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**The State and Henequen
Production in Yucatán,
1955–1980**

Roberto Escalante

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Preface

When Roberto Escalante* chose to undertake research among henequen producers in Yucatán, he was already aware that the Mexican state would be difficult to research, perhaps even more difficult than simple commodity production. Debate among Mexican social scientists interested in 'the agrarian question' was often as heated and polemical as it was thin empirically. Interpretation of the Mexican *campesino's* demise was not simply a matter for research: it was already a deeply ideological issue, which divided academic departments and fuelled personal and professional rivalries. On the one side stood the Neo-Populists (*campesinistas*) such as Gustavo Esteva and Arturo Warman, and on the other side 'unrepentant' Marxists like Louisa Paré and Roger Bartra. The 'truth' might lie with both parties, with neither party or somewhere in between, but the way the argument was conducted rarely led one to believe this. Escalante chose to look at henequen producers in Yucatán partly because his family's roots were there, but also because he became intrigued with the confusions surrounding the empirical evidence for and against rural proletarianisation.

The Mexican state was every bit as problematic an area. Invoking the Mexican state had become common in contemporary social science, but not much research was conducted into the state itself. The state was often a flexible category which could be expanded or contracted to suit convenience. The interstices of the state, the real (rather than imagined) effects of state patronage; these important concerns were frequently ignored, just as the rhetorical use to which the 'state' could be put proved almost limitless.

Escalante's thesis argues that the divisions *within* the body of the state are as important, in many ways, as the role of the state in monolithic form. He also suggests that the Mexican state's involvement in the country's economic periphery was prompted, in the case of Yucatán, not so much by the desire to appropriate and realise a surplus, as by the need to placate opposition and ensure political conformity. From the standpoint of henequen 'peasant' households the state did not appear monolithic or (except rarely and untypically) coercive. The state provided the means to ensure survival, through systems of agricultural credit, and facilitated the social reproduction of the household. Familiar categories within the discussion of Latin America agrarian formations, notably the connections between household production and collective agriculture, can thus be seen as specific accommodation to potentially conflicting structures.

For its part the Mexican state in Yucatán was led into more 'dependent' relations with *campesino* groups, in which one can question which party was more dependent: the state or the peasantry. As Escalante puts it:

Instead of scrapping marginally inefficient areas of henequen cultivation and concentrating on more productive areas, improving agricultural techniques, and above all, letting *ejidatarios* face market conditions by themselves, a protective curtain of public investment was built up.

This paper helps to explain how this situation came about.

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The State and Henequen Production in Yucatán, 1955–1980

Introduction

For more than a century the henequen industry has been the main economic activity of the South-Eastern State of Yucatán in Mexico. Its economic history throughout its development has been largely determined by two factors: first the alternation of economic booms and crises as a result of its perennial dependence on uncontrolled external markets, and second, the role played by capital (private and public).

Recurrent economic crisis has always characterised the history of the henequen industry. After the Revolution in 1910, and suppression of the movement for independence financed by Yucatecan *hacendados*, the Mexican state initiated a process of penetration and control of the henequen industry. Since the 1920s different approaches have been experimented with, from state ownership to indirect control via financial provision to producers, from the control of the agricultural side of the activity to control of the industrial process.

The main aim of this paper is to analyse the characteristics of state intervention in the henequen industry and the economic strategies that the different types of henequen growers (eg., *ejidatarios*, *parcelarios*, etc.) have developed as a response to such intervention. From the beginning of the 1960s, the henequen industry began a steady process of economic decline provoked by the introduction of synthetic substitutes in the hard-fibre mar-

ket, and by the increasing inefficiency of henequen growers in the production of fibre. By looking at the effects that state intervention has had upon the henequen growers which it financed, it is demonstrated that the capital inflows provided by the State to the non-economically viable henequen industry have become a means of maintaining and reproducing the household economy.

The relationship between the Federal Government and Yucatán's henequen industry in the period 1955-1980 was characterised by the combination of the following empirical trends:

- a) a steady decline in henequen output and productivity;
- b) a sharp downward trend in export-prices for henequen raw-fibre and its manufactured by-products (ie., harvest-twine, baler twine, cables, ropes, sacks, etc.);
- c) increased state involvement in the agricultural sector of the industry (i) via the so-called Vertical Concentration of Producers, and (ii) by Federal Government take-over of the industrial sector of the industry through nationalisation of the private Yucatecan cordage industry;
- d) the replacement of economic criteria by political considerations in so far as the participation of Federal Government agencies (ie., the Bank, and Cordemex) in the henequen industry was concerned;¹
- e) the founding of Cordemex in 1964. From that year the control of the Federal Government over the henequen industry was complete. To the control exercised by the Bank in the agricultural sphere was added Cordemex's control of the industrial side.

Among those scholars (Menéndez, 1981; Rubio and Villanueva, 1979; Brannon, 1980) who have analysed the case of the henequen industry, and its relationship with the Federal government in the period 1960-1980, the prevailing view is that the latter has in practice proletarianised henequen *ejidatarios*. As Brannon puts it, "*ejidatarios* have come to consider themselves employees of the Federal Government and consider their credit advances as wages to which they are entitled".²

The arguments suggesting the proletarianisation process among the henequen peasantry vary. Menéndez (1981), for example, through his theory of "double dependency" argues that, apart from dependency on the external market, to which the henequen activity has been linked ever since its initial development in the second half of the last century, there has also developed an internal dependency on the Mexican Federal Government after Cárdenas's agrarian reform in 1937.

On the one hand, external dependency produces the effect of transferring surplus value from internal producers to foreign buyers, since unequal exchange via prices is established in favour of the latter. The proletarianisation of the peasantry is enforced by external dependency through the constant de-capitalisation of producers by the unequal exchange mechanism already referred to.

On the other hand the second kind of dependency, internal dependency, has been created by the Federal Government's take-over of what Menéndez calls "the most dynamic economic activity in Yucatán" (i.e., the henequen industry). Through its agencies, according to the author, the government has brought about the proletarianisation of peasants via the provision of credit.

The two kinds of dependency seem somehow to become confused when Menéndez argues that due to the fact that export-revenues are not enough to cover internal costs, proletarians controlled by the Federal Government have to be subsidised. In Menéndez's view, the proletarianised peasants cannot produce surplus value for their employer, but rather have to be assisted, with surplus value produced from somewhere else.

A similar view is held by Rubio and Villanueva. However, unlike Menéndez, they do not pay attention to external factors. Rubio and Villanueva put more emphasis on internal factors (i.e., the provision of credit) as the source of the proletarianisation of henequen peasants. The State's agencies (especially the Bank) according to the authors, are entrepreneurs which not only control the production process, but also do not pay their employees (i.e. henequen growers) the total value of their output. The extraction of surplus value is then assumed to exist. Paradoxically enough, as I shall discuss in detail below, from 1955 to 1980 increasing subsidies have been paid by the State's agencies in the henequen industry to *ejido* growers.

Although of neoclassical persuasion, Brannon has also put forward the view that *ejido* henequen growers have become proletarians because of Federal Government intervention in the industry. Unlike Menéndez, and Rubio and Villanueva, his main concern is to demonstrate that because of the political need to maintain stability in Yucatán, political criteria throughout the 1960s and 1970s have prevailed over economic considerations, as far as allocation of resources is concerned. Brannon himself gives a detailed account of the increasing discrepancy between the economic needs of *ejidatarios* (fulfilled by the Federal Government), and those of the henequen industry (i.e., profits, productivity, etc.). The author stresses this as he points out that in pursuit of non-economic objectives in Yucatán the Federal Government either lost, or relinquished, economic control of the *ejidos*.³ If the proletarianisation theory has anything to do with the need of any entrepreneur to have economic control over his labour force, and thereby accumulate capital (surplus value), then it is difficult to maintain Brannon's view, particularly when the situation, as he recognises, points to the contrary.

Although aspects of the author's views mentioned above (e.g., the predominance of political over economic needs) may be useful to explain the relationships between the Federal Government and Yucatán's henequen industry in the period 1960–1980, there are also several major difficulties.

It is necessary to point out three important criticisms. First, the proletarianisation 'theory' of the *ejido* henequen peasantry seems to be inconsistent, at least as it is posed by these authors, since, as they themselves recog-

nise, the so-called proletarians have been increasingly subsidised by their employer (the Bank). As far as Marxist theory of the proletarianisation of labour is concerned, proletarians, if they are to be considered as such in a market economy, should provide a surplus value to their employers rather than receiving one obtained by the employer elsewhere. If, however, the latter is the case, then the proletarianisation theory should have to be at least qualified.

Second, the authors wrongly assume that *ejidatario* henequen growers are a homogeneous social stratum. The social class differentiation created by government intervention is ignored. Although, for example, loan repayments and income differentials, etc., are known to exist amongst *ejidatarios*, they are all assumed to be equal. The characterisation of *ejidatario* peasants as proletarians is wrongly developed by the authors, solely from the perspective of their supposed employer (i.e., the Bank) rather than from the analysis of 'peasants' themselves. The role, if any, of waged labour in peasants' strategy to reproduce themselves is overlooked by the authors.

Third, the authors do not pay attention to the effects that government capital inflows (i.e., investments, subsidies, etc.) have had in economically promoting certain strata of the peasantry. This becomes particularly important if we consider that some strata of *ejidatarios*, using government funds, have either been able to develop non-henequen activities for self-subsistence or consolidate their position as henequen growers as *ejidatarios* and *parcelarios* at the same time, or themselves engage in henequen industrial activities (e.g., as workers in the defibrating mills), while still maintaining their status as *ejidatarios* and/or *parcelarios*.⁴

Contrary to the proletarianisation hypothesis posed by the authors mentioned above, in this paper I shall demonstrate that the constraints imposed upon the Federal Government's actions by economic, political and environmental conditions in the henequen industry during the period 1955–1980 have resulted in the development of the household economy among *ejido* peasants. This household economy, however, does not encompass all henequen growers, and those included adopt different levels of commoditisation relative to the market economy.⁵

In the period analysed here (1955–1980), the State involvement in the henequen industry was guided more by politics than by economics. Investments were made principally to ensure political stability among henequen *ejidatarios* rather than in pursuit of economic progress. Given the fact that the possibilities of State modification of the economic constraints imposed by the henequen monocrop economy in Yucatán were severely restricted, economic efficiency was considered to be less important than political tranquility. Henequen *ejidatarios*, taking advantage of such political and economic conditions, have survived as peasants using government credit to that end.

For analytical convenience, the relevant period of government intervention in the henequen industry is divided into three sub-periods. The first runs from 1955 to 1972, in which the emphasis of Federal Government expenditure focused on the further development of the henequen industry under government control or ownership. The second sub-period runs from 1973 to 1976, in which the State intended to base the economic development of henequen *ejidos* on the *ejidos* themselves. To achieve that end, the transformation of *ejidos* into agro-industrial units of production was attempted. Finally, the third sub-period from 1977 to 1980 analyses the most radical attempt by the Federal Government to break down monocrop cultivation in Yucatán, and most importantly, the control that *ejidatarios* had established over government expenditure in the industry.⁶

I. 1955–72

(a) 1955–63

The dissolution of *Henequeneros de Yucatán* (HedeYu – the collective organisation of henequen producers) in 1955 by the Federal Government meant the reprivatisation of land tenure and the establishment of a different economic policy towards the industry (Escalante, 1986).

The real aims of the Federal Government in dismantling HedeYu are still not clear, and opinions on the issue are also contradictory.⁷ The main explanation, however, is derived from political considerations. Brannon (1980) argues that the presence of former *hacendados* in top executive posts at HedeYu was taken by the Federal Government as a potential threat to the agrarian and social reforms it had carried out in Yucatán. The possible revival of Yucatán's independence from the Government (as in pre-revolutionary times) through HedeYu and *hacendados* control, had to be stopped if the Federal Government was to continue controlling Yucatán and its henequen industry. However, the reasons alleged by the Federal Government for dissolving HedeYu were also of an economic nature. The steady decline in output and in producers' living standards, increasing corruption and mismanagement, and the need for Federal Government subsidies to support HedeYu were to be solved by a different strategy towards the henequen industry. Once HedeYu disappeared, the Bank (i.e., the Ejidal Bank) took control of the provision of credit to henequen growers, and their organisation for the production process. The National Bank for External Trade (BCE) was assigned the task of buying fibre from producers and selling it to overseas buyers.⁸ And the producers' role as entrepreneurs was to be encouraged by returning the control of land to them. Private producers (i.e., former *hacendados* and *parcelarios*) were allowed to have private control of their estates, and *ejidos* were again collectively organised, as in 1937. Moreover, credit societies were organised by the Bank among *ejidatarios* for the provision of credit.

