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PERSPECTIVES ON RURAL POVERTY
AND DEVELOPMENT STRATEGIES IN LATIN AMERICA

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1 INTRODUCTION: THE RISE OF POVERTY STUDIES

The purpose of this essay is to stimulate discussion on rural poverty in Latin America. A variety of approaches to rural poverty are discussed and several development strategies are evaluated as to their impact on reducing poverty. This paper presents some of my reflections on rural poverty but it does not pretend to be a systematic and extensive analysis on rural poverty in the region.

Agricultural modernization in Latin America, with its emphasis on capital intensive farming and the squeeze on the peasant economy, means that rural poverty remains a persistent and intractable problem. Structural adjustment programmes (SAPs) and stabilization policies of the 1980s had in general a detrimental impact on poverty, although significantly more in the urban than rural sector. But the proportion of people in poverty still remains higher in rural than in urban areas, although in absolute terms poverty has shifted to the urban areas due to the high rates of rural to urban migration. Adjustment policies exacerbated poverty as government expenditure on social welfare and subsidies for basic foods and other essential commodities were cut back quite drastically. Subsequently some governments ameliorated this negative impact by targeting welfare measures more directly to the poor and by introducing poverty alleviation programmes. During the 1990s rural poverty started to decline but only very slowly. While in 1990 65.4 per cent of rural households in Latin America were below the poverty line this had fallen in 2002 to 61.8 per cent. The corresponding data for extreme poverty or indigence are 40.4 per cent and 37.9 per

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1 This paper was made possible thanks to the support of the Latin American and Caribbean Division of the International Fund for Agricultural Development (IFAD). I am particularly grateful to Dr. Raul Hopkins, of IFAD’s Latin American and Caribbean Division, for his helpful comments. Dr. Saturnino Borras Jr. at ISS provided some useful background notes for this paper. I also appreciate the comments received from Tom Brass and from an anonymous referee. Needless to say any remaining shortcomings are my responsibility. An earlier and much shorter version of this paper was published as ‘Reflections on rural poverty in Latin America’, The European Journal of Development Research, 17 (2), 2005, pp. 317-346.

2 The impact of SAPs on rural poverty varied significantly between Latin American countries, see Rafael A. Trejos (ed.), Ajuste Macroeconómico y Pobreza Rural en América Latina, San José de Costa Rica: Instituto Interamericano de Cooperación para la Agricultura (IICA), 1992. For the increasing urban character of poverty as well as the persistence of rural poverty in Latin America, see Gonzalo Ibáñez, América Latina y el Caribe: Pobreza Rural Persistente, San José de Costa Rica: IICA, 1990.
Neither the state-driven import-substitution industrialization (ISI) development strategy, roughly from the 1950s to 1970s, nor the neoliberal market-driven policies since the 1980s has been able to resolve the problems of rural poverty, inequality and the exclusionary nature of the rural development process. It was only during the brief land reform interlude that sections of the peasantry began to emerge from their marginalized situation only to see their hopes for a better future vanish with the counter-reform and neoliberal project. However, these past upheavals have created new opportunities as well as constraints, some of which will be examined in this paper.

In my view, the main causes of rural poverty are structural, being related to the unequal land distribution and to the uneven power system. Access to capital, technology, markets, as well as to knowledge and information systems, are becoming increasingly important in determining the success of an agricultural enterprise. But the sustainability of peasant agriculture and the alleviation of rural poverty depend on wider social and political issues as well as on a favourable economic context. Tackling the root causes of poverty will require major land redistribution and rural investments which raise employment opportunities and improve agricultural productivity. Policies that promote rural non-farm activities may also help to reduce rural poverty but this should not be done at the expense of policies promoting

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4 However, so far the record of the ISI period is considered to have been better than that of the current neoliberal period in terms of growth, equity, employment and poverty reduction, see the superb study by Rosemary Thorp, *Progress, Poverty and Exclusions: an Economic History of Latin America in the 20th Century*, Baltimore (MD): Johns Hopkins University Press, 1998.

agricultural development. Farm and non-farm activities should reinforce each other
and with appropriate policies governments can encourage the development of these
linkages. Only by an assault on various fronts will it be possible to alleviate rural pov-
erty significantly. In short, attacking rural poverty raises questions about development
strategy and ultimately about the political power of the peasantry.

In the last couple of decades there has been a rush by policy makers,
international funding agencies, researchers, NGOs and others to learn more about the
nature and causes of poverty as well as proposing a variety of measures for reducing
and possible eliminating poverty. This sudden flood of research and publications on
poverty has led some persons in Latin America to coin the term ‘pobretologia’ which
perhaps can be translated as ‘povertology’. This new concern with poverty issues
partly arises from the sharp increase in poverty during the ‘lost decades’ of the 1980s
when Latin American countries had to deal with the crushing burden of the debt crisis
which led to the implementation of so-called ‘structural adjustment programmes’
(SAPs).6 The SAPs opened the door for the shift to, or deepening of, neoliberal
policies. However, the ‘neoliberal turn’ in development strategy failed to deliver the
promised economic growth and poverty reduction, although it managed to stabilize
the economies and open them further to the world market. As a consequence of the
persistence of poverty some governments have started to implement more vigorous
social policies and specifically poverty reduction measures but with little results so
far, although there are some exceptions, like in the case of Chile.

Thus the fact that today there are far more studies on rural poverty than in the
past does not necessarily mean that this will result in less poverty. There are far too
many intervening factors between studies on poverty and its actual reduction.
However, it is likely that a better understanding of the causes of poverty may lead to
the design of more appropriate poverty reduction policies. Hopefully the flood of
poverty studies will in the end lead to a greater social and political commitment
towards its reduction, if not eradication. But it might also turn out to be a largely
cosmetic exercise to soothe our consciences and to allow governments and other
powers to claim that they are doing something about the problem of poverty while in
fact avoiding dealing with the major causes of poverty.

6 This concern is well reflected in Fernando Solana (ed.), América Latina XXI: ¿Avanzará o
It is not surprising to find that different and contesting views exist about the causes and nature of poverty given the complexity of the problem. Some of these differences arise from ideological and political differences which are not always made explicit. Sometimes similar terms are employed but with different meanings and thus consequences for the analysis and policy recommendations. It is not my purpose in this paper to demystify the uses and abuses of certain terms as some authors and institutions employ these with a political rather than a theoretical scientific intent, although I acknowledge the importance of conceptual clarity and the usefulness of such an exercise. But in this paper I do examine some of the varied views on poverty although I principally present my own understanding of the problem. Different methodologies are also employed in poverty analyses. For example, some studies rely far more extensively on statistical techniques, econometric models, and so on, while others delve into life histories and use more qualitative type of analysis. Some studies take an historical or interdisciplinary approach while others focus on a particular dimension such as the economic, anthropological, social, cultural or political. I certainly do not wish to go into the whole debate about the definition of poverty and its measurement which I better leave to the experts. My own approach intends to be interdisciplinary within a development studies context.

While in the past there were far fewer poverty studies this does not necessarily mean that many aspects closely related to poverty were not analysed. To a certain

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extent it could even be argued that those apparently non-poverty studies were actually providing deeper insights than some of the current ‘povertology’ studies. Often researchers tend to reinvent the wheel through their lack of knowledge or memory of earlier studies. For example, past studies on the agrarian structure which highlighted the high degree of inequality and the lack of access to sufficient land by the mass of the peasantry probably provided a better analysis on the causes of poverty than many of the poverty studies of today like those which focus on factors which are often a consequence of poverty, like the low levels of education of many rural inhabitants. Even if the State were to provide adequate rural schooling, it is often the case that poor families cannot afford to send their children to school due to lack of resources and because they need their children to work at home or elsewhere so as to survive. Moreover, the discussion about education needs to be linked to the use for which it is intended.

Similarly, past studies on internal colonialism, marginality, structural heterogeneity and dependency did deal with aspects of poverty without necessarily always using the term. I am surprised to find that many current studies on poverty fail to draw upon this earlier literature given that they can provide useful insights. Thus it might be appropriate to return to some of the earlier studies as this could enrich current analyses of poverty. However, the use of new concepts such as social capital, social exclusion, new rurality, and rural livelihoods while sometimes reflecting a new fashion do often indicate a change in reality. In this sense the new terminology may be justified, although the lack of reference to the earlier thinking on the problem is not, or at least is unfortunate.

10 For a rare exception, see Pedro Tejo, La Pobreza Rural una Preocupación Permanente en el Pensamiento de la CEPAL, Santiago: Naciones Unidas, Comisión Económica para América Latina y el Caribe (CEPAL), Unidad de Desarrollo Agrícola, División de Desarrollo Productivo y Empresarial, Serie Desarrollo Productivo No. 97, 2000.

11 See, for example, the interesting forum held at the XXIV LASA Congress held in March 2003 which was published under the title ‘From marginality of the 1960s to the “new poverty” of today’ in Latin American Research Review 39 (1), 2004: 183-203. The following scholars participated in the forum: Mercedes González de la Rocha, Elizabeth Jelin, Janice Perlman, Bryan R. Roberts, Helen Safa and Peter M. Ward.
2 NEW APPROACHES AND DIMENSIONS OF POVERTY

2.1 From marginality to social exclusion

One of the first systematic ways of analyzing poverty in the Latin American context was through the so-called marginality studies which flourished during the 1960s and 1970s and were principally undertaken by Latin American social scientists. As expressed by a US scholar at the time: ‘It is a sad commentary on contemporary social science that “marginality” represents practically the first attempt in a century to develop a concept that is capable of theoretically analyzing (not just describing) the structural position of that sector of the population conventionally referred to as “the poor”’.\(^\text{12}\) Marginality analysis focussed on the urban poor, especially those living in shanty-towns or squatter settlements, and studies on the rural poor were less common. Marginality meant that people had very limited, precarious or no access at all to education, health services, formal employment, social and political institutions, and so on. At the time two different approaches to marginality developed which drew their inspiration from modernization theory and Marxist theory respectively. This is not the place to discuss at length these two approaches but it is useful to highlight some distinctive difference between them as it is relevant for the contemporary discussion on poverty.\(^\text{13}\)

The modernization approach viewed marginality as arising from the lack of participation and integration of certain individuals and groups in the economic, social and political system. Marginal people did not have the appropriate social and psychological attributes as well as values and norms for participating in the process of modernization. In a way marginal persons were seen as responsible for their own predicament and unable to overcome their situation of marginality. Thus governments were asked to design special programmes of education, employment, economic and social assistance, and so on, so as to facilitate their integration into the country’s process of modernization.


