



## The Politics of Immiserizing Growth: Mexico in Comparative Perspective

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## **Introduction**

While many Latin American countries experienced substantial reductions of poverty and some reduction in historically high levels of inequality over the last decade, Mexico bucked this positive trend. From 1996 to 2015, the Mexican economy grew at an average annual growth rate of only 1.2 percent (World Bank Indicators). With such lacklustre growth, the country's poverty rate experienced only sporadic improvement, declining from 52.9% of the population in 1996 to 31.6% by 2006, only to rise thereafter to 41.2% by 2014, with extreme poverty almost tripling in this same period. (ECLAC 2015, Table 4) Inequality changed little, stagnating at .49 in 2014. Between 2004 and 2014, the bottom 30% of the population saw its share of income decline from 6% to 5.1% (ECLAC 2015, Table 13).

Compounding this discouraging social performance is the fact that extreme poverty and the multiple deprivations that accompany it have been concentrated regionally (in the southern states) and among the country's indigenous population. This paper uses the word "exclusion" to encompass the multiple deprivation occurring alongside income poverty. Exclusion is a permanent feature of the Mexican social reality and it is disproportionately present among the country's indigenous population. For this group, exclusion persists and has deepened during times of economic growth: in other words, there are periods during which economic growth at the national level appears to have coincided with an absolute decline in income (immiseration) for the indigenous population, thereby worsening the extent of its deprivation.

The analysis presented in this paper tracks this experience of immiseration historically. This task is complicated by the fact that the Mexican government has collected data on the social well-being for the indigenous population, including the extent of poverty, only since 1990.

Hence, it is not possible to correlate precisely national economic growth with the ebb and flow of indigenous welfare over time. Particularly for the earlier historical periods, the analysis must rely on historically descriptive evidence. I have made assumptions about the particularly negative impact of general policy directions on the indigenous population as a subset of the rural peasant population. I assume, based on historically descriptive evidence, that the indigenous population has generally been confined to the bottom two deciles of national income.

The argument of this paper is that exclusion (relative and absolute) of Mexico's indigenous population from the benefits of economic growth is the consequence of a path dependent historical process, set in motion by an initial event occurring in the distant past. This event, the Spanish conquest, gave rise to institutions and processes that were reinforced over time. Politics and political exclusion were the most important instruments behind the persistent material deprivation of the indigenous population not only because of their direct impact on resource distribution, but also because state actions and inactions bolstered cultural and social mechanisms of marginalization. One of the outstanding feature of the Mexican case that drove politics and policy decisions was the persistence of an ethno/cultural ideology among the country's ruling elite; this ideology regarded the indigenous population and their practices as an obstacle to a modern and prosperous Mexico. At the base of this ideology, however, were concrete material interests. This ideology was in evidence regardless of the specific features of the economic model at any historical period. Comparisons with the South Korean, Indonesian, and Chilean cases, reinforces my argument about the central role of politics, elite ideology, and the state in establishing, maintaining and even strengthening this categorical exclusion over time.

### **The Interplay between the State, Exclusion, and Immiseration**

This paper assumes that the main cause of exclusion of the kind identified in the case of Mexico, arises not from individual features, but from group characteristics—what Charles Tilly (1998) refers to as “categorical characteristics” (Tilly 1998), resulting in “horizontal inequality” (Stewart 2000). This situation refers to the exclusion of a social group with particular ethnic, cultural, linguistic, and/or other social characteristics. Most observers agree that the historical origins of categorical distinctions lie deep in history and involve a crucially important past event that established the “original” conditions of inequality: political subjugation, and stigmatization of the group. This event allowed the dominant group to take control of economic resources, entrench mechanisms of exploitation, and establish the political, social, and cultural mechanisms that would render exclusion enormously resilient into the future. Control of the state emerges as the predominant and essential ingredient in this process. It ensures that exclusion is structured into institutional arrangements, both formal and informal, and into public policy. Political institutional arrangements determine what political interests will have the greatest impact on social and economic policy, thereby determining what groups succeed in having their demands addressed and what groups do not. Of particular importance is the direction and nature of government spending.

Charles Tilly (1998) focuses on what he calls organized exclusion, arguing the central importance of cumulative, relational organizational processes in the creation of inequality. In particular, the “politics of inequality concerns the involvement of government in inequality generating social processes.” (196). Using the case of South Africa as his example, Tilly argues that the South African government first created racial categories, then institutionalized these categories through various laws. This was followed by what he calls “opportunity hoarding,” which involved giving whites the access to the best education and jobs and then by “adaptation,”

involving the elaboration of daily routines based on these distinct social categories. In the process of “adaptation,” some members of the excluded category benefit, a process that helps to ensure the perpetuation of the system. In addition, providing members of groups outside of the excluded category with certain advantages is also instrumental in the perpetuation of the system. The result is the emergence of social relations that serve to reinforce the system.<sup>1</sup>

The control of economic resources and the administration of access to those resources through the state have profound implications for other forms of capital (cultural and social) that help to keep exclusion and its attendant deprivations in place and prevent upward social mobility. Indeed, the impact of cultural and social capital solidifies exclusion in ways that even the transition of democracy or an enhanced form of group representation within the context of the institutions of electoral democracy is unlikely to address. According to Bourdieu, it is the operation of capital in all its forms that accounts for the most profound forms of exclusion. Bourdieu (1986) argues that material or economic capital (directly convertible to money/income) shapes other forms of non-material capital (social and cultural). Social capital, which involves “connections” or networks to which one belongs, is convertible to economic capital, and may be institutionalized. For Bourdieu, cultural capital was more important than social capital, however, because it determines the social networks to which one can belong and explains the inability of the excluded to obtain the non-material assets (particularly education) that might allow escape from deprivation. Cultural capital, involving a process of socialization transmitted unconsciously and inter-generationally within the household, is “converted into an integral part of the person” and determines educational achievement (249). Hence, it is not simply access to education that is important, but the inability of those lacking cultural capital to reap the benefits of any educational opportunities available.<sup>2</sup> Cultural capital manifests itself in dress, speech patterns,

propensity to educational advancement, and ultimately in, legally sanctioned qualifications, which those without cultural capital are unlikely to obtain.

However, exclusion is not simply an artefact of unequal domestic power relations; there is also an important international dimension. Any discussion of social exclusion needs to incorporate a consideration of the impact of economic globalization, the restrictions and opportunities it offers for countries, and the way in which it shapes economic opportunities. This is particularly the case because economic globalization has distinct intra-country regional impacts, which may coincide with the categorical distinctions described in the previous paragraphs. As Du Toit (2004) points out, deprivation can spring from, or worsen due to adverse or unfavorable inclusion in the global division of labor, arising from certain aspects of economic globalization and the domestic policies that encourage and support these features. In his case study of South Africa, Du Toit shows that an important cause of deprivation and increased poverty in the agricultural region of Ceres resulted from the combination of domestic labor reforms and increased international competition, developments that produced the shedding of permanent employment and the increasing use of temporary and seasonal contract labor with fewer benefits. Similarly, Mosse (2010) draws our attention to the ways that global capitalism exacerbates poverty through concentration and exclusion. Examining the case of the Adivasi in India, he argues that neoliberal policies aggravated pre-existing deprivations and exclusions. Indeed, neoliberal reforms tend to aggravate pre-existing unequal opportunities unless policymakers take explicit measures to mitigate this consequence.