A general recovery in the industry, in the producers' income levels, and in the avoidance of economic losses to the Federal Government was expected to accompany the new approach. Nevertheless, as will be discussed later, the opposite results came about.

During this first sub-period, 1955–1972, the henequen industry's economic performance went through two different stages: recovery and steady decline. The Federal Government's expectations of recovery seemed to be justified from 1956 until 1963. During that period the average rate of growth for output was 2.6 percent per annum, though yields in terms of kilos of raw fibre per hectare declined at an average rate of 1.4 percent per annum (Figure 1). It is difficult to assess which producers (i.e. *ejidatarios* or private producers) were responsible for this improvement.

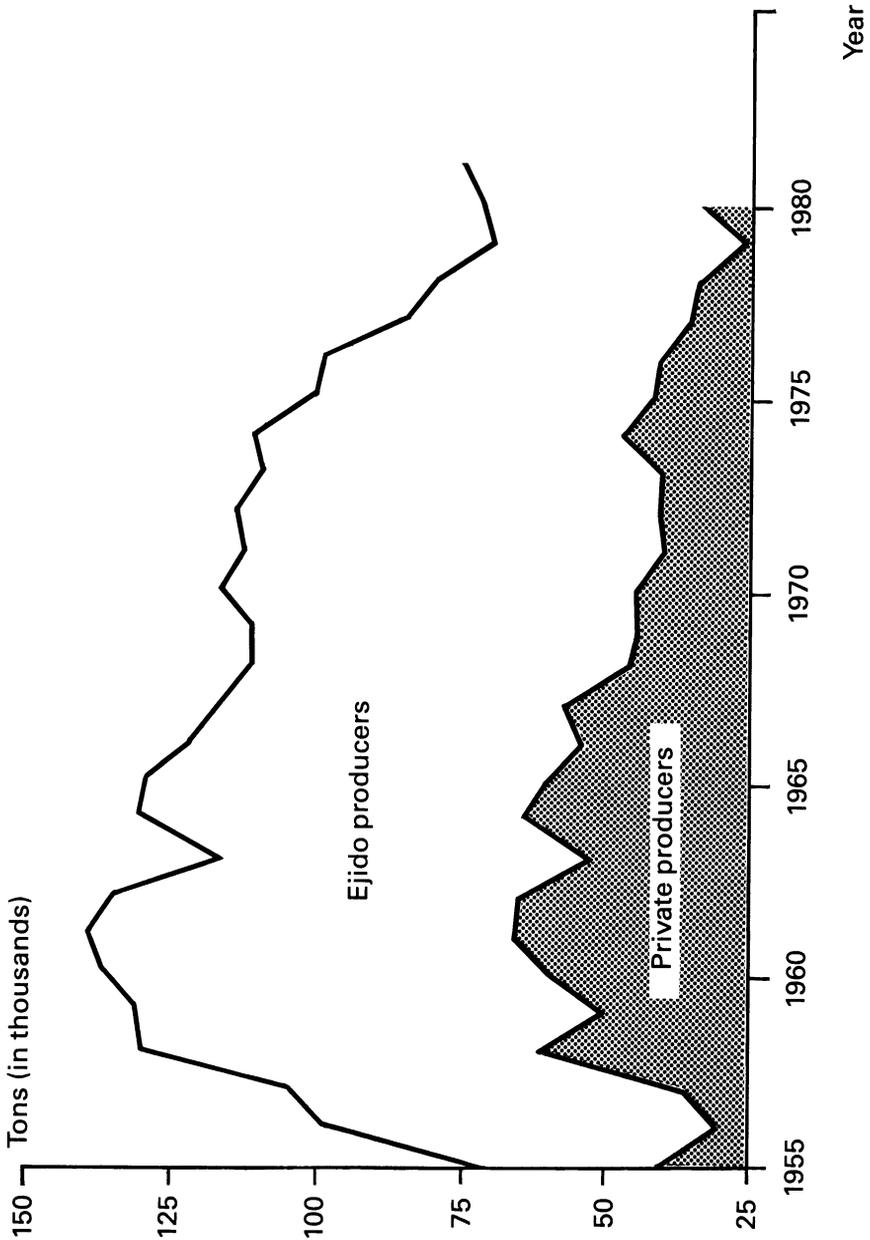
Since data are given only in terms of ejidal or private production, and the latter is only an estimate, (as well as a large part of the so-called *parcelario* producers, both private and ejidal growers), a definite answer to this question is difficult to provide. Estimates, however, seem to favour the hypothesis that private producers reacted more efficiently than *ejidatarios* to the re-privatisation process carried out in 1955. While ejidal production decreased at an average rate of 0.5 percent during the period, production by private landholders grew at 7.9 percent (Figure 1).⁹

There are several reasons for the differences between *ejidatarios*' and private producers' differentials, relative to output and productivity growth. Although prices for exports during the 1950s and early 1960s were favourable for expanding output for all producers, they took advantage of them to varying degrees. In the case of private producers, the rise in output was helped by the fact that they owned the defibrating mills.¹⁰ Their control of this intermediate industrial process of the industry gave them important economic advantages. For example, production could be lowered since the defibrating mills were located near the henequen fields. Transport and managerial costs could thus be kept as low as the available technology permitted.

The ownership of defibrating plants also allowed former *hacendados* (the so-called *pequeños propietarios*) to obtain extra profits, since *ejidatarios* and *parcelarios* had to take their leaves to be rasped at the *hacendados*' plants. Fees for removing the henequen fibre, fixed by the government, were very generous to plant-owners though they were lower than they had been from 1942 through 1954, when Hede Yu was functioning. These two factors, the re-establishment from 1955 onwards of the agro-industrial unit represented by the *hacienda* though at a smaller scale than before 1937, and the ownership of the defibrating mills, enabled private producers, and *pequeños propietarios* in particular, to be profit-makers from 1956 until 1963.¹¹

In the case of *ejidatarios*, there are different considerations if we are to understand their situation in the period under analysis. First of all, the reprivatisation process of 1955 did not solve the crucial issue of the *ejidos*' ownership of the defibrating mills. Second, the differentials among *ejidos* (i.e., the so-called wealthy *ejidos* compared with poor *ejidos*) were reinstated. Finally the disjuncture was re-established between the Bank's (i.e. Federal Government's) economic and political policies towards the henequen industry on the one hand, and *ejidatarios*' needs on the other. I shall now discuss these issues in detail.

As mentioned elsewhere, the lack of control of the defibrating mills by *ejidatarios* became an obstacle to their economic development. Any gains in productivity achieved in the agricultural sector of the industry were in most cases not reflected in *ejidatarios*' income levels, because of the *pequeños propietarios*' monopoly over the defibrating process. Furthermore, artificially high rasping fees brought about unfavourable economic results for *ejidatarios*. The longstanding claim that the defibrating mills would come to

Figure 1 Production of Fibre by *Ejido* and Private Producers: 1955–80

Sources: Secretaría de Agricultura y Recursos Hidráulicos (1979); Secretaría de Programación y Presupuesto (1982); Banrural (1981), *Estadísticas de Henequén*.

be owned by *ejidatarios*, to improve their economic development and capitalisation, was not made by the Bank until 1962. The same thing was also attempted on a large scale in 1974.¹² As happened in August 1937, when Cárdenas expropriated all *hacienda* lands and distributed them among newly created *ejidos*, no measures were taken during the re-privatisation process of 1955 to counteract the growth of wealth differentials among *ejidos*. Thus inequality among *ejidos* was again in evidence, though differences were even greater than before. Even though little attention is given to this phenomenon by Yucatán specialists (e.g., Brannon (1980), Menéndez (1981), Mosely (1980)), its importance becomes paramount in explaining the Bank's policy-making process in allocating resources, and *ejidatarios*' economic and political responses to it.

Contrary to the arguments of Brannon, and Rubio and Villanueva, the data show that the so-called 'poor' *ejidos* received more credit than the wealthy ones. And *ejidatarios* living in the poor *ejidos* had better political and economic bargaining-power than those in the wealthy *ejidos*.¹³ But, if the two issues mentioned above can partially explain *ejidos*' performance between 1956 and 1963, what Brannon has called the *ejidatarios*' market-isolation phenomenon by the Bank becomes the key factor.

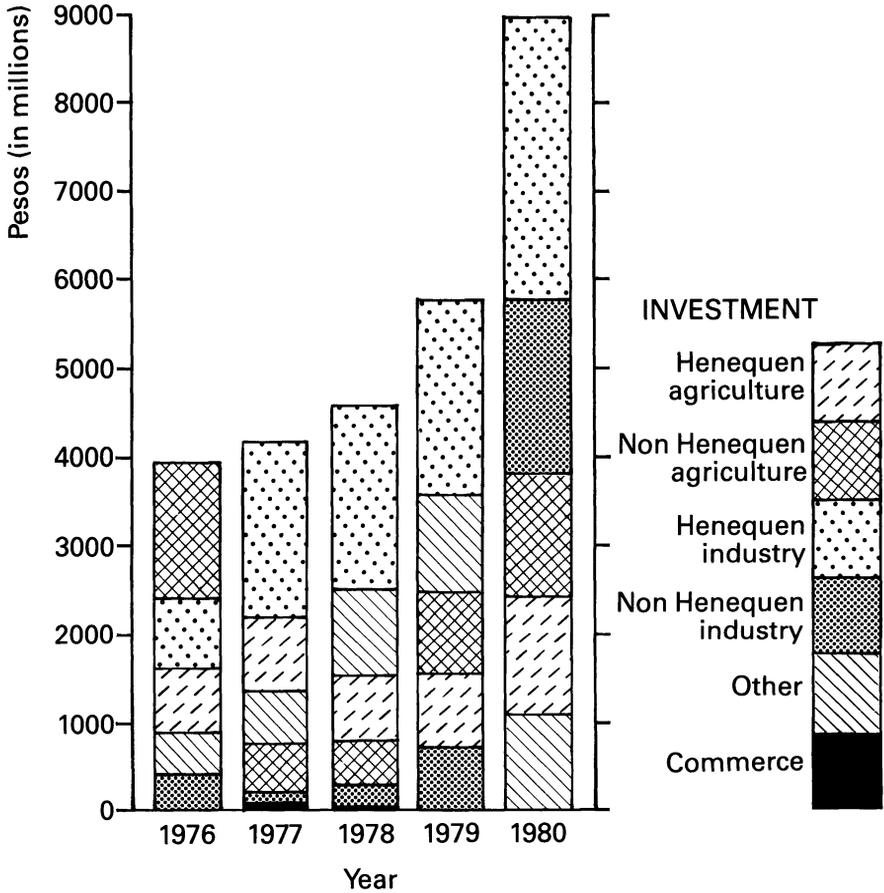
The Federal Government's second take-over of the henequen industry in 1955 was meant to build up the *ejidatarios*' economic viability, which had been eroded by Hede Yu's policies. Nevertheless, the policies adopted by the Bank gave rise, on the one hand, to the substitution of political considerations for economic criteria in the industry, and, on the other, to the development of increasing dependency between *ejidatarios* and the Bank. The Federal Government thus progressively found itself, through the Bank, in a situation in which withdrawal was economically and politically unfeasible, and *ejidatarios* were increasingly able to obtain resources whose quantity and frequency had nothing to do with the realities dictated by the operation of the market forces in which the henequen industry operated. *Ejidatarios*, as Brannon argues, were isolated from the market, and the laws governing the relationships between Federal Government and *ejidatarios* became *sui generis* in nature.¹⁴

On the political side, the re-establishment of the Bank's control over the henequen industry was intended to use credit provision to buy off *ejidatarios*' political support. Thereby, *ejidatarios*' political behaviour could be controlled by the State.

Data on Federal Government expenditure in Yucatán, and in the henequen industry in particular, are very scattered and not reliable enough to enable us to construct a long time-scale. The figures available, however, demonstrate that Federal Government expenditure in Yucatán's economy is very large. (Figure 2)

According to Zamora Millán (1966), Federal Government expenditure

Figure 2 Federal Government Investment in Yucatan by Economic Activities: 1976-80



Source: Banrural (1981), *Diagnóstico Agropecuario del Estado de Yucatán*

policy in Yucatán after 1955 changed radically compared with the policy adopted during the first half of the fifties. In 1950 most of the Federal Government resources (69.98 percent of the total) were directed to the development of communication networks, electricity and telephone services, education, etc., while the agricultural sector only received 31.02 percent of the resources available.¹⁵ By 1957, the situation had been reversed so that 78.69 percent of Federal Government money in Yucatán was spent on agricultural activities and only 21.31 percent was devoted to communications, health-care, and public services in general.¹⁶

If we take into account (Figure 2) that Yucatán's GDP is, and has been, largely dominated by the henequen industry's output value (including both its agricultural and industrial sections), and the production of maize, and that both activities are heavily supported via credit by Federal Government agencies, it is logical to conclude that most of the expenditure has been consumed in these activities.¹⁷ This change in the Federal Government expenditure-trend, favouring Yucatán's agricultural sector, (henequen and maize activities) against others (agricultural and non-agricultural activities) from 1955 until 1978, may lead us to the conclusion that the newly-adopted role of the State in the vertical concentration of henequen producers required increasing amounts of public money. However, the outcome of this new strategy, and the *ejidatarios*' responses to it are still to be discussed.

