

Sustaining Rural Economy and Alleviating Poverty: A Critical Approach to Emerging Rural Development Perspectives and Policies

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Background: The 1990s witnessed an accelerated and extensive transformation in the agricultural structures all over the world (Araghi 2009; Friedmann 2005; McMichael 2006: 476). Three-four centuries after the transition to agricultural capitalism, 150 years since the entry of agricultural products in the global flows of trade and finance, and a decade after the first steps of the transition to neoliberalism (Berstein 2009: 20), as monetarism and the neoclassical economics established their dominance in policy-making, previous agricultural policies were abandoned all together. The impact of these policy changes has largely been on peasants and small producers. Samir Amin (2009) defined this transformation as “the dispossession of the peasantry”. Eric Hobsbawm (1994: 289) claimed that “the death of peasantry” is the “most dramatic and far-reaching social change” of the end of the twentieth century “and the one which cuts off forever from the world of the past”. Meanwhile, agronomists and geologists (Vitousek et al. 1986; Ehlick 1988, Tillman et al. 1996) had been calling attention to the explosion of incidents of acid rain, famines and other man-made environmental disasters such as the loss of biodiversity as a consequence of changing agricultural structures. In the face of this rather alarming situation, new rural development thinking and practices started to attract widespread interest.

The impact of changing rural structures on households and the environment became a serious issue to the extent that it posed a developmental challenge. The term “sustainability” entered the language of development studies following the publication of Brundtland report in 1987 (WCED 1987). The framework used in that report defining deterioration of human environment and natural resources as a developmental challenge later became a central policy concern at the UN Conference on Environment and Development in Rio in 1992 (Peet and Watts 1996: 3). This conference placed special emphases on the priorities of local people concerning their livelihood as well as global concerns with environmental issues such as climate change, biodiversity and desertification. Two elements of sustainable development were identified: 1) satisfying the needs of present generation through the just uses of resources; 2) while the needs of future generations should not be compromised through degradation of any resources. Bringing the “human factor” and “*our common future*” into account in development studies gave light to other perspectives such as Political Ecology perspective. The protagonists of this perspective employed the concept of sustainability to invoke the possibility of potential alternatives as well as exposing the limitations of market-led development for the livelihood of the rural population (Blaikie and Brookfield 1987, Robbins 2003, Forsyth 2003, Schubert 2005).

Despite these critical efforts, there have been attempts to realign and redefine the concept of sustainability in such a way that it confirms rather than challenges the logic of the market. These market-friendly perspectives define the main obstacle to rural development as the absolute poverty of rural populations and the mode of life that is shaped within these poor conditions. While rural poverty and inequality have been the inevitable end results of the abandonment of the pre-1980s agricultural policies and state subsidies (Cornia, Jolly and Steward 1987), solutions to these problems were searched for elsewhere. In this framework, agricultural policies are no longer considered to be the backbone of rural development. There are two identifiable positions in the market-friendly rural development perspective. The first strand which largely abides by the spirit of the Washington Consensus claims that market processes and particularly long-term economic growth would reduce rural poverty and inequality (Dollar and Kraay 2004). Improving the living conditions and prosperity of local population could be achieved by insertion of regional economies into the international market to benefit from free trade. Concerning rural development, a special emphasis is put

particularly on the new roles and potentials of rural areas to increase competitiveness of the national/local economies (Winters 2002). New economic activities should be supported so that rural economy and rural population can benefit from increased integration. The second position in the market-friendly rural development paradigm, which is in line with the Post-Washington Consensus, focuses on institutional solutions to rural poverty (World Bank 1998, 2008). From this perspective, new forms of –but still market friendly- state interventions would be crafted in accordance with specific policies developed to alleviate absolute poverty (Bigsten and Levin, 2004; Harriss et al. 1995). These policies would aim to make growth more inclusive for larger sections of society (cf. Saad-Filho 2010). The current research agenda of these scholars is shaped around two questions/policy objectives: how rural economies should be integrated into the world economy with differing modes; how rural populations would deal with the challenges of agricultural decline along with decreasing income.

