

Reflections on Rural Poverty in Latin America

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In recent years there has been a major rise in poverty studies. Different approaches to poverty, with their diverse theoretical underpinning and focus, are analysed. Some of these studies have significantly advanced our understanding of the causes, characteristics and consequences of poverty; others have only marginally, if at all. It is argued in this paper that poverty is being produced and reproduced by certain economic, social, political and cultural relations at local, national and global levels. Thus to overcome inequality and poverty it is necessary to change such systemic relations via major reforms at all these levels. Integrating further developing countries and their peasantries and rural labourers into the world economy through neoliberal measures is not the panacea for overcoming poverty. Quite the contrary, it could entrench poverty even further in the Latin American countryside.

Ces dernières années ont donné lieu à une multiplication du nombre d'études sur la pauvreté. Différentes approches, ainsi que leurs fondements théoriques et leurs orientations, ont été analysées. Certaines de ces études ont fait avancer significativement notre connaissance des causes, des caractéristiques et des conséquences de la pauvreté, alors que d'autres, très peu, voire aucunement. Cet article soutient que la pauvreté est produite et reproduite par certaines relations économiques, sociales, politiques et culturelles, et ce, au niveau local, national et global. Ainsi, afin de surmonter la pauvreté et les inégalités, il est nécessaire de changer ces relations systémiques par le biais de réformes majeures à tous ces niveaux. Intégrer davantage les pays en développement, ainsi que leur paysannerie et leurs travailleurs ruraux, à l'économie mondiale par le biais de mesures néo-libérales n'est pas une panacée pour surmonter la pauvreté. Au contraire, cela pourrait enraciner encore plus la pauvreté en milieu rural en Amérique latine.

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INTRODUCTION

'The peasantry is alive but not well in Latin America ... [as they] are being crushed by the burdens of international economic integration and the chimera of prosperity driven by free trade' [*Barkin, 2004: 281*]. Agricultural development 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 stabilisation policies of the 1980s had in general a detrimental impact on poverty, although significantly more so in the urban sector than in the rural sector.¹ 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 at 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 cent, respectively.²

Neither the state-driven import-substitution industrialisation (ISI) development strategy, roughly from the 1950s to 1970s, nor the neoliberal market-driven policies since the 1980s have been able to resolve the problems of rural poverty, inequality and the exclusionary nature of the rural development process.³ It was only during the brief land reform interlude that sections of the peasantry began to emerge from their marginalised situation only to see their hopes for a better future vanish with the counter-reform and neoliberal project.⁴ 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 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 poverty significantly. In short, attacking rural poverty raises questions about development strategy and ultimately about the political power of the peasantry.

THE INCREASING CONCERN WITH POVERTY AND THE RISE IN POVERTY STUDIES

In the past 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 to propose a variety of measures for reducing and possibly eliminating poverty. This sudden flood of research and publications on poverty has led some in Latin America to coin the term '*pobretología*' which perhaps can be translated as 'povertology'. This new concern with poverty issues partly arises from the sharp increase in poverty during the 'lost decade' 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' or SAPs [Solana, 2002]. 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 stabilise 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, as in the case of Chile.⁵

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 recent spate of poverty studies will in the end lead to a greater social and political commitment to the successful reduction, if not eradication, of poverty. 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 its major causes.

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.⁶ 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 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.⁷ But in this paper I do examine some of the varied views on poverty although I principally present my own understanding of the *problematique*. 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 a more qualitative type of analysis. Some studies take a 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 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 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 of the causes of poverty than many of the poverty studies of today (such as 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 a 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; for a rare exception, see Tejo [2000]. Thus it might be appropriate to return to some of the earlier studies as these could enrich current analyses of poverty. However, the use of new concepts such as social capital, social exclusion and new rurality, 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.⁸

SOCIAL CAPITAL: A COPING STRATEGY OR A WAY OUT OF POVERTY?

In the past 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 by economists being widely propagated by the World Bank.⁹ 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 only has 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 of a better understanding of poverty which may even lead to a new paradigm.¹⁰ 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 little if any access to the other capital resources they often do have substantial social capital, such as social networks and connections through membership of organisations, 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 focusing 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 mobilise via public policy, or other means, the social capital of the poor a way can be found out of poverty. But the scenario is even worse if such policies or measures of social capital mobilisation are used for preventing tackling the far more important problem of the unequal distribution of assets and other forms of capitals.¹¹

NEW RURALITY: SURVIVAL OR ACCUMULATION?