Data available on ejidal production and Federal Government expenditure for henequen cultivation clearly show the existence and development of opposite trends (Figure 3). While increasing resources were invested and economic results in terms of credit advances recuperated, productivity levels were in decline. Figures show that credit advances by the Bank to *ejidatarios* had passed from 41 million pesos in 1955 to 136.1 million pesos in 1963. Credits had risen by as much as 331.9 percent. Yet the recuperation of credits was not as successful as their provision. While in 1955 only 28.4 percent (11.7 million pesos) of the total credit advances had still to be recuperated, by 1963 a total of 311.2 million pesos representing 37.2 percent of the total credit advances lent to *ejidatarios* from 1955 through to 1963, was still to be paid back.¹⁸

On the production side results were not encouraging either. Although output rose very sharply in 1956 (66,533 tons) from the 1955 level (32,879 tons), increases from 1956 through 1963 were not very significant. As mentioned above, output actually decreased during 1955–1972 though during 1959–1962 it reached its highest levels (Figure 3). The most significant indicator is that increasing Federal Government investment did not have a very high positive relationship with the enlargement of output. This is reflected in two facts. One is the decreasing yields measured in terms of kilos of raw-fibre obtained per harvested hectare. As can be observed in Figure 3, while in 1956 755 kilos of fibre were obtained, only 539 kilos could be collected in 1963. A real decrease of 4.7 percent in the average rate of growth had occurred. The second fact to be considered is the steady increase in the number of

ejidatarios registered with the Bank to receive credit. As can also be observed in Figure 3 the number of credit receivers rose from 44,911 in 1955 to 57,063 in 1963, an increase of 27 percent in the period considered. Not surprisingly, in 1960 henequen *ejidatarios* represented 25.9 percent of Yucatan's economically active population (EAP), and 44.04 percent of the EAP was dedicated to agricultural activities.²⁰

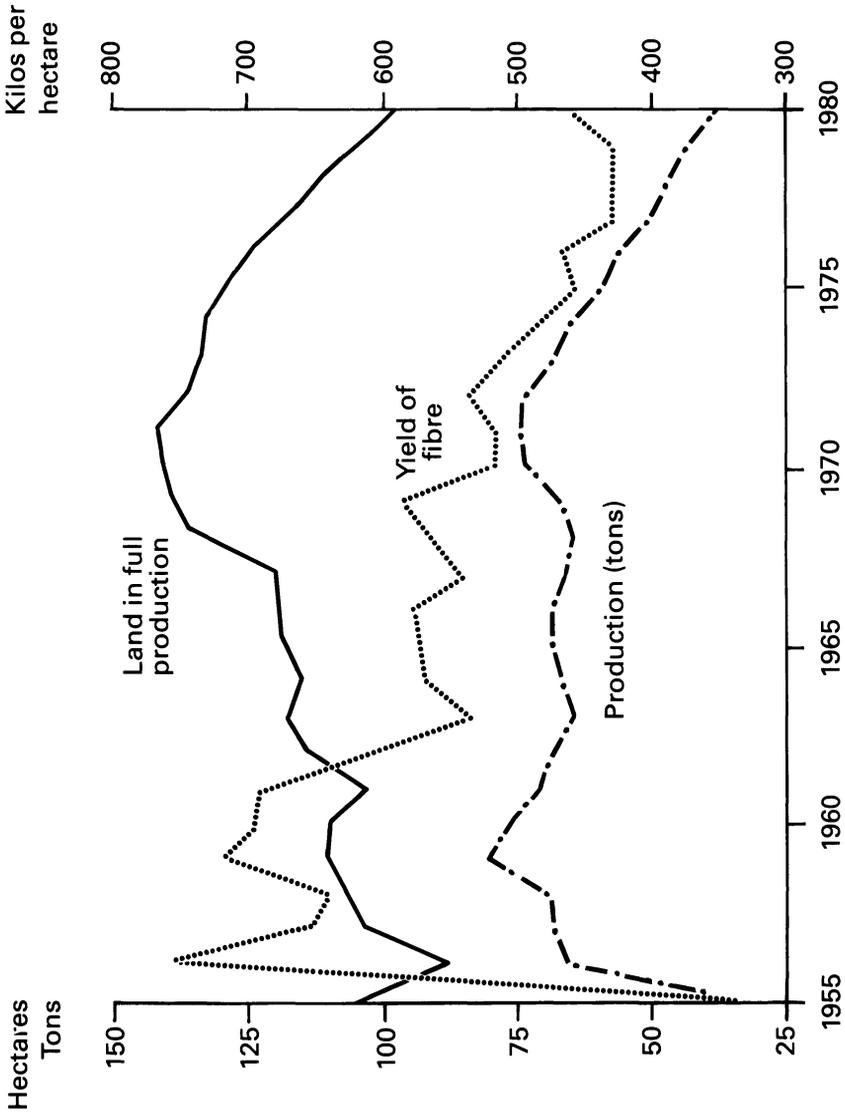
In brief, from 1955 to 1963 as far as the henequen ejidal sector was concerned, a slight decrease in output was strongly followed by decreasing yields, and an increasing number of producers in the activity. The combination of the two factors mentioned above meant that production costs rose. And since most of the henequen produced was to be exported, and export prices for raw fibre did not rise as production costs did, mounting losses for the Bank followed.²¹

A general explanation of the situation facing Federal Government in this period of its involvement in the henequen industry is given by Brannon, as he argues that government policy-makers gave up using economic analysis in making decisions, and instead had recourse to political choices. Instead of scrapping marginally inefficient areas of henequen cultivation, and concentrating on more productive areas, improving agricultural techniques, and above all, letting *ejidatarios* face market conditions by themselves, a protective curtain of public investment was built up (the so-called market isolation mechanism), and henequen *ejidatarios* were allowed budgetary deficits.

Although Brannon's argument has some explanatory power in accounting for government policies towards the henequen industry, it nevertheless omits two important considerations. First, it does not take into account the analysis of the different approaches within the government agencies (i.e., the Bank) to handling the situation in the henequen industry. Thus, Brannon fails to consider the fact that although the Bank's policies, as stated, were mainly political, in 1962 the Federal Government set up a commission, led by two Yucatecan representatives to the Federal Congress, to study and consult with the different institutions and organisations involved in the henequen industry on how to modify the way the industry was run. The main argument put forward by the commission to government agencies (such as the Bank, the branch of the Ministry of Agriculture in Yucatán, Cordemex – at that time partially owned by the Federal Government – and the *Liga de Comunidades Agrarias*, the political organisation of peasants closely linked to the government) was the convenience of converting collective *ejido* lands into individual private estates.

This proposal arose because *parcelarios* who were former *hacienda* workers, and at the time owned small plots of land on a private basis, were shown to be performing better in economic terms than collective *ejidos*.²² The belief of the commission was that through imitating the *parcelarios*' pattern of organisation output would be enhanced and a more stable relationship between the government and producers would be established.²³

Figure 3 Yucatán's Henequen Zone: Land in Full Production, Yield of Fibre and Production: 1955-80.



Source: Banrural (1981), *Diagnóstico Agropecuario del Estado de Yucatán*

It is also important to mention that all the agencies consulted, with the exception of the *Liga de Comunidades Agrarias*, agreed in principle with the proposal, though they considered it convenient for political reasons to carry it out by stages.²⁴ This meant that the first lands to be privatised should be the non-cultivated ones, followed by the already cultivated ones. In this way the agencies consulted thought that political stability would not be disrupted.

Although the commission adopted these recommendations and passed them to the Federal Government (i.e., the President), no official reaction concerning the commission's proposal's was received.²⁵ However, in practice, *ejidatarios* and existing *parcelarios* who were willing and able were allowed, and encouraged by the government, to undertake private cultivation of non-cultivated *ejido* lands with henequen and other crops.²⁶

The importance of this process is that it is misleading to believe, as Brannon does, that no attempts were made by the government to modify its increasingly costly approach to the henequen industry. Even more importantly, Brannon does not consider that because the core of government economic policies was political, the economic effects among *ejidatarios* were also important. Even though it is difficult to believe that the policy of subsidies by the government affected *ejidatarios* in the same way, it is clear that, for example, the take-over by a stratum of *ejidatarios* of their own collectively owned lands, to be cultivated privately, was a consequence of government policies.²⁷ Although, as Brannon correctly points out, the Bank progressively eroded *ejidatarios'* entrepreneurship and their efforts to make their henequen fields economically productive and profitable, that did not prevent these same *ejidatarios* from using government resources to start other activities (including henequen cultivation) over which they could have absolute control.²⁸ The security provided by the continuous flow of money resources from the Bank to *ejidatarios* (called 'credit' by the Bank, a 'weekly wage' by Brannon) constitutes, in my view, the backbone for the development of the household economy in the henequen industry.

The second, closely related point is that Brannon's view that *ejidatarios* became wage-labourers of the Bank (the Federal Government) emerges without an analysis of *ejidatarios'* responses to government policies, the class differentiation process created amongst *ejido* growers, and the actions taken by producers to secure their economic survival. His definition of *ejidatarios* as 'rural workers', an assertion for which evidence is not provided, is inflexible and irrelevant.

(b) 1964–72

The second phase of the sub-period 1955–72 is characterised by a generalised deep crisis in the henequen industry, and the enforcement by the Federal Government all over Mexico of an economic policy which meant the develop-

ment of an industrial base financed by agriculture.²⁹ This policy, called '*desarrollo estabilizador*' (stabilised development) had its own effects upon the henequen industry. These were so damaging that more subsidies had to be given to *ejidatarios*, and more credits had to be written off by the Federal Government. This became an unavoidable necessity for the Federal Government, not only to aid henequen growers in the agricultural side of the industry, but in the industrial sphere as well.

Another factor which deepened even further the economic crisis of the second half of the 1960s was the introduction by industrialised countries (hard-fibre consumers) of cheaper substitutes for natural hard-fibres such as henequen, sisal and abaca. Synthetic fibres made Yucatán's henequen exports continuously decrease, bringing about more economic difficulties. To counteract the economic effects that the introduction of synthetic fibres had on henequen exports, efforts to industrialise henequen fibre in Yucatán were re-initiated.

The first attempt to develop a cordage industry in Yucatán goes back as far as the end of the 1870s. Among Yucatecan specialists and henequen producers, the case of *La Industrial* is very well known. It was the most serious attempt by pre-agrarian reform *hacendados* to develop this industrial value-adding branch of the henequen industry. However, lack of unity among *hacendados*, US cordage companies (e.g. the International Harvester Co. and Peabody Co.), blockage of entry to the industry via market price dumping against their Yucatecan competitors, etc., meant that these attempts failed.³⁰ It was not, however, until the late 1930s that the infant Yucatecan cordage industry could slowly begin to take off. Under the favourable conditions created by the Second World War, and the lack of tariff-barriers by the US government on these imports, Yucatecans began to develop their own cordage mills.³¹ Moreover, the financial aid provided to them by Hede Yu – subsidised raw fibre was sold to private cordage mills – strongly affected their development and consolidation.

As in the case of the raw fibre export business, as far as the cordage industry was concerned, wartime meant periods of economic bonanza, to be followed by a post-war period characterised by low output prices, strong internal and external competition, stockpiling and mills going bust. The effects, however, of the post-war period were partially corrected by the Korean War (1951–53). However, this could not be more than a temporary respite. After this brief period of recovery, price-competition among mill-owners became so intense that the effects of their internecine economic activity even damaged their raw fibre suppliers. Due to the fact that Hede Yu sold raw fibre to mill-owners at subsidised rates while mill-owners were selling output at market prices, it was not surprising that sometimes Hede Yu's prices for raw fibre and those of mill-owners coincided, the latter sometimes being even lower than the former.³² To prevent more damage, in 1953 the Yucatecan government promoted the organisation of *Cordeleros de México* to try to work out common price policies among cordage industrialists.³³ The economic envi-

ronment of constant decline in demand did not allow this to happen, and by 1961 the industry was on the verge of collapse.³⁴ The mill-owners tried to avoid bankruptcy by offering to sell the mills to the Federal Government.

