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Running with the Coyotes

Mexico's campesinos compete to persevere not disappear

OAXACA, Oaxaca

May 2, 1996

By William F. Foote

Skimming the newspaper the other day, I spotted an alarming headline: "Six rats per human inhabitant in Mexico City."¹ Yikes. In the world's biggest metropolis — about 23 million people — that means 138 million rats. Luckily, the Health Ministry recently launched a campaign to eradicate them, starting with the city's main farmers' market, the *Central de Abastos*. Blaming the exploding rodent population on inadequate sewage and garbage systems, authorities dispatched rat busters to the critters' favorite hang-out. Licensed to kill, the brigade arrived with pesticides, mouse traps and state-of-the-art electromagnetic and ultrasound anti-rat technology. The press came, cameras flashed, people clapped, and the rats...

"They're still there," said Rodrigo Medellin, a Harvard-trained sociologist who knows the sprawling marketplace well. "It remains a rats' nest," he confirmed, but clarified that he was referring not to the animals lurking underground, but rather to the people above. "You know, the thieves who work inside," he said, "the dishonest buyers, the corrupt warehouse owners."

Rats, huh. A more appropriate animal might have been *coyote*, a word which in Mexican Spanish means middleman. Across the country, they run the marketplace, plying networks that stretch from distant corn fields to the corner market. The *coyotes* buy from rural producers, sell to urban retailers, and wield near monopolistic control



Two out of the 183 million rats in Mexico City.

1. *La Reforma*, Jan. 13, 1996

over the price of the nation's produce. Located in the federal district, the *Central de Abastos* is the natural hub of that web. "I pity the campesinos who arrive there without insider contacts," said Medellín. "They're eaten alive."

Significantly, the *coyotes'* commerce represents but one link in a not-so-productive chain that has locked Mexico's campesinos into lives of impoverishment in recent decades. Today, one third of the population — some 30 million people — still live in the countryside. How they do so, however, is hard to fathom: over 60 percent earn less than the minimum wage, or under \$65 per month; an estimated 20 percent have no income at all; nearly two-thirds of preschool children in rural areas suffer from malnutrition.²

Statistics like these reflect a wider farm crisis in Mexico, a crisis that has been largely overshadowed by the country's financial crisis that broke in January of 1995. Like the rats in Mexico City, both crises present serious threats to Mexican society. They are also integrally related and have the same symptoms: a lack of productive investment, an almost exclusive focus on foreign capital and foreign market conditions, and a widening trade imbalance.

Not long ago, Mexico was a net exporter of basic staples; not anymore. The country currently ranks as one of the largest milk importers in the world. In 1996, Mexico will have to import over 10 million tons (non-official estimates suggest 16 million tons) of basic grains, at a cost of some U.S.\$3 billion.³ Ironically, these bills are being paid with money generated from free-market reforms, the slashing of public expenditure (like farm subsidies) and the privatization of state-owned companies.

What went wrong? Among other things, some suggest that the country's technocratic leaders, in their mission to modernize Mexico, erroneously declared as obsolete the old-fashioned, small-scale farmer. In one fell swoop, the government eliminated most subsidies, price guarantees and technical-support packages to which small producers had become addicted over 40 years of misguided agricultural policy.⁴ Not surprisingly, these reforms precipitated a virtual collapse of the campesinos' productive capacity.

The official logic might have been sound. After all, peasant farmers do lack economies of scale, irrigation, machinery, access to capital. They cannot hope to compete with the large, mechanized, and *highly subsidized* US farmers. In addition, NAFTA does call for Mexico to rely on its comparative advantages, like winter-

strawberry and tomato exports, *maquiladoras* (industrial assemblage plants), and tourism. Considering all of this, the implied appeal for campesinos to, well, disappear, seemed reasonable.

Problem is, they can't. There are 30 million of them comprising close to 90 percent of Mexico's rural producers. They can try of course: by heading for Mexico's already crippled cities; becoming rural bandits or drug traffickers; or migrating North. But imagine the impact of 30 million immigrants flooding across the U.S. border. With that in mind, one can appreciate the fact that despite government abandonment, *coyotes*, economic crisis, hunger and deprivation, the majority of Mexico's campesinos have stayed put, clinging steadfastly to their land, their communities and their traditions.

This newsletter attempts to highlight their endeavors. By focusing on markets and middlemen, I hope to shed light upon one small piece of Mexico's puzzling farm crisis. If I have spotlighted success stories of small-scale producers who defied *coyotes* regional monopolies, and even conquered the international markets, it is to demonstrate the benefits of perseverance versus disappearance. These isolated victories, however, should not obscure the fact that the greatest challenge for the vast majority of Mexico's campesinos today is not conquering global markets, maximizing efficiency or outdoing NAFTA rivals, but rather plain old survival.

OF MARKETS AND MIDDLEMEN

Squealing from the rear of a blue Ford pickup, the free-falling piglet landed backside on her mother's belly, disappearing into the pink puddle of snorting, soon-to-be pork. On the sidewalk nearby, a herd of black goats parted, making way for an incoming truck. As the driver swung back to unlatch the door, a cloud of wool dispersed, sprouting legs and spilling on to the road. I wandered up the street, passing *mestizo* men in muddy cowboy boots, and about twenty more trucks, each parked beside a cluster of livestock tethered to wooden stakes.

