holding size of 3.5 hectares, and 40 percent in private parcels with an average size of 12 hectares (Buzanell and Lord 1993: 6).

While Mexico’s sugar production is distributed in fifteen states, 75 percent of all sugarcane is produced in only six states: Sinaloa, Jalisco, San Luis Potosí, Tamaulipas, Oaxaca, and Veracruz, with the latter concentrating almost 40 percent of total production (Buzanell and Lord 1993: 6). Sugar mills are usually surrounded by the cane fields that supply them, but in the northern region of Mexico some fields are at great distance from the mills, which raises transportation costs and affects the cane’s sucrose content (which declines with time after cutting). In Sinaloa, which is the northernmost state, some growers have recently been shifting sugar production to more remunerative crops such as tomatoes and other vegetables for export to the United States.

SUGAR PROCESSING
Neither sugar beets nor sugarcane can be marketed directly after harvest; they are relatively heavy crops relative to their value and must be processed into raw sugar prior to sale to food processors or wholesalers. Cane is turned into refined sugar in a two-stage process—milling when the juice is squeezed from the cane and boiled until it is crystallized as raw sugar, then refining when the crystallized raw sugar is centrifuged to remove the remaining liquid in the form of molasses. Growers cannot process sugar individually, except at very inefficient levels. Both cane and beet growers depend upon processors not simply to add value to their crop, but also to sell it; thus power in the sugar industry is centered in the hands of processors. Sugar processing requires enormous capital investments. Thus there is no market unless there is a mill, which, given the requirements of sugar processing, generally is controlled by a large individually- or corporately-owned firm or by a growers’ cooperative. Due to the great weight and volume of cane and beets, sugar processing generally is best done near the fields. The amount of labor used in sugar processing varies enormously, depending upon the technology employed in the mill. After cane is milled and processed into raw sugar, it may be sold for intermediate food industry uses or further processed for sale as refined sugar—either at

3. In February 1992 a new Agrarian Law which allows the privatization of ejido land became effective. For further discussion of the law’s impact on the Mexican sugar sector, see the other chapters in this volume.
refineries adjoining the mill or transported to separate refining installations. In the United States, most final sales of sugar are in the form of refined sugar. The final refining process was the basis of the eastern Sugar Trust in the United States, which imported raw cane sugar from Caribbean countries. In Mexico, however, sugar is marketed in three forms: (1) refined, which is the sweetest and most pure, (2) standard, which contains some molasses and is not as sweet, and (3) brown sugar, which has a greater content of molasses and is the least sweet.

Sugar Processing: United States
As sugarcane production expanded in the United States after 1960, the industry became more concentrated with fewer and larger producers. The number of sugar mills (producing raw sugar from sugar cane) and refineries (producing refined sugar from beets or raw sugar) decreased as the industry became more consolidated and concentrated between 1973 and 1982, when sugar prices were highest and most volatile (Christy, Chapman, and Heagler 1990). Between 1982 and 1988, the number of sugarcane refineries in the United States declined drastically from 21 to only 12, only one of which was associated with a mill; the number of sugar beet processing plants, operated by 10 sugar beet processing companies, fell from 43 to 34 between 1981 and 1994. Once closed, it is unlikely that either sugar beet processors, cane mills or refineries will start up production again (Barry et al. 1990: 52). Fewer sugar mills and refineries with more sugar available allowed those remaining to operate up to capacity and thus become more efficient, although overall refining capacity fell. Some of the refineries are integrated with sugarcane acreage and beet and cane processing facilities. For the grower the declining number of processors and refineries meant fewer options on where to sell harvested cane or beets. As smaller cane growers quit production and more sugar processors grew their own sugarcane, the distribution of the price received between grower and processor became less relevant. Efficiency in processing—which relates highly to the degree to which a sugar mill operates at maximum capacity for the longest period during the year, and therefore the volume of cane or beets it can control—determines profitability. Thus in sugarcane, which expanded more rapidly than sugar beets in the 1970s and early 1980s, fewer and fewer individuals got an increasing proportion of the sugar dollar, which, as mentioned earlier, is at consumers’ expense.