As these two stands of the market-friendly rural development paradigm have been equally influential in informing policy making, a bundle of rural development policies has been implemented. Although there are certain variations in the choice of policy tools in each country case, diversity has become a common keyword in rural development policies in every country. Rural households are faced with various means of gaining a living. In other words, only a combination of resources used and activities undertaken would be sufficient in order to sustain a rural household.

Objectives: This research project seeks to advance our understanding of the rural development perspectives and policies. First, it will provide a critical evaluation of the emerging rural development thinking. Second, it will offer a framework for examining the effectiveness of the rural development policies informed by these perspectives. Although the concept of rural sustainability initially emerged with an emphasis on needs and livelihoods of local populations, there has subsequently been a shift of emphasis which prioritized the needs of the world economy by combining it with the characteristics of the local economy. This market friendly rural development perspective claims to satisfy the two objectives of a) sustaining the rural economy by integrating it into the world market with differing modes, b) alleviating rural poverty. This research begins with an observation-based-intuition that in case of a conflict of interest between the needs of rural populations and the requirement of sustaining the rural economy and its integration into world markets, the latter appears to be privileged over the former in policy-making processes at the global as well as the national levels.

The main concern of this study will be to provide a critical approach to contemporary rural development paradigms. There are two propositions that this research project aims to test:

- 1) Emerging rural development perspectives privilege market integration over rural household well-being.
- 2) Sustainable rural development policies informed by the dominant development paradigm expand the domain of market exchanges while undermining social networks. Expansion of market exchanges are not satisfactorily benefiting local population thus leaving most families worse off.

Methodology: This project will elaborate its propositions on the basis of a field research in rural Chiapas on rural development policies conducted in 2011 and 2012. It is anticipated that this study will be deepened by forthcoming fieldwork in 2014. Chiapas is one of the poorest and the most backward rural economies in Mexico. Two-thirds of the population of Chiapas live in rural areas. For these reasons, rural development policies have been extensively implemented in this area since their inception. Therefore, Chiapas presents a suitable case to evaluate the short term and medium term - the unintended as well as intended, and the indirect as well as direct-, impact of these policies on

well-being of rural households. In 2011, fifteen in-depth and open-ended interviews were conducted with leaders of major peasant and small producers' organizations on the impact of rural development policies on households in Chiapas. In 2012, focus-group interviews were conducted with 56 rural households from three municipalities of Chiapas. These municipalities were chosen from those in which the rural development policies were widely implemented during the 2000s. During summer of 2014, similar focus group interviews with around 100 more families will be undertaken in other major municipalities of Chiapas.

As the market-friendly rural development perspective influenced the political agenda in Mexico, various policy tools have been crafted to sustain the rural economy while implementing poverty alleviation policies. In this context, the project will explore the key components of current policies and strategies implemented under the rubric of sustainable rural development. It will then evaluate the effectiveness of these policies through a detailed analysis of mechanisms such as conditional cash transfers, micro-crediting, commercialisation of agriculture and a rural reconstruction project called Sustainable Rural Cities. These policies are chosen as they have been implemented in Chiapas as the major rural development policies. A critical analysis of both means and objectives of these policies will problematize the incoherence of policy proposals of the dominant rural development perspective.

The project will be developed in four parts. In the first part, the paradigms of rural development will be identified and evaluated critically in terms of their declared objectives. The second part will lay out the policy mechanisms and examine whether there is any incongruence between the objectives and suggested policies. The third part will offer a critical analysis of the rural setting of Chiapas, focusing on the factors in the process of rural impoverishment and explain policy change that has taken place towards rural development policies in Chiapas. The fourth part will be informed by a field research on the everyday experiences of poorer people in rural Chiapas. This part will lay out the discrepancy between promises of the state authorities in implementing each rural development policy and actual resulting conditions in rural Chiapas. This part will also evaluate the coping strategies and livelihood adaptations of rural families in Chiapas.