An offer to sell the factories for 250 million pesos was made to the Federal Government by the owners. It was, however, only at the end of 1961 that the government decided to come to the aid of the badly hit cordage industry.³⁵ The negotiations between the government and the mill-owners concluded with the former becoming shareholders of a new enterprise called Cordemex with 50 percent of shares and the option to buy the remaining half in a three year period. In return, private mill-owners received 125 million pesos to cover their debts and part of the value of the machinery.

The inauguration of Cordemex as a partially state-owned enterprise brought about several important changes in the development of the cordage industry in Yucatán. First, the existence of only one enterprise eliminated fierce competition among individual proprietors, which in the past had proved to be very damaging. Second, Cordemex became the only firm authorised by law to industrialise the henequen fibre in Mexico.³⁶ In fact, the foundation of Cordemex meant the take-over by the Federal Government of the whole henequen industry. The Bank 'controlled' the agricultural sector of henequen production and Cordemex controlled the industrial sector.³⁷

The complete control (vertical monopoly) of the cordage industry by the Federal Government did not take place until 1964. That year the Government acquired the remaining 50 percent of Cordemex shares. A total of 189.5 million pesos was paid to private owners for the remaining half of Cordemex's ownership (89.5 million pesos for fixed capital and 100 million pesos for outstanding debts).³⁸

Apart from the changes already mentioned, the creation of Cordemex also brought about several other changes. For example, the technological diversity of the 40 cordage mills inherited by Cordemex from former private ownership led the company to scrap the most inefficient ones, upgrade the equipment by acquiring new technology and machinery, and grade the quality of its products by international standards.³⁹ Thus, by 1966, Cordemex had closed six of the old mills, in 1967 only 11 out of 40 were working, and in 1979 only six very modern mills were still functioning.⁴⁰

Another important change was that state-ownership of Cordemex also meant the possibility of undertaking research projects to find new industrial uses for henequen fibre and other henequen by-products, as well as internal and external promotion of its products. Public money was made available for all these projects.⁴¹ One of the most important changes, however, from the 1961 Cordemex era to that of 1964, was the new role assigned to the enterprise. Whereas before nationalisation was complete Cordemex continued operating as a profit-maximising firm, after 1964 its main purpose – at least in theory – was to pursue the raising of income and improvement in the stan-

dard of living of henequen growers and Cordemex workers. Cordemex was thus incorporated, as the Bank had been long before, into the policy which allowed the Federal Government to be a negotiator between henequen growers and the market, particularly the international market, a policy which proved disastrous for Cordemex and for the dynamics assumed by the household economy during 1964–72.⁴²

As mentioned above, the newly state-owned Cordemex was granted monopsony status by the law, and possessed generous budgets backed up by the government to achieve two goals: a) to obtain profit making prices for henequen manufactured goods, and b) as a consequence of the former, to pay better prices for henequen growers' raw fibre.

In any account of the economic history of the cordage industry in Yucatán, the link between Cordemex, a state monopoly after 1964, and what happened in the agricultural sector of the henequen industry is very important. It has already been stated that during the 1960s the predominant policy of the Mexican government for the economy as a whole came to be known as '*desarrollo estabilizador*'. This policy, which was particularly emphasised during the period 1965–70, meant three basic things:

- a) The pursuit of economic growth based on the strengthening and development of industry via indigenous and multinational investments in what were called 'new and necessary' investments. The role of the government was to support and encourage new investment as much as possible, while not having owner-responsibility in those industries.
- b) The application of discriminatory price policies towards agricultural output as a way of ensuring that industries' price-wages rose slowly or, if possible, not at all.
- c) As a direct result of the second goal of the policy, to have low levels of inflation.
- d) Restraint on public investment as much as possible.

In the henequen industry in the period 1965 through 1970, the *desarrollo estabilizador* policy meant the freezing of raw fibre prices in favour of Cordemex. Although the Bank was the entity in charge of setting prices for raw fibre, and Cordemex for industrial output, the latter was able to impose its policy upon the Bank's.⁴³ Thus, for six years (1965–70) while average raw fibre prices were kept at 1.06 pesos per kilo, average costs were running well above that figure (Banrural, 1981).

The effects of this price policy were clear-cut. On the one hand, Cordemex was able to make some profits, while on the other hand, the Bank sustained huge losses. However, it would be misleading to state the argument in this way without indicating the presence of other factors which affected the development of the industry.

Between 1955 and 1963 the agricultural sector of the henequen industry did show an improvement relative to the first half of the 1950s. I have also

pointed out that recovery was more noticeable in the case of private producers than in that of *ejidatarios*.⁴⁴ Throughout the second half of the 1960s and the beginning of the 1970s, however, the situation, far from improving, got worse. According to data for all henequen growers, from 1964 to 1972 output decreased by an average rate of 1.7 percent per annum. Productivity also went down by 0.6 percent per annum.⁴⁵ As for the ejidal side, the picture was not very much different. Although output rose by an average rate of growth of 1.2 percent over the period 1964–72, it was 6.9 percent lower relative to the period of 1955–64 (Figure 3). Productivity also decreased by as much as 2.0 percent, probably as a direct result of the increasing number of *ejidatarios* under the Bank's credit coverage. While in 1964 there were 57,038, in 1972, 66,661 *ejidatarios* had been accepted as eligible for credit provision. This increase represented an average rate of 2.4 percent per annum (Figure 3).

The effects of these facts on the Bank's financial position were not surprising. Non-recuperated credits escalated to 779.7 million pesos over the same period. These losses, however, were compensated by the fact that the level of investment by the Bank actually went down from 1964 through 1970 by 17.4 percent relative to the level it had been in 1964, and did not pick up again until 1971.⁴⁶ *Desarrollo estabilizador* for the agricultural sector of the henequen industry thus meant less public funding and deliberately fixed lower prices for henequen growers' output.⁴⁷ The fact that the Federal Government had control of every sector of the industry (i.e., money supply for investment, supply and demand of raw fibre) meant that the enforcement of the economic deflationary policy for agriculture could be carried out.

As the economic performance of the henequen industry deteriorated so did political stability. In 1966 and 1969, *ejidatario* henequen-growers strongly mobilised themselves against the effects of the *desarrollo estabilizador* policy. On two occasions in these years peasants occupied Mérida, Yucatán's capital state. New concessions had to be granted to partially alleviate the progressive deterioration of their standard of living. In 1966, 7 million pesos were distributed among peasants as supposed 1965 harvest-season profits; and in 1969, a bonus to be paid every December was also agreed.⁴⁸

Prior to the 1969 movement, the Bank had already tried, as before, to counteract the effects of the crisis affecting not only the producers, but also its own finances. In December 1966, the Chairman of the Bank put forward the proposal to invest 27 million pesos for *ejidatarios* to raise cattle. Credits given to *ejidatarios* to perform unnecessary premature weeding and other non-productive activities in the henequen fields, as a way of countering recurring unemployment and increasing lack of growers' interest in their activities, were to be productively used in this new diversification programme.⁴⁹ The opportunity to enlarge the 150,000 livestock already under private control by *ejidatarios* would, according to the chairman, not only benefit *ejidatarios* and the Bank alike, but also Yucatán's economy as a whole.⁵⁰ Another programme to cultivate non-henequen crops outside the

henequen zone was also initiated. Moreover, as a result of the economic crisis, according to a report published by the *Agraria henequenera* (Henequen Agrarian Reform Commission), during the period 1962–68, tax holidays (i.e., subsidies) of 51.3 million pesos were granted to *ejidatarios* and 18.5 million pesos to *pequeños propietarios* (former *hacendados*).⁵¹ In brief, despite the fact that the *desarrollo estabilizador* strategy was successfully enforced in the agricultural sector of the henequen industry, by the end of the sixties it had to be abandoned and substituted by both increasing non-recuperated credits (already swollen) and extra-subsidies.⁵²

As for the industrial sector of the henequen industry, results were not as bad as in the agricultural sphere. As mentioned above, with the foundation of Cordemex under government ownership, internal market production, technical modernisation, expansion of production capacity, and a subsidised price-policy for inputs, profits were expected to be generated.⁵³ Although during the second half of the sixties Cordemex managed to make profits of as much as 11 million pesos these were initially very modest.⁵⁴ There were several reasons for this unsatisfactory performance. Cordemex's own relationship with the hard-fibres international market reveals strong competition developed from two sides. First, from the second half of the sixties onwards, it was clear that the cordage industry in developed countries had found a way of competing with their henequen and sisal counterparts by manufacturing the same products using synthetic fibres.⁵⁵

The reason for the development of this new industry on the demand side of the hard-fibres international market (i.e., industrialised countries, and mainly the United States in the case of henequen) was due, as in the past, to the search for substitutes for henequen, and, more importantly, to increases in prices which buyers could not control. In spite of the fact that buyers had actual monopoly control of the market, this has never prevented sudden upward trends in prices either for raw fibre or manufactured goods made from it.⁵⁶ Although synthetics did not completely displace natural hard-fibre manufactures from the market, they certainly took over some sections of it, such as the rope and cable markets, and to a lesser extent the markets for packing and industrial twines.⁵⁷ According to Brannon, the synthetics' share of the markets in developed countries rose from 2 to 7 percent from 1966 to 1970.⁵⁸

The effects of the synthetics industry development on Cordemex were visible. Cordemex's exports to the international market fell from 70,500 metric tons in 1964 to 45,900 metric tons in 1970, and from 67,500 metric tons to 41,000 metric tons to Cordemex's main buyers (i.e., US buyers) during the same period.⁵⁹

The second source of competition for Cordemex came from other hard-fibre manufacturers. As a result of falling demand and prices for raw fibre, and the synthetics industry's development, sisal raw fibre producers, such as Brazil and Tanzania, which had remained only as raw fibre suppliers, were

following a two-fold strategy by the end of the 1960s. First, the world's natural hard-fibre production declined as a response to the fall in demand and the subsequent drop in prices. Second, sisal producers started processing raw fibre.⁶⁰ As a result of this development inside sisal producer-countries, Cordemex's control of the United States' market for its different products receded in favour particularly of Brazil and Tanzania. Thus, for example, one of Cordemex's best product-sellers in the North American market (harvest twine) dipped in sales by as much as 18 percent compared with previous levels between 1964 and 1970.⁶¹ This trend, as we shall see later, developed over a length of time.

In these conditions (i.e., increasing competition from substitutes, overseas sisal manufacturers, and falling price trends) Cordemex was able to obtain some profits during 1964–70 only because its control over the growing domestic market enabled it to apply a discriminatory price policy. If profits could not be made in international markets because of the factors mentioned above, the internal market monopoly lawfully granted to Cordemex in 1962 could provide them.⁶² Revenues were thus obtained by billing internal buyers with higher prices than those for overseas consumers.⁶³ Yet this internal price advantage protected by the law could not last for long. Both private cordage henequen mills (called *cordelerías piratas*), and the development of cordage mills within Mexico, would eventually erode Cordemex's monopoly control over Mexico's domestic market, and contribute further to its deepening economic crisis.

Lack of coordination between Cordemex's needs and those of the Bank and the henequen growers had also to be considered to understand government policies in the henequen industry. In my view, despite the fact that the Bank and Cordemex were both Federal Government agencies, their decisions, programmes, etc., had little to do with each other's needs. The paths of their development contemplated as little collaboration and coordination between them as possible. For example, in the case of Cordemex an output capacity expansion investment programme carried out during the second half of the 1960s did not consider at all the possibility of investing large sums in the availability of idle output capacity.⁶⁴ As the *ejidos'* production declined, instead of coming to agreements with the Bank to take some action on this issue, in 1967 Cordemex started an investment programme to set up its own defibrating mills in the henequen zone. The aim of this project was to control as closely as possible the leaf rasping process in order to produce the best possible fibre-quality, and buy leaves from any henequen grower (either ejidal or private) willing to sell them.⁶⁵ Due to the fact that almost all *ejidos'* leaves were defibrated at the Bank's own facilities, and former *hacendados* were still using their own to rasp their output, it was thought that *parcelarios'* leaves could be processed at Cordemex's plants.⁶⁶

Prior to Cordemex establishing its own defibrating plants, *parcelarios* used to take their leaves to *pequeños propietarios'* facilities. However, a price policy by Cordemex encompassing a more flexible system for pricing

leaves was established. This meant paying according to leaf size rather than by raw-fibre kilos obtained for each thousand leaves defibrated (as the Bank and *pequeños propietarios* did). Moreover, immediate payment in cash as deliveries arrived at the plants, and political cooperation from *parcelarios'* organisations, properly encouraged by the promise of subsidies, enabled Cordemex to capture *parcelarios'* output.⁶⁷ These incentive arrangements, however, did not solve Cordemex's increasing needs for raw fibre, mainly because *parcelarios'* output represented a small proportion of the total raw fibre produced in the henequen zone.⁶⁸

If the Bank had largely lost control over *ejidatarios'* economic functioning, Cordemex's lack of coordination and collaboration with it could not impede the *ejidatarios*. Indeed they became the main constraint on its development, and the accelerator in its economic decline.