Sugar Processing: Mexico
Mexico has had a comparative advantage in the costs of growing sugarcane, but a disadvantage in the costs of processing, as many plants are very out-of-date and inefficient. All sugar refining in Mexico is done in integrated milling/refining facilities, but in 1993 only 18 mills had refining capabilities. Of total sugar produced in Mexico, 50 percent is standard, 33 percent is refined, and 17 percent is brown sugar. Two key problems of sugar mills in Mexico have been their obsolete equipment and overstaffing. Many mills still operate with fifty-year-old machinery. In fact, according to a study conducted by Azúcar, S.A. in the late 1980s, 50 percent of the mills have obsolete machinery, 25 percent operated with a mixture of old and new equipment, and only 25 percent had modernized plants (Buzzanell 1992: 18). Furthermore, the milling sector has 40,000 workers, a number estimated to be 40 percent more than needed. As a result, milling costs are relatively high and quite divergent in Mexican industry, varying from 12 U.S. cents to 18 cents per pound depending on the degree of modernization (Buzzanell and Lord 1993: 8). Those that are capitalized and efficient are concentrated in the hands of a few corporate owners, primarily soft-drink companies, which have become vertically integrated with the purchase of sugar mills since 1988.

Just as Mexico is the second largest per capita consumer of sugar in the world, after the United States, so it also boasts the second largest soft-drinks bottling industry in the world. Further, the country’s industry as a whole has been increasing its share of sugar use. The other major user is the household sector. While industry absorbed 41 percent of sugar production in 1970, its share rose to 55 percent by 1991, the remainder being consumed by households (Buzzanell 1992: 18). A Pepsi-Cola bottling group in Mexico has invested
heavily in sugar mills: Grupo Escorpión now controls over 20 percent of sugar production. While in the United States the soft-drinks industry is the largest consumer of HFCS, vertical integration of the soft-drinks producers with sugar production and processing in Mexico seems to ensure that sugar will continue to be used in this key secondary industry.

During the first few years of the privatization process (1988–90), some mills were purchased by speculators seeking to convert a cheap investment into immediate profits. Despite the deteriorated capacity of the newly reprivatized mills, the gradual opening of the Mexican economy, and the withdrawal of state subsidies, the new owners counted on the continuation of favorable government policies, including protection from imports. As a result, few of this group of new sugar industrialists were motivated to invest in productivity-enhancing technology (Paxman 1994: 12). Other buyers, especially those with complementary investments in industries where sugar is a key ingredient, sought quick profits by initially using the mills as tax write-offs, but also planned long-term improvements so that their mills would be able to guarantee the supply of cheap sugar to their upstream industries. This is clearly exemplified by the newly integrated soft-drink industrial groups that purchased several sugar mills. They have been underpricing sugar by more than 50 percent to their bottling concerns. Mill workers have complained about this practice, because it prevents them from getting any benefits from established profit-sharing schemes (Becerril 1993f).

Both types of new owners were severely affected by the rapid application of neoliberal policies and the state’s miscalculated opening of the market to high volumes of imported sugar, the combination of which resulted in the most serious crisis experienced by the sugar industry since the 1930s. While many of the new owners were inexperienced in the industry or had speculative goals, other short-term factors contributed to a fall in sugar production. In addition to natural calamities, mill owners and cane growers saw their costs of production rise sharply due to high inflation, increased loan interest rates, and a decrease in subsidies for agricultural inputs, exacerbated by the failure of sugar prices to rise in step (Buzzanell 1992: 16).

Perhaps the most important factor leading to crisis was the government’s failure to accurately determine the needed quantity of sugar imports in 1990–92. This resulted in an oversupply of cheaper imported sugar from the United States and Cuba, which in turn led the Mexican internal market price to decline below the government-set price. Until 1992, the government-set price had de facto determined both the minimum price required and the maximum price permitted; since then, the government sets only the maximum price allowed for the sale of sugar in the domestic market.

By 1993, the government had clearly chosen the “swim or sink” approach for industry; between 1991 and 1993 twenty-six of the original sixty-four sugar mills were in the red, two had closed, and six declared bankruptcy. Further consolidation is expected to reduce the number of mills to about 25 in the next few years (Aguilar 1993). Some of the problems for bankrupt mills have included: (1) long distance to markets, (2) obsolete equipment and lack of investment capital to modernize, (3) low volume of production preventing economies of scale, and (4) poor fields to grow cane competitively. However, the government has taken three measures recently to help rescue some of the mills in crisis: (1) halved inventories left over from excessive imports through loans for future repurchase, (2) raised the reference price of tariffs for imports from countries with dumping prices, and (3) formed a futures market for sugar in Mexico (Rudiño and Badillo 1993).