### **Mexico's Indigenous Poor, Exclusion, and Immiseration**

Mexico's indigenous population has been subject to multiple deprivations throughout the country's history. While this group has usually benefitted less than the general population from

overall economic growth spurts, there are also historical periods during which the level of deprivation among the country's indigenous poor appears to have worsened despite overall general economic growth. The chart below illustrates these historical episodes of immiserizing growth. Chart 1 also notes drops in the proportion of income accounted for by the bottom three deciles for the periods in question. These declines, of course, do not demonstrate absolute drops in income and worsening deprivation. In the text, I present descriptive evidence from historians, and, for the more recent periods, data from the work of economists, to support my selection of immiserizing episodes.

**Chart 1**  
**Mexico: Episodes of Immiserizing Growth**

Historical Period	Porfiriato	Miracle Period	Petroleum Boom	Economic Liberalization	Economic Liberalization	
<b>Episode</b>	(1900-1910)	(1950-1963)	(1977-1981)	(Recovery between Crisis 1989-1994)	(1996-2000)	(2001-2008)
<b>Growth Rate</b> Real GDP per capita (average for the episode)	2.22	3.0	5.00	1.00	4.02	2.4
<b>First Decile Households Loss of National Income</b>		-1.4		-.06	-.7	-.1
<b>2<sup>nd</sup> Decile Loss of National Income</b>		-1.2		-.17	-.11	-3.1
<b>3<sup>rd</sup> Decline Loss of National Income</b>		-.7		-.27	-.08)	+3
<b>Population below the Poverty Line –Rural</b>				-.2	-8.1	-6.6
<b>Population below the Extreme Poverty Line – Rural</b>				-.5	-4.8	-3.1
<b>Overall Poverty Reduction</b>		-17.3 (overall poverty reduction)*		-2.4	-11.8	-4.6

Sources: Growth Rates: 1900 to 2000: Aparicio Cabrera 2010, 23; Income Shares: UN-WIDER Database; Poverty figures, 1989 to 2000: ECLAC, 2015, Table 4; 1953-1963: Székely 1998, (from 73.2% to 55.9%).

**Note:** Blank cells indicate the information was not available.

Current figures suggest a close correlation between high levels of indigeneity and deprivation. While the size of the indigenous population is uncertain (between seven and 16 million depending upon how the term is defined),<sup>3</sup> the high level of deprivation among the

indigenous population compared with the general Mexican population is indisputable. In 2012, the percentage of the Mexican population speaking an indigenous language considered poor was almost double the figure for the general population (76.8 percent versus 43%) (CONEVAL 2012, 12). The figure for extreme poverty for the indigenous population is 38.0 percent versus 7.9 percent for the general population. Poverty coincides with a host of other interrelated deprivations and characteristics that contrast unfavourably in comparison with the non-indigenous poor: lower wages, lower educational levels, less access to government services (potable water, electricity, good housing), non-unionized employment, higher participation in the informal sector, lack of social security protection (health care, pensions), illiteracy, poorer health (life expectancy, frequency of poverty related diseases, and underweight and stunted growth in children). Mexico's indigenous poor live predominantly in rural areas, are concentrated in southern Mexico, and are predominantly engaged in agricultural activities (Ramirez 2006).

The story of the deprivation of the country's indigenous population has its origins in early colonial history. It begins with the Spanish conquest and the legal exclusion of the indigenous population. Spanish colonial rule (as elsewhere in Latin America) legally enshrined specific racial categories that established legal rights and the upward bounds of social mobility. The colonial caste (*casta*) system enshrined three main racial categories (*Peninsulares* [Europeans or their descendants], Indigenous peoples [*Indios*], and blacks [*Negros*]), with everyone below the Peninsulare European-born category deemed inferior. In the Mexican case, there were 16 subcategories involving varying types and natures of racial intermingling with those with a greater "white" component in their racial mix granted greater privileges. The category that one received at birth determined one's legal rights and life opportunity. While postcolonial rulers

formally abolished this system, the idea of racial categorization powerfully shaped attitudes towards race (indigeneity) into the foreseeable future (de Tal 2011).

The negative attitude of the country's political and economic elite toward the incorporation of the indigenous population into the country's modernization process was an outstanding feature of the rule of Porfirio Díaz (1876-1911). This regime was a brutally authoritarian one whose main redeeming attribute was the fact that it brought political stability after decades of civil war. The exclusion of the mass of the population, which included mixed blood people (*mestizos*) and the indigenous population, from either contributing to, or benefitting from, economic growth was an explicit premise of the Porfiriato. Following an extreme form of the philosophy of Positivism, the country's rulers maintained that Mexico could achieve modernization only through the application of modern science, and that feat could only be achieved by the leadership of the country's white *criollo* (American-born) oligarchy (Cumberland 1968, 191). The regime was an especially strong opponent of indigenous communal landholdings because it regarded such arrangements as an impediment to capitalist development. (Miller 1985, 263).

On the one hand, Porfirio Díaz's modernization drive brought about heavy investment in mining and commercial export agriculture and produced steady economic growth as mineral and agricultural exports expanded into the U.S. market (Chart 1). On the other hand, rural living standards dropped dramatically due to the impact of massive land divestitures, with the handing over of peasant land to survey and railway companies, to individuals, and to companies promising to engage in various agricultural and mining export activities. The regime also promoted a capital-intensive industrialization process that failed to provide sufficient employment. All indications suggest that poverty and inequality increased substantially. By

1910, most indigenous communities had lost their land with the consequence that 96 percent of the agricultural population was landless and less than 3 percent of the population owned land (King 1970, 5; Tannenbaum 1968, 140). The real wage of the rural laborer dropped to one quarter of what it had been in 1800. In the words of one observer, Mexican agricultural laborers, who constituted the mass of the population “survived in a condition of sodden and brutish misery, unmatched by the proletariat of any other country” (Parkes 1962, 261). Life expectancy and infant mortality rates, already very low to begin with, deteriorated in the last decades of the Porfiriato (Cumberland 1968, 192). In 1900, illiteracy stood at 75.5 percent of the population (Thorpe, 1998, 354).<sup>4</sup>

In 1900, the indigenous population probably accounted for about 35 percent of the population (Lambert 1967, 42), almost entirely located in agriculture, where 68% of the country’s total population was located (Hansen 1980, 22). Hence, as a group, the indigenous population would have been the most adversely impacted by the economic modernization strategy of the Porfiriato. The mixed blood (mestizo) population, on the other hand, which constituted about one-half of the population at the time, lived in both urban rural areas (Lewis 2001, 413). Although the living standards of most mestizos would have declined during the Porfiriato, it is reasonable to assume that as a group they experienced less devastation than the indigenous population.<sup>5</sup>

The Porfiriato also involved the inculcation of an ideology of cultural superiority. The emulation of Europe during the Porfirio Díaz years was especially evident in the arts and in architecture, while the government denigrated indigenous forms of cultural expression. The identification of the urban middle class with the European values promoted by Díaz further

aggravated the schism between urban and rural Mexico and aggravated the categorization, stigmatization, and exclusion of the country's indigenous population (U.S. Library of Congress).

Politics was an essential component of this process. While the regime exercised brutal political repression against all social classes, this repression impacted the indigenous population disproportionately. The largest doses of repression occurred in the countryside, where the regime employed a rural police force known as the "Rurales" to quell unrest. The high level of material deprivation in combination with the absence of institutionalized co-optative methods of adaptation, meant that the regime's policies would soon lead to the Mexican Revolution (1910-1917). Both peasants and workers fought for the overturn of the political and economic exclusion that had produced such high levels of deprivation.