II. 1973–1976

The political crisis of 1968 brought about in Mexico a change in the role of the Federal Government in the economy.⁶⁹ The supportive role adopted by the State throughout the sixties was transformed (particularly from 1973 through 1976) into a more involved role in the running of the economy. Increased public expenditure in agriculture and industry, the foundation of new state agencies to provide services, technical assistance, etc., and the inauguration of a political process called '*apertura democrática*' which encouraged political expression and participation were very much on the agenda of the new Echeverría administration (1970–76).

In Yucatán and the henequen industry in particular, these new policies were put into practice with more emphasis on certain issues than on others. Undoubtedly, the most notorious of all was the attempt to convert collective henequen *ejidos* into highly capitalised agro-industrial units of production. To achieve this, ownership of Cordemex's decorticating mills would be transferred to *ejidatarios* and new *ejido*-ruled enterprises would also be founded to industrialise henequen by-products such as steroids, cellulose, animal foodstuffs etc.

During a troublesome visit to Yucatán in 1972, to inaugurate the incorporation of henequen peasants within the state-controlled social security system, President Echeverría encountered political discontent from *ejidatarios*. They asked for social and economic reforms to ease their already deteriorating economic situation. As a result of this political mobilisation by peasants, and studies carried out by different government agencies, Echeverría proposed a plan of action by the Federal Government in the henequen industry. The government plan included the implementation of three major programmes:

- a) The development of a diversification programme in those areas of the

henequen zone where yields were very low. These areas would be used to establish cattle raising and citrus cultivation projects. The objective was that 50,000 henequen growers, out of the total of 80,000 expected to be registered with the Bank, would have a job in these new developments. The remaining 30,000 would remain as henequen growers.

b) Twenty new decorticating mills would be built by Cordemex in the henequen zone technically able to process henequen by-products, such as juices, bagasse, and short fibre to produce a variety of products using these as inputs. The ownership of these defibrating mills, using official credits made available to *ejidatarios* by the Bank, would eventually be sold to the former by Cordemex. And new projected *ejido* enterprises, such as *Productos de Henequén Sociedad Ejidal (PROHESE)*, *Industrias Químicas Ejidales (IQUIESE)*, *Sociedad Ejidal Desfibradora Carrillo Puerto*, and others would also be created and owned by *ejidatarios*.⁷⁰

c) An ambitious programme of land clearing (*desmontes*) would also be carried out in the South of Yucatán to incorporate fertile lands suitable for the cultivation of both food and cash crops for internal and external consumption.

The first two programmes are of major importance in the analysis since they represented the cornerstone of the new government strategy. To reinforce political control of the peasantry through their government-linked organisation (*Liga de Comunidades Agrarias* or CNC's⁷¹ branch in Yucatán) the aim was to give *ejidatarios* economic decision-making power never officially granted them before. As Menéndez (1981) argues, the government wanted to promote the capitalisation of the *ejido* and through it the re-introduction of *campesino* production.

As for the first programme, a study carried out by the Ministry of Water Resources provided the guidelines to be followed. The study considered that in certain areas of the henequen zone (e.g., Maxcanú, Acanceh, and Dzidzantún) to continue growing henequen was irrational in economic terms. Since these areas had been incorporated in the production of henequen when peaks in demand had required it, the current decline did not justify keeping them. Poor yields and high production costs required the search for alternative agricultural activities to be developed in those areas. The study also adds that to have maintained credits flowing towards these areas for the cultivation of henequen would have encouraged the idea of credit promoting consumption rather than production. The Bank's budget for these areas had thus become dependent not on the requirements of the production process, but rather on the needs of the number of *ejidatarios* registered with the Bank eligible to receive credits which would enable them to meet their basic needs.

The persistence of a monocrop cultivation path of development in those areas where profits could not be made had, according to the study, also brought about the abandonment of other crops more suitable for these areas, such as maize, beans, fruit, etc. One important consequence of this

had been the need to import increasing amounts of food and other commodities to satisfy local needs.⁷²

As a solution to the situation mentioned above, the study proposed to scrap those inefficient and uneconomic henequen areas, and to initiate other activities there. Based on their own findings, the study's authors recommended that non-henequen activities such as cattle raising and fruit cultivation should replace henequen.⁷³ Over a period in which projects would develop, 30,000 unproductive henequen growers would find a job in these activities leaving only 40,000 cultivating henequen.⁷⁴ These projects were implemented and are still in existence in the areas mentioned. The results, however, have been mixed. Even though henequen cultivation has been strongly discouraged and replaced by cattle raising and fruit cultivation, henequen is still a better income-generating activity than those alternatives. Furthermore, it is common to find *ejidatarios* incorporated in the non-henequen projects while remaining registered (at least as far as credit provision is concerned) as henequen growers. Hence, the objective of displacing the labour force from henequen to other activities has failed, without producing enhanced productivity or competitiveness. It is a widespread view among Bank officials that the diversification programmes are a financial failure.

The second programme, to give *ejidatarios* control over Cordemex's decorticating plants, was undoubtedly of major importance. As it was posed, the programme is intended to meet a longstanding economic claim by the peasants. To own the defibrating plants would give *ejidatarios* access to this intermediate value-adding agro-industrial phase in the manufacture of henequen. In addition, henequen sub-products could also be industrialised by firms under *ejidatarios*' ownership.⁷⁵ This, in fact, would represent another source of income apart from the traditional one obtained only by selling raw fibre.⁷⁶

The theory behind the programme was that if henequen growers were the producers of the leaves (i.e., raw fibre and sub-products), and their cultivation made sense in economic terms only because of their industrialisation, they (the *ejidatarios*) should be entitled to benefit from it. Moreover, it was believed that only through this transference of ownership could the *ejido* become capitalised and self-sufficient. Although in 1974 one of Cordemex's defibrating mills was formally given by the President himself to *ejidatarios*, the programme did not progress any further and when Echeverría relinquished power in 1976 it was actually abandoned.

Political opposition from different Federal Government agencies in Yucatán, the local Government, former *hacendados* and even the Cordemex worker's union, brought the programme to a standstill. The local government, the Bank, and former *hacendados*, for example, all opposed the programme since it might affect them severely. As for the former *hacendados* who had the political support of the local government, the programme would have meant speeding up the dismantling of their 160 defibrating

plants still in existence.⁷⁷ Due to the fact that Cordemex's plants had enough capacity to defibrate all leaves produced in the henequen zone, and were much more efficient than the former *hacendados*', their take-over by *ejidatarios* would have meant that the former *hacendados*' rasping mills, decorticating *ejidatarios*' leaves, would have had to close.⁷⁸

The Bank agreed with the local government and former *hacendados* since the programme posed a direct threat to the control it had over the commercialisation of raw fibre. As mentioned, the Bank is actually the middleman between *ejidatarios* and Cordemex. Furthermore its forty defibrating plants used by *ejidatarios* would also be under threat since Cordemex's plants would now process all output.

Even though Cordemex officials publicly supported the programme, they did very little to implement it. Not without reason, Cordemex officials saw *ejidatarios*' control of its plants as a serious impediment to the firm's economic future. Security and the maintenance of increasingly scarce raw fibre coming into those Cordemex industrial plants with *ejidatarios* in charge of the decorticating process was very much in doubt. Lack of expertise on the side of the *ejidatarios* was also claimed by Cordemex's top bureaucrats as an argument against the project.⁷⁹

Menéndez (1981) also argues that another source of opposition to the project within Cordemex was that the firm had already signed an agreement with a multinational company to use henequen juices to produce chemical products. *Ejidatarios*' ownership of the defibrating plants would have upset the agreement and flow of badly needed cash for Cordemex.

Finally, the Cordemex defibrating mill workers' union also opposed *ejidatarios* becoming their employers. As a left-wing organisation, it saw this move by the Federal Government as a way of confronting peasants with workers-peasants. The possibility of the latter taking industrial action to improve their working conditions would thus be avoided.⁸⁰

The political forces opposing the programme succeeded. Cordemex's plants were kept under the firm's ownership and control. However, the Bank's forty defibrating plants were transferred to *ejidatarios*, though the Bank remained very much in control of them. The technical capabilities and productivity levels of the Bank's plant could not, however, be compared with the Cordemex facilities which *ejidatarios* were fighting for in the first instance.⁸¹ The third programme, to open new cultivating areas in the south of the state, was conceived as a medium-term project which progressed over the second half of the seventies.

The renewed attempt by the Federal Government to find a solution to the henequen industry and its involvement in trying to re-capitalise *ejidos* not only failed, it proved incapable of preventing the crisis in the henequen industry deepening. With the exception of 1973 and 1974, when the world oil

crisis brought about extraordinary, and temporary increases of prices, the period 1973–76 was very much one of economic decline. As Figures 2 and 3 demonstrate, output by both private producers and *ejidatarios* sharply declined. Although yields did not decrease sharply among private producers, in the *ejido* sector they did go down by an average rate of 43.3 percent (1973–76). The number of *ejidatarios* also continued rising: from almost 70,000 registered with the Bank in 1973, to 80,100 *ejidatarios* in 1976. Since public investment continued to be very much concentrated on the cultivation of henequen, and this was the main activity in Yucatán, *ejidatarios* tended to group themselves in the industry. To be a client of the Bank meant a secure source of income. It enabled them either to devote themselves to cultivating their private plots of land or to engage themselves as wage workers in urban and/or rural activities. As argued above, public expenditure for henequen *ejidatarios* not only became a means of survival, but also for some a way of reproducing themselves as peasants.

On the industrial side of the henequen industry, the abandoning by the State of the *desarrollo estabilizador* economic policy during the 1970s brought, in the case of Cordemex, new problems. The disadvantageous conditions of the international market (i.e., falling demand, stronger competition, lower prices), and competing political factions within the Federal Government to control the firm, increased pressure on the already shaky economic situation of Cordemex. Power over Cordemex's destiny was increasingly exercised by the President himself. Despite the financial difficulties Cordemex was going through, President Echeverría agreed to raise the price of grade A fibre from 1.55 pesos per kilo to 7 pesos per kilo.⁸² Similar action was repeated in 1975, when a generous agreement was signed with the defibrating mill-workers' union.⁸³

The oil embargo in 1973–74 introduced by OPEC countries to industrialised oil buyers, brought unexpected relief to Cordemex's finances. Shortages of petrochemical sub-products increased costs for synthetic fibre producers, making the market turn in favour of henequen and sisal manufacturers. To Cordemex this expected boost in international purchases of manufactured natural hard-fibre goods during 1973 and 1974 allowed it to generate profits for the first time since 1967. In 1973, profits of 131.8 million pesos were made, and the figure for 1974 was 118.0 million pesos.⁸⁴

Although periods of extraordinary increases in profit-making had been followed by depression (i.e., wartimes vis-à-vis post-war periods) extremely damaging to the henequen industry, these lessons were not learnt or else were purposely forgotten by Cordemex officials. In 1973 a programme to build twenty new defibrating mills was undertaken, the labour force and the fringe benefits for them were enlarged, and a joint investment venture to establish a Cordemex branch in Tanzania was agreed. Moreover, a generalised expansion of Cordemex's activities was the sort of action taken in the certainty that permanent recovery had come.

The results could not have been more disastrous. In 1975, when the oil embargo had finished, Cordemex's exports had declined from 82,500 tons (1975) and 63,500 tons (1974) to only 40,800 tons (1975). Although some recovery came about in 1976 (73,600 tons were sold), sales were still below their 1973 value.

The most damaging effect was, on the other hand, registered in the value of exports. While the value in 1973 was 634.8 million pesos, and 995 million pesos in 1974, it was only 359.5 million pesos in 1975.⁸⁵ For Cordemex, the outcome of the 1975–76 period was the accumulation of losses totalling 1,052.5 million pesos. And the accumulated debt since Cordemex had been founded as a state-owned enterprise, i.e. from 1964 up to 1976, had mounted to 1,226.1 million pesos. This represented almost half of the Bank's accumulated losses during the same period.

