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## **Strategies for Survival: Migration and Fair Trade- Organic Coffee Production in Oaxaca, Mexico**

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Working Paper 118  
June 2005

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ABSTRACT

**Strategies for Survival:  
Migration and Fair Trade-Organic Coffee Production in Oaxaca, Mexico**

by

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Coffee growers throughout southern Mexico have been negatively affected by low world coffee prices coupled with a steady scaling-back of government support to the agricultural sector. Considerable anecdotal evidence suggests that a major response to the coffee price plunge starting in 1997 has been increasing migration for employment to the United States from southern coffee regions. Another response among some cooperatives in southern Mexico has been to differentiate their coffee by certifying it as high-quality, organic, and/or socially beneficial (Fair Trade). This thesis examines the links among the coffee crisis, migration, and certified production, drawing on a case study conducted in Summer 2004 by the author in a high-migration, Fair Trade-organic coffee-producing community of Oaxaca, Mexico. International migration from the community has existed to some extent for decades, but its acceleration beginning in the late 1990s can be linked at least in part to the historic drop in coffee prices that affected producers worldwide. Although remittances from migrants are currently helping to finance coffee production in the community, migration brings with it a series of transformations in the community and in the region at large that serve to decrease the economic, social, and cultural viability of coffee production—including certified ‘sustainable’ coffee production. The case study findings raise doubts about the sustainability of the Fair Trade-organic coffee model in the face of migration.

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## ACKNOWLEDGEMENTS

I am grateful to a number of individuals who offered their guidance, insight, encouragement, and support throughout this project. Although I take sole responsibility for the conclusions contained herein, this thesis is a product of the contributions of many: Dave Runsten, Tad Mutersbaugh, Jonathan Fox, Josefina Aranda, and Matt Warning contributed valuable ideas and information throughout the development phase of this project; Dave, Tad, and Josefina were also of much help in the study site selection process and throughout the field research portion of the project carried out in Oaxaca in Summer 2004. Martha Rees, Jeffrey Cohen, and Tad Mutersbaugh shared examples of their own field research questionnaires which helped me greatly to create and mold my own. This paper has also been improved by insights, discussions, and editorial comments offered by José Luis Zarate, Muriel Calo, Matt Warning, Luin Goldring, Michael Lewis, and Shayna Harris.

My advisors at the University of California at San Diego—Wayne Cornelius, April Linton, and Gaku Tsuda—have provided guidance throughout the thesis process, and they helped me to shape an earlier draft of this thesis into a more nuanced and polished final product. I feel fortunate to have had the opportunity to work with both Wayne and Gaku on various projects and courses sponsored by UCSD's Center for Comparative Immigration Studies (CCIS). Working with Wayne and Gaku in the classroom, and with Wayne in the field in Jalisco and Yucatán, has exposed me to a variety of perspectives on international migration that have enriched my own research. I thank April for inviting me to a conference at Princeton that she helped to coordinate that focused on the links between commodities, trade, development, and the environment. The conference gave me the push I needed to actually start writing this thesis! More importantly, it introduced me to other people working on similar issues (though perhaps in different regions, or in different commodities) that helped me to contextualize my project in broader thematic terms.

I am especially grateful to Dave Runsten, who has supported me in this project from day one, and whose interest in the topic of coffee and migration and its implications for the farmers and communities involved parallels my own. With Dave's support and collaboration, this project became something much bigger and much more interesting than I had anticipated in Fall 2003. I thank Dave for confirming for me from the beginning that this was an interesting topic to study, for many brainstorming sessions by e-mail and by phone, for *way* too many statistics coaching sessions (I might finally have weights down...), for several trips down to San Diego to spare me the drive, and for being a friend.

I am extremely thankful for the support and time given me by various leaders of the two main coffee cooperatives that are highlighted in this paper: Josefina Aranda Bezaury, Clemente Santiago Paz, Mario Fernando Melchor Vila, and Jaime Hernandez Balderas of the state-level cooperative *Coordinadora*

*Estatal de Productores del Café de Oaxaca* (CEPCO); Ladislao García García and Lorenzo José José of *La 21 de Septiembre*, a regional cooperative under CEPCO's umbrella; and Francisco Cruz Sanchez, Ofelio Angeles, Hermelo Garcia López, Rigoberto Contreras Díaz, and Gumbercindo Salinas of the cooperative *Michiza*. It is my sincere hope that the results contained herein will be of value to these organizations, providing new perspectives into the complexities of the very real and spreading phenomenon of international migration and the impacts (both positive and negative) that this migration is having on coffee production.

I am grateful to my parents for their moral support of and interest in my studies and for purchasing Fair Trade-organic coffee as an additional show of support (even if it means making a special trip down to the People's Coop Ocean Beach). My thanks and all my love to Brent Valentine for keeping me company and keeping me smiling. There are many reasons why I'm glad I decided to return to graduate school, but you are number one.

And last but certainly not least, my deepest gratitude to Pedro Garcia Zarabia, Adelina Lopez Olivera, Candelaria Antonio, Adalberto Antonio Santiago, and all members of the community of San Juan Cabeza del Río, who accepted me into their homes and lives with grace, warmth, and a healthy dose of initial caution, and without whom this thesis would not exist.

UC MEXUS, the Center for Latin American Studies at UC San Diego, and the Rockefeller Foundation provided financial support for this research.

## CHAPTER ONE

### INTRODUCTION

Small-scale coffee farmers worldwide have suffered from a recent crash in world coffee prices following a brief price peak in 1997. In southern Mexico, coffee growers have faced the simultaneous hardship of a reduced level of government support to the agricultural sector associated with a series of liberalization measures implemented beginning in the 1980s. This has negatively affected not only coffee farmers themselves, who have been unable to maintain their livelihoods at low and unstable prices, but also the Mexican environment, as some growers choose to abandon their plots or convert their land to more intensive uses.

There is considerable anecdotal evidence that a major response to this crisis has been increasing migration from Mexican coffee regions for employment. Another response among some groups of growers has been to differentiate their coffee by certifying it as environmentally sustainable, organic, and/or socially beneficial (Fair Trade), or by selling it in other high-quality niche markets. Many of these means of differentiation return higher prices to producers, utilize more labor, and require producers to be organized into local cooperatives, and would thus seem likely to deter migration. With regard to Fair Trade coffee in particular, a number of recent studies (see below) have made the tentative assertion that producers selling to this market face less pressure to migrate, a hypothesis that increasingly appears as fact in much of the Fair Trade marketing literature.

Investigating the linkages between coffee production and emigration from southern Mexico is crucial to understanding the potential for certification programs such as Fair Trade and organic to at least diminish migration pressures. Commissions empanelled to study migration from less-developed countries to the United States have concluded that development in the sending regions would lessen migration (e.g. US Commission on Migration and Cooperative Economic Development<sup>1</sup>). However, there is little history of migration research in these coffee areas and almost no research on the links among low coffee prices, migration, and certification programs.

This thesis examines these complex relationships in detail, drawing on a case study conducted by the author in Summer 2004 in a high-migration, certified Fair Trade-organic coffee-producing community of Oaxaca, Mexico. In addition to being one of Mexico's poorest states and the second largest coffee-producing state in the country, Oaxaca is also characterized by a relatively strong participation by producers in alternative coffee markets. Moreover, Oaxacans are migrating northward at a rapid pace and

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<sup>1</sup> See Diaz-Briquets and Weintraub 1991.



are assuming an increasingly stronger presence in both Baja California and the US state of California. These factors combine to make Oaxaca an interesting and important case study with regards to the future of Mexico-United States migration.

Although international migration from the community has existed to some extent for decades, its acceleration since the late 1990s can be linked at least in part to recent low coffee prices. Remittances from migrants are currently helping to finance coffee production in the community, but migration brings with it a series of transformations in the community and in the region at large that serve to decrease the economic, social, and cultural viability of coffee production—including certified coffee production. Most problematically, increased migration drains human capital out of the region, which raises the opportunity cost of labor and hence raises local wages. In this sense, coffee growers who migrate to the United States, in part to provide operating capital for coffee, end up undermining coffee production by raising its costs. The findings of the case study raise doubts about the sustainability of the Fair Trade coffee model in the face of migration.

### **Motives and objectives of the research**

The primary motivation driving my research was my desire to fill a gap in knowledge regarding the link between the coffee crisis, alternative market development, and migration patterns in southern Mexico. In furthering this knowledge, my hope was not only to deepen academic understanding of these relationships, but also to provide for better practical understanding of these links which may be useful to governments of both migrant-sending and migrant-receiving countries, coffee cooperatives, development agencies, migration specialists, and other actors who are searching for workable solutions to the instability of the coffee sector and its associated developmental and environmental impacts.

A secondary motivation for this project was a personal curiosity about how certified coffee production and markets actually function on the ground. As a coffee consumer, I attempt to make the ‘socially responsible and sustainable’ choice by purchasing organic and/or Fair Trade certified coffee (and by encouraging friends, family, and colleagues to do so as well). I wanted to ‘ground-truth’ what I had learned about organic and Fair Trade coffee as a consumer by studying first-hand how these models are actually affecting the coffee producers involved. Specifically, I was curious to find out whether or not participation in these differentiated markets is providing coffee producers and/or entire coffee-producing communities with a viable alternative to migration in the face of low international commodity prices, as professed in much of the Fair Trade marketing literature. As I originally suspected and eventually confirmed through this research, the relationship between coffee production and migration in southern Mexico is much more complex than the Fair Trade marketing literature would suggest.

