

PN-AAT-436  
41708

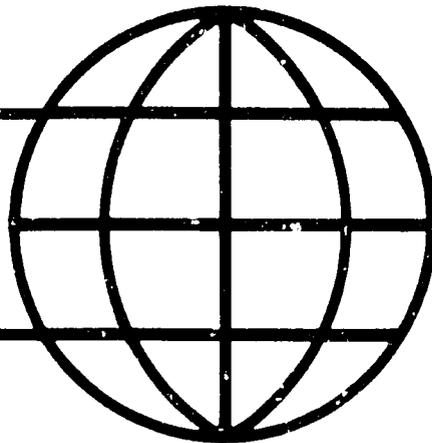
**COOPERATIVE AGREEMENT ON HUMAN SETTLEMENTS  
AND NATURAL RESOURCE SYSTEMS ANALYSIS**

RURAL DEVELOPMENT AND THE URBAN SYSTEM IN  
MEXICO: ISSUES AND POLICIES

BY

Niles Hansen

Regional Cities Project  
Clark University/Institute for Development Anthropology  
Cooperative Agreement (USAID)



**Clark University**  
International Development Program  
950 Main Street  
Worcester, MA 01610

**Institute for Development Anthropology**  
Suite 302, P.O. Box 818  
99 Cclier Street  
Binghamton, NY 13902

**RURAL DEVELOPMENT AND THE URBAN SYSTEM IN  
MEXICO: ISSUES AND POLICIES**

by

**Niles Hansen**

**Regional Cities Project**

**Clark University**

**June 1984**

TABLE OF CONTENTS

	<u>Page</u>
I. Introduction . . . . .	1
II. Rural and Agricultural Development . . . . .	2
III. The Urban System . . . . .	8
IV. Conclusion . . . . .	15
References . . . . .	17

## I. Introduction

Since 1970 Mexico has made significant progress in creating an institutional capacity for urban and regional planning, and much research contributes to a better understanding of the nature of the nation's urban system. Perhaps the most noteworthy example of such research is that of Unikel (1978) and his colleagues at El Colegio de Mexico; this study makes considerable use of gravity models and primacy indices, and presents useful information concerning the urban hierarchy, migration, and employment and income data by state. However, it provides no real critique of government policies and programs with respect to rural areas, industrialization, or urbanization. Such critiques are generally lacking on the part of even highly competent analysts who work within the government or in close association with it. However, there has been no lack of pertinent criticisms from social scientists well removed from concrete decision-making processes.

Studies and plans concerning regional and urban development in Mexico have tended to fall into two separate categories. Those in the first category emphasize rural areas and agriculture, while the second emphasizes the nature and significance of the nation's system of cities. Both are considered in this discussion. It will then be argued that more integration is needed between rural and urban planning as well as a greater commitment to the implementation of policies and programs that will promote not only macroeconomic growth, but also a more equitable distribution of economic opportunity.

## II. Rural and Agricultural Development

During the political regime of General Porfirio Díaz (1884-1911), rural land ownership became increasingly concentrated. Ninety-six percent of the heads of rural families possessed no land, whereas 1 percent of the population owned 97 percent of the land. Almost half the rural property of Mexico, a country economically dependent upon agriculture, was controlled by 834 land owners. During this period, 55,000 of the 70,000 rural villages were attached haciendas. This semifeudal system could not provide enough crops to meet the needs of a growing population. Political power was directly linked to vast holdings of land, and very little social mobility was possible. From 1889 to 1910 real wages declined in rural areas. Although the Mexican Revolution began in 1910 with political objectives, the goal, before it ended proved essentially to be an agrarian revolution. Subsequently agrarian reform became one of the Revolution's main outcomes (Gil 1983).