III. 1977–1980

A study carried out by Banrural in 1977 forecast that according to the upward trend of non-recuperated credits in previous years, the Bank's losses from 1976 to 1986 would go up as much as 8,876.9 million pesos.⁸⁶ The same year (1977), as a result of Mexico's financial crisis, the Federal Government had signed a three year financial assistance accord with the International Monetary Fund (IMF). The conditions governing the agreement were clear cut. The Mexican Government would obtain a loan to cover its debts with international creditors, in exchange for a well-designed IMF package of economic measures for economies facing balance of payments constraints. Public expenditure would be reduced, wage increases lowered below the rate of inflation or frozen if possible, prices would be allowed to behave according to market conditions, and subsidies to production and/or consumption were to be stopped. Loss-making institutions like the Bank and Cordemex fit very well into the IMF's policies, and although expenditure cuts were made in both institutions, the Bank (in effect the *ejidatarios*) was to take the heavier burden.

Since the beginning of the 1970s, it was repeatedly mentioned among Bank officials that the number of *ejidatarios* receiving credit from the Bank did not correspond to the actual number working in the henequen fields. Bank bureaucrats, *ejidatarios* and *ejidatarios'* representatives were frequently named as the beneficiaries of money delivered to either non-existent or already dead *ejidatarios*. Yet, it was not until the 1977 financial crisis that action was taken on the issue. Fresh studies of the henequen industry by government officials recommended important changes. In November 1977, the recently inaugurated President López Portillo (1976–82) announced reforms to be introduced in January 1978. The most important were the following:

1. A new institution from 1978 called Fideicomiso Henequenero would take-over Banrural's financial dealings with *ejidatarios*.

2. Thirty thousand *ejidatarios* registered with the Bank as credit receivers would be deleted since they were considered to be either non-existent or non-*ejidatarios*.

3. New arrangements for the provision of credits would be established. First, credit and subsidy would be clearly differentiated. In the case of short term loans, 70 percent of them would be credit and 30 percent subsidy, and the other way round in the case of long term loans. Second, credit would be delivered in strict accordance with the accomplishment of tasks arranged on a weekly basis between *ejidatarios* and Fideicomiso personnel.

4. A programme of new henequen sowings would also be initiated.⁸⁷

5. The diversification programme initiated in 1973 would be expanded and re-orientated to promote the cultivation of suitable non-henequen crops. For this purpose, a land clearing programme within the henequen zone would be developed.⁸⁸

The core of the new programme (very much in line with IMF guidelines) was to eliminate those producers who could survive only because of government subsidies, but at the same time support the ablest ones. As we shall see below, this was the criterion used by Fideicomiso and Banrural personnel to work out expenditure plans for henequen.

The reasoning used by the government was that if the producers' economic situation could be financially improved, they would look after their plots carefully, productivity would rise, production costs would be lowered, and competitiveness would grow. As the government had expected, the elimination of a large number of *ejidatarios* from credit provision was the most difficult item in the programme of reforms. Although it would be misleading to argue that political unrest by *ejidatarios* reached uncontrollable proportions as a result of putting it into practice, angry demonstrations against the Bank and the government did take place, in areas such as Motul, Maxanú and Seyé.

In January 1978, after several weeks of increasingly tense confrontations between *ejidatarios* and the government, a settlement was reached. The government would set up a commission to review the cases of those *ejidatarios* claiming to have agrarian rights to remain as the Bank's clients.⁸⁹ Second, it was agreed that a productivity bonus called '*Sobrecrédito*' would not be eliminated as planned in the credit quota for weedings (*chapeos*).

An unexpected outcome of the process was the voluntary separation from the Bank (mainly in the area of Motul) of about two thousand *ejidatarios* calling themselves *Autónomos* (Autonomous). These *ejidatarios* became independent henequen growers. It is worth mentioning that *Autónomos* represent the Federal Government's most radical expression of the promotion of householders to the category of independent growers. According to findings during fieldwork in Muxupip, those *ejidatarios* who received more credit during their dealings with the Bank before the rationalisation process (*de-*

puración) took place, declared themselves autonomous from the Bank.

In the context of the economic crisis in which the filtering process was carried out, the whole idea of the process was not only to reduce public expenditure, but also to make resources available to the least possible number of *ejidatarios*. The lower the number of clients, the larger the amount of credit to be received by each one of them. As a matter of fact, the *ejidatarios* who survived the rationalisation process improved their income levels in real terms, though working hours were now longer since fewer growers were in the fields. The *depuración* was also used to encourage entrepreneurship, and eliminate underemployment. In 1980, these two aims were strengthened with further credit increases.⁹⁰

The long term effects of the reform programme initiated in 1978, in both the agricultural and industrial sectors of the henequen industry, are still to be assessed. However, some of them are already apparent. Public expenditure in henequen activities has progressively declined while in other activities it has been increased. This phenomenon is clearly demonstrated in Figure 2 in which the Federal Government's expenditure in henequen is measured as a percentage of Yucatán's GDP.⁹¹ The reason for this change, as already mentioned, is that the Federal Government intends to improve production and productivity in the henequen industry, but at the same time is trying to drive Yucatán's economy away from monocrop cultivation.

On the agricultural side of Yucatán's economy this move has been acknowledged by increasing expenditure in cattle raising and citrus fruit cultivation within and outside the henequen zone (Figure 2).⁹² And as for henequen, improvements did occur (in the *ejido* sector) as a result of the 1978 reforms. Yields (i.e. kilos of raw fibre per hectare) rose by an average rate of 4.8 per cent (Figure 4). Output and land in full production, however, decreased by an average of 9.6 per cent and 6.3 per cent respectively. These two indicators were expected to decrease since new 1979 sowings could not start producing until at least 1984. In the henequen zone as a whole (including private and *ejido* production) yields showed a slight improvement (average rate of 0.2 per cent), but output decreased by 5.0 per cent.

The most difficult side of the activity continued to be the financial one. Despite the fact that in December 1978 López Portillo condoned the *ejidatarios'* accumulated debts (1955–77) of 2,844.3 million pesos, from 1978 to 1980 alone losses had reached 2290.7 million pesos (Figure 5). Even higher losses were partially offset by improvements which occurred in the relationship between average cost vis-à-vis average price. Subsidy payments have continuously declined from 1978 onwards.

The 1978 programme gave particular emphasis to the further improvement of diversification activities in the henequen zone. Although it may be too early to produce a definite assessment of these non-henequen projects, data available indicate that initial results are very poor indeed. Unfortu-

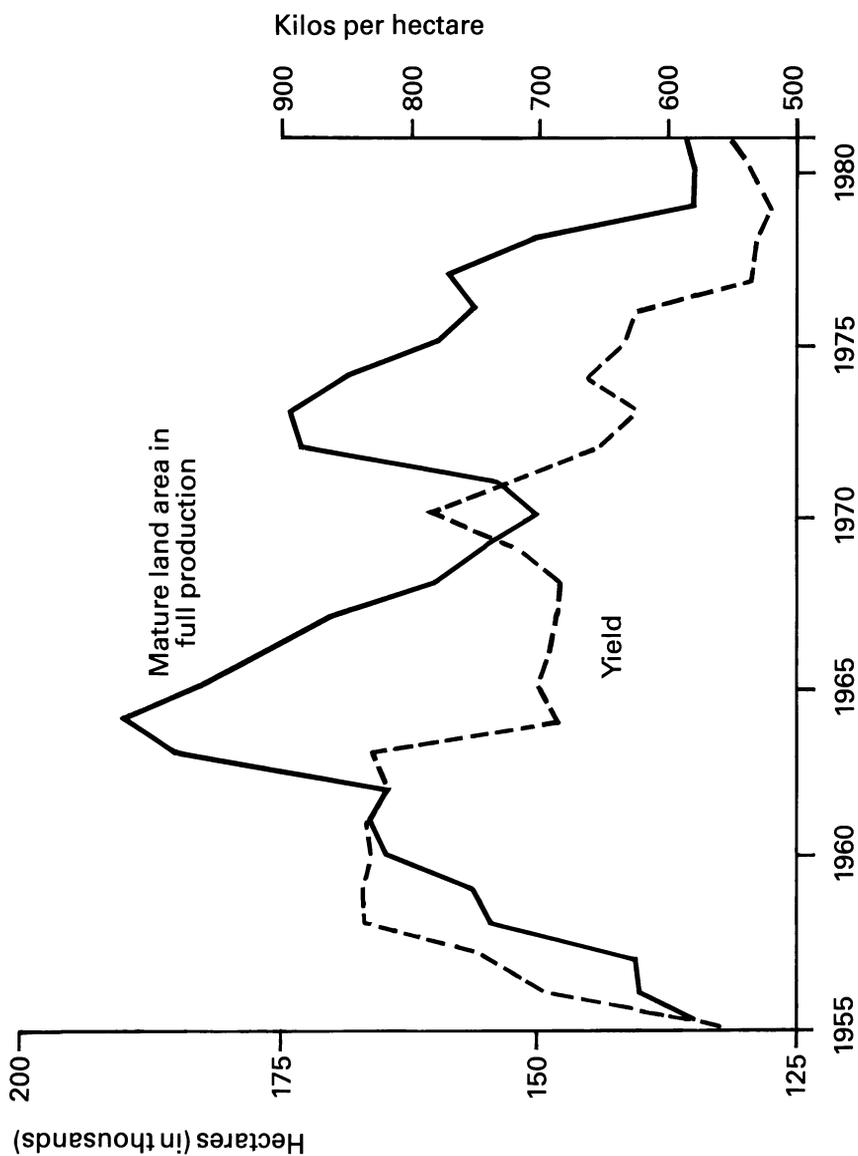
nately, disaggregated data by years for henequen and non-henequen activities between 1978 and 1980 are not available.

On the industrial side of the industry, Cordemex's production and financial situation did not improve during the period of analysis. On the contrary, Cordemex's volume of sales decreased from 1977 to 1981, and its accumulated debt from 1976 to 1979 reached 2652 million pesos. Although the value of its sales increased from 1977 to 1979 this was not enough to counterbalance the firm's rising operational costs.⁹³ In spite of the fact that output prices continued rising during the second half of the 1970s, as industrialised economies expanded, cordage producers using synthetics managed to maintain competitiveness with natural hard-fibre manufacturers or even, in some products (e.g., harvest twine), to produce them more cheaply.⁹⁴

Beyond Cordemex's chronic difficulties in its relationships with overseas buyers and competitors, two new factors within Mexico started exerting fresh economic pressure. First, as Mexico's agricultural sector grew, so did its need for henequen manufactured products. As already mentioned, Mexico's domestic market for these products and Cordemex's monopoly control of it, had enabled the firm to charge higher prices to domestic buyers. This price discriminatory policy had avoided exacerbating Cordemex's financial constraints. Yet private cordage mills have recently entered the industry. Although according to the 1952 *Ley de Saturación de las Fibras Duras* they are supposed to be illegal, nobody apart from Cordemex bureaucrats has tried to stop their development within and outside Yucatán.⁹⁵ Their number is not certain, but Vera (1981) estimated that in 1981 twenty-nine private mills were in operation in Yucatán, fourteen in the neighbouring State of Campeche, ten in Mexico city, four in the State of San Luis Potosí, and four in Tamaulipas.⁹⁶ Their technological and production capacities vary greatly from one factory to another, but what is certain is that their operational costs are much lower than Cordemex's. The hiring of a labour force on a non-permanent basis enables them to adapt themselves as the market contracts or expands, and thereby to compete efficiently with Cordemex. The effects on Cordemex of their entry into the cordage industry have been devastating. Cordemex's share of the domestic market has been reduced, and closures of factories and, consequently, worker redundancies, have followed.⁹⁷