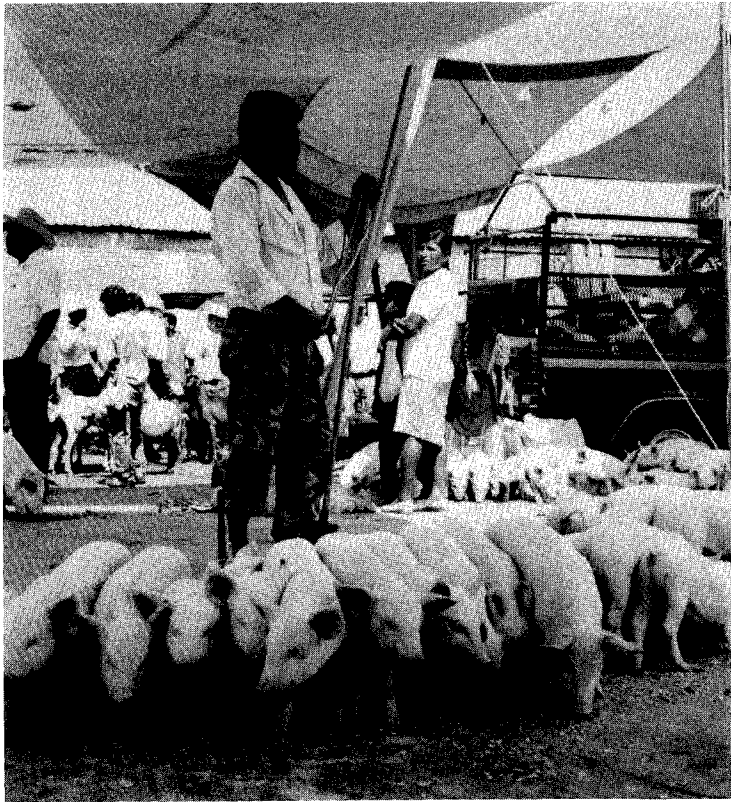
On the edge of this scene, a lone man wearing *huaraches* (leather sandals) held fast to a single goat. He silently observed the nearby herds trudging circles around their animal-market Maypoles. Dark-skinned and diminutive, the man jumped to action as someone in a Stetson brushed by, ignoring his pitch. I looked around for his truck, wondering where he had come from.

"I live over there," said the man, pointing a wrinkled finger toward the outlying mountain range. The view

2. *La Otra Cara de Mexico*, (Equipo Pueblo) 42/Sept.-Oct., 1995.

3. *El Financiero*, April 20, 1996.

4. In large measure, that dependence resulted from a national development model that historically favored the growth of cities and industry at the expense of the rural sector. In the 1950s, Mexico embarked on a policy of stimulating urban industrial development that featured a steady extraction of economic surplus from the countryside to the cities. By the 1970s, Mexico had already begun to experience food shortages, prompting the government to begin subsidizing its now-feeble farm sector.



Pigs for sale at the animal market in the city of Oaxaca. Discussing citizen leadership at CESEM's local power workshop.

stretched westward through the dusty haze of a bone-dry April morning, revealing no towns, no people. Wherever it was, he had walked six miles from there that morning to sell his goat in the city. He had no choice. No one owns a truck in his village. Although would-be buyers sometimes drive in to purchase animals, he won't sell to them. "I know goats fetch more here. They cheat us back home." Asked who 'they'

were, he gestured toward the nearby livestock sellers. "You know," he said softly, "the *coyotes*."

Welcome to market in the city of Oaxaca. On any Saturday of the year, the all-day carnival draws Zapotec goat vendors and hundreds of foreign tourists alike. For the latter, the exhibition lies just south of the downtown hotels in this well-preserved colonial city, a short walk



Vegetable stall at the Saturday market in Oaxaca.

past splashing fountains and sun-baked walls of brilliantly painted buildings with massive, ironclad Spanish doors. The pigs arrive at sun-up, the people around ten. By then, the marketplace is brimming with shoppers and acres of stalls: handmade machetes, cut azaleas, fresh cinnamon sticks, rainbows of expertly-arranged chilies, melons, mangos and drunken bees. The smells of such earthy abundance overwhelm. It's no wonder thousands of tourists visit the city each week, never knowing the state of Oaxaca is Mexico's poorest.

Actually, even if they did stick around after market hours and ask lots of nosy questions around town, they still wouldn't uncover the reason why per-capita income in Oaxaca is half the national average; or why 40 percent of the population has no access to health services; or why 80 percent lack potable water.⁵ They might, however, find answers to a few simple questions about the city's famous market, like why lone goat vendors walk many miles to spend their Saturdays with a pack of *coyotes*.

"For the middlemen, information control spells money," said Jaime Hernandez, a local agronomist who works with small coffee producers across the state of Oaxaca. In the case of livestock, Hernandez said, market-bound farmers descending the hills are often met by *coyotes* waiting along the path, cash in hand, ready to buy. Hernandez explained: "The closer they get to the production site, the less farmers know about fair-market prices. In many cases, campesinos never realize they've been had."

In highly impoverished regions like Oaxaca, virtually all the marketing systems — whether they're for goats, carrots, or palm-frond handicrafts — suffer from such intermediaries. At the root of the problem lies inadequate transportation infrastructure, especially in geographically remote states like this one. With bad roads and a scarcity of trucks, the costs of products rise sharply even within short distances, as local and regional middlemen with wheels and contacts buy low in the mountains and sell high at the market.

Some people go to extremes to avoid their services. Consider Carlos Marquez, who runs ANADEGES Sur Pacifico, A.C., a nonprofit, nongovernmental organization (NGO) that provides microcredit and technical assistance to small-scale farmers in Oaxaca and Chiapas. In certain situations, he helped secure markets half-way around the world in order to avoid selling to local buyers. "It sounds absurd, but we helped a group of women weavers to export to Germany and the Netherlands just to bypass the middlemen downtown," said Marquez.

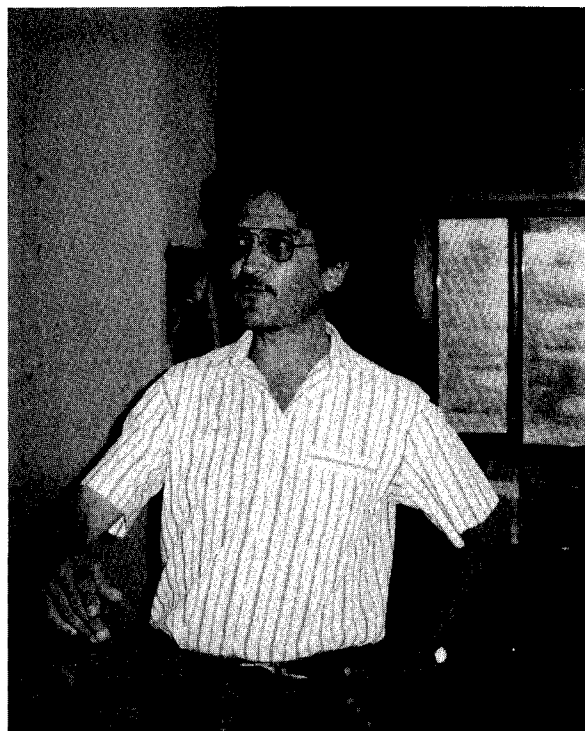
If ANADEGES in Oaxaca dodged the *coyotes*, their Mexico City-based sister organization, Grupo ANADEGES, A.C., faced them head-on. In charge of its rural credit program, Rodrigo Medellin offered tales of in-

trigue and deceit regarding an eight-year project he designed that penetrated to the heart of the middlemen's kingdom: the wholesale market in Mexico City; a.k.a. "the rat's nest."