Under revolutionary land redistribution programs a large amount of land was taken from large haciendas and given to villages organized as ejidos, a form of landholding similar to that which existed in pre-Spanish Mexico. Each ejido is a legal entity, but with the exception of a few that were large and collectivized, the land has been divided into family plots farmed on an individual basis. Holders of individual plots cannot sell or mortgage the land, but rights to the land may be passed to descendants by inheritance. The small size of the individual plots has led to major difficulties with the program. For example, mechanization has been inhibited. And much of the land, especially that making up the corn-growing ejidos of the central plateau, has been exhausted or cultivated in a primitive manner, so that the plots have provided at best a

mere subsistence living for the families. While the program has done much to improve human dignity, the reason for its popularity in poor rural areas, it has not solved the economic problem of generating effective production. Crow argues that:

Over 200 million acres of land have been redistributed in Mexico since the Revolution, and this agrarian reform program has now reached a point of no return. Insufficient good land remains. From now on the problem of the poor rural population must be solved not only in the fields, with more scientific methods of cultivation, but also in the cities, by expanded industry and commerce. The ejido system has collapsed (Crow 1980, 725).

This position is superficially correct, but it begs the question of how to increase agricultural productivity. Throughout the country, the Mexican government in fact has made considerable investments in communications and transportation as well as in schools and health facilities. It also has invested heavily in large-scale irrigation projects. While important activities, these efforts primarily have benefited large-scale capitalist farms, which are in the best position to take advantage of the improved possibilities for production. They also allowed for shifts in production, a response to changing market conditions. Large farms also have better access to credit than small edidal farmers, primarily because government agencies often have been reluctant to extend credit to the small farmers because they typically provide a low return on capital.

Johnston and Clark (1982) maintain that the critical issue in Mexican agriculture is not the small farmstead as such, but rather the lack of resources devoted to small-scale farms. They make a distinction between a unimodal pattern of agricultural development and a himodal, or dualistic, pattern. The unimodal model--pursued by such countries as

Japan, Taiwan, and South Korea--has proven to be a feasible and desirable approach to agricultural development achieving widespread increases in productivity and income within the existing framework of small-scale farm units. They have employed labor-intensive, capital-saving technologies, and relied heavily on divisible innovations such as the high yielding crop varieties associated with the Green Revolution. On the other hand, in Mexico, increased agricultural productivity--especially in commercialized production--has been concentrated mostly in a subsector of large farms that adopted labor-saving, capital-using technologies. For example, cotton-growing technologies in use in the United States' Southwest were taken up by these Mexican producers, a process facilitated by the transfer of both capital and technical expertise from the United States. Although this bimodal agricultural strategy was considered to be a success in the 1960s, it is now clear that it makes inadequate contribution toward overall rural development because the great majority of the rural population is by-passed. Even the rate of growth of Mexican agricultural output has been declining markedly.

It should be stressed, however, that the Mexican government has not been unaware of the problems associated with the bimodal strategy. Indeed, in the early 1970s the Echeverría administration made a significant "rediscovery" of Mexico's peasantry. Whereas poor rural areas were considered residual in terms of national development, to be aided only by various welfare programs or marginal land reform efforts, the Echeverría administration singled out the ejido sector for special attention from government programs. Among the various initiatives in

this regard, the most innovative was a major inter-sectoral effort known as Programa Integral para el Desarrollo Rural (PIDER).

The principal objectives of the PIDER were to (a) give rural communities the public works and services necessary for economic and social development, (b) provide permanent employment and higher incomes to the labor force in rural communities, (c) raise the level of productivity per employed worker, (d) use natural resources to strengthen rural development in such a way that health, education and general welfare would be improved, and (e) contribute to a more equitable distribution of goods and services between urban and rural areas (SPP 1980).

Under the PIDER, rural underdevelopment was to be assessed on the basis of studies of rural poverty indicators, and underdevelopment was to be responded to in terms of development potentials. Microregions were delineated to serve as units for planning an integrated set of projects for agriculture, rural infrastructure, health, sanitation, and education. The primary emphasis was to be on food production. The PIDER was to be implemented through fourteen federal agencies; in 1977 the coordination and control functions for implementation were given to the Secretary for Planning and Budget.