The concept of 'new rurality' has also been increasingly used over the past couple of decades, although not always or principally in relation to the analysis of poverty. Does Latin America's new rurality provide a means for escaping poverty or, on the contrary, does it contribute to its continuation? To answer this question it is necessary to be aware that the term 'new rurality' is used in two senses.¹²

The most common usage refers to the characterisation of the transformations experienced by the rural sector largely as a consequence of the processes of globalisation and the implementation of neoliberal policies.¹³ These most significant transformations refer to the increasing multi- or pluri-activity of peasant farm households which 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 greatly 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 them as a mere survival strategy for peasant households which experience increasing difficulties in competing with cheap food imports and local capitalist farmers. Contrary to the arguments of those in favour of globalisation and liberalisation, peasant farmers are generally unable to shift to non-traditional exports (for example, soybeans, flowers, fruits and vegetables) which have become more profitable since globalisation and liberalisation. 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, they 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 globalisation and liberalisation the state has to undertake special measures in favour of peasant agriculture to overcome the above-mentioned obstacles. However, 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 industrialisation, protectionism and developmentalism – 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, decentralisation, local development, empowerment (especially of women), rural employment (especially for the young), organic farming, better quality food, greater diversity, promotion of new niche markets and competitiveness, among other endeavours [*Barkin, 2001*].

While I fully sympathise with the aims of this view of new rurality, especially because of 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 the 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 which 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. Thus these proposals for a new or alternative rurality would face major economic and political obstacles.

RURAL LIVELIHOODS: A NEW APPROACH

In the 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 economic (as in the neoclassical view) or too deterministic and structuralist (as in the Marxist view). The rural livelihoods approach is to some extent interdisciplinary and gives some importance to the agency of actors, that is, to the ability of peasants to construct their own livelihood strategies.¹⁴ It is also an approach which has become increasingly used in poverty analysis, especially by scholars in academic institutions such as 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 the rural poor not as passive and powerless victims of the capitalist system and the process of globalisation 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 them to survive by relying on the solidarity of their social networks and community organisations. However, the rural livelihoods approach while stressing the resourcefulness of the poor is aware of social capital's limitations and gives due importance to 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 overemphasising its importance as a resource that the poor are able to mobilise 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 [*O'Laughlin, 2004*]. 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. Furthermore, the rural livelihoods approach tends to be framed within the national context and gives insufficient attention to the international dimension of poverty.¹⁵ With the process of liberalisation 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.

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 colonisers. After independence the indigenous people continued to be discriminated against and segregated to the extent that the concept of 'internal colonialism' was coined to highlight this fact [Kay, 1989: 58–87]. As expressed by Figueroa [2003: 4] 'Poverty therefore has a skin colour, language, place of origin and place of residence'. 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 [Bretón Solo de Zaldívar, 2002]. 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 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 of greater pressure from indigenous organisations. In recent decades the indigenous movement has become more active and visible gaining the attention particularly of foreign-funded NGOs but in 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 [Bretón Solo de Zaldívar, 2002]. 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 [*Chant and Craske, 2003*]. A disproportionate part of them can be found within the indigent and the poor [*ECLAC, 2004: 133–69*]. Access to land and credit by rural women needs to be fundamentally improved. In this sense, joint titling of property rights over land should be encouraged by the state. By gaining access to ownership over land women will find it easier to diversify their livelihoods system, and improve their living standards as well as their bargaining power within the household and wider society. Governments should also ensure women's equal treatment in agrarian reform as well as land settlement and titling schemes [*Deere and León, 2001*]. Certainly more needs to be said on this subject but for the moment the point I wish to make is that women's poverty has to be analysed within the context of gender relations at the economic, social, political and ideological levels as well as at the local, national and global levels. It thus cannot be confined to the household level of analysis.

FROM MARGINALITY TO SOCIAL EXCLUSION

One of the first systematic ways of analysing 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"' [*Johnson, 1972: 274*]. Marginality analysis focused 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 modernisation 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 differences between them as they are relevant for the contemporary discussion on poverty.¹⁶

The modernisation 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 modernisation. 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, to facilitate their integration into the country's process of modernisation.

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 approach is thus firmly located within dependency theory. The 'marginal mass', the expression originally used by José Nun [1969] arose out of the process of 'associated-dependent development' (the term coined by Fernando Henrique Cardoso [1973]), or 'development of underdevelopment' (the expression coined by André Gunder Frank [1966]) which created a surplus of labour that it was unable to absorb in the formal sector of the economy. This led to the emergence of the 'marginal pole' of the economy, the term originally used by Aníbal Quijano [1974], 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.