The principal objectives of this research were to (1) describe both quantitatively and qualitatively the nature of the relationships that exist among the recent coffee price crash, migration patterns, and

participation in alternative coffee markets in Oaxaca, (2) understand these relationships by determining how coffee producers in a Oaxacan community account for them, and (3) evaluate Fair Trade and organic coffee markets in their potential to curb migration from coffee-producing communities in southern Mexico.

### **Research methodology**

The field research portion of this study was conducted over an eight-week period during Summer 2004. The first two weeks were spent in Oaxaca City gathering official records, maps, and statistics on coffee production and migration. Time spent in Oaxaca was also used to make links with CEPCO (*Coordinadora Estatal de Productores de Café de Oaxaca*), the largest autonomous coffee producers association in Oaxaca which brings together a diverse group of small coffee growers' organizations from all of the coffee producing regions of the state (Costa, Istmo Mazateca, Mixteca, Papaloapan, Sierra Norte and Sierra Sur). CEPCO's organizational base is also in Oaxaca City, which allowed for conversations with key people who could provide an overview of the coffee sector in Oaxaca as well as insights into the key research questions of the study.

The subsequent six weeks were spent in San Juan Cabeza del Río, a coffee-producing community in western Oaxaca. Households of coffee producers were enumerated and divided into two basic groups: those that are organized and participate in Fair Trade-organic coffee production, and those that do not. Each group was further stratified by prior information on household migration collected through the enumeration, and a random sample was drawn from the strata. The study included significant numbers of both organized and non-organized producer households (67 and 38, respectively) in order to allow for statistical comparisons to be drawn between the two. Producers were asked a series of quantitative and qualitative questions regarding basic demographic characteristics of the household, coffee production, and household- and village-level migration (past, current, and future). The questions on coffee production and migration were both qualitative (i.e. attitudes towards migration from the community, perceptions of the benefits of participating in organic and/or Fair Trade coffee markets) and quantitative (i.e. amount of total income deriving from coffee activities, amount of money received in remittances).

Human Subjects protocols were processed at UC San Diego. Initial contact with the community was facilitated through the two cooperatives present in Cabeza del Río: *La 21 de Septiembre* and *Michiza*. Subjects were informed of the nature and objectives of the study and of the time commitments required should they agree to participate. They were informed that the study was being conducted for academic purposes and that all information would be kept strictly confidential and anonymous. Interviewees were made aware that participation was voluntary and that they could stop the interview at any time or skip any questions they preferred not to answer.

In late February 2005, I spent a long weekend in coastal New Jersey visiting several migrants from Cabeza del Río and other nearby sending communities in western Oaxaca. I was welcomed into these migrants' homes due to the connection I had made with their family members in Oaxaca during Summer 2004. Although I conducted no formal interviews in New Jersey, I had many informal conversations that enriched my understanding of their migrant experience.

### **Structure of the thesis**

Chapter Two provides background on coffee production in Mexico, including a discussion of the structural changes that have occurred in both the world coffee market and in the Mexican economy in the last two decades which have negatively affected small producers. Chapters Three and Four explore two different survival strategies undertaken by some producer households in order to counter the instability of the conventional coffee market. Chapter Three discusses the organization of small producers into cooperatives that produce and market differentiated, certified coffee of high quality that fetches a higher price. Chapter Four reviews the history of migration of individuals from Mexico to the United States in search of alternate or supplemental employment, with a specific focus on Oaxacan migration and the recent increase in migration from southern Mexican coffee-producing regions. Following this background, Chapter Five examines the links among the coffee crisis, migration, and certified coffee production in detail, drawing on original research conducted by the author in Summer 2004 in San Juan Cabeza del Río, a Fair Trade-organic coffee-producing community in a high-migration region of Oaxaca. Chapter Six concludes with a summary of major findings, as well as a set of predictions and questions regarding the future of certified coffee production in southern Mexico in the face of migration.

## CHAPTER TWO

### THE COFFEE CRISIS AND IMPLICATIONS FOR MEXICAN PRODUCERS

#### **Coffee in Mexico**

Coffee is a large and important sector in Mexico. Considering family and hired field laborers and processors, the coffee industry in Mexico encompasses some three million people in 12 states, the majority residing in Chiapas, Oaxaca, and Veracruz (Porter 2000). Coffee production has grown rapidly in Mexico since 1970.<sup>2</sup> In that year, there were about 100,000 producers with 350,000 hectares of coffee; by the early 1990s, 280,000 producers cultivated 760,000 hectares; and in 2001 there were an estimated 400,000 producers with 700,000 hectares. The collapse of the quota component of the International Coffee Agreement after 1989 (discussed below) and the subsequent price declines thus led to a reduction in acreage, but new producers have continued to enter nonetheless. As a result, average coffee farm size has fallen from 3.5 hectares in 1970 to 1.9 hectares in 2001, and 70 percent of Mexican producers today have less than 2 hectares (Boot 2003).

Coffee farms in Mexico are becoming smaller, more geographically remote, and more indigenous (an estimated 80 percent of Mexican coffee land is farmed by indigenous producers). Consequently, the coffee-producing zones in Mexico coincide exactly with a map of extreme poverty (Aranda Bezaury 2003; Aranda Bezaury and Morales 2002). Approximately 60 percent of small coffee farmers in Mexico were classified as living in extreme poverty even *before* the most recent price slump starting in the late 1990s (Fox 1994), 84 percent of Mexico's coffee-growing communities today register high or very high levels of poverty (Carlsen and Cervantes 2004), and 98 percent of the municipalities in which coffee is produced are considered highly marginalized by Mexico's population agency (Aranda Bezaury 2003: 156).

Mexican coffee growers are mired in an operational context that is shifting due to four major developments:

- Structural changes in the world coffee market that followed the abandonment of the quota component of the International Coffee Agreement in 1989
- Structural changes in the Mexican economy due to economic liberalization and the withdrawal of the Mexican government from active intervention in agriculture

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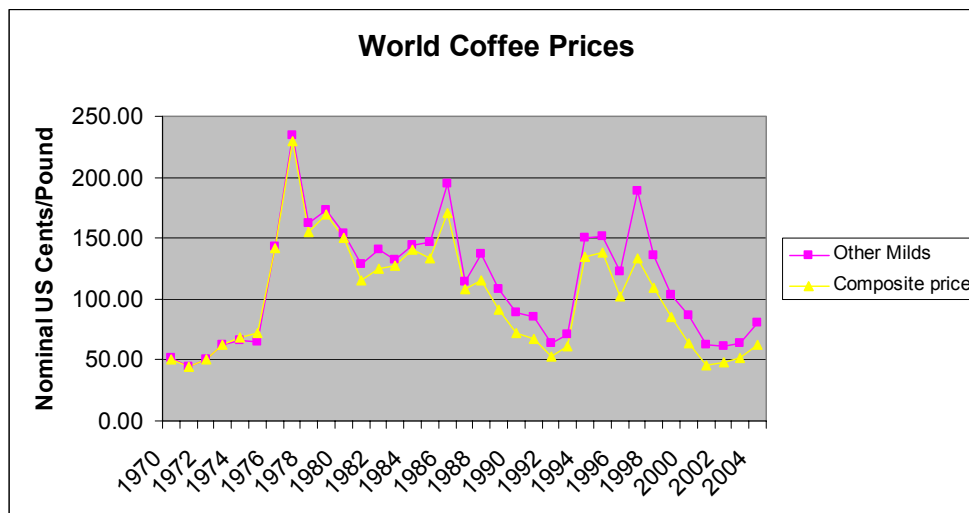
<sup>2</sup> Mexican coffee production surged between 1970 and 1992 due to relatively high and stable prices combined with high rural population growth. The initial phase of the 1970-1992 expansion overlaps with the expansion of tropical colonization in Mexico, involving the expansion by many small indigenous farmers into lowland and montane tropical forests, particularly in Oaxaca and Chiapas. Whereas in the 1970s only 15 percent of Mexican coffee production was performed below 500 meters, by the 1990s, 37 percent of coffee was estimated to be below 600 meters. A significant percentage of this early expansion was thus performed in lower montane tropical regions that are not necessarily conducive to the production of quality coffee (Bray, et al 2002: 432).

- The development and growth of Fair Trade, organic, and other differentiated coffee systems as a response by coffee growers and progressive importers to these changes
- Increasing migration to the United States from Mexico, a cumulative process that presents new opportunities and challenges to all regions.

The remaining sections of this chapter will discuss the first two shifts listed above. Chapters Three and Four will address the latter two developments in more detail.

### Changes in the world coffee market

Prices for coffee plummeted after a peak in 1997 to US\$.43 per pound in October 2001, lower than they had been in more than 30 years (see Figure 2.1). Adjusting for inflation, prices dropped to a 100-year low (IADB/USAID/World Bank 2002).<sup>3</sup> Coffee producers have always been vulnerable to price volatility driven mostly by weather shocks and diseases that can affect production in any given year. These recent low prices, however, were the result of a fundamental restructuring of the coffee industry including the dissolution of the international coffee quota system in 1989, market liberalization, consolidation of importers and roasters and the accumulation of stocks in importing countries, and increasing production, all of which combined to produce a worldwide coffee glut (Bacon 2005).



**Figure 2.1: World Coffee Prices: Composite Price and Other Milds (1970-2004)**<sup>4</sup>  
Source: ICO 2005

<sup>3</sup> The export price of most coffee is pegged to futures contracts on the New York exchange.