Meanwhile, the Marxist approach took an opposite view by arguing that marginality arose due to the particular integration of developing countries into the world capitalist system. This is an approach that is thus firmly located within dependency theory. The ‘marginal mass’ (the expression used by José Nun) arose out of the process of ‘dependent development’ (the term coined by Fernando Henrique Cardoso), or ‘development of underdevelopment’ (the expression coined by André Gunder Frank) which created a surplus labour that it was unable to absorb in the formal sector of the economy.\textsuperscript{14} This led to the emergence of the ‘marginal pole’ of the economy (the term used by Aníbal Quijano), or what later was referred to as the informal sector, as those unable to find employment in the formal sector had to create their own survival mechanisms.\textsuperscript{15} However, as forcefully argued by Francisco de Oliveira, the so-called marginal people make a major contribution to the process of capital accumulation by providing a large supply of cheap (underpaid) labour and cheap (undervalued) commodities.\textsuperscript{16} It is the capitalist enterprises of the formal sector of the economy which largely benefits from this situation as they can make use of this cheap labour whenever required by only paying poverty wages, making no social security payment, hiring and firing more or less at will as well as by engaging in sub-contracting arrangements with the informal sector thereby taking advantage of the cheap male, female and child labour of the family household. While Nun understands marginality in terms of a process of exclusion, Oliveira views it as a process of precarious and exploitative integration which is particularly prevalent in dependent countries. Quijano’s position can be interpreted as the link or bridge between these two conceptions of marginality and poverty within dependency theory. Later the informal sector literature explored the multiple links between the formal and informal sectors of the economy.\textsuperscript{17}

What is of particular relevance for the present reflection on rural poverty is to notice that in the modernization view marginality and poverty is largely reduced to certain attributes of individuals or groups which disables them to participate in the economic, social, political and cultural life of the country. While in the Marxist-dependency view marginality is a structural condition which is created and reproduced by the current world capitalist system and the process of globalization (or imperialism in the Marxist terminology). Thus people’s poverty is ultimately due to their particular subordinate integration into the national and world economic system.

Today’s discussion about marginality and poverty is framed within the analyses on social exclusion which has largely been diffused by the International Institute for Labour Studies (IILS) of the International Labour Organisation (ILO). The concept of social exclusion has acquired different meanings from more radical to less challenging interpretations of the existing socio-economic and political system. In a way the concept of social exclusion has been appropriated by orthodox institutions and writers who have given it a different meaning stripping it from its original radical intent. The crucial distinction between radical and other approaches is that in the former poverty is viewed as an active process of exclusion brought about by the dynamics of the system and not as a condition affecting certain individuals or groups which is often seen in static terms. In the words of Ray Bush: ‘It is in these new circumstances of neo-liberal hegemony “poverty is everywhere re-badge as social exclusion” and underpinned by individual inadequacies’.

Social exclusion is mainly a second-class citizenship and based on a disadvantaged inclusion in the social system, although this may sound paradoxical. It is important to understand that ‘poverty does not emerge because of exclusion but because of poor people’s “differential incorporation” into economic and political processes.’ Some authors question the usage of the ’social exclusion’ discourse in

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18 See, for example, Adolfo Figueroa, Teófilo Altamirano and Denis Sulmont, Social Exclusion and Inequality in Peru, Geneva: International Labour Organisation (ILO), 2001. The IILS and the UNDP started a series of literature studies on the ‘patterns and causes of social exclusion’ already at the beginning of the 1990s, if not earlier.


development and poverty studies. In this critical view ‘although it has the potential to focus attention on the disabling effects of poverty, its most common usage often fails to capture how poverty can flow not only from exclusion but also from processes of integration into broader economic and social networks’.22 Thus, so as to be able to understand the dynamics of poverty it is necessary to examine the processes of inclusion and exclusion as well as the relations between the dominant and dominated classes, groups and individual as it is through their multiple linkages that livelihoods of the poor contribute to the enrichment of the wealthy and thus to their continuing misery. It may therefore be perhaps more appropriate to speak of ‘exclusionary inclusion’ or ‘discriminatory inclusion’ or distinguish between different types or degrees of exclusion as even the most excluded persons have some sort of relationship with either the economic, social or political system.

Three dimensions can be distinguished in the process of social exclusion and poverty: economic, political and cultural. Economic exclusion refers to marginalization from the productive system which expresses itself in unemployment, underemployment or insecure employment, lack of assets and credit, vulnerability, and so on. Political exclusion arises out of unequal access to individual and collective rights within civil society, limited citizenship, social subordination, and so on. Cultural exclusion involves lack of recognition and discrimination of the cultural values and practices of subordinate groups by the dominant society leading to discrimination, racism, and so on. These three dimensions of social exclusion are inter-related and self-reinforcing processes which perpetuate the problem of poverty.23

2.2 Social capital: coping strategy or way out of poverty?

In the last decade or so the concept of social capital has become fashionable. At first it was being used by sociologists and anthropologists but soon it was also appropriated

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23 In this paragraph I am drawing on the thoughtful text by Teófilo Altamirano, James Copeskate, Adolfo Figueroa and Katie Wright, Poverty Studies in Peru: Towards a More Inclusive Study of Exclusion, ESRC Research Group on Wellbeing in Developing Countries (WeD), University of Bath, WeD Working Paper 05, December 2003.
by economists being widely propagated by the World Bank.\textsuperscript{24} While in some respect it is a useful extension of the concept of capital, as was the case with the notion of human capital, it can also lend itself to divert attention from other sources of capital, such as the capital embodied in natural resources (land, water, forests, minerals, etc.), infrastructure (roads, buildings, etc.), machinery and equipment, and finance. These other forms of capital are generally more important than social capital and the latter usually has only meaning when it is able to activate or lead to access to these other forms of capital.

The concept of social capital is seen by some analysts as offering the possibility for a better understanding of poverty which may even lead to a new paradigm.\textsuperscript{25} Many of those who use the concept of social capital find that it allows them to highlight the agency and capabilities of the poor. It is argued that while admittedly the poor have few if any access to the other capital resources they often do have substantial social capital, such as social networks and connections through membership of organizations, clientelism, and so on, which allows them to weather subsistence crises and might even afford them the possibility of capital accumulation and a way out of poverty. While the notion of social capital has its uses it should not detract from focussing on the issues such as the concentration of ownership and the unequal distribution and access to assets and other forms of capital. It is an illusion to think that by attempting to mobilize via public policy, or other means, the social capital of

\textsuperscript{24} One of the first original thinkers to formulate the concept of 'social capita' back in 1980 was Pierre Bourdieu, see his chapter ‘The forms of capital’ in J. Richardson (ed.), Handbook of Theory and Research for the Sociology of Education, New York: Greenwood Press. Pierre Bourdieu’s vision is radical and quite different from that espoused later by the World Bank. For a forceful and illuminating critique of the World Bank notion of social capital, see John Harriss, Depoliticizing Development: The World Bank and Social Capital, London: Anthem Press, 2002. For a reflexive and most enlightening analysis of the debate on social capital, see Anthony Bebbington, ‘Social capital and development studies 1: critique, debate, progress?’, Progress in Development Studies, 4 (4), 2004, pp. 343-349; this is the first of three notes on this topic and the next two notes will be published in future issues of the journal.

the poor a way can be found out of poverty.\textsuperscript{26} I do not deny that under certain circumstances such as with a progressive reformist or revolutionary State it is possible to develop a positive state-society synergy which benefits the rural poor. However, proponents of social capital generally do not advocate the radical political mobilization of the rural poor.\textsuperscript{27} Quite the opposite, policies or measures of social capital mobilization are often used for preventing tackling the far more important problem of the unequal distribution of assets and other forms of capital.\textsuperscript{28} By attempting to find an intermediary position between neoliberalism and statism the notion of social capital is in fact disregarding issues of political power, social conflict and the wider political economy.\textsuperscript{29}

2.3 New rurality: survival or accumulation?

The concept of ‘new rurality’ has also been increasingly used over the last couple of decades, although not always or principally in relation to the analysis of poverty. Does Latin America’s new rurality provide means for escaping poverty or, on the contrary, does it contribute to its continuation? For answering this question it is necessary to be aware that the term ‘new rurality’ is used in two senses.\textsuperscript{30} The most common usage refers to the characterization of the transformations experienced by the rural sector largely as a consequence of the processes of globalization and the implementation of

\textsuperscript{26} For a forceful critique of the World Bank's interpretation and use of the concept of social capital as a model for action in the Post-Washington Consensus context, see Víctor Bretón Solo de Zaldívar, ‘Los paradigmas de la “nueva” ruralidad a debate: el proyecto de desarrollo de los pueblos indígenas y negros del Ecuador’,\textit{European Review of Latin American and Caribbean Studies}, No. 78, 2005, pp. 7-30.

\textsuperscript{27} For a discussion of the literature on social capital that asserts that relations of trust and cooperation between state representatives and the rural poor result in positive state-society interactions, see Raju J. Das, ‘Rural society, the state and social capital in eastern India: a critical investigation’,\textit{The Journal of Peasant Studies}, 32 (1), 2005, pp. 48-87.

\textsuperscript{28} For a critical examination of the concept of social capital, see John Harriss and Paolo de Renzio, ‘“Missing link” or analytically missing?: the concept of social capital: An introductory bibliographic essay’,\textit{Journal of International Development}, 9 (7), 1997, pp. 919-937.

\textsuperscript{29} This point is developed by Ben Fine,\textit{Social Capital versus Social Theory: Political Economy and Social Science at the Turn of the Millennium}, London and New York: Routledge, 2001.

neoliberal policies. These most significant transformations refer to the increasing multi- or pluri-activity of peasant farm households who are engaging in an increasing variety of farm but also non-agricultural rural activities such as handicrafts, workshops, commerce and tourism. Some members of the family household also work as wage labourers in local agro-industrial enterprises, road and housing construction sites, capitalist farms, and so on. Increasingly women have been drawn into the wage labour market, although often in a precarious manner and receiving low wages. This shift to wage labour may result in temporary or more long-term migrations to other rural areas or even urban areas and also to migrations to other countries. Those who migrate send remittances to their peasant family members. Thus the activities and sources of income of peasant households have become much diversified.