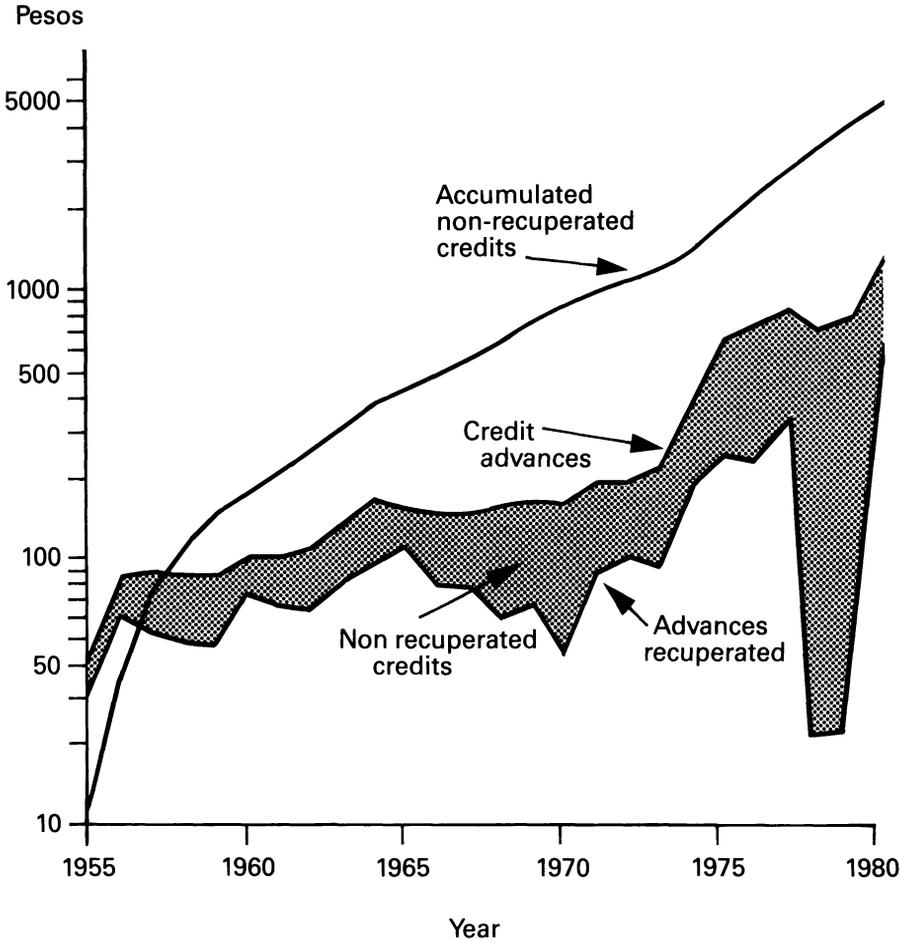
The second constraining factor on Cordemex's well-being has been the acute shortage of its raw fibre supplies. Despite Cordemex's efforts to exert more control over the agricultural sector of the industry, it has not been able to satisfy its own needs. The best indicator of this raw fibre shortage is the rising idle capacity in Cordemex's mills. In 1979 this was estimated to be 35 percent, and almost 50 percent in 1980.⁹⁸ Idle capacity had existed in Cordemex's decorticating mills ever since investments aimed at expanding production capacity had failed. It was not until 1981 that an agreement was reached with the Fideicomiso to start defibrating *ejido* leaves at Cordemex's facilities in certain areas of the henequen zone (mainly Motul). This accord has eased somewhat Cordemex's urgent need for input.⁹⁹

Figure 4 Yucatán's Henequen Zone: Mature Land Area in Full Production and Yields: 1955–80.



Sources: Secretaría de Agricultura de Recursos Hidráulicos (1979); Secretaría de Programación y Presupuesto (1982); Banrural (1981), *Estadísticas de Henequén*.

Figure 5 Banrural's accumulated non-recuperated credits, credit advances, and advances recuperated, 1955-80.



Source: Banrural (1981), *Estadísticas de Henequén*.

Finally, as a long term solution to the declining nature of the cordage industry, Cordemex technically equipped five of its sixteen defibrating plants to produce henequen by-products, as inputs for the chemical and paper industries. Joint research projects with local universities and government scientific centres were undertaken to develop the appropriate technology for the commercial use of these by-products. This development, and most importantly, the availability of resources to finance it, seem to suggest that such new commercial uses will not introduce significant changes in the industry's progress in the near future.

Conclusion

The abandoning of direct state control and ownership of the henequen industry in 1955, and its replacement by indirect control (vertical control of producers) did not bring about what was intended. As I have demonstrated, Federal Government financial aid throughout the 1960s and 1970s has increased its losses in the industry. Despite heavy investments and subsidies, steady decline in output and productivity have been only sporadically offset by brief periods of expansion, induced by international market forces and government changes in the provision of credit to henequen *ejidatarios*.

Growing numbers of *ejidatarios* as credit receivers have also contributed to the Federal Government's very costly involvement in the activity, since the Bank usually adapted its own credit strategy (except from 1970 onwards) to *ejidatarios*' needs rather than to needs dictated by the relationship between market conditions and the industry. *Ejidatarios*' isolation from market conditions by the Bank, through unproductive investments and increasing subsidies, was chosen as the policy to be applied.

The recurring explanation offered for this by specialists on the henequen industry has usually been the need to maintain political stability and control of the peasantry. Political control thus became more important than economic growth. According to Brannon (1980) and Menéndez (1981) since Yucatán's economy is, and has been, heavily dependent on the henequen industry, and *ejidatarios* have been the majority of agricultural producers in the State, their potential threat to the political system was to be bought off with public money. Henequen *ejidatarios*' dependence on government credit provision enabled them to be controlled politically. With the exception of occasional outbreaks, the political peace has in general been maintained.

As also mentioned, another popular view among these writers (Brannon, 1980, Menéndez, 1981) is that the Federal Government's involvement in the henequen industry has brought about the proletarianisation of peasants. Some authors (e.g., Menéndez, 1981) have qualified their views relating the character of peasant politics to governmental expenditure and periods of expansion or contraction. According to this revised view, in periods of economic recession, when government expenditure has been reduced, hene-

quen peasants have adopted proletarian political postures. When government expenditure has expanded peasants have fought for the reconstitution of the peasant economy.

In my view, neither of these approaches is correct. Soon after reprivatisation in 1955 the Federal Government had lost control of the *ejidos*. The use of the Bank's resources at the *ejido* level became an investment/consumption inflow to the peasants rather than to the Bank itself. Unlike Menéndez, I consider that public investment has permanently and variously financed the peasant economy in the industry. The different degrees of commoditisation that government capital inflows have developed among peasants could certainly have influenced their political behaviour, but in a wide spectrum running from strictly 'proletarian' in character, to greater *campesino* orientation. I have tried to demonstrate that household economy in the henequen industry has flourished in a unique way which can only be understood in its own context. Although the Federal Government's agencies have tried to develop this economy by the use of their own decision-making power, the peasants have actually been the ones who, by adopting defensive positions (proletarian and/or *campesino*) against public intervention, have been responsible for the pattern of its development.

Furthermore, I believe that the character of those government programmes for the henequen industry discussed above tends to suggest that the government's promotion and development of the household economy has been constant, but that it has assumed a more accentuated form in periods of economic crisis than in those of up-turn. If any connection exists between the development of the household economy and government expenditure, I would be more inclined to argue that it is that, in periods of economic deflation, the government has exercised greater control on the allocation of resources as a way of promoting certain sectors of the peasantry to the household economy category; in periods of expansion, however, government command has been relaxed, leaving the control of their resources to the producers themselves.

Finally, it is also suggested that the possibility of creating the household economy among certain strata of the henequen peasantry, by appropriating government resources, cannot be fully understood without acknowledging that, despite government efforts to this end, such as the diversification programmes, the monocrop economy has not been dismantled. Muller (1980) and Brannon (1980) have tried to explain why, despite heavy and increasing losses, the Federal Government has not withdrawn its investment, or been successful in switching to other options, less costly than henequen. Without adopting the deterministic viewpoint of some geographers (Rowe, 1961, Hobbs, 1980), I consider that the quality and quantity of agronomic resources available within and outside the henequen zone in Yucatán have demarcated the options within which capital (private or public) can choose to operate. The relationship between the agronomic endowment of Yucatán on the one hand, and the household economy financed with public money on

the other, leaves few development options other than those elaborated by the *henequeneros* themselves.

NOTES

1. After re-privatisation of land tenure in 1955 the name of the institution (hereafter called the Bank) providing credit to *ejidatarios* was changed several times during the period 1955–1980. From 1955 to 1960, its name was *Banco Nacional de Crédito Ejidal* (National Ejidal Credit Bank). Between 1961 and 1974 this was changed to *Banco Agrario* (Agrarian Bank) finally being taken over by *Banco de Crédito Rural Peninsular – Banrural* – from 1975 to the present. Among Yucatan’s specialists there is an agreement that the functions of these institutions have, to a large extent, remained the same, only the name being changed.
2. Brannon (1980), p. 111.
3. Brannon (1980), p. 185. Menéndez holds a similar view on the same issue. See Menéndez (1981), p. 174.
4. See Menéndez (1981), p. 175.
5. A detailed analysis of the household economy in the case of the henequen industry is presented in Escalante (1986).
6. The different strategies which peasants use to obtain government resources is analysed in Escalante (1986).
7. On the one hand, Lara y Lara (n.d.) and Pasos Peniche (1951) take the view that HedeYu was an institution which was fairer to *ejidatarios* than the one which replaced it, whereas Brannon (1980) and Menéndez (1981) criticise HedeYu.
8. This meant the establishment of monopoly control on the side of demand for raw fibre by the government.
9. Yields for private producers have also been estimated to be higher than for *ejidatarios*. See Brannon (1980), p. 106.

It should be noticed that calculations are made from 1956 onwards since, in my view, producers started reacting in economic terms to the reprivatisation process one year after it actually took place. However, if estimates are made taking into account 1955 output levels the results point towards a very different conclusion. This is to say that the ejidal sector would be reacting more positively to the re-privatisation than private producers.
10. We must remember that in 1942 *pequeños propietarios* (i.e., former *hacendados*) got back ownership of the decorticating mills expropriated from them in 1938.
11. Private producers (i.e., *pequeños propietarios* and *parcelarios*) did not receive official credit for henequen activities until 1918. They founded their own organisations to do so (*Unión de Crédito Agrícola y Ganadero* in 1964 and *Unión de Parcelarios* respectively).
12. See Escalante (1986), for a detailed discussion of this issue.
13. As demonstrated in Escalante (1986) larger credit advances were given to them as productivity and output levels declined.
14. See Brannon (1980), p. 230.

15. The figures mentioned include Federal and local government expenditure. This is because the local government budget was also financed by the Federal Government.
16. If we compare Zamora Millán's data for government expenditure with the Bank's, we shall notice that the latter, which are only for henequen, are much larger than the former, which include total Federal Government expenditure in Yucatán. It is my view that Zamora Millán does not take into account in his estimates what was devoted to the henequen industry by the government. See Zamora Millán (1961), pp. 44, 52-63.
17. Private investment after agrarian reform has been directed primarily towards commerce and services, cattle raising, and agriculture (in that order). See Zamora Millán (1961), p. 49.
18. Non-recuperated credits came to be considered by both the Bank and *ejidatarios* as either irrecoverable or subsidies.
19. See note 9.
20. After agrarian reform in 1937, the increasing number of *ejidatarios* in henequen cultivation was promoted by both the increasing amount of government resources deployed in the activity relative to other agricultural non-henequen programmes in Yucatán, and the registration of more people than the Federal Agrarian Law permits.
21. Although data to compare production costs with export prices for the period 1955-63 are not available, an enquiry on the situation of the henequen industry in 1962 carried out by a government commission reported that differences between them were considerable. See Loret de Mola and Pasos Peniche (1962).
22. *Parcelario* growers did not receive any financial aid from the government.
23. The proposal did not exclude the continuation of provision of credit by the Bank to the new proposed private *ejidatario* holders.
24. Peasants' representatives disagreed with the proposal and instead they asked for lower interest rates for the Bank's loans, more credit, and definite resolution on some land-distribution cases still pending Federal Government approval.
25. See Loret de Mola and Pasos Peniche (1962).
26. Although the precise number of *ejidatarios* becoming *parcelarios* is not available, according to observations during fieldwork this is a growing phenomenon.