<sup>4</sup> ‘Other milds’ is the category into which Mexican coffee falls. This term describes both the type of coffee species and the manner in which the coffee is processed. ‘Milds’ is a term used by the coffee industry to refer to higher-quality Arabica beans. As summarized by Linton et al (2004), there are two main species of coffee that account for almost all coffee traded internationally: *Coffea arabica* (commonly known as Arabica) and *Coffea canephora* (commonly known as Robusta). *Coffea arabica*—which tastes better, grows at higher altitudes, is more susceptible to diseases, and is more costly to produce—fetches a higher international market price. Arabica coffee accounts for approximately 60 percent of world coffee supply. Its production has declined relative to Robusta production due to

Coffee farmers have been exposed to increasing price fluctuations since 1989, the year in which the quota component of the International Coffee Agreement was dissolved. The economic clauses of the International Coffee Agreement (ICA), in effect intermittently between 1962 and 1989, were set up by coffee-producing and coffee-importing countries with the purpose of maintaining a predetermined, stable price for coffee on the international market. Beginning in 1976, the agreement administered the supply and demand of coffee within a price range that was above farmers' production costs. When this quota component of the ICA was abandoned in 1989<sup>5</sup>, world coffee supply increased and prices dropped markedly and became less stable (Aranda Bezaury 2003, Boyce 1994).<sup>6</sup> Whereas the final eight calendar years of the quota-era (1982-1989) were characterized by a monthly nominal price variability of 15 percent, this figure rose to 37 percent during 1990-1997 and to 43 percent during 1998-2000 (Ponte 2002: 1106).

Without a quota system to regulate supply, small coffee farmers felt the brunt of ever-increasing production in Brazil and Vietnam. Whereas a decade ago Vietnam's contribution to total coffee exports was minimal, between 1991 and 2000 the country increased production by 1,130 percent, and today Vietnam is the world's second largest exporter of the grain (ICO data, as cited in Aranda Bezaury 2003:164). High production by Brazil, the world's leading coffee exporter, combined with this new Vietnamese supply and other large traditional suppliers like Colombia and Indonesia to flood the coffee market.<sup>7</sup> This increased worldwide production of coffee combined with relatively stagnant overall demand<sup>8</sup>, driving prices to drastic lows at the turn of the century that have negatively affected 25 million families in 85 Latin American, Asian, and African countries (Bacon 2005).

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the development of new technologies that enable roasters to mellow the harsh flavors of Robusta and include more of this type of coffee in their blends cup (Linton, et al 2004: 224). 'Other milds', as opposed to dry-processed 'natural milds' produced by Brazil, are wet-processed which—in addition to species type—is also known to produce higher quality coffee.

<sup>5</sup> Explaining the reasons behind the ultimate failure of the ICA, Linton, et al write: "the ICA failed in the long term because the ICO did not adapt its rigid quota system to changing consumer tastes. Higher demand and prices for certain coffees encouraged over-quota production and illegal trading. By the end of the 1980s support for the ICA had eroded to the point that the agreement could not be renewed" (Linton, et al 2004: 225-226).

<sup>6</sup> Today, a different series of international policy initiatives are seeking to regulate supply by introducing minimum quality standards into the market, as represented by the International Coffee Organization's coffee quality-improvement program (ICO Resolution No. 407) (Lewin, et al 2004: 25).

<sup>7</sup> In 2002-2003, Brazil, Vietnam, and Colombia together accounted for 60 percent of world coffee supply (Lewin, et al 2004: 6).

<sup>8</sup> Since 1990, worldwide coffee production has increased by 15 percent, while consumption has only increased by about 7 percent (Levi and Linton 2003: 412). "Conceptually, the overall [coffee] market can be perceived as a quality pyramid with inexpensive soluble coffee at the bottom, standard commercial blends in the middle, and progressing towards high-end and differentiated coffee at the top. While the top and bottom are growing at a healthy pace, the middle section, representing most of the space of the pyramid, has been stagnant" (Lewin, et al 2004: 11).

In 2004/2005, climatic difficulties led to lowered production in Brazil, Vietnam, and Indonesia. As a result, prices started rebounding rapidly beginning in late 2004. Composite coffee price rose from US\$0.61 in October 2004 to US\$1.01 in March 2005, an increase of 66 percent in just five months. The last time the monthly-average coffee price reached this level was mid-1998 (ICO 2005). While this very recent surge is encouraging news for small coffee producers, the majority of them unfortunately cannot take advantage of these higher prices due to low production. Given the prolonged period of low coffee prices, most small producers have been unable and/or unwilling to take appropriate care of their existing coffee plants, let alone increase their production by sowing new plants (which then take several years to produce fruit). Even if higher prices in 2005 could enable small farmers to invest more money in coffee production and increase their yields, they remain vulnerable to future fluctuations in production by large producing countries that currently dictate the market price.<sup>9</sup>

### **Changes in the Mexican economy**

In Mexico, the world's sixth largest producer of coffee, growers have faced the added hardship of their government's reduced support to the agricultural sector as a whole. The past two decades in Mexico have witnessed an array of legal, economic, and institutional reforms geared towards the 'modernization' of Mexican agriculture and its integration into the world economy. Since the early- to mid-1980s there has been a progressive elimination of government programs and interventions in Mexican agriculture.<sup>10</sup> The trucking industry was deregulated in 1989, lowering the cost of transportation. Control over export permits was removed from the *Confederación Nacional de Productores de Frutas y Hortalizas* (CNPH, National Confederation of Fruit and Vegetable Producers) in 1990, which eliminated export quotas held by small farmers in various crops such as melons, mangos, and strawberries. Free extension services were eliminated. Agricultural research was cut back. Parastatal firms were largely eliminated or privatized (e.g. sugar, tobacco, coffee, grains, oils, powdered milk, fertilizers, seeds). Input price subsidies (e.g. electricity and fuel) were progressively reduced. Irrigation districts were turned over to the users. Crop price supports to producers of staples were limited. Subsidized credit and insurance programs were slashed.

The 'Reform of the Countryside' program launched by the administration of President Carlos Salinas de Gortari in 1989 was aimed at opening Mexican agriculture to international markets and decreasing state regulation of the agricultural sector. These reforms were further institutionalized in 1994 with Mexico's

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<sup>9</sup> A recent report by Oxfam America entitled 'The Coffee Crisis Continues' implores policy makers not to lose their sense of urgency in addressing the problems of the coffee sector, which continue despite the recent upswing in prices (Daniels and Petchers 2005).

<sup>10</sup> For a more thorough discussion of reforms, see Yunez and Barceinas 2002 and Myhre 1998.

joining of the North American Free Trade Agreement (NAFTA)<sup>11</sup>, which has progressively opened Mexico's agricultural sector to foreign sources of supply and led to a decline in the real prices of basic importable products such as grains and oilseeds (Yunez and Barceinas 2002). The implementation of NAFTA was therefore pre-dated by the dissolution of various institutions that had traditionally upheld basic services for small farmers, including coffee growers.<sup>12</sup> The government parastatal, *Instituto Mexicano del Café* (INMECAFE, Mexican Coffee Institute), was created in 1958 to regulate the market and issue export permits. It was also heavily involved in technical assistance, credit provision, and research. In the early 1980s, INMECAFE purchased 47 percent of Mexican coffee and provided subsidies to farmers that regulated coffee price. It organized farmers in order to facilitate deliverance of services to farmers as well as political control; it created 2,671 local organizations that grouped almost 120,000 producers, accounting for two-thirds of producers at that time (Bray, et al 2002: 433).

Despite INMECAFE's ability to provide a certain degree of economic benefits and social justice to many smallholders, it eventually met the same fate of other state agencies that were viewed by neoliberal technocrats to be inefficient and out of line with Mexico's efforts to 'modernize' the countryside. INMECAFE was liquidated in January 1993, but it had been reducing its activities beginning in 1989. The government never exercised the degree of direct control in coffee that it did in sugar or tobacco—no one was required to sell coffee to INMECAFE—but its withdrawal created problems and opportunities for small producers. The resulting decline in financial, technical, and marketing services left small coffee growers particularly vulnerable to the price fluctuations that would begin that same year with the above-discussed disbanding of the quota component of the ICA (Raynolds 2002).

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<sup>11</sup> The North American Free Trade Agreement (NAFTA) was a 1994 agreement reached by the United States, Canada, and Mexico that implemented a schedule for phasing out protective tariffs and reducing or eliminating a number of other trade obstacles in an attempt to encourage 'free trade' among countries in the North American region.

<sup>12</sup> To the detriment of most small producers, "...in the rush to redesign both the nature of Mexico's connection to the global economy and the role of the state in the national economy, Mexican policy makers failed to contemplate the need to incubate new institutions in collaboration with civil society" (Myhre 1998: 63).



## CHAPTER THREE

### PRODUCER ORGANIZATIONS, PRODUCT DIFFERENTIATION, AND CERTIFICATION

#### **Banding together after the government withdraws**

Various efforts were mounted following INMECAFE's dissolution and the collapse of the quota component of the ICA to pursue different strategies of production and marketing. These efforts were facilitated by the organization of many small coffee growers into local cooperatives, due in part to the history of agrarian reform in Mexico, in part to the indigenous identity of the producers. The *Confederación Nacional de Organizaciones de Cafeticultores* (CNOOC, National Directorate of Coffee Organization) was formed in 1989 to represent 107 cooperatives in southern Mexico, or about 55,000 small growers. Today, CNOOC represents approximately 80,000 producers across Mexico (VanderHoff 2002).