The popular forces that fought for the Revolution, however, did not gain political control once the dust had settled. The revolutionary leaders who had arisen from the lower classes (notably Emiliano Zapata who fought for the return of land to the country's indigenous peasants) were defeated in the conflicts between the various revolutionary armies that occurred in the aftermath of the Revolution. The struggle for control resulted in the emergence of a predominantly middle class leadership, people from the legal professions, teachers and small/medium landowners, many of whom were from northern Mexico. This group, which would dominate Mexican politics into the 1950s, strongly supported free enterprise, and envisioned a modernized Mexican agriculture, involving large private landholdings and the use of modern technology. It had little interest in, and would later oppose, the communal land holding arrangement, known as the *ejido* favoured by indigenous peasants (Cline 1961, 195).

In the immediate aftermath of the Revolution, the revolutionary leadership confronted intense mobilizational pressures from peasants and workers to meet the expectations raised by

the Revolution for land redistribution and improved living standards. This pressure increased with the Great Depression. It produced some significant redistributive measures, including land redistribution to communal indigenous landholders and funding for the expansion of rural services and infrastructure during the presidency of Lázaro Cárdenas (1934-1940). However, by the late 1930s, stiff resistance from commercial agriculturalists, industrialists, and middle classes soon resulted in the overturn of the gains of the Cárdenas years.

From 1940, new political institutional arrangements and a policy direction favoring commercial export agriculture and import substitution industrialization had particularly harsh exclusionary consequences for indigenous rural dwellers. This economic model produced the so-called economic “miracle,” high overall economic growth rates averaging more than 6 percent per year between 1940 and the late 1960s, with an average annual GDP per capita growth rate of 3 percent between 1950 and 1963 (Chart 1). Most analyses claim a substantial reduction in overall poverty occurred, although this occurred largely in urban areas. Within the Miracle period, the 1950s marks the second period of immiserizing growth, although the entire period of the miracles years involved far greater relative benefits to the non-indigenous population, particularly the urban working, middle class population, and business and agricultural elites. As shown in Chart 1, between 1950 and 1963, the first three deciles lost their share of national income; however, this tells us little about absolute improvements or declines. De Navarrete presents evidence that between 1950 and 1957, there was in fact a fall in income for the lowest 20 percent of households in both relative and absolute terms and a declining share of the total for the next 30 percent (1967, 175. 183). We can reasonably assume that the portion of the population most adversely affected was the indigenous population of southern Mexico, the poorest region of the country during this period. While poverty in Mexican urban areas was 20

percent of households in 1970, it was 49 percent in rural areas (Wilkie 1999, 428). Poverty was particularly high in southern Mexico, especially in the states of Chiapas, Guerrero, and Oaxaca, where most of the indigenous population was and is concentrated (Hernández Laos 1984, 172).<sup>6</sup>

The political arrangements that evolved from the 1940s were essential ingredients in this exclusionary and immiserizing process. Given the highly mobilized social groups that had arisen with the Revolution, from 1940 the ruling elite revamped the institutional arrangements inherited from the previous administration (probably intended to give workers and peasants greater representation) into a new set of arrangements that enabled the ruling elite to quell dissent and potential dissent. The ruling party (Institutionalized Revolutionary Party, PRI) structure had established sectoral representation within the party for workers, peasants and middle class groups. These were now turned into effective mechanisms of political containment through handpicking officially sanctioned peasant and worker leaders and party candidates and by replacing radical worker and peasant leaders with more acquiescent ones.

The peasant sector, the CNC (the National Peasant Confederation), was historically the weakest of the three party sectors within the PRI and so the least capable of defending its constituents' interests. It was constituted by both indigenous and mestizo communal and small landholders. Originally established with the aim of furthering land redistribution, the CNC's role in co-opting peasant leaders and ensuring rank and file quiescence remained important until the late 1960s. After that, this role was largely superseded by the state agricultural bureaucracy, state farm banks, assistance agencies, and *ejido* (communal land holding) cooperatives. All of these organizations made available material gains contingent on political support from poor peasants.<sup>7</sup> A special bank established to support communal farm producers, the National Bank of Rural Credit (Banco Nacional de Crédito Rural, BANRURAL), and its regional branches exercised

control over indigenous farmers through the control of ejidal production and the provision of loans.

The distribution of material rewards in exchange for political loyalty was probably the most important aspect of the system. It was a crucial component of “adaptation” that ensured that key peasant/indigenous leaders would support the system. In exchange for opportunities for personal enrichment, peasant leaders appointed to the upper echelons of their sectoral organization by powerful PRI politicians, quelled dissent and ensured that their rank and file voted for the PRI at election time. This aspect of the system was particularly important for the co-optation of peasant indigenous appointees due to their very low incomes and much more restricted opportunities for social improvements (Hellman 1983, 45). As a consequence, the indigenous population became, for many years, the least likely group to create problems for the country’s political leadership. It voted overwhelmingly for the PRI well into the 1960s. Moreover, when unrest in the countryside did emerge, PRI governments were also more likely to subject rural dweller organizations to repression while using a less directly repressive batch of tactics, including some concessions, to deal with working class trade unions (especially the most powerful ones) and middle class unions (Hansen 1980; 113-118; Levy and Bruhn 2001; 73-83).

. This co-optative and later repressive control of indigenous farming communities was instrumental in their continuing high levels of deprivation because this political exclusion inhibited indigenous peasants from effectively making demands on the state. Meanwhile, the greatest benefits from economic growth during this period went to big commercial agriculturalists and the industrialists supported by the country’s import substitution program. The middle class and selected sectors of the working classes, whose corporatist organizations had the most influence within the party/state apparatus, also benefitted. They obtained employment opportunities in the

government and in industry along with generous social security protection (Mesa Lago 1978, 214; Gilbert 2007, 61).

Indeed, the governments of the 1940s and early 1950s were particularly hostile to the ejidal (communal) agricultural arrangement and pursued a variety of policies harmful to them. Ejidal agricultural producers experienced a sharp decline in government loans after 1940, while the terms of repayment tightened, and the state fertilizer company favored big farmers and made it difficult for both small landowners and ejidal farmers to obtain fertilizer (Hewitt de Alcántara 1976, 193, 63). While the state spent generously to provide irrigation systems for northern commercial farmers, poor indigenous peasant producers in the south continued to depend largely upon rain-fed lands and/or upon lands partially dependent upon small-scale irrigation systems (Whiteford et al. 1998, 383). By the early 1980s, the north pacific region, the most arid part of the country, accounted for 53 percent of the nation's irrigated surface area. In contrast, only 1.7 percent of the surface area in the south was irrigated despite the fact that the southern state of Chiapas, the country's poorest state and a state in which there was a very high concentration of the indigenous people, contained about one-quarter of the nation's potential hydro-electric resources (Cockcroft 1983, 167). Indeed, during the 1940s and 1950s, the north, where large commercial agricultural export holdings were located, received two-thirds of public investment with most of it going to support non-ejido agricultural development (Thiesenhusen 1996, 39).

The consequence was that small farmers sold their land and communal landholders rented theirs. Under these unfavorable circumstances, land re-concentrated: by the late 1960s, two percent of farm families owned 76 percent of all farmland, while 51 percent of farms, with less than 5 hectares per family, accounted for only 6 percent of all farmland (Cockcroft 1983, 177). Furthermore, as big farms mechanized there was less and less need for paid labor, a fact

that contributed to the growing problems of rural unemployment and increased rural urban migration. Half the rural labor force, which worked as day laborers, saw their wages decline between 1950 and 1967 (Aguilar and Carmona 1972, 208; Hewitt de Alcántara 1976, 133).