While some analysts view these transformations as a way to get out of poverty and even as a mechanism for capital accumulation and enrichment, others see it as a mere survival strategy of peasant households who experience increasing difficulties in competing with cheap food imports and local capitalist farmers. Contrary to the arguments of those in favour of globalization and liberalization, peasant farmers are generally unable to shift to non-traditional exports (for example, soya beans, flowers, fruits and vegetables) which have become more profitable since globalization and liberalization. Thus peasants get squeezed by neoliberal policies as, on the one hand, they cannot compete with the cheap food imports (especially if free trade agreements are implemented), and, on the other hand, do not benefit from the new export opportunities due to lack of capital, technical know-how, marketing skills, lack of economies of scale, and so on. For peasant farmers to reap the benefits of globalization and liberalization the State has to undertake special measures in favour of peasant agriculture to overcome the above-mentioned obstacles. However, all the opposite has been the case as the shift to neoliberal policies has swept away the few supportive measures which the State used to provide to some peasant farmers in the period of import-substitution industrialization, protectionism and developmentalism.

According to Sergio Gómez many aspects of the so-called 'new rurality' were already present before the neoliberal turn. What is rather new in his view is the late perception of these changes by analysts, see S. Gómez, La "Nueva ruralidad": ¿qué tan nueva? Valdivia: Universidad Austral de Chile and Santiago: LOM Ediciones, 2002.
such as credit, technical assistance, and even land in those countries which implemented land reforms.  

A less common way of using the term ‘new rurality’ refers to the policy proposals designed by those analysts who want to overcome the negative consequences of neoliberalism for peasant farmers and thus aim at the implementation of alternative policies to neoliberalism as well as achieving other goals. The agenda of the ‘new ruralists’ is to encourage a development process centred on peasant farming, sustainability, equity, social participation, decentralization, local development, empowerment (especially of women), rural employment (especially for the young), organic farming, better quality food, greater diversity, promotion of new niche markets, competitiveness, among other endeavours. While I fully sympathise with the aims of this view of new rurality, especially due to its focus on the peasantry and thus on the alleviation of rural poverty, one of its drawbacks is that the proponents fail to specify how they aim to achieve those various goals. The advocates of new rurality are not sufficiently explicit in stating the extent to which the State would need to get involved in achieving those aims. This may be because some of their proponents wish that most, if not all, the initiatives came from below. Or they may not wish to admit that the costs of such policy alternatives would be extremely high and difficult to bear for the State who would thus be unable to implement them. Another flaw in their analysis is that some of the goals appear contradictory like, for example, the achievement of competitiveness and environmental sustainability or organic farming.

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Thus these proposals for a new or alternative rurality would face major economic and political obstacles.

2.4 Rural livelihoods: emerging new paradigm?

In the early 1990s the rural livelihoods approach emerged as a way to overcome some of the shortcomings of prevalent theories of rural development which were considered either too economistic (as in the neoclassical view) or too deterministic and structuralist (as the in the Marxist view). Some scholars concerned with poverty felt that a new approach was required for gaining a better understanding of the rural poor. The rural livelihoods approach is to some extent interdisciplinary and gives importance to the agency of actors, i.e. to the ability of peasants to construct their own livelihood strategies. It is an approach which has become increasingly used in poverty analysis, especially by scholars in academic institutions like the Institute of Development Studies (IDS) at Sussex University and the School of Development Studies (DEV) in the University of East Anglia, by NGOs like Oxfam and by the Department for International Development (DfID) of the British labour government. It views poverty as being multidimensional and the rural poor not as passive and powerless victims of the capitalist system and the process of globalization but as subjects who construct their own livelihood strategies by drawing on a variety of resources.

Among these resources is ‘social capital’ which particularly in moments of extreme crisis helps the rural poor to survive by relying on the solidarity of their social networks and community organizations. However, the rural livelihoods approach while stressing the resourcefulness of the poor is aware of the social capital’s limitations and gives due importance to the other forms of capital, particularly their lack of assets and limited access to natural resources. In this sense it

overcomes some of the limitations of analysts who rely almost exclusively on the notion of social capital overemphasizing its importance as a resource that the poor are able to mobilize for their livelihoods strategy. Furthermore, the rich have far more access to social as well as ‘political capital’ than the poor and thus the problem of inequality, let alone poverty, persists.

Despite its advantages, a major limitation of the rural livelihoods approach is its lack of the power dimension. It gives insufficient attention to political power and particularly to class relations. The analysis of poverty has to be embedded in power relations as it is these which continually reproduce poverty and are the major obstacles for overcoming it. Another weakness of the rural livelihoods schema is that it tends to be atemporal by failing to give sufficient attention to historical processes. For example, it fails to capture structural changes as well as households dynamics in which, for example, household members migrate nationally and even internationally, often not returning. To overcome this weakness de Haan and Zoomers (p. 45) develop the concept of livelihood pathway which they define as ‘as a pattern of livelihood activities which emerges from a co-ordination process among actors, arising from individual strategic behaviour embedded both in a historical repertoire and in social differentiation, including power relations and institutional processes, both of which play a role in subsequent decision-making.’

Furthermore, the rural livelihoods approach tends to be framed within the national context and gives insufficient attention to the international dimension of poverty. With the process of liberalization and further integration of the developing countries into the global capitalist system this international dimension becomes an increasingly important determinant of the limitations and opportunities for poverty alleviation measures.

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35 For a trenchant critique, see Bridget O’Laughlin’s review of several rural livelihood books in Development and Change, 35 (2), 2004, pp. 385-403.
2.5 New dimensions in poverty studies: ethnicity and gender

In the past poverty studies hardly incorporated into their analysis the ethnic and gender dimension. This was a major failing as poverty and vulnerability are particularly prevalent among ethnic groups and women in the rural areas. However, in the last decades this major weakness in poverty studies is being rectified as scholars, activists and policy makers have increasingly turned their attentions to these dimensions of poverty. The increasing mobilization of indigenous groups and women in pursuits of their rights and livelihoods has certainly been a major factor in this development.

*Ethnicity*

In most Latin American countries poverty has an ethnic dimension. This has its origins in the colonial period with the oppression, dispossession and exploitation of the indigenous population by the Spanish and Portuguese colonizers. After independence the indigenous people continued to be discriminated and segregated to the extent that the concept of ‘internal colonialism’ was coined to highlight this fact. 38 ‘Poverty therefore has a skin colour, language, place of origin and place of residence’. 39 It is well known, but perhaps too readily assumed, that the majority of the rural poor are living in indigenous communities in the countryside. This is particularly the case in countries with a large indigenous population like Bolivia, Ecuador, Guatemala and Mexico. However, it is wrong to assume that all indigenous people are poor and that all non-indigenous people are not poor. Some rural poverty alleviation programmes have failed to reach a significant segment of the rural poor due to this misconception. 40 Many non-indigenous rural poor work as wage labourers in agricultural and non-agricultural activities under very insecure circumstances and often live in precarious conditions in scattered hamlets in the countryside. Because they are not indigenous-looking or do not live in indigenous communities their poverty is often invisible and they are thus excluded from poverty alleviation

40 This point is well argued by Victor Bretón Solo de Zaldívar, ‘Cooperación al desarrollo, capital social y neo-indigenismo en los Andes ecuatorianos’, *European Review of Latin American and Caribbean Studies*, No. 73, 2002, pp. 43-63.
programmes. This can also be a deliberate policy choice in cases where greater popularity is derived from dealing with indigenous people or as a result from greater pressure from indigenous organizations. In recent decades the indigenous movement has become more active and visible gaining the attention of particularly foreign-funded NGOs but is some instance also of government programmes.

Even if resources are channelled to indigenous communities as part of anti-poverty and/or rural development programmes this does not necessarily mean that all the poor or only the poor in that community benefit from them. It has been observed that socio-economic differentiation exists within many communities and that often the leadership and richer groups are the main beneficiaries of these programmes. However, this does not mean that resources should not be directed to those communities but that one should be aware of their limitations and that better targeting might be required.

Gender
Poverty also has a female face due to the patriarchal character of Latin American societies and the discrimination against women at various levels such as in the household and in the wider economy in terms of the labour, land and capital markets. The most vulnerable groups in rural society tend to be single and female headed households. A disproportionate part of them can be found within the indigent and the poor.

According to Ranaboldo and Canedo many rural development projects, including those of the International Fund for Agricultural Development (IFAD), went through three phases regarding their position on women and gender. In the first phase the development projects gave priority to technical and productive aspects and the family household was seen as a unit of analysis without making any further distinctions within it. The technical assistance and other productive elements of the project were directed at men who were assumed to be the head of household and the main, if not only, agriculturalist. Women’s work was largely associated with child

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41 For some evidence on this situation, see Bretón Solo de Zaldívar, op. cit., 2002, among others.
43 C. Ranaboldo and M. E. Canedo, Mujer, Género y Desarrollo Rural: Las Experiencias del FIDA en Bolivia, La Paz: Centro de Información para el Desarrollo (CID), 1999.
rearing and with ‘complementary’ activities such as minor horticulture, handicrafts, food processing, and so on. In the second phase some of the projects contained a specific component for rural women which sought to enhance women’s economic activities. In the third phase, the focus is not just women but gender as the projects seek to change the unequal relationships between men and women. Thus the gender dimension is incorporated in all projects to a greater or lesser extent by seeking to empower women.

However, rural women are distinguished by class and ethnicity and this has to be taken into account in any analysis and development projects. It is also questionable the extent to which the patriarchal structures of domination in society can be changed significantly through rural development project by NGOs and agencies of international cooperation like IFAD. Nevertheless, Ranaboldo and Canedo consider that IFAD has done some pioneering work in Bolivia as far as incorporating the gender dimension in rural development projects.44

Many Latin American governments have in the last few decades implemented programmes of land registration and titling as many smallholders had no proper titles, if any, on the land they were farming and living. It was expected that this would lead to greater security, investment and hence income for the household. Arising from pressure of the women’s movement and international organizations many governments also introduced legislation which enables joint registration of property and land titles, i.e. the certificates are issued in the name of husband and wife, instead of just in the name of the husband as in the past. It is expected that this will improve the bargaining position of women within the household as well as the welfare of women and children. While some progress has been made in increasing joint or single ownership of land of women much more needs to be done to improve women’s access to land and other resources.45

The structural adjustment programmes implemented by most Latin American countries and much supported by the international financial institutions as the main recipe for tackling the debt crisis of the 1980s and achieve macroeconomic stability. This had a devastating effect on the peasantry and greatly increased rural poverty. To

44 Ranaboldo and Canedo, Mujer, Género y Desarrollo Rural ..., p. 174.
45 For the most comprehensive study on women and land rights in Latin America, see C. D. Deere and M. León, Empowering Women: Land and Property Rights in Latin America, Pittsburgh (PA): University of Pittsburgh Press, 2001.
deal with the crisis rural household further diversified their economic activities driving many of their members to migrate, even abroad, in search of employment and incomes. This further intensified women’s work. Also the shift to non-traditional agricultural exports has increased the possibilities for temporary employment, especially for women. Thus today’s participation of rural women in the labour market is far higher than in the past but to what extent this has improved the position of women within the household and their well-being remains to be investigated further as evidence is mixed.\textsuperscript{46}

Certainly more needs to be said on gender relations and poverty in the countryside but for the moment the point I wish to make is that women’s poverty has to be analyzed within the context of the economic, social, political and ideological relations at local, national and global level.