"We pretended to be just one more *coyote*," said Medellin, referring to the ANADEGES team that worked inside a warehouse that his organization purchased at the *Central de Abastos* in 1983. Their strategy: urge producers to bring their crops directly to the ANADEGES stall. When necessary, provide small loans for transportation. In the meantime, ANADEGES workers disguised as *coyotes* would discern who is honest, who writes bad checks, who offers fair prices; and then pass that insider information on to the farmers. In synthesis, the project aimed at cutting out the middleman. It worked too, according to Medellin. "Some producers increased their profits by 300 percent," he boasted. "We had to be very careful though, nobody knew of our social mission."

Or did they? Back at ANADEGES in Oaxaca, Marquez suggested the *coyotes* might have smelled a rat. That explains why, during the eight years that ANADEGES ran its warehouse, his office sent Oaxacan farmers only once. They took a truck load of *jamaica* (dried flowers used to make a popular drink), but the results were poor. "The concept was a good one," said Marquez, "but you simply cannot outfox a *coyote*."

Sergio Martinez, director of SALDEBAS, an NGO that



Carlos Marquez of ANADEGES

5. David Barton Bray, *Desarrollo de Base*, Inter-American Foundation, 15:3, 1991, p.14.



Coyotes with cash, contacts, and trucks unload goats at the market.

works with grassroots organizations and monitors projects for the Inter-American Foundation, spent a summer selling popping corn at the market. In the mid-eighties, prior to getting a Ph.D. in social psychology at the University of Paris, he befriended many *coyotes*, a term to which he strongly objects.

"They're just normal people like you and me," said Martinez, whose thick mustache and wild curls hark back to his pre-doctoral days of leftist activism and union leadership. "Sure, some are dishonest, but others are simply good businessmen," he added over a slice of chocolate birthday cake inside his Mexico City office.

More than anything, it's the moralizing that bothers Martinez. Writing off every wholesale market in Mexico as a den of thieves, a rat's nest, is not fair. For him, intermediaries are neither saints nor demons. Some may be powerful buyers in Mexico City. Most are poor people in the countryside with a bit more cash and contacts than their neighbors. In the end, all of them help to meet important economic demands — namely, the purchase, transportation, concentration and sale of agricultural production.

Lending further perspective, Martinez suggested looking, as he has, through the *coyotes'* eyes. He described farmers arriving at Mexico City's wholesale

market with a truckload of lentil beans. Back home, the producers customarily soaked the lentils in water before selling them to get rid of dirt and rocks. In the process, their yellow color washed white. The buyer, knowing that Mexico City consumers dislike white lentils, could not offer a fair price. After several unsuccessful appeals to other middlemen, the unhappy farmers ended up selling anyhow, practically giving their crops away.

Martinez summarized the issue. "The problem is one of producers, just as much as it is of sleazy middlemen." On the one hand, the farmers fail to meet the standards of quality and quantity required. On the other, they know next to nothing about the market. Put another way, intermediaries are not rats, devils, sharks or *coyotes*. Nonetheless, Mexico's peasant farmers appear to be such easy prey as to tempt even the most benevolent of buyers. Thus the dilemmas, ambiguous though they may be, have been established. What about solutions?

"Organize, for starters" said Martinez, referring to Mexico's rural producers. Small-scale farmers, he argued, should work together, leveraging their collective energies to achieve economies of scale; to add value to their products; to stop selling crops at the foot of their fields; to become their own middlemen. It all sounded

convincing. Why don't they start?

"They have!" he said emphatically, rising from his desk to grab documents from the bookshelf. "You're going to live in Oaxaca, right?" he asked, thumbing now through a file cabinet. I said yes. He dropped a stack of project studies on my lap. On the cover of one, *Oaxaca's Small Coffee Producers*, dark clouds broke above a foggy mountain slope as a sturdy Zapotec woman waist-high in crops bent over to lift an enormous burlap load. Martinez sat down to finish off his birthday cake. "Oaxaca's an amazing place," he said. "It's going to surprise you."

THE SOCIAL ENTERPRISE: COFFEE PRODUCERS IN OAXACA

The smell of 22 coffee-bean flavors wafted from a glass display case. After reciting each of their names in one breath, the cafe clerk danced across a red-tiled floor to the tune of a whistling espresso machine. She opened a plastic wrapper and began folding the papers within: flyers for a poetry reading next Friday. At the counter, a snappily-dressed client pushed a gourmet sack toward the register, pulling on a cigarette. "Give me another bag of vanilla roast," she said. "And a double cappuccino, please."

Dean and Doluca's? Starbuck's in Soho? Nope. This is the CEPCO Cafe in Oaxaca, opened just three weeks ago. A trendy hang-out, the local has already attracted loyal clients. Word has it the owners are some of the best marketers in town. If they aren't fashionable yuppies, or expatriate *gringos* from Greenwich Village, then who are they? Try 23,000 small-scale farmers, Oaxacan



Gourmet coffee beans on display at the CEPCO cafe in Oaxaca.

coffee growers from the dirt-poor outreaches of the state.

"We wanted Oaxacans to taste their own state's coffee," said Jaime Hernandez, who works with the producers and came up with the cafe idea. "They should realize that in Europe, the Germans and the French drink our coffee because they like it."