However, as forcefully argued by Francisco de Oliveira [1985] 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. It is the capitalist enterprises of the formal sector of the economy which largely benefit from this situation as they can make use of this cheap labour whenever required by paying only poverty wages, making no social security payments, 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 [Tokman, 1978; Bromley, 1978].

What is of particular relevance for the present reflection on rural poverty is to notice that in the modernisation view marginality and poverty are largely reduced to certain attributes of individuals or groups which disable 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 globalisation (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 have largely been diffused by the International Institute for Labour Studies of the International Labour Organisation (ILO)

[*Figueroa et al., 2001*]. 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 of 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 [2004: 690]: 'It is in these new circumstances of neo-liberal hegemony "poverty is everywhere re-badged 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 [Roberts, 2004]. 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' [Bush, 2004: 673].

To understand the dynamics of poverty it is necessary to examine 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 the poor's continuing misery. Three dimensions can be distinguished in the process of social exclusion and poverty: economic, political and cultural.

Economic exclusion refers to marginalisation 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 [Altamirano et al., 2003].

SURVIVAL OF THE PEASANTRY: PAUPERISATION OR CAPITALISATION?¹⁷

While the discussion on marginality and the informal sector largely focused 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. Similar 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 *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 analyse 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. On the one 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') [Kay, 1974]. With the mechanisation and modernisation of the *latifundia* or *hacienda* system, largely from the 1950s onwards, the internal peasantries 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 modernisation of the *latifundia* resulted in a drastic reduction of the labour force employed by the landlords, especially of tenant labour, which 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 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 the twentieth 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 have insufficient land for making a living. Furthermore, in some cases land reform beneficiaries lost their land again due to counter-reforms or, more commonly, due to the liberalisation of land markets [Kay, 2002a].

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 proletarianised? 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 transformed into wage labourers and that it is disappearing. They argue that the peasantry, far from being eliminated, is persisting and even being reinforced. They view the peasantry as a small-scale commodity producer able to compete successfully with capitalist farmers [Esteve, 1978]. In contrast, the '*descampesinistas*' or '*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' [Bartra, 1975].

The peasant economy will undoubtedly survive for some time to come in Latin America.¹⁸ 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 capitalise 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 proletarianised by having to give up farming altogether relying exclusively on the sale of their labour power for making an income? Comprehending 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 its 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 rural employment [*de Janvry et al., 1989a*]. 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 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? [*Goldring, 2004*].

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 [*de Janvry et al., 1989b: 141*]. This process of de-agrarianisation and semi-proletarianisation, is the main tendency unfolding among the Latin American peasantry.¹⁹ 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 proletarianisation. 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-proletarianisation 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 wage workers, either in the rural or urban sector, to risk permanent out-migration.

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, that is, in manufacturing (such as rural industry and agro-industrial 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 [*Klein, 1992*]. 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 accelerated even further in recent decades. While in the early 1980s RNAI accounted for 25–30 per cent of total rural income, by the second half of the 1990s this proportion rose to above 40 per cent [*Berdegú et al., 2000: 2*]. A far higher proportion of rural women than men are engaged in non-farm jobs. While in most countries this share varied between 20 per cent and 55 per cent for employed men, in the case of employed women it varied between 65 per cent and 90 per cent [*Reardon et al., 2001: 400*].

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, fertilisers, 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 [*Berdegú et al., 2000: 3*]. 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.

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 macro-economic 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 but generally not very encouraging. It is argued that the impact of NTAX growth on smallholders and rural labourers 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');
- third, whether agricultural exports absorb more or less of the labour of landless and part-time farming households (the 'labour-absorption effect') [Carter *et al.*, 1996].

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 complementary measures are taken to create 'level playing fields'. Many peasant farmers who have managed to switch to NTAXs have 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 [Schurman, 2001; Murray, 2002]. Such an ongoing process of land concentration is also happening in other Latin American areas in which NTAXs are taking hold.

FOOD IMPORT SUBSTITUTION, FOOD SECURITY AND SUSTAINABLE DEVELOPMENT

An almost forgotten alternative or additional possibility to NTAXs for revitalising peasant farming and alleviating 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) [*de Janvry, 1994*]. 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 [*Barkin, 2002*]. 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 [*Teubal and Rodriguez, 2002*]. The expansion of the peasant farmers' food output also has the advantage of being more ecologically-friendly as they use fewer 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 [*Schejtman, 1994*]. 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.