\section*{3 THE PEASANTRY’S PLIGHT AND THEIR DEVELOPMENT POSSIBILITIES\textsuperscript{47}}

\subsection*{3.1 Survival of the peasantry: pauperization or capitalization?}

While the discussion on marginality and the informal sector largely focussed on the urban sector it has relevant implications for the analysis of the rural sector and the dynamics of poverty. Like the marginal pole of the economy or the urban informal sector most of the peasantry in Latin America were small scale producers relying on family household labour for their production of agricultural commodities. The peasantry had access to land through a variety of means such as ownership, membership of a peasant community, tenancy, and other forms of rentals. Similarly to the urban informal sector the peasant economy was generally linked to larger and more market-oriented enterprises, first with the landlord economy when the \textit{latifundia} or traditional large landed property predominated and later with capitalist agricultural


enterprises and agribusiness. Such links could be the provision of peasant labour to
the landlord enterprise in exchange for money or the lease of a piece of land,
sharecropping agreements, credit and marketing relations, and so on. The peasant’s
prosperity or poverty was often closely related to the fortunes of these larger farm
enterprises. The point I want to make is that in the analysis of rural poverty it is
crucial to explore the complex relationships of the peasantry with the landlord and
capitalist farm sector. To understand the causes and dynamics of poverty in the rural
sector it is of utmost importance, perhaps even more so than for the urban sector, to
analyze it within the context of the varied and multiple articulations which developed
over the centuries between the different types of peasants and the remainder of the
rural economy and increasingly with the urban economy as well.

It is necessary to distinguish between at least two types of peasant economy.
One the hand, there exist those peasant farms which have direct access to land through
a variety of ownership forms such as private, communal or cooperative, or through
some established occupancy right. On the other hand, there are those peasant farms
which have only indirect access to land largely through some sort of tenancy
arrangement with landlords. The indirect peasant access to land (what I labelled as the
‘internal peasant economy’) used to be as important in terms of land cultivated,
employment and farm output, as the direct form of peasant access to land (what I
labelled as the ‘external peasant economy’). With the mechanization and
modernization of the latifundia or hacienda system, largely during from the 1950s
onwards, the internal peasantries have lost much of their significance unless they were
able to benefit from a land reform. But the fate of the external peasantries, largely
minifundistas or owners of only a small piece of land insufficient for the subsistence
of the family household, has not been much better.

In a similar vein to Nun’s analysis of marginality the modernization of the
latifundia resulted in a drastic reduction of the labour force employed by the
landlords, especially of tenant labour, who became surplus to requirements. Many of
the tenants expelled by the landlords found it difficult to continue to make a living in
the countryside and a large proportion therefore migrated to the urban areas. Most

48 For a fuller explanation of the concepts of ‘internal peasant economy’ and ‘external peasant
economy’ see, Cristóbal Kay, ‘Comparative development of the european manorial system and the
tenants were already living in poverty and their loss of access to land made their survival even more precarious and their living standards might have further deteriorated. However, with the implementation of agrarian reforms in the second half of last century in many Latin American countries tenants and in some cases also members of peasant communities were able to get access to the land they were cultivating or to some new or additional land. However, agrarian reforms were unable to satisfy the great demand for land and many peasants continued to be landless or with insufficient land for making a living. Furthermore, in some cases land reform beneficiaries lost again their land due to counter-reforms or, more commonly, due to the liberalization of land markets.  

The internationalisation of Latin America’s agriculture, the demise of the hacienda system and the increasing dominance of capitalist farming, are having a profound impact on the peasantry’s welfare. How are these major transformations affecting the development of the peasant economy, especially in the wake of the increasingly widespread neoliberal policies pursued by most governments throughout Latin America? Can the peasant economy provide adequate productive employment and rising incomes? Will peasant producers be able to increase productivity thereby stemming the erosion of their past role as a major supplier of cheap food or will they become a mere supplier of cheap labour to the capitalist entrepreneurial farm sector? Will they become fully proletarianized? These questions will be examined by making reference to the Latin American debate on the peasantry and the contemporary significance of the peasant economy.

The fate of Latin America’s peasantry has been the subject of much debate. In the late 1970s the dominant view that the landlord road to capitalism was steamrolling ahead was challenged by those who emphasised the resilience, vitality and relative importance of the peasant economy. The ensuing debate between the ‘campesinistas’ (‘peasantists’) who upheld the endurance of peasant farming and the ‘descampesinistas’ or ‘proletaristas’ (‘depeasantists’ or ‘proletarianists’) raised fundamental questions about the future viability of peasant farming. The ‘campesinistas’ reject the view that the peasantry is being into transformed into wage labourers and that it is disappearing. They argue that the peasantry, far from being

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eliminated, is persisting and even being reinforced. They view the peasantry as a small scale commodity producer who is able to compete successfully with capitalist farmers.\textsuperscript{50} In contrast, the ‘\textit{descampesinistas}’ or ‘\textit{proletaristas}’ argue that the peasant form of production is economically unviable in the long run due to economies of scale, technological developments, and so on. Capitalist development enhances the process of socio-economic differentiation among the peasantry transforming ultimately the majority into proletarians or wage labourers as only a few might become ‘peasant capitalists’.\textsuperscript{51}

The peasant economy will undoubtedly survive for some time to come in Latin America.\textsuperscript{52} But the key question concerns the terms of the peasants’ survival: prosperity or destitution? Can the peasant economy provide adequate productive employment and rising incomes to overcome poverty? Will peasant farmers be able to capitalize their enterprise and raise productivity, thereby enhancing their competitiveness, or will they become a mere supplier of cheap labour to the capitalist farm sector and thereby become semi-proletarians whose land is too small to generate sufficient income and thus have to seek wage employment as well to survive? Or will they become fully proletarianized by having to give up farming altogether relying exclusively on the sale of their labour power for making an income? To comprehend the dynamics of peasant agriculture is also a way to gain an understanding of the dynamics of rural poverty.

While the peasantry is far from disappearing, it is hardly thriving as their relative importance as agricultural producers continues to decline. Latin American peasants are experiencing a ‘double (under-)developmental squeeze’. First, they face a land squeeze. By failing to acquire additional land to match their increased numbers, the average size of peasant farms has decreased. Second, peasants face an employment squeeze as employment opportunities have not kept pace with the growth of the peasant population and they face increased competition from urban-based workers for

\textsuperscript{50} A key representative of the \textit{campesinista} view is Gustavo Esteva, ‘¿Y si los campesinos existen?’, \textit{Comercio Exterior}, 28 (6), 1978, 699-713.

\textsuperscript{51} A key proponent of the \textit{descampesinista} view is Roger Bartra, ‘Y si los campesinos se extinguen. ’, \textit{Historia y Sociedad}, No. 8, 1975, 71-83.

\textsuperscript{52} It is estimated that Latin America’s peasant agriculture comprised four-fifths of farm units and controlled over a third of the cultivated land, accounted for almost two thirds of the total agricultural labour force, and supplied two fifths of production for the domestic market and a third of the production for export, see Luis López Cordovez, ‘Trends and recent changes in the Latin American food and agricultural situation’, \textit{CEPAL} Review, No. 16, 1982, p. 26.
rural employment. This double squeeze on the peasant economy has led many peasants to migrate. This migration can vary from some months to a few years, and even become permanent. Increasingly migration has become transnational. It is often mentioned that it is not the poorest peasants who migrate abroad or even to the urban areas as some capital is required to finance this process but this needs to be investigated. Similarly further research is required about the remittances of migrants so as to be able to know their significance for the livelihood strategy of the peasant household. Are remittances used for consumption or for savings and investment on the farm? Should governments encourage or regulate migrations? How suitable are migrations and remittances as a policy for rural development and poverty alleviation? What are the social and political impacts of the migrants on their peasant communities?

In general, peasants have also responded to their survival crisis by seeking alternative off-farm and non-farm sources of income. An increasing proportion of total peasant household income originates from wages and income from their own-farm activities often accounts for under half the total. This process of de-agrarianization and semi-proletarianization, is the main tendency unfolding among the Latin American peasantry. Thus, Latin America’s peasantry appears to be trapped in a permanent process of semi-proletarianisation and structural poverty. Their access to off-farm sources of income, generally seasonal wage labour, enables them to cling to the land, thereby blocking their full proletarianization. This process favours rural capitalists as it eliminates small peasants as competitors in agricultural production and transforms them into cheap labour which they can employ. Semi-proletarianization is the only option open to those peasants who wish to retain access to land for reasons of security and survival or because they cannot find sufficiently secure employment as

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53 The ‘double squeeze’ is fully analyzed by de Alain de Janvry, Elizabeth Sadoulet and Linda Wilcox Young, ‘Land and labour in Latin American agriculture from the 1950s to the 1980s’, The Journal of Peasant Studies, 16, 3, 1989, pp. 396-424, who also coined the term.


wage workers, either in the rural or urban sector, to risk permanent out-migration. For many Marxist thinkers, the problem of rural poverty cannot be solved by capitalism ‘because ultimately the accumulation process depends precisely on the presence of large numbers of the rural poor, who in their capacity as an industrial reserve army of labour undermine the bargaining power of employed workers, thereby keeping wages down and profits up’. Nevertheless, some developing capitalist countries have managed to reduce drastically rural poverty as in the case of Chile, although poverty still remains a problem.

3.2 Rural non-farm employment and incomes
Rural non-farm employment (RNFE), or rural non-agricultural employment (RNAE), refers to employment by rural household members in the non-farm or non-agricultural sector, i.e. in manufactures (such as rural industry and agroindustrial processing plants) and services (such as rural tourism and commerce). Some analysts see the promotion of RNFE and hence rural non-farm incomes (RNFI) as a solution to the problem of rural poverty. It is relatively recently that the increasing significance of RNFE in rural livelihoods has become evident. While in 1970 in Latin America 17 per cent of the rural population had their principal occupation in non-farm activities this rose to 24 per cent in 1981. This shows that secondary and tertiary activities in the rural sector have been more dynamic than primary activities, at least in terms of employment. Many of these secondary and tertiary activities are derived from agriculture such as food processing, packaging, and marketing of agricultural produce. Thus dynamic agriculture is likely to lead also to a dynamic rural non-farm sector. This shift to RNFE and RNFI has even accelerated further in recent decades. While in the early 1980s rural non-agricultural income (RNAI) accounted for 25 per cent to 30 per cent of total rural income by the second half of the 1990s this proportion rose to above 40 per cent. A far higher proportion of rural women are engaged in non-farm jobs than men. While in most countries this share varied between 20 per cent and 55

57 Tom Brass, personal communication via E-mail dated 18 August 2005.
per cent for employed men, in the case of employed women it varied between 65 per cent and 90 per cent.  