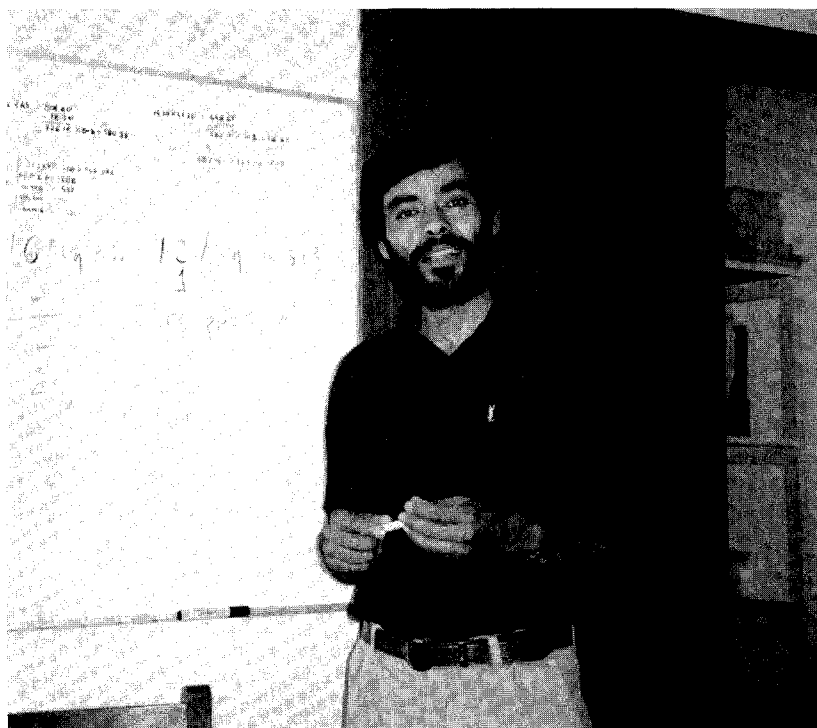
Hernandez, a thick-bearded agronomist and native of Oaxaca, runs the marketing arm of the *Coordinadora Estatal de Productores de Cafe de Oaxaca* — State Coordinator of Coffee Producers of Oaxaca (CEPCO). Founded in 1989, the organization represents some 45 percent of Oaxaca's small-scale coffee growers. Owned and managed by those campesinos and a lean team of technical advisors, CEPCO has developed a thoroughly-integrated system of coffee production. Planting, harvesting, transporting, warehousing, processing, packaging, merchandising — CEPCO does it all. They even have their own credit union to offer members cheaper, easier-to-access loans. How did they do it? "Organization and education," said Hernandez.

"It's hard to believe, but six years ago most of Oaxaca's growers still thought coffee was exported inside the shell, just as they picked it," said Hernandez from inside CEPCO's modest headquarters in a one-story suburban house in Oaxaca's capital. "Imagine, farmers producing coffee all their lives, totally unaware that the beans were ever selected, classified, processed, or that coffee prices are set by the international market."

Things have changed. Today, locally-elected representatives from the 38 regional organizations that comprise CEPCO oversee virtually every aspect of the company's operations. That includes exporting 70 percent of their annual production to Europe and 30 percent to the U.S. "Our growers have become quite sophisticated businessmen," said Hernandez.

He described trips taken to trade shows in Montana and Houston with Mixtec and Zapotec Indian producers. Flying on the plane, the growers wanted to discuss distribution strategy and niche markets, like the *Fair Trade* label in Europe (offering consumer guarantees of fair production processes in developing countries); and *Aztec Harvests* products in the U.S. (coffee produced by small-scale Mexican growers). Continued Hernandez: "Almost every day we receive calls from growers in remote mountain villages wanting to check how coffee is trading on the New York market."

That's a great image, but there's a problem. Even if CEPCO is one of Mexico's flagship peasant organizations, it cannot erase a harsh reality: few if any of Mexico's peasants have ever made much money producing coffee. Across the country, more than two million people grow the plant and most barely make a living. One main reason is land: seventy percent have less than four acres each and produce only about 30 percent of the yearly crop of 275,000 tons. Larger, more efficient farms



Jaime Hernandez standing beside his office chalk board inside CEPCO's headquarters in the suburbs of Oaxaca.

produce the rest. CEPCO, a small-producer organization, can offer no miracles.

What it can offer, however, is easy to appreciate if one looks back to life before CEPCO, to the way things were. To do that is to glimpse an arcane system of economic subjugation, a throwback to the old days of Spanish *haciendas* and indentured servitude. And who would have stood at the center of that faded picture? "The *coyote*," said Hernandez, "the good old-fashioned kind."

Historically speaking, the geographical isolation of the coffee growers offered middlemen a field day. For generations, each rural town had its own *coyote*, a jack-of-all-trades: the principal buyer with contacts with outside companies; the rural store owner who sold consumer goods like beans, corn, sugar, gasoline, during the off season; the money lender who collected in kind, demanding coffee at harvest time to pay off debts at the store. Until the late eighties, that antiquated role still dominated everyday life amongst CEPCO's future coffee growers in their remote mountain villages. Big city changes, however, would soon conspire to alter everything.

In 1989, two figurative bombs dropped on Mexico's coffee industry. That year, the International Coffee Organization abandoned price-support efforts, precipitating a collapse from U.S.\$210 to U.S.\$60 per 100 pounds over a one-year period.⁶ At approximately the same time, the Mexican government decided to abolish the Mexican Coffee Institute (IMECAFE), as part of its

sweeping reduction in participation in the economy. For decades, IMECAFE had served the triple role of credit provider, buyer and wholesale marketer (although it never displaced the traditional middlemen). For small-scale growers of Oaxaca, the fallout was devastating.

Out of the chaos, however, crept CEPCO. Across Mexico, the abrupt disappearance of IMECAFE forced growers to explore new marketing avenues for their harvests. Ultimately, a variety of new associations sprang up that eliminated some of the middlemen who preyed on the industry. In the case of CEPCO, the company evolved through the establishment of relationships between already highly-organized community groups of coffee growers. In the early 1970s, IMECAFE created these regional cells to form a grassroots network through which government aid could be channeled: seeds, fertilizer, financial resources, technical assistance, etc. As that succor vanished, a new strategy based on self-reliance, participation and autonomous organization emerged... with a little help from some friends.