Rural dwellers, in general, were not only poorer than urban dwellers but they also had less access to education and health care; they were therefore less able to take advantage of economic opportunities should they become available. Educational spending was concentrated in urban areas and in post-secondary education, used mainly by the children of the middle and upper class. By 1970, while illiteracy was at 39 percent overall, it was considerably lower in urban areas, at 26 percent (Wilkie 1999, 215). The failure of government services to reach poor rural communities meant that many of the rural poor, especially the indigenous population, lacked access to health care and education. Health care, if it was available, depended largely upon services provided by the inadequately funded Secretary (Ministry) of Health.

This exclusion of Mexico's indigenous population from the benefits of economic growth was a direct consequence of the economic policies pursued. The pursuit of policies that failed to contemplate improvements for the country's indigenous population were closely linked to political arrangements that arose in the wake of the Mexican Revolution to contain mobilizational pressure. These mechanisms were particularly important in shaping government spending which did not flow to education, health services, infrastructure, and agricultural support programs for the indigenous population but instead supported big commercial farmers, industrialists, and urban dwellers, working and middle classes, thereby further entrenching inequalities in non-material capabilities. An integral component of this economic development model was its negative attitude toward support for communal peasant agriculture, arguably a legacy of the entrenched attitudinal predisposition that saw indigenous people and communal

agriculture as incompatible with economic growth and prosperity. A rise in rural unrest in the late 1960s/1970s demanding land redistribution and other improvements resulted in a brief foray into some redistributive measures. The regime, however, quickly abandoned these initiatives in the face of rising business and middle class opposition.

The third episode of immiserizing growth involves the discovery of vast petroleum reserves in southern Mexico. The state petroleum company discovered or expanded large oil fields in the states of Tabasco, Campeche, and in northern Chiapas. State-led petroleum-based expansion saw real per capita growth rates averaging 5.5 percent per year between 1977 and 1981 (Chart 1) as Mexico became the world's fourth largest exporter of petroleum. This growth, however, did not produce significant improvements for the majority of the indigenous population in whose territory (in particular Chiapas) the discoveries occurred. Indeed, petroleum development arguably created some notable aspects of deterioration in indigenous welfare given the worsening contamination of indigenous lands, the influx of cheap agricultural products, and inflation. In Chiapas, the situation was especially dire as prices for agricultural products declined and unemployment rose as land became unaffordable, creating a regional economic crisis and a jump in poverty. Conditions deteriorated to such an extent that many of Chiapas' peasants fled the countryside (Davis and Eakin 2011).

The petroleum boom signalled a decline in Mexican agriculture. Many indigenous peasants left their plots of land to work in unskilled construction jobs linked to petroleum exploration and development and in the construction of hydro-electricity plants. In addition, the government used the foreign exchange from petroleum export revenues to purchase corn and other agricultural imports. Domestic agricultural production of staples declined. By 1980, the country was importing one quarter of all foodstuffs while the value of food exports declined in

absolute terms between 1979 and 1981 (Esteva 1983, 9). The proportion of the economically active population employed in agriculture dropped from 40 percent to 36 percent between 1975 and 1980 (World Bank 1983, 63). Food production for domestic consumption (the main activity of indigenous farmers) failed to keep pace with population growth.

This process produced increasing inequality among the local indigenous population. A minority of those within that population were able to marshal their increased wage earnings into other commercial enterprise. Meanwhile, the majority among the indigenous population in Chiapas experienced increased hardship as circumstances forced them to give up their land to their better off neighbours who had the resources to increase production (Collier and Quaratiello 1994, 102-105). In 1982, the government briefly introduced a program to re-establish agricultural self-sufficiency. The program, however, accomplished little and probably only benefitted the better off farmers (Gates 1988, 296).

### **Immiserizing Growth under Neoliberalism**

Mexico's economic development prior to the mid-1980s had generally failed to provide benefits and opportunities to the indigenous poor of southern Mexico. Neoliberal reforms would not only continue this scenario, but they would also exacerbate and extend it. While the traditional mechanisms of political control continued to operate, the cultural/ideological dimension strengthened, as neoliberal technocratic reformers sought to eliminate what they regarded as unproductive agricultural producers.

There are two main immiserating sub-periods during the neoliberal era (Chart 1). A brief recovery period between the debt crisis and the 1995-peso crisis involved low growth in per capita income of 1 percent. The post 1996 period of neoliberalism, involved two phases: 1996 to 2001 marked an initial period of substantial per capita growth (an average annual rate of 4

percent on average) in the immediate aftermath of the implementation of NAFTA. A second period of slower growth, from 2001 to 2008, followed. The entire 1996 to 2008 period appears to have been immiserizing for the indigenous farmers of southern Mexico.

While the debt crisis of the early 1980s and the peso crisis of 1995 produced a sharp increase in poverty nation-wide, the consequences were most devastating for the indigenous population given their pre-existing vulnerability.<sup>8</sup> Poverty in the south and southeast of the country, where the indigenous population is concentrated, rose during the early 1990s even as economic growth in the early 1990s produced a decline in poverty elsewhere in the country (Lustig 1998, 205; Chart 1). Furthermore, inequality increased in southern Mexico after 1990 as well, while it stabilized or diminished in the rest of the country (Woden, Lopez-Acevedo, and Siaens 2003, 13).

While the rise in poverty in the south in this period was in part due to the decline in international coffee and cocoa prices, market liberalization reforms aggravated the situation substantially. The objective of policy appeared to be to force the non-competitive farmers of southern Mexico from the market if they could not achieve greater levels of productivity. Hence, southern indigenous farmers, who had gained the least from earlier policies, now lost the minimal state supports of earlier years. In the 1980s and early 1990s, the government removed guaranteed prices and import licenses for most agricultural products (Martínez and Fárber 1994). Government policy first reduced credit from the bank providing funds to the communal landholding sector (BANRURAL); it then eliminated the bank altogether resulting in communal producers losing any access to credit. The government also abolished marketing boards. The privatization of the ejido in 1992, with the aim of stimulating investment and export competitiveness, declared the end of land redistribution and effectively put an end to communal

land holdings.<sup>9</sup> Lustig concludes that the dismantling of state support for farmers during the early 1990s likely left many indigenous communities worse off than before (1998, 209).

The period from 1996-2000, involving the implementation of the North American Free Trade Agreement (NAFTA), reflected the vigorous application of the ideological exclusion of the country's indigenous farmers. For the country's proponents of market liberalization, small and communal farmers and indigenous people were seen as the "the pre modern parts of society and free trade as a way to force them into modernity" (Puyana and Murillo 2011). The period from 1996 to 2000 was one of per capita economic growth averaging four percent per year, of substantial poverty reduction, including substantial poverty reduction in the countryside (Chart 1). However, this period also saw the bottom decile lose its already small share of national income.

Neoliberal policy reforms and the economic opening through NAFTA brought, by far, the greatest harm to the indigenous producers in southern Mexico. The products cultivated by these farmers (corn, beans, coffee) were the hardest hit by the new policy direction. Since southern Mexico had not benefitted from state investment in irrigation and other support programs, as had the north, indigenous producers were unable to withstand the competition brought about by the liberalization measures and were less able to shift to other products (Puyana and Murillo 2011, 18).