LABOR
Labor in sugar has two distinct categories: field workers and mill workers. They traditionally have had very different working conditions and compose different labor markets. While mechanization has reduced the numbers of both sets of workers, it has generally had greater impact on field workers. Field workers have historically been most disadvantaged, and much more likely to be seasonal migrants in both Mexico and the United States
Labor in the United States: Field Workers
Both cane and beet sugar cultivation in the United States have been labor intensive, although there is increasing mechanization in harvesting and planting sugarcane and in thinning sugar beets. In a few parts of Louisiana and most of Florida, sugarcane is harvested by hand due to the composition of the soil, which will not support large harvesting machinery, such as the combines used in Texas or the bulldozers and cranes used in Hawaii. Cane cutting is dirty, hot, and dangerous work. It is also relatively skilled, as the ability to use a machete effectively takes time to develop. Almost all of the laborers employed to cut sugarcane are brought into the United States under specific laws for the temporary admission of cane field workers set by the U.S. Immigration and Naturalization Service. Sugar growers have provided powerful pressure, in the face of congressional investigation, to maintain an immigrant labor stream (Wilkinson 1989). Generally labor is imported by a contractor. Either the contractor or the plantation owner must provide housing for the workers, who then must leave the country when their contract is complete or their work is terminated. Workers are charged for a bewildering number of goods and services provided by their contractors and employers, often reducing their paychecks to nearly nothing.

First Jamaicans, and more recently Haitians, have been the laborers employed. It is almost impossible to get U.S. citizens, who have other options for employment or at least access to public assistance, to cut cane under current wage rates and working conditions. Further, the relatively low cost of this imported labor keeps growers from investing in mechanization or even urging research into it (Hayami and Ruttan 1985). Recent exposés of cane cutters' working conditions reveal the exploitative nature of these labor relations (Wilkinson 1989).

In Hawaii, where sugarcane may be harvested almost all year long, with a very high yield per acre, an active labor movement has been fostered. Although the workers in sugar are still often immigrants (for example, Philippine women are the employees of choice for cane planting), their salaries are higher than those of cane workers on the mainland. Thus, in response to the relatively high wages and favorable working conditions of labor in Hawaii, a radical mechanization has occurred, as cane is bulldozed, then lifted by cranes to be taken to the sugar mills in large tractor-drawn wagons. This decreases the sugar content of the cane, but apparently is offset by decreased labor costs. The high initial costs of the machinery were underwritten by generous investment tax credits for agriculture in the 1970s, furthering the motivation to reduce field-labor inputs. It is interesting to note the extensive data kept on land in sugar beets and cane, as well as yields, and the total lack of data on workers, who are almost all seasonal.

Sugar Mill Workers in the United States
Investment tax credits during the 1980s greatly encouraged the substitution of capital for labor in U.S. processing mills, which became extremely capital intensive. In the late 1980s, the U.S. Commerce Department estimated that it cost $76,000 to save one job in the sugar industry. The high price of U.S. sugar has allowed producers to mechanize their operations and sharply reduce their labor needs. Louisiana cut its sugar workforce form 15,000 to 4,000 between 1979 and 1989 (Wall Street Journal, 15 August 1989).

Field Labor in Mexico
Approximately 260,000 cane cutters are employed in seasonally harvesting Mexican sugar. This is the hardest part of the labor process and commands the lowest wages in the industry. Cane cutters are paid by the weight of the cane they cut. With considerable difficulty workers manage to earn the equivalent of one to two minimum daily wages in a day's work; these earnings can hardly sustain the worker himself, let alone his family (almost 100 percent of cane cutters are male workers). Typically cane cutting has been left to migrant

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4. The minimum daily wage in 1993 was almost US$5.00. However, with the devaluation of the peso in early 1995, the wage fell to the equivalent of US$3.00.
workers from rural areas more depressed than the sugar regions. However, in recent years there has been an increasing surplus population in the vicinity of sugar growing towns available for cane cutting. The proportion of migrant cane cutters has been reduced from about 30 percent in the early 1970s to less than 10 percent in the 1990s. With the exception of a few that work for large sugarcane growers, which are affiliated to the Confederación de Trabajadores de México (CTM; the leading corporatist federation of labor unions), cane cutters are not unionized (Paré, Juárez, and Salazar 1987).