In 1989, a small team of agronomists and professionals from CAMPO, a rural development NGO based in the city of Oaxaca, offered to help consolidate CEPCO's organizational process. Applying their technical, marketing and management expertise to the socially-oriented venture, these organizers also helped establish links with international donors. In the nineties, the Inter-American Foundation (IAF) would offer financial support to CEPCO, advising and monitoring the project

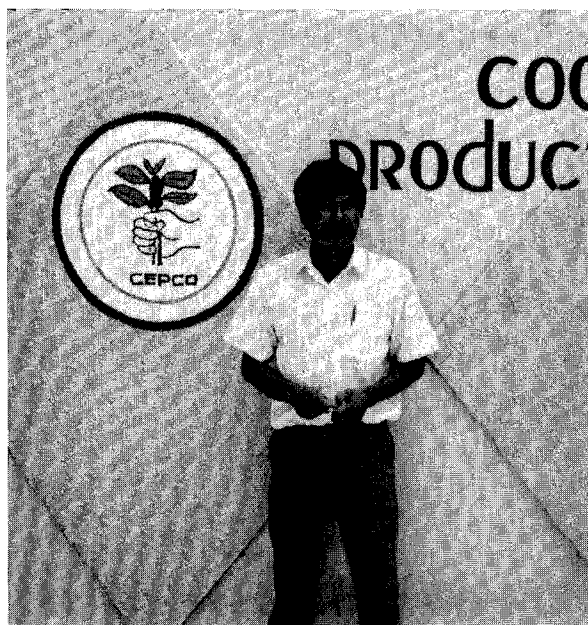
6. Figures obtained during an interview with Jaime Hernandez.

with the help of Sergio Martinez of SALDEBAS. In a recent article, he explained his vision of the crucial role played by external advisors to producer-run companies like CEPCO:

"The successful social enterprises have been propelled by outside advisers, who bring relationships and technical skills to the table. They, in turn, forge an alliance with the local leadership, who lend legitimacy and consensus to the operation. While in the majority of cases, the external advisers remain as such, in some instances, they become permanent leaders of the organizations."⁷

A case in point, Jaime Hernandez left CAMPO in 1989 along with two other colleagues to become salaried employees of CEPCO. He considered his mission a full-time job: bringing Oaxaca's coffee growers into the 20th Century. He blamed the government for perpetuating the dark ages: "IMECAFE transferred much technology to the coffee regions: better seeds, huge processing plants, international buyers lists," acknowledged Hernandez. "However, there was no training, no teaching, no participation whatsoever on the part of the coffee growers."

Today, participation is the CEPCO watchword. To stress that point, Hernandez spelled it out for me on his office chalk board. "PARTICIPATION... and COHESION," he added, proceeding to list the services offered to member groups: health benefits, legal representation, training courses, accounting classes, soft credit. I looked out the window as he diagrammed the organizational structure, starting with the director of the board of trustees, elected by the representatives of all 23 thousand producers. A short, dark-skinned man was walking



The Chairman of CEPCO.

down the driveway. He entered the room moments later.

"Well, speak of the devil," said Hernandez. "I'd like you to meet the president of our board, our chief executive officer." I stood up to shake the chairman's hand, noting the Mixtec features of his weathered face, the threadbare pants, the sun-cracked *huaraches* (leather sandals). He nodded and turned away, launching into a discussion with Hernandez about recent New York price volatility, warehouse backlogs in the Mixe region, and capital distribution plans for member shareholders.

As I sat down to listen, I couldn't help but picture him next to other CEOs I had observed while working on Wall Street: the Hermes ties, the gold-pretzel cuff links, the English wing-tipped shoes. "Goodbye," said the chairman abruptly. Then he exited, shouting something in an unintelligible dialect to a man in the driver's seat of a dented red pick-up outside. The engine turned over. "Where is he going?" I asked. "Back to his village," said Hernandez, erasing the chalk board. "It's time to pick coffee."

OAXACA'S COMMUNAL TIMBER COMPANIES

When Sergio Sanchez was small, the gods decided to fell his community's forest. He had grown up among the ancient pine trees brushing the sky on the mountain. For him, San Pedro de Alto was a magical place. When he played in the cedar groves, the spirits in the leaves would clap for the wind. They must have been very angry, therefore, to send those trees crashing down. He heard their rage, plugging his ears to the shrill cries, but never crying himself.

In 1957, Sanchez was too young to recognize the sound of chain saws. For village grownups, however, the 'roaring spirits' echoed the latest effort on the part of the federal government to industrialize Mexico. A few years before, the president had declared the nation's forests to be a key natural resource for economic growth. Reviving the 19th-century concession system, the authorities turned over vast swathes of forest to private timber companies. From Chihuahua up north to Chiapas down south, the spirits of modernization roared through the woods like a brush fire.

In Oaxaca, where rich biodiversity stands in brutal contrast to grinding poverty, 97 percent of the forests are legally owned by local Indian communities. In 1957, however, the stroke of a presidential pen granted 25-year concessions for those ancestral woods to two companies: *Fabricas de Papel Tuxtepec* (FAPATUX), a paper and pulp mill, foreign-owned but nationalized in 1965; and *Compania Forestal de Oaxaca* (CFO), a state-owned plywood manufacturer.

In exchange, the Indian communities gained the exclusive 'right' to work for, and sell their wood to, the

7. Sergio Martinez Vazquez, *Empresas Sociales que Son una Alternativa Frente la Exclusion*, April 15, 1996.



Oaxaca's largest plywood manufacturer and former concessionaire, Compania Forestal de Oaxaca — Oaxaca Timber Company (CFO).

new concessionaires. Meanwhile, the latter commenced an intense, unregulated process of timber extraction. Among other things, FAPATUZ and CFO employed the "high grading" method, cutting the scarce, old-growth forest, where they could obtain the highest-value timber, thus degrading the genetic pool of the uncut trees.⁸ By the early 1980s, with no reforestation programs to speak of, about one third of the total area of forests in question had disappeared.

"For a quarter century we toiled on slave wages," said Sanchez, now a stocky, reserved adult serving a two-year term as the elected tribal chieftain of San Pedro de Alto. With 2,000 inhabitants, his community lies three hours south of the city of Oaxaca, nestled in the verdant hills of the Sierras del Sur. "I'm referring to the fortunate ones who had jobs," he continued. "The rest migrated, or went hungry."

In the early eighties, tension mounted as the life of the concessions neared expiration. Oaxaca's state authorities tried to extend them by decree, sparking explosive resistance from the forest communities. To thwart the measure, they barricaded access roads and shut down the saw mills, refusing to sell wood to FAPATUX and CFO. After several tumultuous years, the communities achieved their goal, regaining legal control over their forests. In doing so, they had set an important precedent in Mexico at large, paving the way for national reforms regarding timber extraction and communal forest rights.

So the woods were theirs, but what next? They had their autonomy, but no training, no experience. Like

old-fashioned *coyotes* in the coffee villages, the state-owned lumber companies had denied the Indian communities any participatory role in industrial management, fostering instead ignorance, exclusion and isolation. Interestingly enough, the path that soon cleared would resemble once again the road taken by Oaxaca's small-scale coffee producers. Like the member groups of CEPACO, the forest communities relied on the strength of their internal organization, together with help and guidance from a small group of external advisers, to form successful campesino-managed companies.