Although NAFTA provided for a 15-year phase-in period for the removal of tariffs and import quotas for beans and corn (produced by indigenous farmers), the Mexican government accelerated the liberalization process (Acuña Rodarte 2003, 135). Between 1996 and 1999, the Mexican trade minister authorized a total of 8.3 million tons of corn imports above the tariff free quota established by NAFTA (Appendini 2003, 266). The consequence was a rapid rise in much

cheaper imports between 1996 and 1999 with devastating consequences for southern farmers.<sup>10</sup> Farm employment dropped dramatically as millions of rural jobs were lost and day laborers faced deterioration in pay and worsening working conditions (Fox and Haight 2010, 29; Polaski 2003, 17, 29). Agricultural subsidies, established to compensate farmers for the reduction in state support with economic liberalization, mostly went to the top 10 percent of producers (Scott 2009, 15). By the mid-2000s, it was evident that municipalities with the highest proportions of indigenous people had experienced a deterioration in a number of variables related to human development (child mortality, access to health services, access to running water, drainage) during the market reform period (Puyana and Murillo 2011, 32).

Mexican policymakers may have assumed that with the dismantling of state support for small and communal farming, Mexican peasants would follow market signals and move into the production of more profitable crops.<sup>11</sup> However, there is little evidence that they expected the country's indigenous farmers to become active participants in agricultural growth and development. Like their predecessors, Mexico's political leaders had a preference for big mechanized commercial farming, and saw very little role for the country's indigenous communal farmers in a modern and prosperous Mexico. The government failed to provide these producers with sufficient resources that would have allowed them to move into alternative crops. With the exception of movement into drug production, most peasant farmers addressed their deteriorating economic situation by intensifying production. Without the resources to move into alternative crops or find alternative employment, farmers continued to grow corn (Henriques and Patel, 2004, 4). One study suggests that while older corn farmers continued to produce corn, the decline in farm income forced their unpaid family labor (sons and daughters), to leave in search of new sources of livelihood. Family members leaving farming probably form the bulk of the rural unemployed (Fox

and Haight 2010, 33). According to Puyana and Murillo (2011), from 1994 to 2009, total household income in rural areas declined by 16.2% (21) with the most acute losses in income occurring among the already most impoverished rural households, belonging to the first, second and third deciles, whose incomes fell 46, 31 and 28 percent respectively. The increased deprivation occasioned by market liberalization was instrumental in the rising level of out migration between 1996 and 2007 and the acceleration in remittance payments after 1996.

Since Mexico was under PRI authoritarian rule during the negotiation of NAFTA, the political exclusion of the country's indigenous population was instrumental in shaping the profoundly negative impact that market liberalization had on them. However, the withdrawal of the minimal state support for the indigenous population began in the 1980s with predictable political repercussions. By the early 1980s, the state's withdrawal of support for poor rural farmers had produced a decline in electoral support for the PRI and a rise in electoral absenteeism (López Gámez and Ovallo Vaquera 2001, 109). Support for the official peasant organization, the CNC (National Peasant Confederation) also began to unravel. Faced with the decline of these traditional forms of political control, the regime increased the level of violent repression against independent peasant organizations after 1990. As these peasant organizations became increasingly unable to defend peasant interests, support for the Zapatistas grew—support that would be sufficient to launch an armed uprising by 1994 (Harvey 1998, 197).<sup>12</sup>

A long history of categorical exclusions, built into political institutions, policy, and practice, was instrumental in shaping the particularly negative impact of market liberalization reforms on the poor indigenous farmers of southern Mexico. While most workers, peasants, and the urban poor fared badly during the 1980s and 1990s, the indigenous farmers of southern Mexico lost out the most. The Mexican case illustrates the central role of political exclusion,

including intermittent repression, over a long historical period, in shaping the high level of deprivation experienced by the indigenous population and accounts for their particularly negative experience with market liberalization. However, the lack of cultural and social capital, arising from this long historical experience of political and economic exclusion, has also been instrumental in reinforcing deprivation and immiseration in the 1990s and 2000s. The indigenous population not only lacked the economic resources to achieve higher living standards, but they have also lacked the education, knowledge, and contacts that might have made it possible for them to shape and grasp opportunities.<sup>13</sup> Historically and currently, successful entry into the market and upward mobility in Mexico has required acculturation, involving the adoption of the broader Mexican cultural attributes of language, dress, and higher levels of formal education (Stavenhagen 2013, 30-41). However, while corn farmers lacked the resources to switch to alternative crops, the central place of corn in indigenous culture may also have been a factor in rendering indigenous producers unwilling to make such a switch even had sufficient resources to do so been available. Subject to a distinct experience of socialization, Mexico's indigenous population do not share the vision of modernity so strongly supported by political and economic elites.

Neoliberal reform and economic globalization (in this case as manifested in NAFTA) has had profound regional implications, sharpening the regional divide between a prosperous north and an impoverished south. Northern Mexico, increasingly integrated into the U.S. market, has experienced economic growth and job creation through incorporation into the low technology end of global value chains. Meanwhile, southern Mexico, where the indigenous population is engaged in subsistence farming, has experienced low growth and increased levels of deprivation.

## **Mexico in Comparative Perspective: Understanding immiseration as a Long-Term Exclusionary Process**

This discussion of Mexico has characterized exclusion and immiseration (declines in living standards during periods of national economic growth) as arising from a long-term historical process involving categorical distinctions, stigmatization and political arrangements that serve to entrench exclusion. The early historical categorization and stigmatization of the Mexican indigenous population as unworthy of inclusion in early development efforts contrasts sharply with the South Korean case where the brief nature of Japanese colonial role (35 years) did not afford sufficient opportunity to create distinct categories through miscegenation. The Japanese goal was certainly not a benevolent one: Japanese colonizers sought to eradicate Korean culture through education. However, they did not have sufficient time to achieve this end. Hence, Korean society, at the moment of the departure of the colonial power at the end of the Second World War, was largely homogeneous. Indeed, Japanese colonial domination had allowed for the emergence of only a small, weak, and discredited landed class (given its collaboration with the former colonial power), so that neither ethnic divisions nor vast discrepancies of wealth divided Korean society. With the division of North and South Korea, the South Korean population became even more homogeneous, characterized by a population of poor peasant tenant farmers, given that Korea's industrial base, its working class, and mineral deposits were located in the North.

Land redistribution, which occurred between 1948 and 1952 provided small plots of land to the country's peasantry, creating a large smallholder population accounting for over 70 percent of those involved in agricultural production, (Mason et al. 1980 238), cementing the homogeneity of the country's rural population. While 1950s was a period of political turmoil and

stagnant economic growth, 1961 witnessed the rise to power of a military leader, Park Chun-hee, who would lead a process of rapid economic growth and industrialization with low inequality in which the poorest experienced continual improvements in living standards—that is pro-poor growth. The government achieved this through support for increased rural productivity among small producers. Policies to achieve this end included debt relief, generous credit support, subsidized fertilizer and pesticides, assistance in marketing, storage and transportation facilities, technical advice, access to cheap consumer goods through special stores established for this purpose, and increased access to education (Jacobs 1985, 201; Mason et al. 1980, 223; Ban, Moon and Perkins 1980, 274). Poverty rates showed a steady decline in the rural sector: from 35.8% of rural households in 1965, to 27.7% in 1970, to 11.7% in 1976 (Kwon 1993). With an overall illiteracy rate of 78% in 1945, rural illiteracy declined to 10% by 1970, an illiteracy rate even slightly better than the urban rate (Teichman 2012, 187).

In contrast with the Mexican case, there is no evidence that Korea's postcolonial rulers held negative attitudes toward the peasantry. Neither General Park nor his close cohorts ever saw the peasantry as a backward, ignorant class, antithetical to modernization and national development. In fact, one of the hopes behind Park's support of the peasantry (admittedly, not entirely realized) was that the peasantry would be an integral part of Korean modernization and that there would be a substantial improvement in their productivity. Indeed, General Park and his cabinet's peasant origins linked the regime closely to rural welfare (Mason et al. 1980, 461).