The present number of *parcelarios* is not exact. Brannon (p.95) mentions that there are 10,000. Vera (p.42) argues that there are 15,000. Menéndez says there are 12,000. Menéndez (1981, p. 175) and Villanueva and Rubio (p. 73) calculate that there are 11,000.
27. In some *ejidos* the privatisation process has encompassed henequen cultivated lands. A detailed discussion of this phenomenon and other *ejidatarios*' uses of government subsidies to develop non-henequen alternatives for survival was included in Escalante (1986).
28. Alternative activities to henequen undertaken by *ejidatarios* somehow connected with the use of government credit may vary according to the levels of credit provided to them by the Bank, political influence within the *ejido*, family-labour availability etc. For a detailed discussion of these issues based on a

- survey carried out on henequen *ejidatario* growers, see Escalante (1986).
29. This process may be in accordance with Lipton's Urban-Bias Theory. See Lipton (1977).
 30. In 1897 Yucatán's government provided financial aid to *La Industrial's* owners to re-initiate production. A similar action was taken by Alvarado in 1916, and by Carrillo Puerto in 1922. See Brannon (1980), p. 42 and Joseph (1982), pp. 146, 247.
 31. Another factor was that US cordage manufacturers could not obtain raw fibre from their Asian suppliers (i.e. the Philippines). See Brannon (1980), p. 122.
 32. Unlike Brannon and Lara y Lara, Echeagaray (1956) argues that the cordage mills' crisis was mainly provoked by Hede Yu for two reasons. First, Hede Yu did not supply cordage mills with as much fibre as they required, and second, fibre-process costs for internal buyers were higher than for Hede Yu's overseas consumers. These arguments contradict the point that Hede Yu was subsidising cordage mills. See Echeagaray (1956), p. 62.
 33. *Cordeleros de México* replaced another similar organisation called *Asociación de Productores de Artefactos de Henequén* founded in 1950 by cordage mill-owners.
 34. A study by Banrural points out that the decline of external demand since the war was somewhat compensated by the development of Mexico's agricultural sector which started providing increasing orders to the henequen manufacturing industry. See Banrural (1980), p. 21.
 35. Brannon argues that this happened because Canadian capital was to take over the industry providing a 90 million dollar loan to millowners. This, he notes, was seen as a serious threat to Federal Government Involvement in the henequen industry and to the well-being of Yucatan's people as a whole. See Brannon (1980), p. 131.
 36. In 1962, the *Ley de Saturación de las Fibras Duras* was enacted by the Federal Government to protect Cordemex from internal and external competition. This law allowed Cordemex to be the sole producer of henequen manufactured goods, and though raw fibre exports were not forbidden (until 1974), internal needs had to be met before exports could start. Imports of sisal-fibre were also prohibited.
 37. Despite the fact that both the Bank and Cordemex were Federal Government agencies in Yucatán, political rivalry between the two would develop over time. Disagreements between these institutions created important economic problems in the industry.
 38. Menéndez argues that the Federal Government overpaid by twice as much as the real value of Cordemex's assets. Menéndez (1964), Ch. IX.
 39. Poor quality control was one of the major obstacles the private Yucatecan industry had faced during the forties and fifties. Complaints by buyers were so frequent that the reputation of exploiting buyers was acquired. Millowners blamed Hede Yu for this, arguing that the latter used to sell them low quality fibre. Echeagaray (1956), p. 62.
 40. Vera mentions that technological differences amongst the new nationalised

mills was so diverse that production costs amongst them may vary by as much as 300 percent. Vera (1981), p. 52.

41. See Escalante (1986).
42. See Echeverría (1981), Ch. 5.
43. Although it is widely known amongst Yucatecans and observers that little cooperation and coordination have existed or exist between the Bank and Cordemex, and rivalry between them has been allowed to develop and be resolved with almost no Federal Government intervention, in certain conjunctures the Federal Government's decisions are adopted by both institutions.
44. Output rose as a consequence of favourable prices in the market provoked by uncertainty in its supply-side by African sisal-producers (i.e., Tanzania and Kenya). During the sixties these countries were involved in political struggles to gain their independence.

As a way of preventing shortages, buyers acquired large stocks which in the long run oversupplied the market and lowered prices and demand as well.
45. It is also interesting to note the decrease of private producers' share of the total output. Authors like Brannon (1980) and Vera (1981) coincide in their argument that this decrease may confirm the constant withdrawal of former *hacendados* from henequen cultivation to other activities, such as commerce, tourism, and the cordage industry.
46. The 3.6 percent decrease in investment in the henequen agricultural sector is underestimated since figures are in current prices. Because an adequate implicit deflator index is not available for deflating public investment data, an accurate measurement cannot be given. However, taking into account that inflation during the period was very low, my estimate is that investment by the Bank went down in real terms by 5 percent.
47. Data available based on *Banco de México's* estimates, but which greatly conflict with other sources, nevertheless show that the average rate of growth of Yucatán's agricultural sector as a whole decreased from 7.6 percent (1950–1960) to 2.5 percent between 1960–1970. On the other hand, following the same economic indicators, industrial activities' average rate of growth rose from 3.9 percent (1950–1960) to 6.1 percent (1960–1970). Banrural (1980), Appendix.
48. According to Rubio and Villanueva, these two political mobilisations and their character demonstrate the proletarianisation process taking place among henequen growers. Rubio and Villanueva (1979).
49. Menéndez mentions that in 1963, 13 million pesos were spent on unnecessary weedings. Menéndez (1964), p. 262.
50. See Pasos Peniche (1967), pp. 9-10, 12, 19 and Villanueva (1982), p. 9.
51. See Secretaría de Agricultura y Recursos Hidráulicos (1972) pp. 30, 208.
52. For Brannon, this change in policy by the government was due to the need to counteract growing political opposition to the PRI-Government formula which has ruled Mexico for more than forty years. However, this argument seems to be unsatisfactory since such political opposition never involved henequen peasants. It was more a middle class urban phenomenon particularly concentrated in Mérida (Yucatán's capital state). Brannon (1980), pp. 177–9.
53. According to Menéndez, due to the fact that in 1962 Cordemex's profits were as

- high as 30 million pesos, and profits of 100 million pesos were expected to be generated in the near future, forecasts were very optimistic. Menéndez (1964), p. 163.
54. See Brannon (1980), p. 157.
 55. The raw material for the production of cables, sacks, etc., made of synthetic fibres is a petrochemical product called polypropylene.
 56. It is also recognised that the cordage industry, using synthetics as a source of raw material, has a better elastic price response to changes in levels of demand than natural hard-fibre manufacturers have. Furthermore, changes in the level of demand can be met more quickly because there is no dependence on long maturing agricultural sources for raw material.
 57. A complete description of all henequen manufactured goods and their uses is given in Escalante (1986).
 58. See Brannon (1980), p. 148.
 59. Figures for 1970 exports do not accord with Cordemex's own statistics. See *Informe de Seis Años de Labores, 1970–1976*, Cordemex (1976).
 60. In 1970 the FAO tried to negotiate with the main natural hard-fibre manufacturers the establishment of production quotas per country as a mechanism to avoid oversupply and price drops. Its efforts, however, were unsuccessful.
 61. See Vera (1979), p. 22.
 62. Menéndez's data qualify this argument since they show that at least until 1965 the relationship between international prices and Cordemex's average price-costs produced a profit margin for the firm. Menéndez (1964), pp. 171–4, 282–3, 314–5.
 63. This was possible because of the monopoly control of the domestic market granted to Cordemex by the Federal Government.
 64. See Brannon (1980), p. 151.
 65. In 1971 Cordemex had established eleven decorticating mills throughout the henequen zone, and in 1973 four other plants with new technological innovations were put into operation. Cordemex (May, 1977).
 66. By 1962, the Bank had acquired 40 rasping plants from former *hacendados* in which *ejidos'* leaves were defibrated. In 1976 these plants were sold to *ejidatarios* with the Bank's credits. See Banrural (1976).
 67. According to the data available 10.3 million pesos were given to *parcelarios* in subsidies. See Secretaría de Agricultura y Recursos Hidráulicos (1972), p.30, and Echeverría (1982), p. 125.
 68. See Vera (1981), p. 42.
 69. See Whitehead (1979).
 70. Despite the fact that *ejidatario* ownership was to be the rule, the actual functioning of these enterprises and *ejidatarios'* managerial control over them was never specified.
 71. The *Confederación Nacional Campesina* -CNC (National Peasant Confederation) was founded by Cárdenas in 1938. Its aim was to incorporate peasants'

- political organisations into Cárdenas' newly created political party PRM (PRI's predecessor).
72. A detailed account of Yucatán's balance of payments constraints is provided in Secretaría de Agricultura y Recursos Hidráulicos (1972), pp. 45, 48–60. It should be acknowledged, however, that these data do not consider henequen export values in their calculations. If that had been the case, the deficit would still prevail, but would be much lower. This is important since there is a viewpoint which maintains that subsidies Yucatán obtains from the Federal Government are largely devoted to imports rather than investment. Although this argument may hold to a certain extent, to suggest this is the case entirely is misleading. See *Liga de Economistas Revolucionarios de Yucatán* (Conference Paper, n.d).
 73. Non-henequen activities were chosen taking into consideration the agronomic resources of these areas which would permit production at competitive prices and the ability to export part of the output as much as to sell it in Yucatán,
 74. This estimate was made on the basis of 70,000 henequen *ejidatarios* registered in 1973.
 75. Cárdenas's 1937 Agrarian Decrees granted *ejidatarios* ownership of raw fibre, but also of henequen sub-profits. However, this regulation was seldom respected by plant owners.
 76. Raw fibre represents only 5 percent of a henequen leaf's total weight. See Secretaría de Agricultura y Recursos Hidráulicos (1980), p. 11.
 77. Because of Cordemex's entry into the activity of henequen leaf processing, former *hacendados* were affected since Cordemex started processing *parcelarios*' output which in the past had been controlled by the *hacendados*.
 78. Officially and unofficially some *ejidos* took their leaves to be rasped at former *hacendados*' plants. When *ejidatarios*' leaves were smuggled to these plants, they were paid better prices than the Bank's. Former *hacendados* could afford it since, with that raw fibre, they could enhance supplies to their own cordage mills which had started competing with Cordemex during the 1970s.
 79. Training for 325 *ejidatarios* in Mexico, and 25 in Tanzania, on the functioning of the plants was carried out by the Federal Government.
 80. Something similar happened during the existence of HedeYu. Its administrative staff tried to organise a union and peasants (*ejidatarios*) were told by HedeYu's top officials that a union could not be admitted since HedeYu was owned by *ejidatarios* and was not a private entrepreneur.
 81. See Banrural (1977), p. 101 and Secretaría de Agricultura y Recursos Hidráulicos (1980).
 82. Cordemex's accumulated losses from 1968 to 1973 were 140.8 million pesos. See Echeverría (1981), p. 142.
 83. In 1970, Cordemex and its industrial labour force agreed on a set of very favourable working conditions. The most relevant one was that regardless of levels of production, workers could not be laid off by the firm without proper compensation.
 84. The effects of the bonanza period in the agricultural sector was overcutting of leaves. The consequence of this was felt some years later after lowering

productivity levels even further.

85. In 1975, throughout Cordemex's industrial mills in Yucatán and in other states (e.g., Jalisco and Tamaulipas), two thousand workers had to be made redundant. Eight hundred of them were working in Yucatán's mills.
86. See Banrural (1977), p. 2.
87. Another study (Banrural, 1977) forecast that unless an intensive programme of new sowings was undertaken, by 1985 *ejidatarios'* raw fibre output would have diminished by as much as 35,000 tons. The consequence of this for the industrial sector of the industry (i.e., mainly Cordemex) would be disastrous.

The enlargement of the cultivation area was also seen as necessary since demand for henequen manufactured goods, and by consequence raw fibre as well, was expected to rise. The considerations were, on the one hand, that oil prices would continue rising thus eroding the price competitiveness of synthetics, and on the other, that sisal producers (because of labour shortages in the case of Brazil and the need to devote more land to the production of food in the case of Tanzania) would reduce their supplies to international markets. Both phenomena would work in favour of henequen. See Banrural (1977), p. 92.

88. This alternative, displacing *ejidatarios* to non-henequen activities, was chosen in replacement of the previous plan of encouraging migration out of the henequen zone to other areas of Yucatán, and to the neighbouring States of Campeche and Quintana Roo.

For this change in policy two reasons were adduced. First, the migration alternative was very expensive, and second, it did not work. Family links, the availability of government money and a good communications network in the Peninsula usually resulted in them going back to where they had been moved from in the first place. This time the diversification programme would be encouraged within the henequen zone. For that purpose 18,000 hectares of new cleared land would be sown with maize and beans.

89. The outcome of the commission's enquiries was that of the original 30,000 *ejidatarios* to be deleted from the Bank's records, only 20,000 were finally considered to be ineligible for credit provision. See Banrural (n.d.).
90. See Banrural (1980).
91. Muller argues that due to the fact that in Yucatán there is widespread householders' production for self-consumption GDP measurements are usually underestimated by about 20 percent. See Muller (1980), p. 12.
92. In 1980 plant to produce concentrated orange juice to be exported to the United States was built in the South of Yucatán. See Villanueva (1982), p. 34.
93. For data about the volume of sales see Yucatán: *Historia y Economía* 5: 28 (1981), p. 93. For data about output value see Muller (1980), table 7.
94. See Vera (1979), table 7.
95. These cordage mills have come to be called *Cordelerías Piratas* (Illegal Cordage Mills).
96. See Vera (1981), p. 56.
97. In 1979, Cordemex's labour force was reduced to 5,000 workers as compared to 6,991 working for it in 1978. See Secretaría de Agricultura y Recursos

Hidráulicos (1980), p. 52.

98. See Secretaría de Agricultura y Recursos Hidráulicos (1980), p. 52 and Muller (1980), p. 23.
99. Import of raw fibre has been considered by Cordemex. For example, as the project to establish a factory in Tanzania had to be scrapped because of the country's financial difficulties, Cordemex was negotiating its shares to be paid in kind (i.e., raw fibre) which could be manufactured at its plants in Yucatán.

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