However, non-farm employment has a different meaning for rural households according to their income level. For poor peasant households RNFE is a key mechanism to retain access to their small plot of land and to maintain a subsistence income. Meanwhile for rich peasant households it is a way to accumulate more capital. This capital can be used for expanding the farm enterprise by buying more land or to increase its productivity by investing in machinery, fertilizers, upgrading their labour and management skills through further education and so on. Poor peasants depend to a greater degree on non-agricultural income than rich peasants but in absolute terms this amount is much lower in the poor households than in the rich households. The rise of RNFE and RNFI is certainly a welcome development and is a way for improving employment opportunities and incomes in the countryside but it certainly is not the panacea for conquering rural poverty.

3.3 Non-Traditional Agricultural Exports (NTAXs)

A key factor for the future development of peasant farmers, as well as the alleviation of rural poverty, is to enhance their market competitiveness. Governments and NGOs concerned with promoting the development of peasant farmers proposed a series of measures for facilitating their participation in the lucrative agricultural export boom. It was almost exclusively capitalist farmers who initially reaped the benefits of the thriving ‘non-traditional agricultural export’ business as they had the resources to respond relatively quickly to the new outward-looking development strategy of the neoliberal trade and macroeconomic policy reforms. In view of the dynamism of the NTAX sector it was thought that a shift in the production pattern of peasant farmers to these products would spread the benefits of NTAX growth more widely and ensure their survival. However, experience has been rather mixed as shown by a study of the

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61 See, Julio A. Berdegué, Thomas Reardon, Germán Escobar and Rubén Echeverría, ‘Policies to promote non-farm rural employment in Latin America’, *Natural Resources Perspectives*, London: Overseas Development Institute (ODI), 2000, p. 3.
impact of NTAX growth on the rural poor in Paraguay, based on soybeans and wheat, Chile, based on fruit, and Guatemala, based on vegetables.\textsuperscript{62}

To analyze the impact of NTAX growth on smallholders and rural labourers it is argued that this depends on three factors: first, whether small-scale units participate directly in producing the export crop and enjoy the higher incomes generated from it (which we call the ‘small-farm adoption effect’); second, whether the export crop induces a pattern of structural change that systematically improves or worsens the access of the rural poor to land (the ‘land access effect’); and third, whether agricultural exports absorb more or less of the labour of landless and part-time farming households (the ‘labour-absorption effect’).\textsuperscript{63} Only in the case of Guatemala was there a broadly based growth due to positive land access and employment effects, while the opposite happened in Paraguay resulting in exclusionary growth. The Chilean case had elements of both, the employment effect being positive whilst the land access effect was negative as the shift to NTAX worsened the access of peasants to land. Thus in Chile the fruit-export boom has been partly exclusionary, as many peasant farmers have sold part or all of their land as they were squeezed by the export boom and partly inclusive, as the shift from traditional crops to fruit-growing increased labour demand.\textsuperscript{64}

So far only a minority of peasant farmers have shifted into NTAXs due to financial, technological, marketing and other types of restrictions. Even if a larger proportion of peasant farmers were to go for NTAXs it is far from certain that this will ensure their survival and that it will significantly reduce rural poverty as there are too many risks involved. Thus the much fancied NTAX rural development policy of many Latin American governments cannot be considered as a panacea, especially if no complimentary measures are taken to create ‘level playing fields’. The Chilean experience is illustrative in this regard. First, there has been a low adoption rate of NTAXs by small-scale farmers for reasons already mentioned. Second, many of those


\textsuperscript{63} Carter, Barham and Mesbah, ‘\textit{Agricultural exports ...}’, 1996, pp. 37-38.

who did switch to NTAXs failed as they were unable to withstand competitive pressures due to their disadvantaged position in marketing, credit, technology, and other markets. As a consequence of rising debts many are forced to sell their land often to larger farmers or transnational fruit companies.\textsuperscript{65} Such an ongoing process of land concentration is also happening in other Latin American areas in which NTAXs are taking hold.

3.4 Food import substitution, food security and sustainable development

An almost forgotten alternative or additional possibility to NTAXs for revitalizing peasant farming and alleviate rural poverty is to enhance the peasantry’s comparative advantage in staple food production and in some import-competing commodities. This can be achieved through a programme of ‘food import substitution’ (FIS).\textsuperscript{66} More radical proposals call for the redevelopment of the peasant economy through an ‘autonomous development’ strategy that is seen as the key for sustainable development in rural areas.\textsuperscript{67} For an autonomous development strategy to succeed major supportive policies by the state are required such as specifically targeted protectionist measures to counteract the distortions in the world food market arising from subsidies to farmers in developed countries.

Import-substitution in staple foods and autonomous development aimed at peasant farmers has the advantage of not only saving valuable foreign exchange but of enhancing food security, employment, and a more equitable income distribution as well as reducing rural poverty.\textsuperscript{68} The expansion of the peasant farmers’ food output has also the advantage of being more ecologically friendly as they use less chemical inputs as compared to capitalist farmers and also relative to NTAXs. Instead of viewing NTAXs and food production as being in conflict or as alternatives, they can be seen as complementary. It is possible to envisage a positive correlation as those


peasants who are able to go into lucrative agro-export production can use their increased incomes, knowledge and market experience derived from NTAXs to invest in raising productivity of their traditional food crops. Similarly, the search by peasant farm households for incomes derived from non-agricultural activities can, under certain circumstances, enhance the productive capacity of the farm's agricultural activities. However, if such a search for additional incomes arises out of distress (where the peasant household is fighting for its survival) it is unlikely that such a positive interaction between farm and non-farm activities can be achieved.

3.5 Agrarian reform: necessary but not sufficient
The limited access to land by the majority of Latin America’s campesinos is one of the main reasons for the persistence of rural poverty. While land reform is a necessary condition for achieving broad-based rural development, which reduces poverty and enhances equity, it is not a sufficient condition. This is one of the key lessons that can be derived from the various experiences of land reform in Latin America during the second half of last century. For an agrarian reform to achieve less poverty and more equity it is necessary to design a series of supportive measures for the beneficiaries. Among these is the provision of technical assistance, credit and marketing facilities so as to encourage land reform beneficiaries to increase productivity and shift to more profitable agricultural and rural activities. A supportive macroeconomic policy framework is also required for ensuring a reduction in rural poverty such as a non-discriminatory agricultural price policy, a judicious foreign exchange and trade policy which protects peasants from unfair foreign competition resulting from the massive subsidies received by farmers in many developed countries, and so on. In those countries where a significant proportion of peasant households derive an important part of their income from wages earned by some family members it is necessary to ensure that appropriate policy measures and legislation protect workers from abusive employers, such as paying too low wages and failing to make social security contributions.

Furthermore, the process of agricultural modernization makes increasing demands on capital and labour. More investments in new technology, machinery, equipment, infrastructure, and so on, as well as on human resources, so as to improve their skills, educational levels and technical expertise, are required. Also the improvement of land fertility or preventing its further deterioration demands more investments. Thus, while the access to land is a necessary first step for poverty reduction, access to capital becomes increasingly more important so as to ensure the competitiveness of the peasant enterprise (be it individual, cooperative or collective) and its ability to generate adequate incomes for its members. Thus it is crucial that the State ensures that peasants are able to get adequate access to capital, by either providing it directly or ensuring that the private capital market does not discriminate against peasant farmers and is able to supply reasonable finance to them, or through a mixture of public-private sources. Similarly, the State has a duty to provide access to good quality education to all rural inhabitants at primary and secondary level as well as to technical education on agriculture, forestry, natural resource management, and so on.

While during the 1960s and 1970s most Latin American countries implemented a variety of land reforms they disappeared from the policy agenda in the 1980s and early 1990s for political reasons and their inability to meet the (perhaps unrealistic) expectations they had created. One of the key reasons for their limited results was the failure of governments to provide adequate supportive measures as already mentioned. In the late 1990s concerned scholars and policy makers have put the land issue again on the policy agenda influenced by the increasing public concern about poverty and also by the renewed mobilization of landless peasants and indigenous people for land and other rights. Even the World Bank has recognized the importance of access to land assets for reducing poverty among the rural population and has thus proposed market-assisted land reform policies as well as a series of other land policymeasures such as land registration and land titling.\textsuperscript{71} However, so far the

experience has rather been limited, if not disappointing.\footnote{72}{For a discussion of the World Bank’s land reform policies see, Saturnino Borras Jr., ‘Questioning market-led agrarian reform: experiences from Brazil, Colombia and South Africa’, \textit{Journal of Agrarian Change}, 3 (3), 2003, pp. 367-394; and a riposte to the World Bank’s critique of so-called State-led agrarian reforms, see Saturnino Borras, Jr., ‘Questioning the pro-market critique of State-led agrarian reform’, \textit{European Journal of Development Research}, 15 (2), 2003, pp. 105-128.} In today’s era of neoliberal globalization the political climate for radical land reforms is more unfavourable than in the past due to the more limited role and power of the State and the greater reach and power of market forces as well as of those who control most of the capital, particularly financial capital. Thus more market-friendly ways of facilitating access to land for the landless and poor peasants are being proposed, such as those promoted by the World Bank. Besides the market-assisted land reform already mentioned an array of other policy interventions are specified such as creating the conditions for a more transparent and accessible land sales market and land rental market. The proposed measures would create a more ‘level playing field’, reduce transaction costs, avoid overpricing and facilitate access to land either via rentals or land purchase to a wider segment of the rural poor.\footnote{73}{One of the most authoritative books which thoroughly explore the alternative roads of access to land is by de Janvry, Gordillo, Platteau and Sadoulet (eds.), \textit{Access to Land} …., 2001. Some insightful reviews of this book are by Raúl Hopkins published in the \textit{Journal of Agricultural Economics}, 53 (3), 2002, pp. 667-669 and by A. Haroon Akram-Lodhi in the \textit{Journal of Agrarian Change}, 2 (3), 2002, pp. 427-428.} This would require some institutional innovations such as a more efficient and reachable judiciary for conflict resolution and for ensuring compliance with contracts. Indeed, all these alternative possibilities for widening access to land should be explored. But, due to the market context of these policies, it is absolutely necessary for the State to implement a series of measures so as to bring about such institutional innovations as well as providing the resources and economic incentives to ensure that such a process acquires sufficient momentum to become sustainable. Thus it is necessary to go beyond the neoliberals’ exclusive emphasis on markets and design also ‘civil society-friendly’, ‘community-friendly’ or ‘public-friendly’ policies.