Several independent coffee producer organizations were formed in the late 1970s and early 1980s. However, they were dispersed across Oaxaca and made little effort to coordinate their activities. This lack of coordination among organizations was due in part to the geographical dispersion of the various groups, who were often separated by rugged and difficult-to-navigate mountainous terrain. It was also due in part to the ethnic diversity of the groups; in 1988 the majority of independent coffee organizations were spread across four regions (Isthmus, Mazateca, Coast, Sierra Juárez) populated by a minimum of seven ethnic groups (Chinanteco, Mazateco, Mixe, Mixteco, Triqui, Zapoteco, Zoque). With the disbanding of INMECAFE beginning in the late 1980s, combined with the looming threat of the development of a new state-wide government agency to replace INMECAFE as regulating agency, these independent producer organizations banded together to form a statewide coordinating network that comprised 20,000 (almost 40 percent) of Oaxaca's 55,000 small coffee producers. The *Coordinadora Estatal de Productores de Café de Oaxaca* (CEPCO, Statewide Coordinating Network of Coffee Producers of Oaxaca) quickly assumed the position of Oaxaca's most powerful producer organization in terms of size and capacity to mobilize (Snyder 1999: 59-61).

A main goal of the CNOOC, CEPCO, and other individual cooperatives has been to market their coffee more directly to roasters and distributors in importing countries. More recently, these groups have focused heavily on quality and product differentiation in order to escape the instability of the conventional coffee market. This strategy has proliferated and succeeded in Mexico thanks in large part to the cooperative structure of the coffee sector, with the shift of technical assistance to the cooperatives (and associated NGOs) and away from the government. The withdrawal of INMECAFE in this case thus opened a space that allowed for independent action by the cooperatives, as well as joint action through state-level (CEPCO) or national-level (CNOOC) organizations. The existence of local-level cooperatives provides the

organizational basis to market with direct contracts, to minimize transaction costs, and to organize technical assistance.

### **Setting themselves apart: Product differentiation and certification**

In response to the economic and environmental threats that characterize the current coffee situation, a range of more sustainable alternatives has emerged that is gaining popularity among both growers and consumers worldwide. These alternative markets, geared towards socially-conscious, environmentally-conscious, and/or gourmet coffee consumers, allow consumers to identify coffee that is grown in a manner congruent with their environmental and/or social beliefs, what are termed ‘credence goods’, i.e., not something the consumer can verify herself. What is occurring in coffee is essentially a differentiation along several dimensions: environmental, social, high quality, and of authentic origin. Coffees are presented as coming from specific high-quality micro-climates (quality, origin), as organic (health, environmental), as produced by organized peasant families (social), and/or as protecting migratory bird habitat (environmental). A summary list of these various differentiated coffee markets has been composed by Lewin, et al (2004) and is presented in the Appendix. The remainder of this section focuses on the differentiation strategy that has been most successful to date for small-scale producers in Mexico: certified Fair Trade-organic coffee.

### **A way out of the crisis?: Fair Trade-organic coffee**

The initial strategy employed by some Mexican cooperatives was to market coffee themselves in the consumer countries. However, a more successful approach for the cooperatives has been to participate in certified high-value niche markets, of which the most prominent are Fair Trade and organic. The Fair Trade model seeks to internalize the social and environmental costs of production and express them in price (VanderHoff 2002). Fair Trade coffee aims to reduce poverty and safeguard the environment by connecting consumers of gourmet coffee in developed countries with small-scale developing-country producers. In order for coffee to receive Fair Trade certification, both importers and producers must adhere to a set of conditions established by the Fairtrade Labeling Organizations International (FLO). Fair Trade coffee importers are required to:

1. purchase directly from the growers using contracts that extend beyond a single harvest cycle;
2. guarantee farmers a set minimum price; and
3. provide pre-financing of up to 60 percent of contract value, if requested by growers.

In addition, growers under the Fair Trade certified label must:

1. be small-scale and family-based;
2. be organized into politically autonomous and democratic associations; and
3. pursue ecological objectives that conserve natural resources, including use of shade trees and limited use of chemical inputs.

The current price set by the FLO, which has not changed in over ten years, is US\$1.26 per pound for processed Arabica coffee, the predominant variety found in Mexico. If the world price rises above US\$1.26/lb, Fair Trade guarantees to pay an extra US\$.05 per pound above that price to the cooperative. If a producer is also certified organic, meaning s/he has forgone use of all synthetic and chemical fertilizers, Fair Trade guarantees a minimum price of US\$1.41, US\$.15 per pound higher than the price without organic certification. Although Fair Trade coffee is known primarily for its social benefits, an increasing amount of Fair Trade coffee sold in consumer countries has been certified organic as well. A full 80 percent of Fair Trade coffee sold in the United States is also certified organic (Raynolds 2002).

Mexico is the largest supplier of Fair Trade coffee, with annual exports exceeding 3,500 metric tons (Raynolds 2002). Fair Trade certified the first three coffee cooperatives in Mexico in 1989; it had certified 32 cooperatives in Mexico by 2002, comprising 3,400 members and an estimated 10,000 hectares of coffee. Approximately 84 percent of Fair Trade coffee is from Latin America, and Mexico is the leading supplier (Boot 2003; Murray, et al. 2003; Rice 2005). Mexico is also the world's leading exporter of certified organic coffee. Preliminary results from a comprehensive study of organic land undertaken by the Center for Socio-economic and Technological Studies in Agriculture (CIESTAM) of the Autonomous University of Chapingo estimates that 25 percent of Mexico's total coffee land in 2004 was either certified organic or was in transition to becoming so.<sup>13</sup>

Fair Trade-organic coffee has become popular in Mexico due in great part to the country's relatively low level of 'technified' coffee fields in comparison to other coffee-producing countries. 'Technified' coffee produces higher yields, but it involves higher-density planting, higher fertilizer and chemical use, and the elimination or reduction of shade cover. Whereas 40 percent of coffee farms in Costa Rica and 69 percent of coffee farms in Colombia are classified as 'technified', the figure in Mexico is only 17 percent, one of the lowest percentages in Latin America (Rice 1999; Piñon and Hernández-Díaz 1998). This lack of 'technification' in Mexico is not necessarily due to a desire by producers to cultivate coffee under shade in a more environmentally sustainable manner. It is more often a question of finances. As Willem Boot explains, "for many smallholder farmers in Mexico the cost of transition to environmentally sustainable production is lower than in other countries. Most small-scale farmers in Mexico already grow coffee under a canopy of shade trees, and an estimated two-thirds of farmers are organic by default because there is no money to pay for agro-chemicals" (Boot 2003; see also Rice 1999; Porter 2000).

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<sup>13</sup> This estimate is based on a project conducted by researchers at CIESTAM of the *Universidad Autónoma de Chapingo* entitled "*Sistema de Seguimiento de la Agricultura Orgánica de México*". It estimates that 170,000 hectares of coffee in Mexico out of a total of 690,000 ha are certified organic or "in transition" to becoming organic. Coffee farmers must cultivate organically for three years before attaining certification; during this three year process they are "in transition" (personal communication, Lobato García 2005).

As a result of this low level of ‘technification’, Mexico also has one of the lowest coffee productivity rates in the world. Between 1980 and 1990, Mexico’s coffee yield averaged only 10 quintales (Qq)<sup>14</sup> per hectare. As a comparison, in Costa Rica during the same time period the average was 34 quintales per hectare (Piñon and Hernández-Díaz 1998). Mexico’s differentiating characteristics thus lie not in its ability to produce mass volumes of coffee, but instead in the nature of the coffee growing process. The majority of Mexican coffee is produced by small, indigenous producers under a canopy of forest-cover, and Mexico has the potential to produce high *quality* coffee as well. These characteristics make Mexico a good candidate for alternative markets such as Fair Trade-organic that are geared towards socially-conscious, environmentally-conscious, and gourmet coffee consumers. In fact, it appears that differentiating smallholder-produced, shade-grown coffee from the conventional coffee market is really the only hope for these small producers.

The set of standards and conditions set out by FLO for Fair Trade-organic coffee provides a stream of economic, social, and environmental benefits. From an economic standpoint, the minimum price guaranteed by Fair Trade importers is a significant improvement over the current price received by most coffee growers, who must sell their coffee through middlemen to national exporters. Mexican coffee growers often receive as little as US\$.30 per pound for coffee that is ultimately sold for US\$7 to US\$8 per pound to consumers in the United States. This price differential in the conventional market has been strongly linked to monopolistic control over the processing, roasting, and marketing of coffee beans (Porter 2000).<sup>15</sup> The Fair Trade agreement also provides some security in that it guarantees growers a minimum price regardless of market fluctuations and usually entails multi-year contracts.

The requirement that Fair Trade growers be organized into transparent associations aims to ensure that the economic benefits deriving from participation in the Fair Trade coffee market accrue equally to all members of a particular community. Given this more equitable distribution, communities that are Fair Trade certified—in comparison to non-Fair Trade communities—often display a relatively higher level of intra-community cohesion, a larger number of social projects, and a greater involvement and participation of members in these projects. In Fair Trade certified coffee communities throughout the Isthmus region of Oaxaca, for example, community leaders are encouraging the participation of community members in the implementation of projects that extend beyond coffee to include the ecological, social, and cultural development of their villages (Piñon and Hernández-Díaz 1998). These types of projects are increasingly

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<sup>14</sup> Quintal (Qq) = 250 kg coffee cherries = 57.5 kg parchment coffee = Hundredweight (46 kg) green coffee.