In the late 1970s the PIDER effort was regarded by some independent experts as a promising model for rural development throughout the Third World. However, on-site observations in Mexico City in August 1983 indicate that PIDER is no longer taken seriously by government officials or academics concerned with regional development. To strengthen the PIDER's information generation and analytic capabilities, a research center for rural development (CIDER) was established in the 1970s with a

multidisciplinary staff of economists, sociologists, anthropologists, and agricultural experts. However, interviews at CIDER suggested that this agency is in disarray and has not conducted any significant evaluations for some time. The problem seems to be that PIDER not only encountered difficulty implementing its coordination functions, but it also competes with rival rural development agencies established under the Lopez Portillo administration, in particular COPLAMAR. The latter is a program for marginal groups and regions.

Grindle also has noted that the creation of COPLAMAR with its strong base of presidential support resulted in a reduction of high caliber personnel and lower salary levels at PIDER. COPLAMAR and PIDER regions overlap or are adjacent to each other, resulting in duplication of effort and planning errors from a lack of coordination between the two programs.

Partisans of the two programs continually sniped at each other. According to followers of COPLAMAR, it has fallen heir to PIDER's original functions which PIDER was not able to carry out. Partisans of PIDER questioned the integrated nature of COPLAMAR's activities and decried its lack of attention to productive activities. In both cases, these tensions inhibited cooperative activity (Grindle 1981, 37-38).

In addition to the fact that each Mexican administration tends to create its own policies and programs to the neglect of previous initiatives, there are other political obstacles to policy implementation. Grindle argues that Mexican peasants have been unable to retain and invest any surpluses because of exploitation by economic intermediaries. Pressured by poverty, crops must be sold at low prices before they are harvested; informal credit must be accepted on usurious terms; transporters exact high prices for transportation of products to distant

markets; and a variety of middlemen siphon off any marginal profits that the peasants may have managed to gain. In response, "the rational peasant would choose to grow only enough food for his family's consumption and spend the rest of his time in nearby urban labor markets or else he would abandon cultivation altogether and migrate to Mexico City, elsewhere in the country, or to the United States" (Grindle 1981, 10). Thus, rural development strategies that allocate considerable resources to the peasant sector without confronting the relationship between it and the commercial sector, and also fail to make more land and water available to ejidos, small landowners, and the landless, are not likely to stimulate production, create employment, or raise living standards.

The "integral rural development" and "integral agrarian reform" sections of the National Development Plan 1983-1988 (SPP 1983) reflect the principal objectives of the de la Madrid administration in these regards. A great deal of attention is given to the need to ameliorate social and economic conditions in the Mexican countryside. One goal pledges to support the establishment of "more just terms of exchange between the agricultural sector and the industrial and service sectors, so that economic surpluses generated in rural areas can be retained there, and especially in the most disadvantaged areas" (p. 278). Another stated goal is "to increase the generation of permanent jobs and improve the distribution of income, thus contributing to the creation of the economic bases needed to move toward a more egalitarian society and a lowering of the inequalities within rural areas and between rural areas and the cities" (p. 278).

Although the National Development Plan discusses many of the constraints hindering rural development, it does so within the context of how the traditional sector relates to the urban and industrial economy, urging the need for infrastructure and technological development and more democratic participation in the rural planning process. The Plan does not challenge the bimodal structure of the rural economy and it does not deal with the possibility that the development of large-scale, capital-intensive agriculture may conflict with the goal of improved social and economic conditions for the mass of poor peasants. In other words, the Plan implies that rural and agricultural crises can be handled within the existing bifurcated agrarian structure, even though most United States and Mexican scholarly studies of Mexican rural development problems suggest that a new and genuine agrarian reform is required if the peasant sector is to experience significant social and economic advances.