On the threshold of the Park modernization drive, the high degree of equality among rural farmers meant that the policies of benefit to the rural areas (agricultural supports, education, etc.) would produce similarly equal benefits among the population. Hence, Korea's drive to increase agricultural productivity did not produce a notable rise in inequality in the countryside nor

between the countryside and urban areas. Furthermore, Korea's emerging urban middle classes, unlike the case of Mexico where urban middle classes were mestizo rather than indigenous, arose from, and identified closely with, the country's small farmers. Hence, the South Korea's urban middle classes strongly supported the state's support for improvements for the rural poor even through the 1990s and into the 2000s (Teichman 2015). In short, in the absence of a historical legacy of categorization and stigmatization, urban Koreans were supportive of measures to ensure the welfare rural dwellers.

It might be argued that land redistribution was the most important feature in mitigating the possibility of future exclusion and immiserizing growth in South Korea. Had land redistribution not occurred, it is arguable that economic growth would have excluded the country's poor tenant farmers. While the absence of land redistribution would surely have meant much slower improvements in rural social welfare and could well have resulted in greater poverty in rural areas than in urban, it is unlikely that immiserizing growth of the kind that occurred in Mexico would have transpired. Recall that the key factors in the Mexican case involved an exclusionary ethno/cultural elite ideology, social categorization, and stigmatization, supported by government policy. Furthermore, it is important to recognize the way in which elite ideology and stigmatization shaped resistance to land redistribution in Mexico and the operation of institutions and policies that reinforced the deprivation faced by indigenous farmers. Land redistribution was resisted in the immediate aftermath of the Revolution. The post-1940 economic strategy that supported commercial export agriculture, secured the dismantling of the redistributive achievements of the country's brief land reform period, 1934-1940 (particularly the ejido favoured by the indigenous population), despite substantial evidence these communal landholdings could be just as productive as privately held ones (Hewitt de Alcántara 1976, 210).

The case of Indonesia further illustrates the central role of categorical distinctions in immiseration. Indonesia did not have land redistribution and, like Mexico, was faced with rural poverty in the early 1960s. In fact, Indonesia's poverty was considerably more widespread than was Mexico's at the time (Teichman 2016, 79). Given that the form of political control exercised by the regime over the peasantry was not unlike the Mexican case, involving as it did a form of differential incorporation that involved considerably more top-down control of the peasant sector than of other social groups, one would have expected policies that precluded benefits to this group.

However, under the authoritarian and repressive regime of Suharto, the regime pursued a pro poor economic growth strategy that not only dramatically reduced poverty among the rice farmers of rural Java but also succeeded in making the country self-sufficient in that essential commodity. The Suharto years witnessed pro-poor growth as the wealth obtained from the petroleum boom years was funnelled into increased rural productivity and improved living standards for the rural poor of Java. Although there were brief increases in inequality, economic growth under Suharto, never created a situation in which the rural poor became worse off. The incomes of the bottom quintile, who lived below the poverty line, grew at the same rate or faster, than the incomes of other groups (Timmer 2007, 29, 32).

Importantly, the rural poor of Java (the Javanese account for about 45 percent of the population) did not constitute a distinct cultural/social category as did the indigenous peasants of southern Mexico. They shared the same ethnic identity as the country's political leadership. Indeed, some observers have argued that Suharto was concerned with improving rural welfare not just because he saw this as a means to mitigate agrarian radicalism, but also due to his origins in rural Java (Rock 2003, 18; Timmer 2007, 51). This improvement in Javanese rural welfare

occurred despite the fact that the country was plagued by severe ideological and class divisions. Indeed, the establishment of the New Order under Suharto has been described as a “middle class counterrevolution” against the rural poor and the Indonesian Communist Party (PKI), arising from middle class fear of an assault on its privileges by the PKI. However, the Javanese middle class was not culturally or ethnically distinct from the island’s poor rural farmers. Indeed, at least some sectors of the middle classes, particularly the lower middle class, manifested values common to the lower classes: those of community, solidarity and sharing, and lower middle class student leaders engaged in oppositional protests in alliance with peasants and other disadvantaged groups (Dick 1990, 68; Robinson 1995, 14).

However, there are ethnic/cultural groups distinct from the Javanese ruling political elite: the people occupying the outlying islands, who are darker skinned and distinct linguistically (Cribb 1999, 3). National figures do not show whether these groups experienced immiseration (an actual deterioration of their living standards) during the period of economic growth and poverty reduction on rural Java, given that the vast majority of the country’s poor are found on the island of Java. However, above average poverty rates are present in several of the outlying islands, particularly in the provinces of Papua and Maluku (Miranti et al. 2013, 23).<sup>14</sup> Importantly, high poverty rates also coincide with other regional disparities in the areas of health, education and infrastructure (Miranti et al. 2013, 24, 37, 48).

Politics was the predominant factor in this deprivation. The extreme centralization of power during the Suharto years combined with a general lack of concern for improving the welfare of inhabitants in the outlying islands, meant that wealth was extracted from the resource rich outer islands. Rising opposition to this practice was met with fierce repression from the

government. Further, neither the advent of democracy after 1996 nor decentralization, signalled much improvement in the multiple deprivations experienced by people in the outlying islands.

As in the case of Mexico, past events were instrumental in entrenching categorical distinctions. Indonesia's distinct cultural identities/categories were established and entrenched under Dutch colonial rule. While colonial rule was important in the establishment of categorical distinctions<sup>15</sup> it was the Dutch use of a decentralized system of governance that strengthened local identities by ruling through local customs and laws. Legal status and practices were presumed to be co-terminus with cultural identity and over time this practice strengthened distinct ethnic group identities (Jones 2013, 252). The pre-existing cultural and linguistic differences between Java and the outlying islands strengthened after independence. Hence, the anti-colonial movements on the outlying islands were in competition or even in conflict with the Javanese nationalist movement whose pretensions of a hegemonic Javaneese cultural identity for the entire archipelago were deeply resented.<sup>16</sup>

The Guided Democracy of Sukarno's rule (1957-1966) excluded members of the country's ethnically-distinct elite from national decision making (Liddle 1970: 222). While the New Order under Suharto (1967-1998) sought to suppress public discourse on ethnicity and religion – essentially any form of horizontal identity that was not the official nationalism of Indonesia--ethnically distinct peoples became victims of land dispossessions, evictions, and marginalisation. Resettlement during the Suharto years, known as transmigration, is believed to have been the largest resettlement project in the world, relocating at least two million Javanese from their over populated island of Java to the outer islands. The process, which claimed to be an exercise in enhancing 'national unity,' improving government capacity, and providing local support for military units, exacerbated the deprivation of the indigenous population and stoked

ethnic tensions due to fears of “Javanisation” (Elmhirst 1999). This process often involved the eviction of communities from their homes and the displacement of local populations far away from their customary-owned resources and means of livelihood. Meanwhile, their resource-rich territories were often handed over to well-connected business entrepreneurs or multinational corporations to exploit (Down to Earth 2013). Repression was a key ingredient in the centralized plunder of resource rich outer islands (Brown, 2005).<sup>17</sup>

Comparing the Chilean case with the Mexican one, offers two relevant insights. One is the role of the early establishment and path dependent reinforcement of ethno/cultural categorization in the exclusion and (likely immiseration) of the indigenous population. The other insight is the fact that social class categorization (as distinct from ethno/cultural categorization) can also result in exclusion from the benefits of economic growth. Whether this form of categorization also produced immiseration is unclear from the information available.