<sup>15</sup> Consumers currently spend an average of US\$70 billion annually on coffee, while producing countries earn approximately US\$5 billion—only 7 percent (Lewin, et al 2004: 35). The fact that most value-added occurs in post-production activities carried out in the consumer country is typical of many commodity markets. In the case of coffee, although the majority of processing, roasting, and marketing is still largely controlled by the countries that consumer the product, a growing number of producer groups are constructing their own post-production facilities.

being led by groups of women who have organized themselves with the support and encouragement of Fair Trade cooperatives (Aranda Bezaury 2005).

One of the best examples of a successfully-functioning model of differentiated coffee production is the pioneering cooperative *Union de Comunidades Indígenas de la Región del Istmo* (UCIRI, Union of Indigenous Communities of the Isthmus Region) in Oaxaca, with about 2,000 members from various indigenous groups in Oaxaca's Isthmus region, one of the poorest areas of Mexico. UCIRI has been quite successful in selling virtually all of their coffee through Fair Trade and organic channels. This has allowed them to engage in a variety of rural development efforts, such as building schools and clinics, hardware stores and food stores, fixing members' houses with new roofs, floors, stoves, and latrines, starting a public bus service, creating a clothing *maquiladora* and a fruit preserves factory, and diversifying crop production (VanderHoff 2002). Recently they have started selling coffee directly to Carrefour in France at Fair Trade prices. UCIRI's cooperative effort has created a nexus for action, credit, and sales that has enabled it to compete successfully in the global economy.<sup>16</sup>

From an environmental perspective, Fair Trade-organic coffee shares similar ecological principles with other alternative coffee markets such as bird-friendly and shade-grown coffee. These environmentally-friendly alternatives reflect the need to bring agricultural systems more in line with the natural environment, given the realities of rapidly expanding human populations and ever-degrading natural resources. As Hawken, et al (1999) note in their book *Natural Capitalism*, "For economic, health, and environmental reasons, a major overhaul of current agricultural production methods is needed to achieve adequate, acceptable, and sustainable food and fiber supplies. Many practitioners in both developed and developing countries are therefore adopting new or modernizing old methods of agriculture that are more clearly based on natural models."

The three most prominent certified sustainable coffees (organic, Fair Trade, and shade-grown) represent a trivial portion of global coffee sales: less than one percent (Giovannucci 2001: 25). However, there is a growing demand for certified sustainable coffees as awareness spreads regarding their social and environmental benefits, versus the social and environmental hazards of conventional coffee. Increased awareness about the coffee crisis and its implications is evident not only on liberally-minded university campuses, but also in the halls of national governments. In 2002 the US House of Representatives passed House Resolution 604, which encouraged Congress to devise a global strategy in response to the coffee crisis and urged coffee consumers to work with the US government to devise a solution which is economically, socially, and environmentally sustainable. The following quotation by Sam Farr, Representative in Congress from the US State of California, was delivered at the Hearing

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<sup>16</sup> The most extensive discussion of the current state of these markets is found in Giovannucci and Jan Koekoek 2003.

before the Subcommittee on the Western Hemisphere of the Committee on International Relations on July 24, 2002:

“We ought to support helping these small coffee growers and individual consumers and institutions, and we ought to really look at all the public institutions in America that use taxpayer dollars to buy food and do whatever we can to insist, and that may be too strong of a word, but to encourage that these entities purchase sustainable coffee. It is good public policy. It is good expenditure of taxpayer money. Fair Trade is a good example of sustainable certified coffee” (US House of Representatives 2002).

The Senate passed a similar resolution in 2002 (Senate Resolution 368).<sup>17</sup> Putting its money where its mouth is, the US government invested over US\$57 million between 2002 and 2004 on coffee projects in Latin America, East Africa, and Asia. The projects are administered by the US Agency for International Development (USAID) and aim to “create sustainable smallholder coffee systems which provide significant income, employment, social, environmental, and consumer benefits” (USAID 2004).

The interest of the US government in resolving the coffee crisis is driven by much more than the humanitarian desire to improve the livelihoods of millions of poor coffee farmers around the world. Coffee production is linked to two other issues of key importance to the US government—namely, drugs and migration—that have piqued interest in the recent coffee crisis. If coffee ceases to be a profitable activity for growers, it is perfectly understandable why a Mexican producer might turn to marijuana production, or a Colombian producer might turn to coca production, as a more attractive economic alternative. Another popular alternative for suffering rural producers is to migrate in search of alternate employment. The US government is well-aware of the link between the coffee crisis and the hot-button US political issue of undocumented migration; in fact, the spillover effects of the coffee crisis with respect to undocumented migration were specifically referenced at the above-mentioned Hearing before the Subcommittee on the Western Hemisphere of the Committee on International Relations. Chapter Four discusses the major driving forces behind the migration of rural Mexicans to the United States, providing background on Oaxacan migration in particular and exploring the link between the coffee crisis and migration.

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<sup>17</sup> The European Parliament and most national parliaments in Europe—far ahead of the US in terms of social awareness—only sell coffee that is certified Fair Trade (Levi and Linton 2003: 423).

## CHAPTER FOUR

### OAXACAN MIGRATION TO THE UNITED STATES

In addition to seeking a higher and more stable price by differentiating their coffee, another strategy pursued by an increasing number of coffee producers is to migrate internally or across international borders in search of alternate employment. This tactic has been used by households in poor rural communities throughout Mexico for generations as a way to provide extra income and diversify household risk. Although migration from rural Oaxaca dates back to the early 1900s, during the first half of the twentieth century the majority of Oaxacan migrants stayed within the boundaries of Mexico. These migrants primarily ventured to coastal plantations for seasonal labor, to cities for wage labor, or to contract work on state-funded projects such as the construction of the Pan-American Highway. The first significant migration of indigenous Oaxacans to the United States occurred during the 1942-64 *bracero* program, when rural migrants across Mexico crossed the border legally to participate in short-term contracts in US agriculture.

Beginning in the 1970s, increasing numbers of Oaxacan migrants began appearing in the United States. Although various Oaxacan indigenous groups<sup>18</sup> have been documented as migrating to the United States, it is the Mixtecs who have received most attention due to their large numbers and to their heavy concentration in California's agriculture industry. By the early 1990s Mixtec migrants were found in many areas of the United States (Runsten and Kearney 1994), but they were still concentrated most heavily in California. Approximately 50,000 Mixtec migrants were estimated to be living in California in 1991, comprising over 15 percent of California's farm labor force ((Runsten and Kearney 1994: vii; Zabin, et al 1993).

In 2000, Oaxacans were estimated to represent only four percent of the Mexican population living in the United States (Cohen and Rodriguez 2005: 52, citing INEGI data). Although the 'traditional' Central-Western sending states of Michoacán, Guanajuato, and Jalisco account for the largest percentage of migrants leaving for the United States, migration of Oaxacans across the border has accelerated to the point where Oaxaca may now be the largest sending state of new migrants to the United States. A recent study of 63,000 *matrículas* (identification cards for Mexican nationals) issued by the Mexican consulate in San Diego between 1995 and 2002 showed that Oaxaca and Guerrero were the leading states, accounting for almost a quarter of the *matrículas* (Runsten, forthcoming).

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<sup>18</sup> Oaxaca has one of the highest indigenous populations in Mexico (approximately 40 percent of the population), and the state contains at least 16 ethnic groups. Mixtecs and Zapotecs are the predominant indigenous groups in Oaxaca, with 229,000 Mixtec speakers (22 percent of the total population) and 355,000 Zapotec speakers (34 percent of the total population) over four years of age in 1995 (López and Runsten 2004: 251).

## **Forces driving Oaxacan migration**

Scholars and policymakers in both sending and receiving countries have long sought to understand the factors that initiate the movement of people across borders, and a range of theories have been developed by migration specialists to explain migration flows worldwide (for a good review of these theories, see Massey, et al 1998). The majority of studies to date that have tested these migration theories as they apply to the Mexico-United States case have derived from Central-West Mexico, the historical and still most numerically significant source as a region of Mexican migration to the United States. However, as migration from southern Mexico and urban Mexico has surged recently, migration scholars are giving increasing attention to these non-traditional regions. As the following paragraphs will demonstrate, the migration of Oaxacans can be explained to a large extent by many of the same economic, social, and political factors underlying the flows of ‘traditional’ Mexican migrants to the United States. However, there are some features particular to Oaxacans, particularly their indigenous origins, which set them apart from other migrants.

### **Economic hardship in the sending region**

Inequality with regard to income and economic opportunity between rich and poor countries is consistently identified as one of the fundamental causes of migration flows worldwide. The gap in economic opportunity between developed and developing countries has only widened in recent decades, with the absolute difference in per capita income between the richest and poorest countries of the world increasing from US\$1,864 to US\$15,149 between 1960 and 1989 (Stalker 1994: 23). Although Mexico can no longer be categorized as one of the world’s poorest countries, economic disparities between the United States and Mexico are nevertheless non-trivial, with estimates of real-wage differentials ranging between 8:1 and 10:1 (Cornelius 2002: 288).

Oaxaca is the second poorest state in Mexico (after Chiapas), with almost 50 percent of municipalities characterized by a high degree of poverty (López, et al. 2001: 11). According to the 2000 Mexican Census, only 60 percent of households in Oaxaca were reported to have a sewer system (the lowest percentage in Mexico), 35 percent of households lacked potable water, and the total average number of years of schooling attained was less than six years (ibid: 11). Although this high incidence of poverty in Oaxaca would appear to provide ample justification for high out-migration rates from the state, poverty levels in Oaxaca and in southern Mexico in general have always been relatively high compared to the rest of the country. Moreover, overlaying poverty and migration maps in Oaxaca indicate that the municipalities in Oaxaca exhibiting the highest recent rates of out-migration are not necessarily the poorest municipalities (Fox and Rivera-Salgado 2004: 5-6).<sup>19</sup> One must therefore look beyond absolute

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<sup>19</sup> It is worth underscoring here that abject, absolute poverty in the sending country is not as important to the decision to migrate as the *relative* difference in economic opportunities between the sending and receiving country.



poverty levels to consider another key economic indicator—namely, high unemployment—that is influencing Oaxacan migration patterns.