Nevertheless, even if such ‘civil society-friendly’ policy measures to facilitate a more pro-poor outcome of the 'market-friendly' could be implemented these, in my view, would still be far from being sufficient for providing a access to land for the majority of the landless and land-poor peasant. Thus I would persevere in my proposal for a more assertive and widespread land reform. In my view, international
agencies and NGOs should assist the various organizations of the peasantry and rural workers in promoting a favourable social and political climate for these more wide-ranging and radical land redistributive measures.

4 DEVELOPMENT STRATEGIES AND POVERTY REDUCTION

4.1 Development strategies and state capacity

How to reduce and possibly overcome poverty? It follows from much of the preceding analysis that poverty is a structural phenomenon. While some policy measures like social safety net, work for food, public work, and social assistance programmes, may ameliorate poverty in the short run, they are unable by themselves solve the poverty problem. First, these measures tend to be temporary or, if made permanent, are likely to be unsustainable due to their high cost or lack of public resources to finance them. Second, and more importantly, these measures fail to deal with the structural nature of poverty and thus any improvements are reversible.

A basic requirement for dealing with the structural causes of poverty is to design and implement an appropriate development strategy. However, even such a development strategy may fail to resolve the poverty problem unless changes are made in the international system at the economic, social, political and cultural levels. What would such a development strategy look like? It is possible to find some lessons in the successful development experiences such as those of the first group of newly industrializing countries (NICs) in South East Asia, principally South Korea and Taiwan. At most it is possible to garner some clues from these countries as each case is to a certain extent unique given the particular characteristics of each country and the particular historical context. However, such clues may contain powerful lessons and inspire further thinking and action as those successful cases show that it is possible to defeat the scourge of poverty.74

Latin America failed to live up to its potential as within a few decades it lost its historical advantage over the East Asian NICs having started its industrialization almost half a century earlier. Meanwhile, due to the different policy choices taken by South

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74 A detailed discussion of the lessons of South Korea and Taiwan for Latin America can be found in Cristóbal Kay, ‘Why East Asia overtook Latin America: agrarian reform, industrialization and development’, Third World Quarterly, 23 (6), 2002, pp. 1073-1102.
Korea and Taiwan they were able to leap forward, overtake economically Latin America and eliminate poverty. What are the key causes that explain the difference in performance between the Asian NICs and Latin America? Four key factors can be highlighted.

First, South Korea and Taiwan were able to design a superior development strategy compared to the import-substitution industrialization strategy followed by most Latin American countries. The strategy is considered superior because it led to consistently high rates of economic growth and rising incomes as well as to reduced inequality and poverty. The strategy could be characterized as one of redistribution with growth in which the State played a key role in steering the economy by providing key protection and incentives to farmers and industrialists to invest and modernize their enterprises. It also cleverly combined import-substitution-industrialization with export-oriented industrialization and got the sequencing right between these various phases of the industrialization process. The State encouraged entrepreneurs to take full advantage of the international market and what would be called today globalization.

Second, South Korea’s and Taiwan’s also had a greater State capacity in implementing a development strategy as compared to Latin America. By State capacity or statecraft is meant the ability of the State to design and implement strategies and public policies conducive to development. For example, the State’s ability to transform the land tenure system and the agrarian social relations as well as encouraging entrepreneurship and a positive interaction between agriculture and industry which is able to respond in a flexible manner to changing internal and external circumstances. Latin America's deficient capacity or statecraft as compared to South Korea’ and Taiwan’s is partly due to its more polarized and entrenched class structure. The State in South Korea and Taiwan also displayed a greater ability in ‘governing the market’ than the Latin American countries, with the obvious exception of Cuba.75

Third, Latin America's failure to create an agrarian structure that was more conducive to growth with equity and in achieving a mutually supportive interaction between agriculture and industry. South Korea and Taiwan implemented a radical land reform before it started its industrialization process, meanwhile few Latin American

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countries carried out any significant land reform.\textsuperscript{76} Furthermore, those Latin American countries that did introduce major land reforms generally did so after they had started to industrialize. Also governments failed to design supportive measures for the reformed sector which thus was unable to take-off, often collapsed and/or was dismantled through counter-reform measures.

Fourth, the better ability of South Korea and Taiwan in designing and implementing appropriate human resource, industrial and trade policies is another factor in explaining their superior performance. While Latin America got off to an early start with industrialization it was unable to overcome quickly enough the limitations of ISI and shift to a more export-oriented and competitive industrial structure.

All the four identified factors are closely interconnected. South Korea’s and Taiwan’s good fortune was that they managed to develop the positive linkages between them while in Latin America these factors were often in conflict. While the Asian NICs succeeded in creating a virtuous and mutually reinforcing upwardly moving spiral between these factors the Latin American countries failed to do so.

To achieve high levels of development and eliminate poverty it is necessary to industrialize, to a greater or lesser extent. There are, of course, exceptions to this general statement, particularly regarding small island economies and countries blessed with rich mineral resources. However, agricultural development by itself is unlikely to resolve the poverty problem. This is the general lesson that has been learned from the historical experience of the development of today’s developed countries. Agriculture can and needs to make a contribution to industrial development, especially in the initial phase. Industrialization, in turn, can stimulate agriculture by providing key productivity enhancing inputs for it as well as a market for its output. But agriculture should not be squeezed to such an extent that farmers no longer have the resources or the incentives to invest, raise yields and expand production. The advantage of peasant farming, as shown in South Korea and Taiwan, is that it has a great capacity for hard and intensive work by all family members for relatively little economic return. Peasant farmers require few economic incentives for expanding production while landlords, especially in Latin America, require major and very costly incentives for achieving similar results.

\textsuperscript{76} Various authors stress the fundamental importance of land reform and asset redistribution in the successful experience of the East Asian, among them Roberto P. Korzeniewicz and William C. Smith, “Poverty, inequality, and growth in Latin America: searching for the high road to globalization”, \textit{Latin American Research Review}, 35 (3), 2000, pp. 7-54.
Despite the initial heavy net transfer of resources from agriculture to other economic sectors in Taiwan and South Korea, government policy left sufficient economic incentives for peasant farmers to raise significantly agricultural productivity and output. At the same time it is important for the achievement of sustained growth that the resources transferred from agriculture to industry are effectively used in developing an appropriate industrial structure. Industrial productivity needs to be increased so as to be able to finance capital accumulation and the eventually rising wages as the labour surplus provided by agriculture gets exhausted. Therefore, the critical factor for securing continuous growth is the achievement of greater productivity in resource use throughout the economy rather than the transfer of resources from one sector to another. This does not mean that such transfers might not be important at certain stages of the development process or that they should always go in one direction. What is vital is that whatever transfers are made in whatever direction they should maximize productivity growth throughout the economy.

4.2 Poverty Reduction Strategy Papers (PRSPs) and International Agencies

In the late 1990s the World Bank (WB), International Monetary Fund (IMF) and the international donor community concerned with the disappointing results of the so-called neoliberal ‘Washington Consensus’ policy reforms and the pervasiveness of poverty provided an incentive for the poorest countries to develop so-called Poverty Reduction Strategy Papers (PRSPs). If the PRSPs of the so-called Highly Indebted Poor Countries (HIPC)s were considered to be appropriate they became eligible for debt relief and additional financial resources might even be provided in support of the poverty reduction scheme. A distinguishing contribution of the PRSPs is its effort to bring together key stakeholders through a so-called national dialogue to define strategies to reduce poverty.

In Latin America Bolivia, Honduras and Nicaragua became eligible for debt relief and access to concessional IMF and WB support having produced PRSPs and fulfilled some other requirements. It is commendable that the PRSPs in all three countries take a comprehensive approach to poverty reduction and that some effort is made at engaging stakeholders through national dialogue processes of consultation. However, they unfortunately tend to focus on short-term macroeconomic adjustment and do not really provide a strategy for poverty reduction but merely are an enumeration of public policy measures directed at alleviating poverty without a clear setting of priorities or strategic
choices. Furthermore, in the national dialogue the stakeholders were prevented from discussing the country’s macro-economic policy agenda. This strengthened the common suspicion among people that the PRSPs were elaborated by their government so as to obtain debt relief rather than giving priority to poverty reduction.

Another common critique of the PRSPs in all three cases is that they are almost exclusively concerned with maximizing economic growth under the assumption that this will automatically lead to poverty reduction. While high rates of growth may facilitate poverty reduction it is far from clear that this will occur automatically through some sort of ‘trickle-down’ mechanism. Little, if anything, is proposed in these PRSPs on redistributive mechanisms for reducing poverty and inequality. Experts tend to agree that without some redistributive measures it is highly unlikely that the Millennium Development Goals (MDGs) of halving the percentage of people who live on less than one US dollar a day by 2015 will be achieved even if the countries concerned manage to attain high rates of growth.77

In view of the limited 'trickle-down' and even income concentrating effect of current neoliberal development strategies some scholars have proposed ‘pro-poor growth’ policies which aim at reducing inequality as such a growth path is more conducive at reducing poverty.78 Evidence shows that high inequality is associated with low elasticity of poverty to growth.79 Policies measures which are conducive for pro-poor growth tend to focus on rural development, especially on the peasant sector, as well as on the urban informal economy due to their more positive employment and income

redistribution effects as compared to the modern capitalist sector.\textsuperscript{80} More radical proposals even include asset redistribution such as land reform. However, these pro-poor growth policies are not particularly original as similar measures were already proposed in the early 1970s by those advocating a ‘redistribution with growth’ and ‘basic needs’ development strategy.\textsuperscript{81} What is disturbing is that none of the Latin American PRSPs proposes a ‘pro-poor growth’ or similar development strategy revealing a lack of strategic and long term vision regarding poverty eradication.\textsuperscript{82} Such an omission further highlights the fact that the PRSPs are framed within the current dominant neoliberal policy framework, albeit of a second generation kind as it tries to deal with some of the negative consequences of the first generation type of neoliberal reforms, such as poverty alleviation and other social measures.