Rodolfo Lopez, the director of *Asesoría Técnica a Comunidades Oaxaqueñas, A.C.* — Technical Assistance for Oaxacan Communities (ASETECO), has been working with that process since 1982. Originally, he arrived in Oaxaca on hire by the federal government. Experienced in forest management, he was to help rebuild the lumber industry following the aforementioned conflicts. To begin, he carpeted the state with a team of five forest engineers. Visiting nearly all of Oaxaca's 280 forest communities, Lopez concluded that the Indian communities should not rent their forests — as many desired — but rather run their own companies. Not surprisingly, FAPATUX, CFO and their allies in the local government staunchly opposed the idea.

"We were run out of town in 1985," said Lopez, explaining that certain people resented the decline in profits that such plans implied for the parastatal companies. After one year of exile, however, Lopez returned, even more determined to continue his work. "In the early eighties, we had been denied an office permit in the city of Oaxaca, so we moved to a forest community in the

8. David Barton Bray, "La Lucha Por el Bosque," *Desarrollo de Base*, 15:3, 1991, p.14.

Oaxaca's communal timber companies now compete in national and local markets, like this lumber yard in downtown Oaxaca.



nearby Sierra Juarez. We established a pilot project there, and have since helped set up 25 additional communal timber companies throughout Oaxaca."

Today, approximately 30 percent of the state's 280 forest communities have their own lumber companies. Many have benefited from the work of other NGOs not unlike ASATECO. Reminiscent of CEPCO, these producer-run ventures predicate their operations on principles of local autonomy, participation and self-regulation. External advisers like ASATECO help teach the basics of business to the elected officials of each company: contract negotiation, personnel management, bookkeeping, etc. Lopez emphasized: "The *comuneros* (community members) elected by their local assemblies run the show, period. To facilitate that, we merely provide training, as much as is necessary, regardless of whether they have second- or twelfth-grade education."

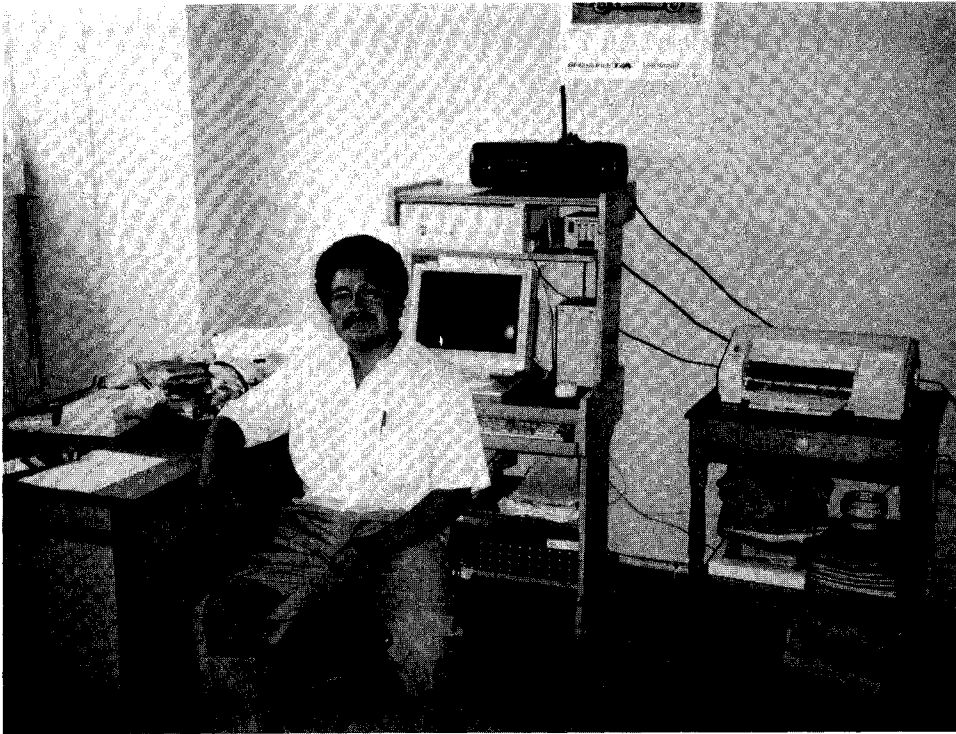
The companies' goals are clear. Above all, they aim to address the two areas most sorely neglected during the concessionaires' reign: environmental conservation and social welfare. Over time, and with much advice from forest engineers and environmentalists, the forest communities have learned to manage their timber production in an ecologically sustainable fashion. That conservation model includes, among other things, in-depth forest studies to determine where to cut over, say, a 20-year horizon. Each year, only selective portions of the

forest are felled. The extracted areas benefit from extensive reforestation programs.⁹

As for social benefits, in addition to providing jobs, the communal timber companies have plowed much of their profits into community-development projects: transportation (e.g., roads, buses), potable water, electricity, health clinics, school houses, churches. According to Lopez, out of every 100 dollars of social investment in the forest communities today, the state typically contributes only 15. Clearly, this form of timber production has benefited the locals enormously. But what about the other 70 percent of Indian forest communities whose resources have either been rented or abandoned?

"The World Bank plans to take care of them," said Lopez, sitting inside the ASATECO offices located near CEPCO's headquarters in suburban Oaxaca. According to him, the multilateral bank plans to activate an enormous loan package this coming July — U.S.\$20 million annually over five years — to invest in those very communities that have yet to realize their timber-production capacity. I asked Lopez whether that money reflected the World Bank's confidence in Oaxaca's communal lumber companies as paradigms for a more democratic, more socially-oriented business environment in Mexico? "Yes, I think in part," he said. "But they're interested in something else too. With all the problems around the spotted owl in Washington, California and

9. That said, Mexican timber companies in general are under pressure now from increasing imports of cheaper American wood, as a result of tariff reductions under NAFTA and GATT. To minimize their market losses, forest producers face increasing pressure to cut more trees and concentrate operations on scarce old-growth forests where they can obtain the highest value. However, Lopez downplayed the impact of these developments on Oaxaca's community timber producers.



Amando Perez, 28, the only company official of San Pedro de Alto who agreed to have his picture taken. Sergio Sanchez's second-in-command, he sits beside the electronic trappings of success.