### III. The Urban System

Greater Mexico City has an estimated population of 16 million persons and it is still growing rapidly. The sheer size of Mexico City, its continuing growth, and the resource scarcities that characterize the current national economic crisis have combined to create an almost unmanageable urban growth problem. Moreover, political, social and economic power are more highly concentrated in Mexico City than its relative population size might indicate. In the past decade there has been increasing recognition of the need to decentralize population and economic activity away from Mexico City, both to alleviate congestion and other external

diseconomies of agglomeration, and to promote the development of other parts of the country.

One of the earliest specific and clearly thought out proposals for decentralization came from Corona (1974), who set forth a growth center strategy based on eleven cities: Toluca, Cuernavaca, Pachuca, Tlaxcala, Puebla, Querétaro, Irapuato, Guanajuato, León, Morelia, and Acapulco. Corona, a student of the late Jacques Boudeville, clearly reflects the influence of the French School of urban and regional development thought, which took many of its major themes from the experience gained when the French needed to decentralize population and economic activity away from the Paris region.

A World Bank group elaborated another growth center strategy involving two "subsidiary core areas" (Guadalajara and Monterrey), thirteen "regional growth centers," and nineteen "local growth centers" (Scott 1982). Despite the rather large number of urban centers, this analysis divided the spatial system into essentially two main development subsystems. The northern subsystem focuses on Monterrey and links with Saltillo, Torreón, and Chihuahua to the west; with Nuevo Laredo to the north; and with Reynosa and Matamoros to the east. The central subsystem concentrates on the Guadalajara-Mexico City-Veracruz development axis, but also joins the ports of Manzanillo and Acapulco to the southwest. The northern and central subsystems are joined in two places: along the north-south development axis between Monterrey and Mexico City, and along the primary road network between Torreón and Irapuato-Querétaro. A variant of this general strategy would shift the main area of development from the central to the Gulf Coast states. This approach combines

agricultural with urban-industrial programs to diversify the Gulf Coast economy. Basically, the strategies proposed by the World Bank represent an attempt to integrate regional economies through an interconnected hierarchy of cities, and to increase spatial integration on the basis of interdependent regional subsystems. In this regard, the provision of adequate transportation and communications linkages among urban centers is nearly as important as the development role of the centers themselves.

Whatever the inherent merits of any of the decentralization strategies proposed for Mexico, it obviously cannot have any practical effect without active government support. Prior to the 1970s, various official policies espoused the desirability of decentralization from Mexico City, but they produced little in terms of results. At that time, Mexico was fundamentally oriented toward sectoral planning in an industrial development context; spatial objectives were introduced only as political afterthoughts.

The "shared development" (desarrollo compartido) strategy initiated by the Echeverría administration (1970-1976) included concrete urban-regional planning policies as an integral part of its more general national objectives: income redistribution, employment creation, reduction of foreign dependency, and strengthening of the public sector. It is not within the scope of this report to consider the many laws, programs, plans, or administrative agencies that were introduced in an urban-regional context. Nevertheless, in retrospect, it appears that the consequences of many of these efforts are different from the proposed aims. For example, some decentralization measures defined the geographic zones for new development so broadly that many firms located in towns

close to Mexico City and Guadalajara. This new growth was counter-productive because it represented further economic-demographic concentration from a national perspective.

Only under the administration of López Portillo (1977-1982) did urban and regional planning become truly institutionalized. The core planning agency in this regard was the newly-created Secretariat for Human Settlements and Public Works (SAHOP). It was charged with the responsibility for formulating and coordinating general policy with respect to human settlement systems, both at the interurban (regional planning) and at the intraurban (city planning) levels. A National Urban Development Commission also was created to serve as an instrument of communication and coordination among the various public agencies concerned with urban and regional issues. The Commission was composed of ten undersecretaries and seven directors of decentralized organisms dealing with human settlements. It was presided over by the head of SAHOP. In general terms, the functions of the Commission were to define the principal policy directions of the National Plan for Urban Development (approved in May of 1978) and to monitor the execution of specific programs related to these policies.