Another aspect largely missing from the PRSPs is the global context, probably because it is outside their remit. The PRSPs tend to focus on domestic policies and does not question the existing international economic system. Reforms of the international trading system and the global financial architecture which eliminate their discriminatory aspects against developing countries could certainly improve their development prospects and facilitate the introduction of pro-poor growth measures. Even such mainstream economists as Jeffrey Sachs, albeit from a more centrist position, advocate a series of reforms in international economic relations as part of the goal to eliminate poverty.\textsuperscript{83}


The impact of the PRSPs on the reduction of rural poverty in Bolivia, Honduras and Nicaragua has so far been disappointing due to lower than expected economic growth and the lack of commitment by governments to a pro-poor rural development strategy. Agrarian policies in the three countries emphasize agricultural exports and give priority to agroindustry which tends to favour the capitalist farm sector with few, if any, spin-offs for peasant agriculture.\textsuperscript{84} However, some more labour-intensive non-traditional agricultural exports like horticulture and floriculture do create some employment opportunities for rural workers, albeit sometimes under precarious conditions.

Although the PRSPs do mention that the land tenure system is an obstacle to poverty reduction, the land policy measures focus on improving the land registries and on regularizing land titles so as to give greater security to property owners in the expectation that this will stimulate investment and modernize agriculture. International donors have often provided much of the funds for the modernization of cadastres and the land titling programmes. So far these measures have as yet not had a significant impact on improving the livelihoods smallholders. Furthermore, the plight of the mass of landless peasants and indigenous communities are largely ignored.\textsuperscript{85} Nevertheless, in Bolivia many indigenous communities have been able to improve their property rights over their territory although this has little to do with the PRSPs and more with their ongoing mass mobilizations for their ancestral rights.\textsuperscript{86}

According to a study carried out by Trócaire, a well-known and respected Irish development NGO, ‘FAD is one of the international organisations which has made the largest contribution to debates around the causes of rural poverty and the policies to combat it’.\textsuperscript{87} This is a matter of judgement and thus views on this assessment may differ. But I have no hesitation in agreeing with IFAD’s evaluation as to the main constraints facing Latin America regarding the eradication of poverty: ‘(a) adverse macroeconomic policies; global and regional financial crises and pervasive barriers to trade applied by developed countries; (b) institutional weaknesses; (c) lack of access to assets such as

\textsuperscript{87} Cornally, Crowley and O'Neill, \textit{The Impact of Poverty …}, 2004, p. 79.
land, water and finance, etc.; (d) limited investments in human and social capital, poor infrastructure and insufficiently developed support services; and (e) difficulties in dealing with issues related to heterogeneity, gender and ethnicity in rural areas.

However, the Trócaire study also laments the lack of influence of IFAD on the design and implementation of the PRSPs as well as on other related policies for tackling rural poverty which it attributes to IFAD’s lack of physical presence in the region. I would certainly endorse such a judgement as far as Bolivia is concerned as my research on rural poverty in that country confirms it.

I also endorse the call that the authors of the Trócaire study make to IFAD to take a leadership role in the critical area of land reform and access to land for the poor. However, I am less optimistic than they appear to be as to IFAD’s commitment in taking up this challenge given the political sensitive nature of this issue in the countries concerned. But I am also less certain that IFAD’s view on land reform is adequate enough for making a major difference to the highly unequal land tenure structure in most of the country’s of the region. While IFAD states that ‘extreme land inequality is bad for growth, and steers its benefits away from the rural poor’ and that ‘land redistribution is a powerful weapon against poverty’ by seemingly endorsing the World Bank’s proposals for ‘market-friendly’ or ‘market-assisted’ land reform it limits any possibility of major land redistribution and thus of rural poverty eradication. This support of the World Bank position on land reform arises from IFAD’s unduly negative view on the ‘statist’ and expropriatory land reforms of the past as well as their view that ‘agrarian reform

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90 Cornally, Crowley and O’Neill, The Impact of Poverty …, 2004, p. 82.
92 IFAD, Rural Poverty Report 2001 …, p.73.
based on the expropriation of land is no longer viable’. Land reform is indeed a crucial weapon in the fight against rural poverty but a ‘market-friendly’, ‘willing-seller and willing-buyer’ or ‘negotiated’ land reform will not take us very far in achieving the desired goal as I discussed in the section on “Agrarian Reform: Necessary but not Sufficient” in this essay.

4.3 Non-Governmental Organizations (NGOs)
The eradication of poverty requires certain institutional reforms such as the development of a new relationship between state and civil society. By creating a more participatory framework it might be possible to establish mechanisms for regulating and governing the market for the benefit of the majority in society and particularly for the rural poor. The state needs to become more decentralized and devolve some of its powers, financial resources and activities to local governments and civil organizations such as NGOs, producer and consumer organizations, trade unions, women and ecological associations. These should play an increasing role in policy formulation and implementation. NGOs are known to be particularly able to establish close working relationships with grass-roots organizations and their constituency. Throughout Latin America NGOs working with the rural poor have greatly increased since the 1980s. It is as yet difficult to assess their impact but it is often argued that their activities have at least ameliorated some of the negative effects of certain policies and unfavourable market conditions. In some situations their intervention might also have improved living standards.

In some instances governments in Latin America have already begun to subcontract certain activities such as technical assistance for peasant farmers to NGOs, as well as giving greater powers and resources to local government agencies by a process of decentralization. However, NGOs face a dilemma when they come to depend too closely on government resources and appear to be implementing

94 IFAD, Regional Strategy Paper... , 2002, p. 9; and Benjamín Quijandría, Aníbal Monares and Raquel Ugarte de Peña Montenegro, Hacia una Región sin Pobres Rurales, Rome: IFAD and Santiago: Fondo Internacional de Desarrollo Agrícola (FIDA), 2001, p. 53. IFAD too readily assumes that land reforms based on expropriation are no longer viable seemingly forgetting the ongoing Brazilian land reform programme as well as the continuing mobilization by peasants and indigenous groups for land and territory.

95 For an analysis of the role of NGOs in rural poverty reduction, principally in Bolivia and Peru, see Anthony Bebbington, ‘NGOs and uneven development: geographies of development intervention’, Progress in Human Geography, 28 (6), 2004, pp. 725-745.
government policy as they may lose grassroots support and thus their legitimacy.\textsuperscript{96} But if NGOs are in turn able to influence government policy by making it more sensitive and responsive towards peasant, gender, indigenous, ecological and poverty issues then this closer relationship is only to be welcomed. Generally, NGOs have limited resources and this constrains the coverage of their activities to a limited number of beneficiaries. In those countries where the state has been drastically downsized NGOs have often been used as a palliative to overcome the abdication of social responsibility by the state. Thus the closer links between state and NGOs can be a mixed blessing.

If the high rates of rural poverty in most Latin American countries is ever going to reduced to acceptable levels, let alone be eliminated, a major shift in power towards the rural poor and those groups committed to poverty eradication has to happen. It is difficult to envisage such a scenario in the near or even distant future. But this does not mean that concerned researchers and policy makers should give up on what may appear as utopian policy scenarios for poverty eradication. The increasing competitive gap between peasant and capitalist farming due to agriculture’s unequal modernization limits the survival of the peasant producers and perpetuates rural poverty. The neoliberal slogan of ‘getting prices right’ is certainly not a panacea for rural development.\textsuperscript{97} A major step in tackling rural poverty requires a redistribution of assets as well as the empowerment of peasants and rural workers. It also calls for government policies that facilitate peasant access to human resource development, credit and technical assistance programmes. Governments also have to give greater priority to rural diversification, education, health and infrastructure that are targeted particularly at smallholder communities. NGOs and the private sector can implement some of these projects. Such policy reforms have little chance of succeeding unless peasants and rural workers develop their own organizations such as producer and community associations, cooperatives and trade unions. It is only through the creation of a countervailing power by peasants and rural workers that they will be able to shape the future to their advantage rather than having to continually accept the

\textsuperscript{96} This relationship is explored in David Hulme and Michael Edwards (eds.), \textit{NGOs, States and Donors. Too Close for Comfort?}, London: Macmillan and New York: St. Martins Press, 1996.

disadvantages of the past and present. Whether or not these proposals will be adopted is an open question, but there are grounds for some optimism as new indigenous, ecological and peasant movements have emerged which are contesting neoliberal policies.

4.4 Development strategies and globalization: neoliberalism and neostructuralism

The record so far shows that, ‘on average, in the Latin American countries neoliberal reforms … have failed to put in place policies that firmly advance growth, stability, the reduction of poverty and inequality, and improvements of the human capital base.’\(^98\) Some of the reasons advanced for this failure are the dogmatic and uniform way in which the neoliberal reforms were implemented with scant regard to the different economic, social, political and cultural contexts of the various countries.\(^99\) Outcomes certainly varied among different countries also due to differences in factors such as the consistency or inconsistency in the application of the neoliberal reforms and policies, their completeness or incompleteness and international factors.\(^100\) Some analysts also stress the key importance of the institutional context in determining the outcome of development strategies and policies.\(^101\) Indeed, as discussed in the previous section one of the key ingredients for the success of South Korea and Taiwan has been its superior statecraft or state capacity as compared to Latin America.

Concerned scholars and institutions have become increasingly vociferous in pointing out the adverse impact of Latin America’s neoliberal agricultural modernization on the peasantry which they characterized as ‘concentrating and


Instead they advocated a strategy that includes the peasantry in the modernization process. More generally and in a similar vein, neostructuralists have made proposals for ‘changing production patterns with social equity’ so as to meet the challenges of an increasingly global world economy. The achievement of such a broad-based and pro-poor development strategy requires more proactive state policies than those contemplated by neoliberals so as to overcome market failures and biases against the peasantry. So far neostructuralism presents the most credible alternative to neoliberalism and thus merits some discussion.