Sugar Mill Workers in Mexico
In contrast, the approximately 40,000 workers in the sugar mills were relatively well-protected until recently. The sugar industry in Mexico is one of nine industries whose industrial relations have been regulated through industry-wide contracts. These contracts were meant to unify work conditions in the country and were held in great esteem between the 1930s and 1970s, when there was a clear alliance between the official workers’ movement and the state. Thus, all sugar mill workers have been affiliated to the official CTM, or to the Confederación Regional de Obreros Mexicanos (CROM; Regional Confederation of Mexican Workers), both corporate affiliates of the ruling Partido Revolucionario Institucional (PRI).

According to a recent study by the Mexican Ministry of Labor (cited in Becerril 1993c), most sugar mills had an average of 1.5 non-unionized workers for each 5 unionized in 1992. An extreme case is a mill in the state of Veracruz which reported 477 unionized workers and 232 non-unionized workers (“empleados de confianza,” or “white-collar workers”)—a ratio of one non-unionized worker for every two union workers. Unionized workers are 78 percent of the labor force and receive only 39 percent of the wages paid by the mill. In contrast, the non-unionized workers (administrative and managerial) are only 22 percent of the labor force and receive 61 percent of the wages paid.

The critical climax point of the sugar industry was reached in March 1993 after the sugar milling unions threatened a national strike. Key points of conflict included the fact that many laid-off workers had not been paid legally-required indemnities, and that many mills had not been paying the medical insurance for the workers and other benefits coverage. In fact, the mills had accumulated such enormous debts to various creditors that the key agreement to avert the strike that was finally signed on March 23, 1993, rather than producing wage increases, simply established a payments schedule for industrialists to bring current payments owed to workers, growers, the health insurance system, Financiera Nacional Azucarera (FINASA, the government credit agency for the sugar sector), and the Comisión Nacional de Agua (CNA). The total debt was in the order of US$1.5 billion (Becerril 1993f).

ALTERNATIVE SWEETENERS
To understand the impact of NAFTA, it is crucial to explore the linkage between sugar and corn sweeteners. As functional equivalents in soft drinks and some processed foods, they can be interchanged according to price. Corn has an important set of producers and a cultural place in both the United States and Mexico.

Alternative Sweeteners in the United States
Corn sweeteners (high fructose corn sweeteners or HFCS) are produced by a wetmilling process developed in the 1960s and 1970s. Currently, four U.S. wetmilling companies control almost 75 percent of the production. By-products of wetmilling include corn gluten, which the manufacturers are able to export to Europe as poultry feed, as its late innovation meant that it was not included in the highly protective tariff legislation that has kept out other U.S. agricultural products from Europe. (Although that exception was hotly debated in the closing hours of the Uruguay Round of the General Agreement on Tariffs and Trade [GATT].)
The continued high, steady price for domestically produced sugar, combined with the high prices paid for sugar imported under the quotas and the high tariffs imposed on the rest, meant that by 1991 almost all U.S. liquid sugar sales had been replaced by HFCS. However, by 1991, the technical limits of that replacement had been met—and consumer resistance, as shown in the preference for “Classic Coke,” slowed the complete dominance of corn sweeteners in the soft-drink market. As liquid sugar is an industrial input, industry chemists spent the decade of the 1980s developing recipes which substitute corn sweeteners for sugar wherever possible. Only where the sugar industry was able to institute strict regulation, such as in the confectionery industry, where regulation forbids such substitutions, was HFCS held at bay.

While the United States is a relatively high-priced producer of beet and cane sugar, it is the lowest-cost producer of HFCS among the twelve major producing countries (Landell Mills Commodities Studies 1989). Under these conditions of relative efficiency, and in view of how tariffs on sugar imports keep sugar prices high, it is no wonder that HFCS has captured a large portion of the U.S. market, particularly that of the soft-drink industry. Competition from corn sweeteners was specifically mentioned by the eight sugar-related commodity groups interviewed by Orden (1994) as a reason for opposing NAFTA. Sugar-state legislators expressed concern that under NAFTA Mexico could switch to corn sweeteners for soft drinks and export its sugar to the United States, further depressing U.S. sugar prices (Devroy and Behr 1993). In last minute negotiations, days before passage of NAFTA in the U.S. Congress, barriers to HFCS imports from Mexico were included in the treaty.