Chile’s indigenous population today constitute about 8 percent of the total population (self-identification) and in contrast with the Mexican case, most (74%) live in urban areas (International Work Group for Indigenous Affairs). In 2013, the income poverty rate among Chilean indigenous people was almost double that of the non-indigenous population (23.4 percent against 13.5 percent) (United Nations Human Rights 2015) and in 2013, 31.2 percent of the Chilean indigenous population, but only 19.3 percent of the non-indigenous population lived in multi-dimensional poverty (International Work Group for Indigenous Affairs). As in the Mexican case, the indigenous population suffers from stigmatization, seen by the wider population as “lazy and drunk” and as an obstacle to economic progress (Merino and Quilagueo 2003).

The subjugation of Chile's indigenous population, not accomplished until the late nineteenth century, resulted in the gradual loss of indigenous territories and resources. Government policies and institutions, which refused to recognize the separate identities of indigenous cultures and languages (Indigenous News.org.), produced an accelerated process of assimilation. Throughout most of the twentieth century, the Mapuche, Chile's largest indigenous group, lost much of its land and experienced increasing impoverishment (Carter 2010, 63). It was not until the election of President Salvador Allende (1970), when the government passed a law recognizing the distinctive culture and history of the Mapuche people and began the restoration of communal lands, that the poor indigenous population began to make some gains (Carter 2010, 64).

With the remaining small indigenous population pushed to the frontier and subject to assimilationist pressures, over time the Chilean population became remarkably homogeneous by Latin America standards, composed, by the mid-twentieth century, of a mass of mestizo (mixed blood) peasants and urban working and middle classes. A criollo (Spanish descendant, Chilean-born) elite of landowners held economic and political control. Nevertheless, social categorization and exclusion of the rural mestizo (mixed blood) population from the economic benefits of modernization was an important and ongoing feature of twentieth century development.<sup>18</sup> Chile's big landowners saw the rural poor mixed blood population as mentally backward. Indeed, the landholding system, which bound the peasant to the landlord by allowing access to a subsistence plot in exchange for labor, responded to the belief that the country's mestizo laborers were not sufficiently motivated by wages to make themselves available for the crucial harvest time (Bauer 1975, 142).

The political control exercised by big landowners was instrumental in this outcome. While the political system appeared to be a pluralist electoral democracy, from the late nineteenth to mid-twentieth century, political control was exercised by the country's big landowners, initially through their control of the main political parties, which secured dominance of the political system through their purchase of peasant votes alongside various intimidation tactics (Scully 1992, 105; Loveman 1988, 93; Remmer 1984, 219). Even the rise of left political parties failed to usher in improvements for the rural poor because the landlord supported parties were able to secure a deal with the urban-based centre/left parties that blocked the formation of rural unions and sanctioned repression of any form of mobilization (Drake 1978, 36).

While substantial social improvements occurred in urban centers throughout the nineteenth and into the first three-quarters of the twentieth century, all poor rural dwellers (the country's small indigenous population most certainly more so than the rural mestizo population), were largely excluded from these improvements. By 1970, the level of poverty in rural areas was twice that found in urban areas. Given the neglect of spending on education in the rural areas, rural illiteracy stood at 26 percent in 1970 versus 11 percent in urban areas (Wilkie 1999, 214). The expansion of public education occurred largely in the urban areas with the consequence that the vast majority of people in the Chilean countryside could not obtain even a minimum of education (Loveman 1988, 139).

It was not until the mid-1960s that the government initiated policies to improve rural welfare through a mild land redistribution program. While much more substantial land redistribution and support for rural dwellers occurred during the Allende years, these gains were reversed with the 1973 military coup, as explained further below. While economic growth resumed in the second half of the 1980s and poverty declined dramatically, rural dwellers (in

general) tended to benefit the least—although there is no evidence that their living standards at any point actually declined.<sup>19</sup>

The military dictatorship coincided with a sharp rise in inequality and a sharp deterioration in living standards for the majority of the population.<sup>20</sup> Rural dwellers, particularly those who had benefitted from land redistribution, were the most adversely affected. Land taken over to form agricultural co-ops was sold to commercial agricultural interests. However, once again, the indigenous population saw their social conditions deteriorate the most as the military regime privatized indigenous land, cracking down on social movements, including those representing indigenous people and the Mapuche in particular.

Meanwhile, social reforms carried out by the regime, insofar as they adversely impacted those in poor communities (both rural and urban), deepened exclusion. Probably the most important of these was the reform in the educational system, which produced sharp inequalities in services and in educational outcomes. The educational reform opened the educational system to private education while it dramatically reduced public spending on education. The consequence was that poor neighbourhoods (both urban and rural), which were not attractive locales for the establishment of private schools, saw a dramatic deterioration in the quality of education (Collins and Lear 1995, 98; Oppenheim 1993, 158). It was not long before a substantial gap appeared between the skills of poorer students, which showed a sharp deterioration, and the superior performance of students attending private publically subsidized schools (Taylor 2003, 33; Delannoy 2000, 46; OECD 2009b). The cumulative impact of these policies was to entrench exclusion from opportunity for upward social mobility for children from low-income families. This would have most adversely impacted the indigenous population who were over represented among both the rural and urban poor.

With the exception of the Asian crisis of the late 1990s, from the late 1980s, Chile has achieved steady economic growth. Under democratic rule, since 1990, it would appear that the categorical distinction established early in Chilean history that stigmatized and excluded poor rural dwellers in general was significantly mitigated by social policy once the country returned to electoral democracy. By 2013 extreme poverty in rural areas stood at 2.8 percent, having declined from 15.6 percent in 1990 while urban poverty declined from 9.3 percent to 1.8 percent (ECLAC 2015, Table 4).<sup>21</sup> Moreover, reforms have been made in the educational system in an attempt to provide quality education and greater equality of opportunity for lower socio-economic groups.

However, while the rural poor in general has made significant progress following the democratic transition, the same cannot be said for the indigenous population despite the fact that the new democratic regime officially recognized the specific rights of indigenous people including the right to land and cultural rights. The democratic government also established CONADI, National Corporation for Indigenous Development, to promote indigenous culture and development. A prominent UN human rights expert recently highlighted Chile's failure to address the continuing disproportionate deprivations faced by its indigenous population:

“The Chilean State’s response to the widely acknowledged problems of exclusion, marginalization, and discrimination has been piecemeal and half-hearted”. . . [and] “Efforts to eliminate extreme poverty in Chile cannot succeed without a concerted focus on the situation of indigenous peoples” (United Nations Human Rights 2015).

Addressing indigenous welfare has often conflicted with the regime’s resource development objectives due to the sharp tensions arising between the state and indigenous interests over hydroelectric, forestry development projects, and land rights in southern Chile (Rodriquez and Carruthers 2008). However, as noted above, most indigenous people in Chile now live in urban

areas. The legacy of categorical discriminatory policies reinforced through a long historical process involving state power and policies have most certainly been at work here. An in-depth examination of how these have operated in urban settings, however, would be important to understand exactly how.

### **Conclusion**

The Mexican case illustrates that immiseration and exclusion from the benefits of economic growth involves a long-term path dependent political process. This political process occurred in conjunction with, and is closely intertwined with, an exclusionary ethno/cultural ideology. Politics ensured the predominance and perpetuation of this ideology, an ideology that has seen the excluded category as unworthy of inclusion in whatever modernization program is in effect. The political arrangements by which this exclusion was perpetuated over many decades involved mechanisms of co-optation that accorded selective benefits to co-operative indigenous peasant leaders and more widespread benefits to other social groups, particularly middle classes and working class groups in strategic sectors. However, repression was also exercised against recalcitrant rural movements. Unequal political inclusion confined the country's indigenous population to farming activities that have yielded only the lowest of incomes. A lack of cultural and social capital was ensured through highly unequal access to government services, particularly education. In this way, even in times of economic growth, the possibility of reduction in deprivation through improved employment opportunities was effectively blocked.