Neostructuralists argue that globalization in the current neoliberal phase, far from leading to convergence as asserted by neoliberals, reproduces and sometimes exacerbates four major asymmetries: in technical progress, in financial vulnerability, in trade vulnerability and in the economic mobility of factors of production. While the neoliberal reforms have greatly enhanced the mobility of capital, the mobility of labour continues to be restricted. This asymmetry skews the distribution of income in favour of capital, and places labour at a disadvantage, especially in the periphery or developing countries due to their surplus of labour. To overcome these asymmetries


the neostructuralists propose a global agenda that includes measures to enhance the transfer of technical progress from the centre to periphery countries; promote the development of institutional, social, human and knowledge capital so as to strengthen endogenous growth in countries of the periphery; ensure adequate participation in decision-making at the international level; gradually lower the barriers to labour migration, particularly from countries of the periphery to those of the core; decrease financial volatility; and reduce the sizeable production and export subsidies of agricultural commodities in the centre or core economies.\footnote{106}{See, ECLAC, Globalization and Development. Santiago: Economic Commission for Latin America and the Caribbean (ECLAC), United Nations, 2002.}

More specifically related to the problem of poverty the neostructuralists emphasize the need for enhancing equity and citizenship. As for equity, this has three dimensions or goals. ‘The first of these is to minimize the proportion of persons and households whose living conditions are below those which society considers acceptable, not only economically but also socially and politically.’\footnote{107}{Quotation taken from ECLAC, Social Equity and Changing Production Patterns: An Integrated Approach, Santiago: Economic Commission for Latin America and the Caribbean (ECLAC), United Nations, 1992, p. 15.} The second refers to the progressive abolition of discrimination due to social, ethnic or gender differences. Finally, the third is concerned with the concentration of power and wealth. As for citizenship, the neostructuralists lament that globalization and neoliberalism have eroded social cohesion and solidarity as well as collective action for the common good. The neoliberals’ emphasis on market relations has fragmented and individualized society. Neostructuralists thus propose to reconnect the individual with society by developing citizenship that implies a reciprocal commitment between public institutions and the individual. For this purpose the state should promote education, employment, health and social security among the citizenry. The enhancement of social cohesion implies the individual’s participation in public life and in the decision-making processes which affect their livelihoods and the country’s future. It is only by strengthening citizenship that it is possible to gain sufficient social cohesion and political legitimacy for undertaking the major transformations required for achieving equitable and sustainable development and the elimination of poverty.\footnote{108}{See, ECLAC, Equity, Development and Citizenship, Santiago: Economic Commission for Latin America and the Caribbean (ECLAC), United Nations, 2001.}
So far Chile is the only country in Latin America to have come near to fulfilling the expectations of the neoliberal reformers. The initial set of reforms, from the military coup in September of 1973 until the economic crisis of 1982-83, was indeed cast within a highly doctrinaire and authoritarian neoliberal mould. Thereafter the government shifted to a more pragmatic set of neoliberal policies that introduced some economic controls and social policies. With the democratic transition in 1990 successive ‘Concertación’ governments, formed by a coalition of centre and left-wing parties are still in power at the time of writing in 2004, have attempted to shift to a ‘growth with equity’ or neostructuralist set of policies. The Concertación governments achieved even higher rates of economic growth than during the dictatorship while at the same time halving poverty largely as a result of substantial increases in social expenditure. While in 1990 38.6 per cent of country’s population lived below the poverty line by 2003 this had fallen to 18.8 per cent and the extreme poverty or indigence levels had diminished from 12.9 per cent to 4.7 per cent. As for rural poverty this had dropped from 39.5 per cent to 20.1 per cent while rural indigence fell from 15.2 per cent to 6.2 per cent during the same period. In urban areas the levels of poverty and indigence for 2003 were 18.6 per cent and 4.5 per cent respectively. Thus, in relative terms, poverty and indigence in the rural areas continued to be higher than in the urban areas. What is noteworthy is that the percentage of indigent people fell more sharply than the percentage of the non-indigent poor.

It is by grafting neostructuralist elements onto the inherited neoliberal economic framework that the Concertación governments managed to succeed in halving poverty. But statecraft, relatively strong and stable institutions, and competent economic and social policies also contributed to this favourable outcome of high growth rates with major reduction in poverty. Within Latin American only Uruguay


has lower levels of poverty than Chile but by 2000 Chile had overtaken Uruguay in the human development index.\textsuperscript{111} Moreover, while in almost all Latin American countries poverty diminished during this period it was only by a small margin as can be gauged by the fact that for the whole of region total poverty only fell from 48.3 per cent to 44.0 per cent while rural poverty dropped from 65.4 per cent to 61.8 per cent.\textsuperscript{112} However, the Concertación governments have so far failed to deliver on equity as it has been unable to reduce income inequality which continues to be one of the worst in Latin America.\textsuperscript{113} Thus it seems that the mixed neoliberal and neostructuralist model followed by the Concertación governments will not resolve the inequality problem. More radical measures are required for tackling inequality but how to avoid that these jeopardize growth is indeed a challenge.

5 CONCLUSIONS: LESSONS FOR POVERTY STUDIES AND POLICY INTERVENTIONS

I have endeavoured to present some key issues concerning the analysis of rural poverty, particularly, though not exclusively, within the Latin American context. Most of these issues I have only been able to sketch out and would require further analysis. However, the intention of this paper was not necessarily to provide a full analysis but to stimulate reflection, discussion and further research on some of the topics raised. Some of the main findings of the previous analysis, though by no means necessarily all, could be summarized as follows by way of conclusion.

Poverty is a complex problem with multifarious dimensions: economic, social, political, cultural, and other. The development literature focuses too narrowly on the economic factors and gives insufficient attention to the social and, above all, political factors of poverty. Poverty reduction measures are required at all these varied levels so as to resolve the problem. Furthermore, poverty is a social relation embedded in particular multivariate structures. Poverty is being produced and reproduced by certain economic, social, political and cultural systems in which the production of

wealth also leads to the production of poverty both at national and global levels. Thus to overcome poverty and inequality it is necessary to change such systems via major reforms as argued by structuralist, dependency theories and anti-globalization movements, among others.

Following from the above, integrating further developing countries into the world economy through liberalization, trade and investment relations is not the panacea for overcoming poverty. Neither national neoliberal policy measures nor a neoliberal integration into world markets can be the key driving forces for poverty reduction. Economic growth and exclusive reliance on the market mechanism and the so-called ‘trickle-down’ effect will never resolve the poverty problem. While the PRSPs reveal a new commitment to poverty reduction they have so far failed in their objectives largely because they are embedded within a neoliberal framework.

Economic growth is by itself will not be enough for reducing poverty significantly especially in the Latin American context as it is the most unequal region of the world having the highest level of wealth and income concentration. If Latin America had the distribution of income of South East Asia then already extreme poverty would fall by 80 percent.\footnote{See p. 127 in Hans-Jürgen Burchardt, 'El nuevo combate internacional contra la pobreza: ¿perspectivas para América Latina?', Nueva Sociedad, No. 193, 2004, pp. 119-132. The author uses data from Inter-American Development Bank (IDB), Facing Up to Inequality: Economic and Social Progress in Latin America, 1998-1999 Report, Baltimore (MD): Johns Hopkins University Press, 1998.} Thus a more egalitarian and widespread access to assets, either individually or collectively, is a fundamental for achieving a major reduction in poverty.\footnote{A strong case for a major redistribution of resources and specifically for land reform is made by Kelly Hoffman and Miguel Angel Centeno, ‘El continente invertido: desigualdades en América Latina’, Nueva Sociedad, No. 193, 2004, pp. 97-118. In their view this high degree of inequality reproduces not only poverty but also internal colonialism, the weakness of the state structures and Latin America’s dependency within the world system.} In this sense the land reform issue is far from being closed although it has to be set in the new context and needs to be complemented with a series of other less controversial measures which facilitate the rural poor’s access to land and other resources, as for example through the land sales and land rental markets. But redistribution of wealth in turn is not a sufficient condition for sustainable poverty reduction, especially in today’s globalized context. Thus economic, social and political measures for encouraging in productivity growth, innovation and competitiveness are also required. A more egalitarian and properly
regulated international financial and trading architecture is also essential for facilitating such transformations within the developing countries.

The State continues to be pivotal for resolving the poverty problem. Only by enhancing State capacity and by designing appropriate development strategies will it be possible to make major inroads into poverty reduction. Developing countries which have followed a redistribution with growth development strategy have been more successful in reducing poverty and rural poverty in particular (as a result of a comprehensive agrarian reform) than those countries which have implemented an import-substitution industrialization strategy (which largely neglected peasant farmers) or a neoliberal strategy (which left the peasantry at the mercy of largely unrestricted global market forces). Within the Latin American context it is my belief that a neostructuralist development strategy as proposed by some scholars but principally by the United Nations Economic Commission for Latin America and the Caribbean (ECLAC) offers the most feasible, if not the best, policy option for achieving the twin objectives of growth with equity.\(^\text{116}\)

As far as rural development and rural poverty is concerned a fruitful analytical framework, at least as a starting point, is given by the livelihoods approach. Its virtue is to focus on assets and the actor’s agency in constructing their livelihoods. Its downside is that it underestimates the importance of structural and political factors. This approach has largely been developed by scholars in the United Kingdom (UK), particularly in the Institute of Development Studies (IDS) at the University of Sussex.\(^\text{117}\) It has also been readily adopted and promoted by the British government’s Department for International Development (DFID).\(^\text{118}\) Interventions by governments, NGOs, foreign donor agencies and international institutions like the World Bank


\(^{118}\) See DFID’s website, \textit{www.livelihood.org}; for Latin America see the useful website of the Grupo Chorlavi, \textit{www.chorlavi.cl} which has much material on rural poverty and livelihoods.
designed to alleviate poverty may (unwittingly) contribute to the reproduction of poverty or even make matters worse due to misconceptions about the nature and causes of poverty in developing countries. However, by strengthening their links with independent and critical academic and research institutions, thereby widening its network and enhancing the poverty dialogue, such pitfalls can be reduced. Given the complexity of the poverty problem, the exchange of ideas and experiences as well as the collaboration in joint initiatives should be welcomed. This should permit a deeper and better understanding of the causes of poverty as well as more insightful evaluations of the various pro-poor policy interventions (such as the PRSPs). Thereby it should also allow for a more valuable contribution of ideas for to the design of more effective development strategies and policy intervention for poverty reduction and specifically for meeting the wider MDGs.¹¹⁹

The battle against rural poverty is not only about designing and monitoring suitable pro-poor rural development projects but above all a contest to convince the majority of the citizens that poverty reduction is a key task for humanity and that this requires a development strategy which entails redistribution of resources so as to be able to create more wealth without the stigma of poverty. Thus policy makers and those concerned with poverty reduction should engage more actively in this process of public awareness (or as Paulo Freire would say ‘concientización’ or ‘conscientization’) so as to create the social and political climate which would enable the implementation of sustainable rural poverty reduction programmes.¹²⁰ Due to the structural causes of poverty its reduction and eventual eradication would require structural changes nationally and internationally given the existing unequal economic, social and political relations within countries and between the rich and poor countries.

¹¹⁹ The Institute of Social Studies (ISS) in The Hague, The Netherlands, is one of many institutions which have undertaken poverty studies. It is currently involved in a research programme which is being carried out over a period of five year, beginning in 2003, involving the monitoring and evaluation of the PRSP processes in the three Latin American countries eligible for debt relief: Bolivia, Honduras and Nicaragua. This project is being financed by the Swedish International Development Agency (SIDA). Some of the resulting reports have been detailed earlier. All the reports have been published by SIDA in Stockholm and are available on the ISS’s website www.iss.nl/prsp.