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 the twentieth century [*Thiesenhusen, 1995; Kay, 1998*]. Over the past decade the World Bank has recognised the importance of access to land assets for reducing poverty among the peasantry and has thus proposed market-assisted land reform policies as well as a series of other land policy measures such as land registration and land titling [*Deininger, 2003*]. However, so far the experience has been rather limited.²⁰

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 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 those paying wages that are too low and failing to make social security contributions.

The process of agricultural modernisation makes increasing demands on capital and labour. More investments in new technology, machinery, equipment, infrastructure and so on, as well as on human resources, to improve skills, education levels and technical expertise, are required. Also the improvement of land fertility or preventing its further deterioration demands more investment. Thus, while 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 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 for all rural inhabitants at primary and secondary level as well as to technical education on agriculture, forestry, natural resource management and so on.

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 term, 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 industrialising 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 [Kay, 2002b].

Latin America failed to live up to its potential as within a few decades it lost its historical advantage over the South East Asian NICs having started its industrialisation almost half a century earlier. Meanwhile, because of the different policy choices taken by South 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 these Asian NICs and Latin America? Three key factors can be highlighted.

First, South Korea's and Taiwan's superior development strategy as well as their greater state capacity in implementing it 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's and Taiwan's is partly due to its more polarised and entrenched class structure.

Second, 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 industrialisation process; meanwhile few Latin American countries carried out any significant land reform. Furthermore, those Latin American countries that did introduce major land reforms generally did so after they had started to industrialise, except for Mexico and Bolivia.²¹ 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.

Third, the greater 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 industrialisation it was unable to overcome quickly enough the limitations of import-substitution industrialisation (ISI) and shift to a more export-oriented and competitive industrial structure.

All three 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 circle 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 industrialise, 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 today's developed countries. Agriculture can and needs to make a contribution to industrial development, especially in the initial phase. Industrialisation, 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 due to their rent-seeking behaviour.

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 significantly raise 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 in order to be able to finance capital accumulation and the eventually rising wages as the labour surplus provided by agriculture is 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 maximise productivity growth throughout the economy.

DEVELOPMENT STRATEGIES AND GLOBALISATION: 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' [Huber and Solt, 2004: 162]. 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 [Gwynne and Kay, 2004]. 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 [Stallings and Peres, 2000]. Some analysts also stress the key importance of the institutional context in determining the outcome of development strategies and policies [Walton, 2004]. Indeed, as discussed in the previous section one of the key ingredients for the success of South Korea and Taiwan has been their 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 modernisation on the peasantry which they characterised as 'concentrating and exclusionary' [Weeks, 1995; David, 2001; Rubio, 2003]. Instead they advocated a strategy that includes the peasantry in the modernisation process [Murmis, 1994]. 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 [ECLAC, 1990]. 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 globalisation 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.²² 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 [ECLAC, 2002].

More specifically related to the problem of poverty the neostructuralists emphasise 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' [ECLAC, 1992: 15]. The second refers to the progressive abolition of discrimination due to social, ethnic or gender differences. The third is concerned with the concentration of power and wealth. As for citizenship, the neostructuralists lament that globalisation 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 individualised 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 [ECLAC, 2001].

NON-GOVERNMENTAL ORGANISATIONS (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 decentralised and devolve some of its powers, financial resources and activities to local governments and civil organisations such as NGOs, producer and consumer organisations, trade unions, women's 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 organisations and their constituencies. 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.²³

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 to give greater powers and resources to local government agencies by a process of decentralisation. However, NGOs face a dilemma when they come to depend too closely on government resources and appear to be implementing government policy as they may lose grass-roots support and thus their legitimacy [Hulme and Edwards, 1996; Biekart, 1999]. 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 are ever going to be 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 modernisation 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 [Binswanger *et al.*, 1995]. 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 organisations 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 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.

CONCLUSIONS: LESSONS FOR POVERTY STUDIES AND 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 is not to provide a full analysis of these issues but to stimulate 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 summarised as follows by way of conclusion.

Poverty certainly is a complex problem with multifarious dimensions: economic, social, political, cultural and others. 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 to resolve the problem. In particular, poverty is a social relation embedded in specific 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-globalisation movements, among others.

Thus, integrating further developing countries into the world economy through liberalisation, 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. What is required is a more egalitarian and widespread access to assets, either individually or collectively. This is a fundamental but not sufficient condition for poverty reduction. Economic, social and political measures for encouraging growth and competitiveness are also required. A more egalitarian and properly regulated international financial and trading architecture would also be essential so as to facilitate such transformations within developing countries.

The state continues to be pivotal in 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. However, interventions by governments, NGOs, foreign donor agencies and international institutions like the World Bank 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.