The chemical industry, combined with concerns for health and weight, may have more impact on sugar production in both countries than NAFTA. The potential exists for low calorie sweeteners, whose development in the United States was partially protected by the sugar price support program, to become competitive in price in more and more areas of industrial production. As analysts of the sector have observed, “As the costs of production and prices decline for low-calorie sweeteners, their use will become increasingly attractive to developing countries where demand for sweeteners is high but incomes low” (Barry et al., 1990: 28).

**Alternative Sweeteners in Mexico**

In industrial uses other than soft drinks, HFCS is already entering the Mexican market, an entry that will be facilitated by NAFTA. In 1992 Mexico imported about 20,000 tons of HFCS for its bakery and confectionery industries in some of its northern states, which are distant from sugar producing regions. However, the fact that the largest soft-drink bottling companies have major interests in the sugar industry seems to guarantee a significant continued use of sugar, even though diet-drink products have been introduced aggressively by both Pepsi-Cola and Coca-Cola in the past few years.

**CONCLUSIONS**

This paper has explored in detail two contrasting forms of state intervention with regard to the sugar industries in the United States and Mexico. It has analyzed how several social groups have exerted pressure on the governments to get favorable state policies, and the results have generally reflected the correlations of forces in each society.

U.S. sugar production has benefited from high levels of protection. The 1981, 1985, and 1990 farm bills have guaranteed relatively high prices and encouraged sugar production. Without the sugar program, U.S. prices would “move in tandem with the world price but about 1.5 cents higher because of shipping and handling charges between the Caribbean (world markets) and the U.S. ports” (Barry et al. 1990: 19). These prices would make growers much more vulnerable to world price swings and reduce sugar production, particularly cane growing in Florida, where it is most costly.
Since significant aspects of the neoliberal reform have taken hold in most Western countries, the traditional groups that enjoyed protection by sugar policies have begun to lose the battle. However, that sugar interest groups in the United States are still quite belligerent was evidenced by their staunch opposition to the passage of NAFTA in 1993 (Orden 1994). They managed to put in place important safeguards for sugar protection with a phase-in period of 15 years. Such protection is shared only by Mexican corn producers, who generally represent the weakest and most numerous farmers Mexico.

Mexican sugar interests, in contrast, initially resisted the market liberalization introduced by the state and wanted continued subsidies. The state responded with opening the borders to sugar imports in 1990–92, bringing a shake-up and concentration in the sugar industry. Once industrialists saw the neoliberal reform as inevitable, however, they generally supported NAFTA despite the current crisis in Mexico’s sugar industry. Rodolfo Perdomo Bueno, vice-president of the Cámara Nacional de las Industrias Azucarera y Alcoholera (CNIAA), has stated that the industry will win out in NAFTA, and that Mexico’s sugar industry is better off than that of the United States (Becerril 1993f).

From the point of view of Mexican consumers, the new policies will probably not involve major price increases for sugar, to the extent that industry is able to respond to the new competitive challenges. However, in some sectors of secondary industry, such as bottled soft drinks, there is a clear corporate strategy to raise Mexican cola prices to international levels despite lower local costs. Gemex, the major holder of Pepsi franchises in Mexico, for instance, expects two more price increases of 2.5 percent in 1994 alone and continues to take market share from non-Pepsi local companies, rather than by increased per capita consumption (Goldman Sachs Research 1994). According to a study by the Instituto Nacional de Estadística, Geografía e Informática (INEGI; National Institute for Statistics, Geography, and Informatics), sales of soft drinks are expected to grow at an annual rate of 19.6 percent through the year 2000, due mostly to the elimination of price controls, rather than through increased production (as reported in El Financiero [Weekly International Edition], 4–10 April 1994). This is a worrisome trend considering that real incomes of most Mexicans have significantly declined in the past decade, and that much of their caloric intake is obtained from soft drinks whose prices had been indirectly subsidized for decades.