Before dwelling on the analysis of the rural development policies, the research will first focus on the process of impoverishment. Prior social relations, ways of life and attachment to the land will be revealed through an historical analysis in rural Chiapas. The focus group interviews were already conducted with 56 peasant families. It is planned that 100 more families in Chiapas will be interviewed. These families will compare their sources of income with their parents' sources of income and comment on the intergenerational changes in their mode of living. Existing secondary literature on rural Chiapas will also be helpful in understanding the intergenerational changes of the agricultural structures in the region. This endeavor will also include a mapping the rural households according to their sources of income which will be used to judge to what extent the rural development policies are benefiting the households under each typology.

Conditional cash transfers, micro-crediting, commercialization of agriculture and rural reconstruction projects have been the major policy options that the state of Chiapas has implemented through the 2000s with the objective of alleviating rural poverty and sustaining rural economy. The research will attempt to examine the declared objectives of each policy. Conditional cash transfers aimed to alleviate the poverty of today while breaking the cycle of poverty for tomorrow by empowering women, increasing school enrollment of children, and improving health conditions of the younger generations. It is believed that once families are relieved of the poverty trap; the accumulated social capital or productive capacity of the families would easily be transformed into money capital by engaging in diverse economic activities. Micro-credit policies themselves emphasize the diversity of ways that people earn a living in rural areas. This strategy is indeed cutting across the boundaries of more

conventional approaches to looking at rural development which focus on defined activities such as agriculture and wage labor. Furthermore, micro credit mechanisms are deemed vital aspect of rural development as market mechanisms dominate the rule of resource allocation. Along the same line, it is also claimed that micro-crediting is an efficient incentive mechanism to alleviate rural poverty. It is expected that once the entrepreneurial capacities of families are increased, they would venture to change their traditional form of attachment to the land. Agricultural commercialization which is expected to pave the way for agro-industrialization has been presented as a cornerstone for rural economic development. Commercialization of agricultural systems makes farm production more market oriented, substituting the production of non-tradables. Lastly, sustainable rural city projects were presented as a strategy for taking action against climate change and alleviating poverty caused by dispersion. It is also suggested that by bringing together dispersed communities newly constructed population centers would increase the competitiveness of the region to attract more direct foreign investment in agro-industry as well as manufacturing operations.

These rural development policies should be evaluated through the lenses of local communities. To what extent do such policies entail destruction of prior social relations, ways of life, attachment to the land, habits of the heart and ways of thought (cf. Harvey 2011: 23)? In order to examine the transformation of the mode of rural life, this research will develop an analytical framework of analysis that will refine its focus as the transformation of different domains of well-being and wealth production of rural households. The wealth and well-being of a rural household can be pictured as a totality of three domains: Social networks, market relations and state transfers. Rural households may receive material benefits and various supports through kinship, community, and any reciprocal support systems. Subsistence farming and remittances will also be located within this category as they inevitably rely on familial and communal reciprocal support system. Market-based resources also contribute to wealth of rural families through sale of their agricultural and handicraft products. Thirdly, direct state services supply material benefits and supports to rural families.

The analysis of rural setting in Chiapas will map out the livelihoods of rural families as combination of these three domains of production of wealth and well-being. Evaluating these rural development policies will entail an analysis of how each policy affects the mode of life in Chiapas, and alter the relative significance of different domains in the overall composition. This analysis will also examine new forms of state interventions in rural areas that have direct implication for market relations and social networks. More specifically, the analyses will problematize whether state policies expand the domain of market relations while jeopardizing the very foundation of rural social networks. This framework will attempt to reveal the transformation of the mode of rural life as the output of the major rural development policies. To the extent that this transformation is destructive of prior social relations, ways of life, attachment to the land without creating more favorable ones –from the viewpoints of the local communities–, these rural development policies are to be scrutinized to decide whether they are privileging the requirements of sustaining rural economy and its integration into world economy over the needs of the rural population.