Whereas migration studies have found that wage variables are sometimes (though not usually) found to be insignificant in models of North American migration, variables of employment are *consistently* identified as significant drivers (Massey, et al. 1998). Employment opportunities across Mexico contracted in the 1980s with the world oil oversupply that deflated petroleum prices and resulted in Mexico's worst recession in decades. A second recession came with the peso crisis of 1994-1995, when foreign investors fled rapidly from Mexico in the face of political and economic uncertainty. Disparities between Mexico and the United States with respect to both income and employment opportunities have grown even more dramatically in the past fifteen years as a consequence of economic integration and globalization trends. This argument gains credibility through a closer look at the consequences of market liberalization embodied in the North American Free Trade Agreement (NAFTA).

As mentioned in Chapter Two, the implementation of NAFTA was pre-dated by the elimination of most agricultural input subsidies and a reduction in available credit to farmers. It was also pre-dated by the dissolution of various institutions that had traditionally upheld basic services for small farmers, including credit provision and technical assistance. In Mexico, 40 percent of the farm worker population is indigenous, with Oaxaca and Guerrero comprising the majority of this population (Fox and Rivera-Salgado 2004). The majority of indigenous Oaxacan farmers are small-scale subsistence producers who have depended for decades on the government for subsidies and services. In marginalized indigenous communities of Oaxaca, the withdrawal of government support from the agricultural sector has combined with the on-going ecological problems of deforestation and soil erosion (particularly in the Mixteca region) to produce a profitability crisis. The result has been a dramatic decrease in income and employment opportunities for the rural population, contributing to the recent surge in out-migration from the state (Rivera-Salgado 1999).<sup>20</sup>

Proponents of NAFTA and economic liberalization claimed that these changes would decrease migration pressures by improving Mexico's economy in the long-term, providing jobs for Mexicans and leading to an eventual equalization of wages between the United States and Mexico. In the medium-term, however, NAFTA and economic liberalization have contributed to rising levels of unemployment in

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This point is supported by recent studies demonstrating that it is middle-income Mexicans, and not necessarily 'the poorest of the poor', who are most likely to migrate to the United States.

<sup>20</sup> The New Economics of Labor Migration (NELM) theory holds that "international migration stems from market failures that threaten the material well-being of households and create barriers to their economic advancement...It recognizes that in many settings, particularly in the developing world, markets for capital, futures, and insurance may be absent, imperfect, or inaccessible (Massey, et al. 1998: 79)." The 'modernization' of Mexican agriculture resulted in the elimination and/or reduction of various markets (i.e. credit markets, crop subsidy markets, etc) previously available to small-scale farmers in Oaxaca, contributing to increased out-migration rates.

Mexico, particularly in the agricultural sector<sup>21</sup>, and to rapid growth in inequality that has pushed a significant number of workers into the migration stream (Polaski 2004; Suárez-Orozco and Páez 2002: 19). The United States-Mexico wage differential, anticipated to decline over time, actually *increased* by more than 10 percent during the first ten years of NAFTA (Tsuda and Cornelius 2004: 9).<sup>22</sup> For Oaxacans, most of whom are members of Mexico's rural sector, NAFTA has contributed to significant employment dislocations as farmers lose out to large US agribusiness. Mexican farmers, particularly its 3 million corn farmers, have suffered additionally from the huge subsidies that the Bush administration has granted the agricultural industry. In 2002, President Bush signed a new farm bill that provided enormous subsidies for United States growers, "to the detriment of agricultural experts from around the world" (Castles and Miller 2003: 120). Recent trends in economic globalization, which profess to undercut wage differentials and stem migration flows in the long-term, have thus ironically contributed to the recent surge in rural Oaxacan migration to the United States.

### **Labor demand in the receiving region**

The lack of economic opportunities faced by rural Oaxacans has coincided with a demand for their labor, particularly in northwest Mexico and in California but also increasingly in other US destinations as will be illustrated in the case study in Chapter Five. The end of the *bracero* program overlapped with the development of large agribusiness in Northwest Mexico to expand production of fresh vegetables for export to the United States. Oaxacans were aggressively recruited to work in these industries, first to Sinaloa and then to Baja California in the early 1970s (CIRS and CUSMS 1992).

Unable to compete with US wages, growers in northwestern Mexico purposely did not recruit in states with long traditions of US migration, choosing Oaxaca instead because of its higher poverty and unemployment rates. In northern Baja, Oaxacan migrants are able to save money for the trip across the border, where they can find even higher wages in the California vegetable industry. Exposure of Oaxacan migrants to diverse social networks and to information about US migration lowers the costs and risks associated with migration, and facilitates their crossing. In addition, the large concentration of migrants in northern Baja has been a magnet for California agricultural labor recruiters who often come in search of the most economically desperate migrants (Zabin, et al. 1995).

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<sup>21</sup> By the end of 1993, Mexico's agricultural sector employed 8.1 million people. By 2002, this figure had plummeted to 6.8 million people, a loss of 1.3 million jobs (Polaski 2004: 6).

<sup>22</sup> Real wages for Mexicans are lower today than ten years ago when NAFTA took effect. Although the decline in wages is primarily due to the peso crisis of 1994-1995, productivity growth during the NAFTA period has not led to wage growth as it has in earlier periods in Mexico. Furthermore, Mexican wages are diverging with US and Canadian wages. Although NAFTA cannot be blamed entirely for the increasing differential in US-Mexico wages, "it is striking that a free-trade agreement [NAFTA] that dramatically increased exports and foreign direct investment has not done more to increase wages and living standards for average Mexican workers relative to pre-NAFTA levels" (Polaski 2004: 9).

A new cycle of ethnic replacement is taking place in US west coast agribusiness and other industries whereby established immigrant laborers (primarily *mestizos*, or non-indigenous individuals, from Central-West Mexico) are being pushed out by less expensive indigenous workers from southern Mexico. Compared to the *mestizo* population, indigenous Oaxacan migrants are more disadvantaged upon arrival in the United States due to the fact that many are monolingual in their indigenous language (or speak Spanish poorly), their economic conditions are worse on average, and they face racism by both Mexicans and Americans. Just as Mexican labor replaced the ‘Okies’ in California agriculture (who replaced the Filipinos, who replaced the Japanese, who replaced the Chinese...), indigenous Oaxacans have become the ‘new’ migrants willing to accept lower wages and poorer working conditions than the *mestizo* Mexicans who still comprise the majority of California’s farm labor force. Californian employers of Oaxacan migrants have openly stated in interviews that they prefer these workers to *mestizos* because they are harder-working and more willing to work flexible hours during harvest season (Zabin, et al. 1993). While there are ample economic challenges originating in Mexico that drive the migration of rural Oaxacans to the United States, this active recruitment by employers for Oaxacan labor and their increasing preference for these laborers is one of the main forces explaining Oaxaca-United States migration.

#### **Factors sustaining Oaxacan migration: Transnationalism and deterritorialized space**

The previous section reviewed some of the forces that expel and attract rural Oaxacans to the United States. Shifting focus from the factors that initiate migration to those that sustain and perpetuate it requires a closer look at the notion of ‘transnationalism’ and ‘transnational communities’. In his discussion of transnationalism as it pertains to Oaxaca-United States migration, Michael Kearney (1995) notes that in the field of migration studies there has been a shift from the assumption that the movement of populations through geographic space is organized by “polar nodes that ‘push’ and ‘pull’ migrants” to “other ways of conceiving migration that are not predicated on modernist assumptions about time, space and social identity” (227-228). Generally defined, ‘transnational communities’ are “groups of people whose daily lives, work, and social ties extend across the borders of two or more nation-states” (Fletcher and Margold 2003: 1). As noted by Portes, et al (1999), although back-and-forth movements by migrants have always existed, the profile of today’s migrant population is characterized by a growing number of individuals who lead dual lives, “speaking two languages, having homes in two countries, and making a living through continuous regular contact across national borders” (217).