In general, the current worldwide movement toward neoliberalism has been resisted by most agricultural interests in different countries. In fact, agriculture has been a major stumbling block to both the latest round of GATT and NAFTA. In the end, however, more agricultural groups in the United States supported NAFTA than opposed it, primarily because they saw it as favoring their short-term interest.

As with many neoliberal policies, free trade is verbalized by authorities of developed countries and urged on those of developing countries. Yet it is not implemented across the board within the developed countries, where the state is acting with increasing heavy-handedness to reinforce existing vested interests in some sectors. In the case of sugar, NAFTA will not have any impact on the highly protected U.S. sugar market for seven years, and then protection will only gradually decline for another eight. Past governmental policies, which facilitated capital accumulation from sugar and sweeteners in the hands of a few individuals and corporations are now locked in place for at least a decade.

In contrast, all social actors involved in Mexico’s sugar industry have already been affected in a major way by the neoliberal reform. However, NAFTA per se will not have much of an impact on the sugar market itself, unless the government decides to increase imports again, which is rather unlikely. If Mexico’s sugar industry continues its restructuring process and manages to produce a surplus, then it could begin to export to its northern neighbor.
Appendices

A. Exchange Rate—Pesos per U.S. Dollar

<table>
<thead>
<tr>
<th>Year</th>
<th>Pesos per Dollar</th>
</tr>
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<tr>
<td>1955-75</td>
<td>12.50</td>
</tr>
<tr>
<td>1976</td>
<td>19.95</td>
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<tr>
<td>1977</td>
<td>22.73</td>
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<tr>
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<td>22.80</td>
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<td>1980</td>
<td>23.26</td>
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<td>161.35</td>
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<td>209.97</td>
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<td>915.00</td>
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<td>2,297.50</td>
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<td>1993</td>
<td>N$3.19*</td>
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<tr>
<td>July 31, 1994</td>
<td>N$3.23</td>
</tr>
<tr>
<td>December 31, 1995</td>
<td>N$5.33</td>
</tr>
<tr>
<td>July 31, 1995</td>
<td>N$6.08</td>
</tr>
</tbody>
</table>

NB: Figures reflect exchange rates as of December 31. Because the figures do not reflect exchange rate variations throughout the year, utilizing them to convert peso amounts presented in the text to dollar amounts from 1982 onwards only yields approximate values.

* On January 1, 1993, the new peso was established. 1 new peso = 1,000 pesos.

Source: Bank of Mexico, Economic Indicators (various).