Oregon, the U.S. needs to increase its timber imports fast, and Oaxaca has quality wood."

Following the ASATECO interview, I went to visit Lopez's buddy from San Pedro de Alto. Climbing the stairs of their timber-company headquarters located in the south of the city, I gathered my thoughts for my first meeting with Sergio Sanchez. Moments before, as I had walked through this working-class neighborhood, I recalled Lopez's warning: the communal officials are very suspicious of outsiders. I easily spotted their offices, a three-story gray concrete building resembling an ice cube tray standing on end. Half way up the staircase, two Zapotec men decided to escort me — I did look out of place. When I arrived at Sanchez's room, the door was open. Knocking, I entered and saw that he had company: 14 men sitting against the wall, staring me down from across the room. I smiled and nodded, awkwardly, sitting down beside Sanchez's desk.

Beneath the watchful eyes of San Pedro's tribal elders, I listened to Sanchez's story: the chain saws, the timber concessions, the conflicts of '81, the new school house. I soon forgot the elders' stares and observed the room: two computers, two telephones, a printer, a fax machine, long-distance walkie-talkies, orthopedic swivel chairs. Strangely enough, it reminded me of my old office at Lehman Brothers in the World Financial Center. Pondering how far away that job seemed, I asked San-

chez how they return to the village each day? "We [about 25 people] only go home on weekends," he replied. Once again, New York bankers flashed to mind: the work-week flats in Manhattan, the weekend houses in the 'burbs. Geez, these guys have it pretty good, I thought silently. Then I asked where all of them slept, picturing a wood-floored apartment complex somewhere nearby? "Out there," he said, pointing through the door toward the staircase, "on the floor in the hallway."

BETTING ON WHAT YOU EAT

Despite their uncomfortable beds, the timber producers of San Pedro, along with the rest of Oaxaca's communal lumber companies, do exceptionally well. So does CEPSCO. After all, lumber and coffee production represent two of the most lucrative occupations a Mexican campesino can find. I had a reason, however, for spotlighting these rare success stories. CEPSCO's defiance of the age-old *coyotes*, the timber producers' breaking of the parastatals' 25-year-old monopoly, these experiences were supposed to demonstrate the benefits of perseverance versus disappearance for Mexico's small-scale producers.

But do these examples apply? Carlos Marquez of ANADEGES Sur Pacifico thinks not. As a matter of fact, if he could convey one message to the millions of Mexican peasant farmers out there it would be this: do not

10. It should be acknowledged that in conversations with ASATECO and CEPSCO, both organizations emphasized their recent focus on diversification projects for their member producers.

follow the example of the coffee and timber producers. Certainly, he is not opposed to their organizing, creating economies of scale, increasing market efficiency, outrunning the *coyotes*. No, what troubles Marquez most is their reliance on a single product.¹⁰

"Betting on one crop has been catastrophic for Mexican peasants," said Marquez, whose eight-person team focuses almost exclusively on helping small-scale farmers to diversify their production. The more projects the better: fish, chickens, pigs, tomatoes, squash, corn; the fewer projects the worse. According to Marquez, the vast majority of campesinos who bet on market sales of one crop end up in debt and out of land. Furthermore, when they have no other crops to fall back on, they go hungry, or they emigrate. "We have to get it through our heads before it's too late," concluded Marquez, "in today's market economy, peasant farmers cannot compete. They *can* survive, however, if they bet on what they eat."

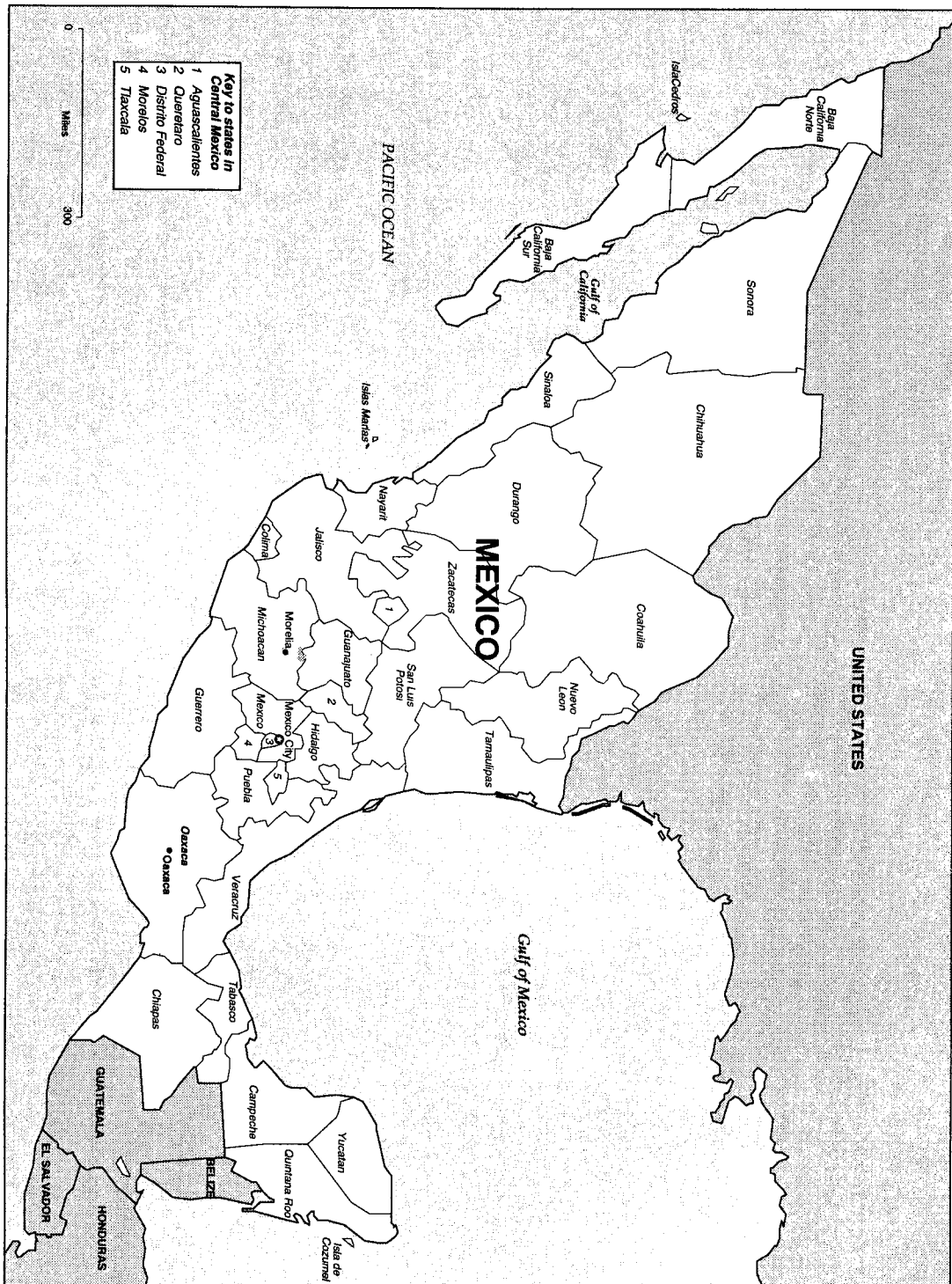
I considered those words as I drove past Oaxaca's city limits, heading north toward the countryside *en route* to