Hopefully the above reflections may contribute to a better understanding of the causes of poverty in rural Latin America and thus to more appropriate policy interventions to overcome poverty in the region and elsewhere.

NOTES

1. The impact of SAPs on rural poverty varied significantly between Latin American countries, see Trejos [1992]. For the increasing urban character of poverty as well as the persistence of rural poverty in Latin America, see Ibáñez [1990].
2. Data are taken from ECLAC [2004: 282–3]. A detailed insight into rural poverty based on rural household survey data and which distinguishes between small farmers, landless farm workers and rural non-farm workers can be obtained from López and Valdés [2000]. A useful up-to-date overview on rural poverty in Latin America is given by Dirven [2004].
3. 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 Thorp [1998].
4. For an exhaustive study of neoliberal agrarian policy, see Gómez [1994] and Zoomers and van der Haar [2000]. For an overview of the neoliberal agrarian counter-reform, see Kay [2002a].
5. A comprehensive analysis of rural poverty and public policies of the Concertación governments in Chile since 1990 has been done by Köbrich *et al.* [2004].
6. Such differences in poverty discussions can be observed, for example, comparing the following important texts ranging from orthodox to heterodox views: World Bank [2001], IFAD [2001], Hulme and Shepherd [2003], Webster and Engberg-Pedersen [2002], Chossudovsky [1996], and Cammack [2001].
7. For an excellent analysis of this kind, see Cammack [2004]. His sharp and provocative conclusion that ‘under the guise of attacking poverty, the World Bank is attacking the poor’ [Cammack, 2002: 134] is surely going to be contested by some researchers.
8. See, for example, the interesting forum 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*, Vol.39, No.1, 2004, pp.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.
9. One of the first original thinkers to formulate the concept of ‘social capital’ back in 1980 was Pierre Bourdieu [1986]. His 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 Harriss [2002]. For a reflexive and most enlightening analysis of the debate on social capital, see Bebbington [2004a], which is the first of three notes on this topic and the next two notes are published in subsequent numbers of the journal.
10. As an illustration of the uses of the notion of social capital within the Latin American rural context, see Durston [2002] and Atria *et al.* [2003].
11. For a critical examination of the concept of social capital, see Harriss and de Renzio [1997].
12. These two meanings of ‘new rurality’, which are often not clearly distinguished in the literature, are well represented in the excellent collection edited by Giarracca [2001]. For an analysis of new rurality within the Central American context, see Clemens and Ruben [2001].
13. According to Sergio Gómez [2002] many aspects of the so-called ‘new rurality’ were already present before the neoliberal turn and what is rather new in his view is the late perception of these changes by analysts.
14. For a good exposition of the rural livelihoods approach, see Ellis [2000: 3–27] and Bebbington [1999]. For an application of this approach to the Latin American context, see Bebbington [2004b] and Zoomers [2001].

15. The need to move away from 'methodological nationalism' in development and poverty analyses is well made by Gore [2004]. See also Gore [2000].
16. I have discussed at length the two approaches to marginality in Kay [1989: 88–124].
17. Some of the ideas in this section were first presented in Kay [1995].
18. 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 López [1982: 26].
19. De-agrarianisation is the process by which the significance of agricultural activities decreases in the peasants' livelihood strategy. For a fuller discussion of the concept see Bryceson [2000]. For an analysis of the process of semi-proletarianisation, see Kay [2000].
20. For a discussion of the World Bank's land reform policies see, Borras Jr. [2003a] and a riposte to the World Bank's critique of so-called state-led agrarian reforms, see Borras, Jr. [2003b].
21. However, in Bolivia weak state capacity and the state's neglect of the peasantry explains Bolivia's failure to capitalise on the potential benefits of the major agrarian reform of 1953; see Kay [2005]. The Mexican experience with agrarian reform since the revolution of 1910–17 is in this respect generally more encouraging.
22. There is an increasing literature, as well as debate, on the relationship between globalisation and poverty. While for some analysts globalisation leads to greater inequality and poverty – see e.g., Wade [2004] – for others it leads to higher rates of growth and to less inequality and poverty, see e.g., World Bank [2002]. For a comprehensive study on Latin America, see Ganuza *et al.*, [forthcoming]. For a general and brief survey on how globalisation is affecting rural poverty, see Killick [2001]. For an analysis of how to improve the relationship between international trade and poverty reduction, see UNCTAD [2004]. Some decades ago structuralist and dependency theories had already drawn attention to the possible negative effects of trade on income distribution and poverty in developing countries.
23. For an analysis of the role of NGOs in rural poverty reduction, principally in Bolivia and Peru, see Bebbington [2004c].

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