The expansion of transnational communities can be attributed in great part to increasing economic globalization and integration. NAFTA (discussed above) is a perfect example of how the economic integration of two countries can also lead to greater political and social contact. For example, increased trade between the United States and Mexico has led to the development of improved transportation

infrastructure, which has facilitated the migration of people throughout Mexico and across the border. As US entrepreneurs look increasingly to transfer their *maquiladoras* to southern Mexico (where they can be built and staffed less expensively), transportation infrastructure for Oaxacans and potential migrants from other southern Mexican states can only be expected to improve.<sup>23</sup>

Migration from Mexico to the United States is increasingly viewed from this transnational perspective, as migration has become a fundamental component of the social and economic foundation of both countries (Massey, et al. 1987). The majority of the literature on Oaxacan migration likewise views this process from a transnational perspective. While Oaxacan migrants are intimately tied to the US economy and have formed associations within the Oaxacan migrant enclave as well as with non-migrants, they nevertheless maintain strong connections with their communities of origin in Oaxaca. Thus, “their community of reference has transcended the limits of the United States and Mexican borders and has become a de-territorialized space (sometimes called Oaxacalifornia)” (Rivera-Salgado 1999: 1440).<sup>24</sup>

As has been the case with other Mexican migrant groups in the United States, the interdependent transnational ties that have developed between Oaxacan migrants and their home communities contribute to the perpetuation of migratory flows. By sustaining transnational ties, and by building and strengthening social, cultural, and economic networks in the United States upon which new immigrants can increasingly draw, the fiscal and emotional costs of making the journey to the United States are lowered. Economic networks, particularly as they pertain to the recruitment and employment of Oaxacan labor, are a key factor contributing to and facilitating the increased presence of Oaxacans in the United States.<sup>25</sup>

Sending communities in Oaxaca, similar to sending communities throughout Mexico, are also becoming increasingly economically linked to the United States through the remittances that migrants

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<sup>23</sup> This relationship between trade, better transportation, and increased migration is nothing new and indeed has existed throughout history. For example, in the mid-1800s the hardships and costs associated with making the Atlantic passage to the New World were greatly reduced by the improved design of sailing ships and navigational devices. These technological advances were directly linked to commercial trade between Europe and America, but had tremendous impacts on European-US migration (Heer 1996). Similarly, if the US achieves the trade agreement it is currently seeking with Central America, this would most likely lead to a large investment in infrastructural development throughout the region that would facilitate even more US-bound migration from Central American countries.

<sup>24</sup> The term ‘Oaxacalifornia’ was originally coined by Kearney (1995).

<sup>25</sup> A recent article by Fred Krissman (2005) argues that too much emphasis has been placed on the idea of the ‘migrant network’ as the sustaining force of migration. He further argues that the theoretical concept of the ‘migrant network’ as defined by Massey (1987) is ill-defined in and of itself given its limited focus on migrants from the same hometown only, and its exclusion of non-migrant actors such as labor recruiters, employers, and *coyotes* who are crucial to not only the initiation but also the perpetuation of migratory flows. Krissman proposes the alternative idea of an ‘international migrant network’ that accounts for migrant as well as non-migrant actors, ordering them by degree of socioeconomic power and direction of relationship (27). Although my above discussion of the social and economic networks used by migrants does not discount the importance of the relationships maintained between US-based migrants and their community of origin, it recognizes the importance of a variety of migrant and non-migrant actors in both the initiation and perpetuation of migratory flows.

send home to their families. The Latin American and the Caribbean (LAC) region is the leading destination for remittances worldwide, accounting for approximately one-third of remittances sent to developing countries. Within the LAC region, Mexico is the leading recipient of remittances by a substantial margin. Following India, Mexico receives the second-largest amount of funds remitted worldwide. The estimated amount of remittances sent to Mexico in 2004 was US\$16.6 billion, roughly equivalent to the Foreign Direct Investment received by Mexico in 2004 and exceeding Mexico's total tourism revenues for that year. The US\$16.6 billion figure represents a 24 percent increase in remittances compared to 2003; this year the Banco de México expects the amount of remittances to rise to US\$20 billion, exceeding for the first time the revenues generated through petroleum exports (Banco de Mexico 2005; Gonzalez Amador 2005).

The importance of remittances to the development and often to the survival of small rural communities, such as those characteristically found in Oaxaca, is underscored by the fact that Mexican communities with populations under 30,000 receive about 40 percent of total remittances (IAD 2004: 7). Thus, in addition to being a boon to Mexico's economy overall, remittances are benefiting some of the poorer and more marginalized sectors of Mexican society, serving to partially close the poverty inequality gap.<sup>26</sup> In urban Mexico, studies have estimated that remittances from the United States account for almost one-fifth of total capital invested in community micro-enterprises (Ratha 2003: 162). It was estimated by Lozano (1993) that Oaxacans were remitting over US\$50 million to their home communities in 1990. By 2003, Oaxaca was ranked after Zacatecas and Michoacán as the third-largest receiving state in terms of proportion of gross state product (GSP). An estimated US\$647 million in remittances were sent in 2003, ranking Oaxaca eighth in absolute terms relative to other Mexican states, and representing 8.6 percent of Oaxaca's 2001 GSP (Coronado 2004).

### **Links between the coffee crisis, migration, and differentiated markets**

The forces driving and sustaining Oaxacan migration apply to individuals from rural communities throughout the state, regardless of whether or not they are coffee producers. However, the simultaneous structural changes in the world coffee market and the recent coffee crisis have in many ways been 'the last straw' in an already-desperate situation. According to studies by the World Bank, there are increasing problems with food security in Mexican coffee-producing regions, and thousands of permanent and temporary coffee workers have been forced to seek alternative employment as a result of the crisis

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<sup>26</sup> There is much academic debate surrounding the equalizing impact of remittances on developing country communities. Although much of the remittances do reach smaller, more marginalized towns, there is evidence that these remittances may lead to *greater* income inequalities within these towns, as those receiving remittances become much wealthier than non-migrant families. Nevertheless, the fact that remittances are accumulating in smaller towns across Mexico underscores their importance in raising the economic opportunities of these towns relative to the larger, wealthier cities across Mexico.

(Fritsch 2002). Many of these farmers are leaving their rural communities and migrating to the cities, or across international borders, in search of jobs. Although it is difficult to quantify the direct effect of the current coffee situation on undocumented immigration to the United States, there are clear indications of a relationship between these two phenomena. For example, six of the fourteen undocumented migrants found dead in the Arizona desert in May 2001 were identified as coffee growers (US House of Representatives 2002).

Sixty percent of Mexico's territory is severely degraded, and the Mixteca region of Oaxaca in particular is characterized by high rates of erosion and poor soils (Natural Heritage Institute 1998; Velásquez 2002). However, the coffee regions, because they have maintained traditional shade systems, have suffered less degradation, and the more remote regions of Oaxaca, the state of Chiapas, and the state of Veracruz—where the majority of Mexican coffee is grown—have not traditionally sent migrants to the United States. But now all of these regions are becoming migrant sending areas. Regions such as the Chatino area in the Southern Sierra of Oaxaca rapidly committed to US migration in the past decade, even though they have extensive amounts of land. A recent report estimated 2004 remittances to Chiapas from the United States at US\$500 million, noting that there were almost no remittances as recently as 1995 (Balboa 2004).<sup>27</sup>

Various studies have suggested that the coffee crisis has been associated with increased out-migration from Oaxacan and other southern Mexican coffee-producing communities. A few studies conducted through Colorado State University's Sociology Department further suggest that coffee communities in southern Mexico that are engaged in Fair Trade-organic coffee production have been relatively more able to remain on their farms instead of being forced to migrate.<sup>28</sup> However, no detailed study of migration to the United States has been conducted in Mexican coffee communities.<sup>29</sup>

As discussed above, migration theory suggests a number of reasons coffee-growing families might undertake migration, one of which is to diversify risk. Low coffee prices present them with two views of a new reality: on the one hand, coffee has become a more risky (and lower returns) investment, suggesting that sending some family members to work off-farm would lessen the overall risk; on the other hand, the limited financial returns from coffee means that the family requires alternative sources of cash

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<sup>27</sup> A more conservative estimate by the Bank of Mexico estimated total remittances to Chiapas in 2003 at US\$358 million (Banco de México data, cited in Coronado 2004).

<sup>28</sup> Documents available from <http://www.colostate.edu/Depts/Sociology/FairTradeResearchGroup/>. For discussion of the link between the recent coffee crisis and increased migration, see Jaffee 2004; Aranda and Morales 2002; Piñon and Hernandez-Diaz 1998; Fritsch 2002; Morales 2004; Carlsen and Cervantes 2004; and Hernandez Navarro 2004.

<sup>29</sup> An important exception is an article by Mestries Benquet (2003) that examines in detail the relationship between the coffee crisis and the migration of Veracruz coffee producers to the United States. However, production of certified coffee is not as common in Veracruz and thus does not factor into the discussion.

both for living expenses as well as for operating capital for coffee production.<sup>30</sup> The incomplete capital markets in rural Mexico imply that only well-connected coffee cooperatives have access to low-cost operating capital, and even this is limited. The decision to migrate is a function not only of the problems with coffee, but also the demand for labor in the receiving region and the expected returns from working there. Greater economic growth in the United States or the devaluation of the peso relative to the dollar both tend to make migration a more attractive option.

A defining characteristic of migration is that it is cumulative and self-perpetuating (Myrdal 1957; Massey, et al 2002). As migration from a village develops, the risks associated with it decline and the expected returns rise due to the development of social capital, leading to more migration. This increased migration drains human capital out of the region, raising the opportunity cost of labor and hence the local wage. Coffee growers who set out in part to provide operating capital for coffee via migration thus end up undermining coffee production by raising its costs.

These migration dynamics have been largely ignored in the recent studies of certified coffee. As Murray, et al. recently put it:

“...a small but growing percentage of small-scale coffee farmers have found a *solution to the crisis* [author emphasis]. In the past decade, more than 500,000 farmers from 23 countries in Latin America, the Caribbean, Africa and elsewhere have become Fair Trade certified coffee producers. Agreeing to produce their coffee under an externally monitored set of social and environmental standards, Fair Trade coffee producers in turn have received a guaranteed price for their coffee. That guaranteed price has been double or more the recent price paid for conventionally produced coffee, and along with the social and environmental conditions fostered by participation in Fair Trade has enabled these farmers to *survive the crisis* [author emphasis] and invest in the future” (Murray, et al 2003: 3).

The next chapter, which explores the impact of migration on a Fair Trade-organic certified coffee community in Oaxaca, suggests that migration might in fact undermine this optimistic view of the Fair Trade system as it is currently operated.