Mexico City. Standing by the dusty roadside, nailed to wooden posts and set against the rocky horizon, a sign read: "*Se Dan Viajes a Tijuana*" (Trips to Tijuana). Beneath it lay the rusted cabin of an 18 wheeler, with no tires, no trailer, just a dollar sign spray painted on the front window. I sped past, thinking little of it, observing rather the 12-foot cacti, a miniature dust twister and an old wooden shack.

The shack recalled the rural stores I had imagined, the places where old-fashioned *coyotes* worked. Then, as I drove onward, it occurred to me: that truck cabin is a den of a modern *coyote*. There it lay, straddling the rural-urban divide, needing no trailer because it carries no corn, no goats, no lentils. Rather, it transports passengers, human beings, peasant farmers for whom it was too late. There by that sign — the dollar sign — they come to pay their passage from fields to city, from Oaxaca to Tijuana, and from there to L.A., Chicago, New York. Wherever it ends, they may well find another way to survive. The campesino, however, will be lost. And the truck cabin beside the road, that's where it begins, the last run with the *coyote*. □



Trips to Tijuana.



Institute Fellows and their Activities

Adam Smith Albion. A former research associate at the Institute for EastWest Studies at Prague in the Czech Republic, Adam is spending two years studying and writing about Turkey's regional role and growing importance as an actor in the Balkans, the Middle East and the former Soviet bloc. A Harvard graduate (1988; History), Adam has completed the first year of a two-year M. Litt. degree in Russian/East European history and languages at Oxford University. [EUROPE/RUSSIA]

Christopher P. Ball. An economist, Chris Ball holds a B.A. from the University of Alabama in Huntsville and attended the 1992 International Summer School at the London School of Economics. He studied Hungarian for two years in Budapest while serving as Project Director for the Hungarian Atlantic Council. As an Institute Fellow, he is studying and writing about Hungarian minorities in the former Soviet-bloc nations of East and Central Europe. [EUROPE/RUSSIA]

Cynthia Caron. With a Masters degree in Forest Science from the Yale School of Forestry and Environmental Studies, Cynthia is spending two years in South Asia as ICWA's first John Miller Musser Memorial Forest & Society Fellow. She is studying and writing about the impact of forest-preservation projects on the lives (and land-tenure) of indigenous peoples and local farmers who live on their fringes. Her fellowship includes stays in Bhutan, India and Sri Lanka. [SOUTH ASIA/Forest & Society]

William F. Foote. Formerly a financial analyst with Lehman Brothers' Emerging Markets Group, Willy Foote is examining the economic substructure of Mexico and the impact of free-market reforms on Mexico's people, society and politics. Willy holds a Bachelor's degree from Yale University (history), a Master's from the London School of Economics (Development Economics; Latin America) and studied Basque history in San Sebastian, Spain. He carried out intensive Spanish-language studies in Guatemala in 1990 and then worked as a copy editor and Reporter for the *Buenos Aires Herald* from 1990 to 1992. [THE AMERICAS]

Sharon Griffin. A feature writer and contributing columnist on African affairs at the *San Diego Union-Tribune*, Sharon is spending two years in southern Africa studying Zulu and the KwaZulu kingdom and writing about the role of non-governmental organizations as fulfillment centers for national needs in developing countries where governments are still feeling their way toward effective administration. She plans to travel and live in Namibia and Zimbabwe as well as South Africa. [sub-SAHARA]

John Harris. A would-be lawyer with an undergraduate degree in History from the University of Chicago, John reverted to international studies after a year of internship in the product-liability department of a Chicago law firm and took two years of postgraduate Russian at the University of Washington in Seattle. Based in Moscow during his fellowship, John is studying and writing about Russia's nascent political parties as they begin the difficult transition from identities based on the personalities of their leaders to positions based on national and international issues. [EUROPE/RUSSIA]

Pramila Jayapal. Born in India, Pramila left when she was four and went through primary and secondary education in Indonesia. She graduated from Georgetown University in 1986 and won an M.B.A. from the Kellogg School of Management in Evanston, Illinois in 1990. She has worked as a corporate analyst for PaineWebber and an accounts manager for the world's leading producer of cardiac defibrillators, but most recently managed a \$7 million developing-country revolving-loan fund for the Program for Appropriate Technology in Health (PATH) in Seattle. Pramila is spending two years in India tracing her roots and studying social issues involving religion, the status of women, population and AIDS. [SOUTH ASIA]

John B. Robinson. A 1991 Harvard graduate with a certificate of proficiency from the Institute of Kiswahili in Zanzibar and a Master of Fine Arts in Creative Writing from Brown University. He and his wife Delphine, a French oceanographer, are spending two years in Madagascar with their two young sons, Nicolas and Rowland. He will be writing about varied aspects of the island-nation's struggle to survive industrial and natural-resource exploitation and the effects of a rapidly swelling population. [sub-SAHARA]

Teresa C. Yates. A former member of the American Civil Liberties Union's national task force on the workplace, Teresa is spending two years in South Africa observing and reporting on the efforts of the Mandela government to reform the national land-tenure system. A Vassar graduate with a *juris doctor* from the University of Cincinnati College of Law, Teresa had an internship at the Centre for Applied Legal Studies in Johannesburg in 1991 and 1992, studying the feasibility of including social and economic rights in the new South African constitution. While with the ACLU, she also conducted a Seminar on Women in the Law at Fordham Law School in New York. [sub-SAHARA]

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