From the beginning of modern Mexican history, the country's rulers have defined the indigenous population as an obstacle to development. From the Porfiriato of outward export-led growth, through import substitution industrialization, petroleum export-led growth, to the period of neoliberalism, the country's indigenous population have consistently lost out. However, the

arrival of neoliberal reform and economic globalization in the form of NAFTA, with its vigorous encouragement of state withdrawal, set the stage for an unprecedented level of abandonment of indigenous welfare as even the minimal supports of the earlier era were dismantled. Economic globalization, involving the rapid removal of protection afforded the agricultural products produced by indigenous farmers, deepened the already substantial inequalities between southern Mexico, where most of the indigenous population is located, and northern Mexico, a region that has become tightly integrated with the U.S. economy.

The fundamental importance of early processes of categorization, stigmatization, and political exclusion was also key in Indonesia and Chile. The absence of early categorization and stigmatization in the South Korean case was consistent with a development growth trajectory that was pro poor and equitable. Recall that Indonesia's pro poor growth experience under Suharto incorporated the poor rice farmers of Java with whom the political elite identified, while excluding the distinct ethnic groups on the outlying islands whose resources the central administration coveted and exploited. The Chilean case is similar to the Mexican one insofar as stigmatized indigenous people have been the most excluded from the benefits of economic growth. However, the Chilean case also illustrates how a group with a particular set of socio-economic characteristics (rather than ethno/cultural ones) can also become an excluded category. Recall that large landowner control of the political system ensured the exclusion of rural tenants in Chile from the benefits of economic growth for much of the twentieth century. However, there has been considerably greater progress in mitigating deprivation for the non-indigenous rural poor than for the country's small indigenous population, a reality that suggests that reduction in deprivation among members of distinct ethno/cultural categories presents a much more intractable challenge. This situation reinforces the crucially important role of cultural and social

capital and its political and ideological underpinnings in blocking inclusion from the benefits of growth.

## ENDNOTES

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<sup>1</sup> While Tilly uses South Africa as his illustrative case, he maintains that democracies also operate in ways that maintain exclusion or “durable inequality.” Democratic arrangements may produce only modest distribution of resources towards the less privileged.

<sup>2</sup> Cultural capital involves socialization of the child within the home in ways that determine patterns of speech, accent, values, and desire for formal education. Inherited cultural capital could be manifest in one’s last name

<sup>3</sup> If the criteria is all those who consider themselves indigenous, according to the 2010 census, the number of indigenous people is 18 million or 16 percent of the total population (CONEVAL 2012, 14). If a much narrower definition of those speaking an indigenous language is used, the figure is about 7 million (CONEVAL, 36).

<sup>4</sup> Mestizos generally occupied an intermediate level in the social, economic, and political hierarchy, although many were poor urban and rural dwellers. A small white population of around 10% occupied the highest levels of economic and political power and resided in the urban centers

<sup>5</sup> However, categorization (between indigenous and mestizos) was probably determined more by language, dress, and social organization than by skin tone. An Indian, able to speak Spanish, and who dressed like a mestizo, could probably pass as one.

<sup>6</sup> Nevertheless, by 1970, the country had achieved self-sufficiency in food as exports of agricultural products (sugar, cotton, henequen, coffee, and cotton) increased (Hansen 1980, 45). Big commercial export agriculture played an important role in promoting industrial growth in this period since the growth in commercial export agriculture provided the foreign exchange to import inputs that helped industry to expand.

<sup>7</sup> For a fuller discussion of the reasons for the decline of the CNC, see Harvey 1990.

<sup>8</sup> In that year, real GDP per capita declined by 8 percent, the biggest decline since 1932 and poverty shot up (González Gómez 1998, 52).

<sup>9</sup> Communal farmers acquired the legal right to hold title to land and therefore the right to sell or rent the land, and to form joint ventures with private agribusinesses. It therefore became possible for owners to use their land as collateral in order to borrow from private banks. The new law, in combination with the increasing hardship faced by farmers (explained above), was instrumental in convincing the mass of poor indigenous peasantry, long hopeful that the state would fulfill the peasant aspirations of the Mexican revolution, that the state had abandoned them.

<sup>10</sup> With much higher levels of productivity and subsidies amounting to almost 13 billion dollars (U.S.) (MacDonald 2005: 210), the U.S. farmers produce corn at roughly 40 percent of the cost of corn produced in Mexico (Acuña Rodarte 2003: 135).

<sup>11</sup> They also assumed that market liberalization would stimulate investment and employment growth in the urban setting.

<sup>12</sup> When the Zapatista rebellion burst forth in January 1994, its declaration reflected the profound disillusionment among the country’s indigenous peasantry and their failure to have their interests included in the neoliberal model. The Zapatistas demanded a “radical transformation of the national pact” that would include regional/local political autonomy for indigenous communities (EZLN 1995). They also declared resistance to all aspects of the country’s neoliberal development model (EZLN 2005).

<sup>13</sup> The fair trade small coffee producers of southern Mexico might be considered an exception. However, they have been helped considerably by international organizations.

<sup>14</sup> In 2010, with the national poverty rate at 13.3%, the provinces of Papua and Maluku had poverty rates of 23.3 percent to 36.4 percent. (Miranti et al. 2013, 23).

<sup>15</sup> The racial categories established by the Dutch, involved three main groups, which included (in descending order of hierarchy) the Europeans, those of partial European ancestry and “Foreign Orientals” (including the Chinese, Arabs and Indians) and the third class, all those native to the islands. While native identities were not given detailed hierarchical categorization,

<sup>16</sup> The period of the struggle for independence from the Dutch involved ‘internal’ rebellions in regions unwilling to accept the formation and proposed character of the Republic of Indonesia (Reid 1974).

<sup>17</sup> Sulawesi and Sumatra were both resource rich exporting zones, aggrieved at perceived neglect or exploitation by Jakarta. In the province of Papua, rich in mineral wealth, the Free Papua Movement fought for independence from 1969. Under pressure, to allocate a greater share of the province's natural resource wealth locally, a new law in 2001 provided that 70 percent of oil and gas royalties and 80 percent of forestry and fisheries royalties would go to the province. Nevertheless, regional unrest continued and the Papua Assembly rejected Special Autonomy in 2010 because of the belief that corrupt practices had resulted in the transfer of funds intended for health, education, and job creation to outsiders (Vaughan 2011, 18).

<sup>18</sup> This process was likely also present in Mexico although it was less obvious given the larger size of the rural indigenous population.

<sup>19</sup> Rural employment, largely offering temporary jobs to poor rural women, tended to be low paying precarious employment in the non-traditional food sector (especially fruit and vegetables).

<sup>20</sup> Economic growth rates averaged 4.0% for the 1973-1989 period, and 3.1% for the period 1980-90 (Caputo and Saravia 2014, 21).

<sup>21</sup> However, Lagos also introduced a new program targeted to the extremely poor (Chile Solidario), which provided cash payments to the female heads of households in exchange for a variety of conditions geared to integrate the extremely poor into Chilean society, an important innovation in addressing the absolute exclusion of the country's poorest families from social programs and services. Even with the return to civilian rule, these women workers in food processing lacked recourse to improve their employment conditions given the fact that labor law outlawed collective bargaining and prohibited strikes by temporary workers (Berg 2004).

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