B. Measures of Area and Weight

1 hectare = 2.47 acres

1 ton = 1,000 kilograms = 2,203 pounds
Acronyms

CAM  Confederación Agrarista Mexicana / Mexican Agrarianist Confederation
CCI  Central Campesina Independiente / Independent Campesino Central
CEDPA  Comité Estatal para la Defensa de los Productores Agropecuarios / State Committee for the Defense of Agricultural Producers
CNA  Comisión Nacional de Agua / National Water Commission
CNC  Confederación Nacional Campesina / National Campesino Confederation
CNIA  Comisión Nacional de la Industria Azucarera / National Commission of the Sugar Industry
CNIAA  Cámara Nacional de las Industrias Azucarera y Alcohólica / National Chamber of the Sugar and Alcohol Industries
CNOP  Confederación Nacional de Organizaciones Populares / National Confederation of Popular Organizations (later FNOC)
CNPP  Confederación Nacional de Pequeños Propietarios / National Confederation of Smallholders (later CNPR)
CNPR  Confederación Nacional de Productores Rurales / National Confederation of Rural Producers (formerly CNPP)
CTM  Confederación de Trabajadores de México / Confederation of Mexican Workers
FINASA  Financiera Nacional Azucarera, S.A. / National Sugar Finance Company
FNOC  Frente Nacional de Organizaciones y Ciudadanos / National Front of Organizations and Citizens (formerly CNOP)
FORMA  Fidéicomiso Organizador del Mercado Azucarero / Sugar Market Organizing Trust (also referred to as the Bolsa Mexicana Azucarera / Mexican Sugar Exchange)
FVPC  Federación Veracruzana de Productores de Caña / Veracruz Federation of Sugarcane Producers
GATT  General Agreement on Tariffs and Trade
HFCS  High fructose corn syrup
IMF  International Monetary Fund
IMSS  Instituto Mexicano del Seguro Social / Mexican Social Security Institute
NAFTA  North American Free Trade Agreement
ONISA  Operadora Nacional de Ingenios, S.A. / National Sugar Mill Company
PECE  Pacto para la Estabilidad y Crecimiento Económico / Pact for Stability and Economic Growth
PRI  Partido Revolucionario Institucional / Institutional Revolutionary Party
PRD  Partido de la Revolución Demócrata / Democratic Revolutionary Party
Procampo  Direct agricultural support payments program
Pronasol  National Solidarity Program
SARH  Secretaría de Agricultura y Recursos Hidráulicos / Ministry of Agriculture and Water Resources
<table>
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<tr>
<th>Acronym</th>
<th>Full Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>SECOFI</td>
<td>Secretaría de Comercio y Fomento Industrial / Ministry of Commerce and Industrial Development</td>
</tr>
<tr>
<td>SHCP</td>
<td>Secretaría de Hacienda y Crédito Público / Ministry of the Treasury and Public Credit</td>
</tr>
<tr>
<td>SRA</td>
<td>Secretaría de Reforma Agraria / Ministry of Agrarian Reform</td>
</tr>
<tr>
<td>STIASRM</td>
<td>Sindicato de Trabajadores de la Industria Azucarera y Similares de la República Mexicana / Union of Workers of the Sugar Industry of Mexico</td>
</tr>
<tr>
<td>UCEZ</td>
<td>Unión de Comuneros Emiliano Zapata / Emiliano Zapata Union of Communal Landholders</td>
</tr>
<tr>
<td>UGOCM</td>
<td>Unión General de Obreros y Campesinos de México “Jacinto López” / General Union of Workers and Campesinos of Mexico “Jacinto López”</td>
</tr>
<tr>
<td>UNC</td>
<td>Unión Nacional de Cañeros / National Union of Sugarcane Growers</td>
</tr>
<tr>
<td>UNPASA</td>
<td>Unión Nacional de Productores de Azúcar, S.A. / National Union of Sugar Producers</td>
</tr>
<tr>
<td>UNPCA</td>
<td>Unión Nacional de Productores de Caña de Azúcar / National Union of Sugarcane Producers</td>
</tr>
<tr>
<td>UPC</td>
<td>Unión de Productores de Caña / Union of Sugarcane Producers</td>
</tr>
</tbody>
</table>
Glossary

campesino  peasant; in Mexico, campesino usually refers to members of households that primarily depend on own labor or mechanisms of labor exchange to cultivate small parcels of land or to utilize limited amounts of land-based resources, and more broadly refers to rural dwellers who have limited access to productive resources (e.g., jornaleros)

cañero  sugarcane grower

Decreto Cañero  Sugar Decree; a presidential decree which regulates the sugar sector, including such matters as pricing, payments, and relations between growers and mills.

ejidatario  the head of a household awarded use rights to ejido land

ejido  an official category of land tenure that refers to a community granted use rights—usually distributed to individual families—over land expropriated from large landholders in the postrevolutionary period

jornalero  day laborer (often very land-poor or landless)

Ley Cañera  Sugar Law - the principal legislative code regulating the sugar sector, implemented in conjunction with the Decreto Cañero

minifundista  farmers with access to very limited amounts of land (typically, less than five hectares, and usually of poor quality)

pequeños propietarios  individual private landholders; legally defined as possessing title to 100 hectares or less of irrigated or good rainfed land or its equivalent in other land quality classes

new peso  instituted on January 1, 1993 to replace the peso (old peso); one new peso (N$1) is equivalent to one thousand old pesos ($1000)

obrero  sugar mill worker

zafra  cane cutting and milling season
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Kathy Powell is an external Ph.D. candidate at the University of London. Her research in Mexico focuses on political culture and regional social identity in the context of the changes being produced by neoliberalism. She has published a chapter titled “Neoliberalism and Nationalism” in *Dismantling the Mexican State?* (edited by Rob Aitken et al., 1995).

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On January 6, 1992, Article 27 of the Mexican Constitution was amended to permit—but not require—the privatization of previously inalienable, communally-controlled ejido land. The ejido reform—in association with related constitutional amendments, revamped agrarian codes, and redesigned agricultural policies—changes key aspects of land tenure and state-campesino relations, and establishes the framework for how rural Mexicans participate in the national and international economies.

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