In fact, the most specific incentives for decentralization were elaborated, with the collaboration of the SAHOP, in the National Plan for Industrial Development (PNDI). The PNDI, developed during the euphoria created by the energy boom, proclaimed that a national economic growth rate of 8 to 10 percent could be achieved, while at the same time the inflation rate could be reduced. Given these assumptions, quantitative growth goals were set for thirty-three industrial sectors and for the

balance of payments. The PNDI also stated that the share of the gross value of national industrial output accounted for by the greater Mexico City area should be reduced from 50 percent in 1979 to 40 percent in 1982. Toward this end, a regionalization was made for the purpose of granting differential fiscal incentives and discounts in the purchase prices of industrial fuels. The PNDI specified three types of areas for such assistance. Eleven Zone I areas were accorded preferential treatment, especially the four industrial ports of Coatzacoalcos, Lazasro Cardenas-Las Truches, Salina Cruz, and Tampico. Zone II areas were centers of industrial activity selected by state governors. Zone III areas, locations around Mexico City, benefited primarily from planning assistance.

Even before the national financial crisis, it was evident that there were serious difficulties with the PNDI. Although the plan itself stated that successful industrialization would require "a critical urban mass and adequate infrastructure," and that it would be necessary to concentrate industrialization efforts in growth centers, it created more than 20 "preferential zones," including 119 communities and 40 cities with some importance in the national urban system. This clearly diluted the concentrated decentralization approach. In addition, the kinds of incentives made available by the PNDI were not very important in influencing private industrial location decisions. In fact, the "new" incentives were not very different from those established in 1972, which had no significant effect in terms of reversing the continued spatial concentration of industry in Mexico City.

Finally, the Global Development Plan (1980-1982) stated that national social and economic development should be integrally related to spatial planning. In a general way, it called for modifying migration flows, urbanization patterns and industrial location by stimulating the growth of coastal and northern border areas. Once again a concentrated decentralization policy was invoked. However, the specific means for achieving "integral spatial development" and for reducing regional inequalities were the same as those set forth in the National Plan for Urban Development and the National Plan for Industrial Development. Despite the available evidence, fiscal incentives were still regarded as effective means for encouraging decentralization. The contradiction between a nominal growth center strategy and the selection of a large number of localities for "priority" development was also retained in the Global Development Plan.

The de la Madrid administration is pursuing essentially the same regional and urban planning objectives as the previous administration. In an interview in 1983, President de la Madrid stated that:

The cost of Mexico City's expansion is extremely high and it represents an injustice to the rest of the republic. Subsidies have made the city more attractive and have stimulated migration even more. In our new Development Plan for 1983-88, one basic goal is decentralization of national life. Within our system of freedom--of work and movement--we cannot impose coercive measures to block people from coming to Mexico City or to expel them. But we can take measures to encourage them to move to new poles of attraction that are being developed in other regions (Gall 1983, 72).

One noteworthy new feature of regional-urban policy as outlined in the National Development Plan is an emphasis on planning at the state level, which should develop more coherent and complementary linkages

between urban and rural areas at that level, in light of specific local conditions. The plan calls for more democratic participation in decentralized decision making, as well as for greater municipal financial capacity to carry out concrete projects. At the same time, the plan designates certain large regions within which "integral state planning" and plans that are national in scope should converge. These regions are the north, the southeast, the central Pacific coast, and the Gulf of Mexico coast.

The development strategy for the north is focused on industrial diversification in border cities, with emphasis on export sectors. Linkages also are to be reinforced between border cities and subregional economies at a "reasonable distance" from the border. A special program also will be implemented to exploit the fishing, mineral, and touristic resources of the Gulf of California region.

Priorities for the southeast region include the development of heavy industry and the construction of infrastructure to improve linkages between major urban centers. Cities that have been impacted by the petroleum boom will also be given priority in the provision of infrastructure, housing, and services.

The strategy for the central Pacific coast states intends to focus on three projects expected to promote and integrate the region's development: (1) the integration of touristic circuits so that more tourists will visit a wider array of places; (2) intensification of mineral resource exploitation; and (3) improvement of coastal trade and communication as well as port and industrial infrastructures of Lázaro Cárdenas and Salina Cruz. The strategy for the Gulf Coast is to

consolidate regional urban systems independent of Mexico City, with emphasis given to the ports of Tampico-Altamira and Coatzacoalcos. The Isthmus of Tehuantepec is assigned a strategic role in providing direct transportation and communications between the southeast and the Pacific coast.

Finally, the National Development Plan notes that approximately 70 percent of the interstate migration in Mexico originates in a few central states characterized by peasant agriculture, and by medium-size cities whose growth has been inhibited by Mexico City's expansion. The plan seeks to reorient migration away from the capital by providing expanded nonagricultural employment opportunities in the central zone's medium-size cities.

The National Development Plan contains still other provisions related to the urban system, but the principal objectives outlined here indicate the ambitious scope of its intentions. The financial constraints imposed by the current economic crisis, no doubt will preclude the attainment of most of the plan's urban policy aims in the next few years. Nevertheless, there is a potential for some degree of long term success if Mexico seriously wants to address the issue of spatial inequalities.

#### IV. Conclusion

It has been argued that there is a need to carefully and systematically identify the fundamental causes of interregional and rural-urban inequalities, as well as to specify concrete measures (in contrast to the

typically indicative plans) for changing the processes that have produced these phenomena. The critics, who are often but not necessarily Marxists, maintain that there is little point in elaborating abstract policies, plans, and programs that do little to modify the underlying conditions that produce poverty, unemployment, and underemployment. Among the conditions frequently mentioned in this context are foreign dependency, highly unequal income distribution, and the marginalization of many parts of the population. Perhaps the most fundamental issue is that of the government's degree of willingness to alter the power relations that perpetuate unequal development.

Finally, it must be pointed out that urban growth center strategies are not likely to work in a country like Mexico unless at least equal attention is devoted to the rural population and the agricultural economy. The new emphasis on state-level planning directly confronts this issue. The National Development Plan indicates that the point of departure for "integral state development" should be the development of closer relations between rural and urban economies. The plan proposes the creation of agro-industrial centers that will produce for the basic consumption needs of local populations (p. 395). This conception is not based on grand projects, but rather on a more efficient use of local agricultural and industrial resources. It remains to be seen how this orientation will be realized in practice, but it does at least provide general guidance in the right direction.

## REFERENCES

- Corona Rentería, A. 1974. La Economía Urbana: Ciudades y Regiones, Mexicanas. México, D.F.: Instituto Mexicano de Investigaciones Económicas.
- Crow, J.A. 1980. The Epic of Latin America, 3rd ed. Berkeley: University of California Press.
- Gall, N. 1983. "Can Mexico Pull Through?" Forbes, August 15: 70-79.
- Gil Valdivia, G. 1983. "Agrarian Reform and the Ejido," The Mexican Forum, Vol. 3, No. 4 (October): 26-30.
- Grindle, M.S. 1981. Official Interpretations of Rural Underdevelopment: Mexico in the 1970s. La Jolla: Program in United States-Mexican Studies, University of California, San Diego.
- Johnston, B.F., and W.C. Clark. 1982. Redesigning Rural Development: A Strategic Perspective. Baltimore: Johns Hopkins Press.
- Scott, I. 1982. Urban and Spatial Development in Mexico. Baltimore: Johns Hopkins Press, for the World Bank.
- Secretaría de Programación y Presupuesto. 1980. Programa Integral para el Desarrollo Rural. Unpublished paper.
- Secretaría de Programación y Presupuesto. 1983. Plan Nacional de Desarrollo 1983-1988. México, D.F.: SPP.
- Unikel, L. 1978. El Desarrollo Urbano de México: Diagnostico e Implicaciones, 2nd ed. México, D.F.: El Colegio de México.