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<sup>30</sup> “For agricultural producers, risk management is done primarily through income diversification—either on-farm, through additional crops or perhaps livestock, or off-farm, by seeking alternative employment” (Lewin, et al 2004: 33).

## CHAPTER 5

### TAKING A CLOSER LOOK AT THE LINKS: MIGRATION AND COFFEE PRODUCTION IN A OAXACAN COMMUNITY

The case study presented in this chapter allows for a more in-depth analysis of the links among the coffee crisis, migration, and certified coffee production. In Summer 2004, I interviewed 105 coffee-farming households in the Oaxacan community of San Juan Cabeza del Río, with the help of local assistant Adalberto Antonio Santiago. Cabeza del Río<sup>31</sup> is a small coffee-producing community that is located in the Putla de Guerrero district of Oaxaca's Mixteca Baja (see Figure 5.1), a region of high out-migration.<sup>32</sup> Coffee farming, accompanied by subsistence corn and bean production, has been the main economic activity of the community for almost 40 years. Cabeza del Río is situated on a dirt road that begins near Putla, a small commercial center located approximately 35 kilometers to the north of the community. The difficult-to-navigate road winds its way south through the mountainous region, passing through Cabeza del Río and other communities of the Santa Maria Zacatepec municipality, and ending in neighboring municipality Santa Cruz Itundujia in the community of Zaragoza.<sup>33</sup> Despite years of government promises, the road has not been paved and the 35-kilometer trip from Cabeza del Río to Putla takes over 4 hours by vehicle. During heavy rains, this road can become impassible and requires constant repair provided by community members on a rotating volunteer basis (*tequio*).

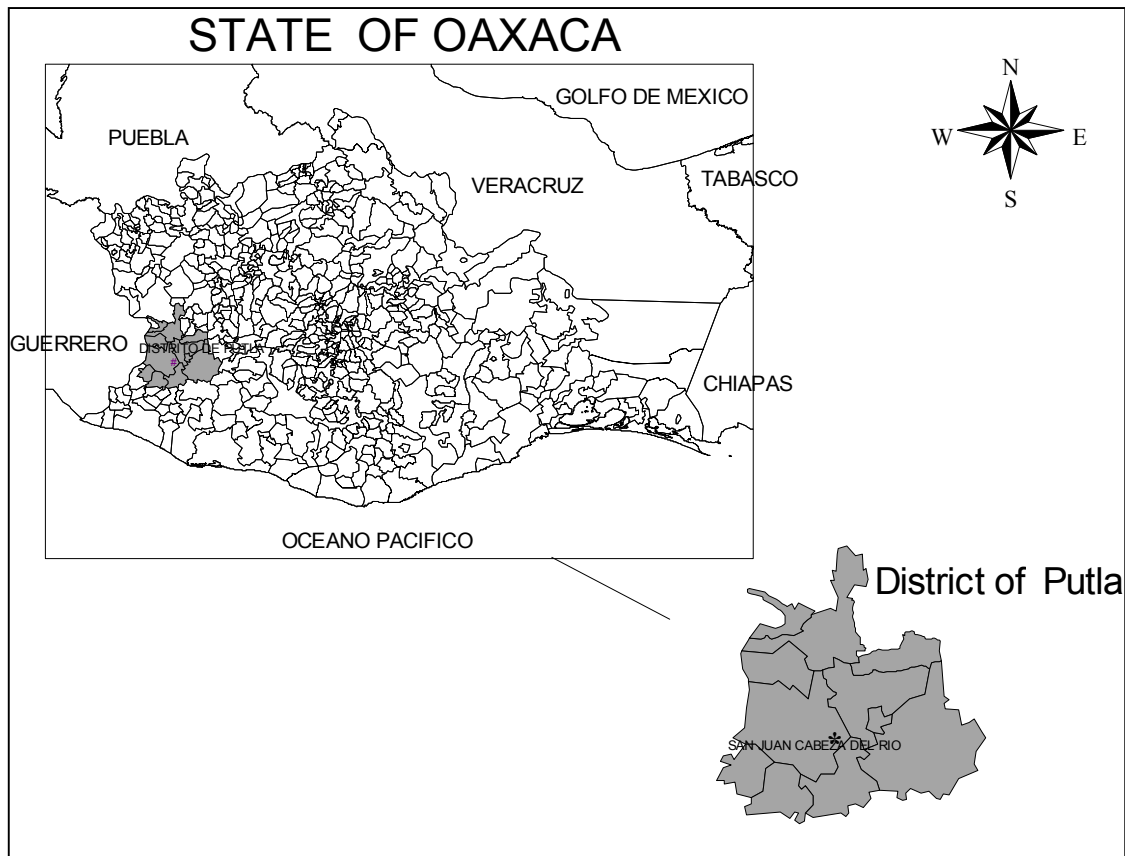
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<sup>31</sup> For the remainder of this paper, San Juan Cabeza del Río will be referred to as Cabeza del Río.

<sup>32</sup> Cabeza del Río is now officially in the region of Sierra Sur, which borders the Mixteca to the south. It used to be officially part of the Mixteca, but Oaxaca's last governor altered the regional boundaries. However, most people in the community still consider themselves to be from the Mixteca region.

<sup>33</sup> Like Cabeza del Río, Zaragoza is a coffee-producing community that has been negatively affected by low coffee prices, with many households turning to migration as way to earn extra income. Zaragoza's high elevation and combination of other agro-climatic factors allow growers to produce coffee of exceptional quality that has recently been acknowledged and sought out by international buyers (personal communications, Hernandez Balderas 2004, Aranda Bezaury 2004). Given the high quality of its coffee and the success of other non-coffee ventures in the community (Zaragoza runs several successful timber operations as well), this community has received much recent attention and study from other US and Mexican researchers (see Harris 2003, Bartra, et al 2005, Santiago Paz 1998; Martinez-Legaria 2003). These studies can provide an excellent baseline for comparison with Cabeza del Río due to regional and other similarities.





**Figure 5.1: Map of Cabeza del Río and Oaxaca’s Putla district**

Source: Adapted from map constructed by Felipe H. Lopez, 2005.

Two coffee cooperatives, *La 21 de Septiembre* and *Michiza*, operate in the community and account for over 130 organized producers in total. The regional cooperative *La 21 de Septiembre* (under the CEPCO umbrella) began to operate locally in Cabeza del Río in 1994, in many ways stepping in where INMECAFE had stepped out, and acquiring many of its former members.<sup>34</sup> *Michiza*, a much smaller statewide cooperative founded in 1984 on principles similar to those of UCIRI in the Isthmus region, began operating in Cabeza del Río in 1995.<sup>35</sup> At the time of interview, the 130 organized producers in the community were divided roughly equally between the two organizations. Members of *La 21 de Septiembre* and *Michiza* are either certified organic or are in transition to becoming certified (a three-year process), and both cooperatives are Fair Trade certified and sell coffee at Fair Trade prices. Although it is

<sup>34</sup> *La 21 de Septiembre* is one of the largest regional cooperatives under the CEPCO umbrella, with over 900 organic producers in 21 communities throughout the Putla district (García García, personal communication 2004). CEPCO is comprised of 16,000 members statewide residing in 64 municipalities throughout Oaxaca (Boot 2003: 19; personal communication, Melchor Vila 2005), and includes ten of Oaxaca’s indigenous groups.

<sup>35</sup> *Michiza* was founded in 1984 and adopted its formal name of *Yeni Navan, Sociedad de Produccion Rural de Responsable Limitada* (SPR) in 1989. It has a total of 1,300 members in 48 communities throughout Oaxaca (Hernandez-Diaz 2004; personal communication, Cruz Sanchez 2004).

more difficult to determine their exact numbers, there is also a significant presence (at least 50) of non-organized coffee producers in the community. Non-organized producers do not have organic certification, nor can they certify their coffee as Fair Trade by definition of their non-organized status. They therefore do not command the associated certification premiums.

The community was selected by reviewing CEPCO villages in conjunction with municipal-level migration data from the 2000 Mexican census (CONAPO 2002). Cabeza del Río was chosen based on the following criteria: large number of both organized producers (*socios*) and non-organized producers (*libres*); high quality of coffee commanding a premium price<sup>36</sup>; importance of coffee production as an economic activity; significant number of organized members receiving organic and/or Fair Trade certification, with correspondingly significant sales to Fair Trade/organic markets; and noteworthy presence of out-migration.

New Jersey is the US state where the majority of international migrants from Cabeza del Río currently reside. In February 2005, a brief trip to New Jersey provided me with the opportunity to visit with several migrants from Cabeza del Río and other neighboring Mixteca communities who are living on the Jersey coast. Though my interviews with these individuals were limited and informal, I was able to glean additional information on the migrant experience as well as corroborate various statistics and stories I had gathered in their community of origin in Summer 2004.

### **History of migration from Cabeza del Río**

Internal migration from Cabeza del Río has been taking place for generations, and migration to the United States has been occurring at some level from the community since the early 1980s. The most recent Mexican Census (INEGI 2001) estimated the population of Cabeza del Río in that year to be 1,657 individuals. This figure accounts only for those individuals residing in the community at the time the census was carried out. Official community documents record Cabeza del Río's 2003 population as 1,947 individuals. This 2003 figure accounts for individuals residing in the community at time of census *plus* individuals considered to be outside the community temporarily (i.e. temporary migrants).

Tables 5.1A and 5.1B present population estimates for Cabeza del Río. Based on the community's 2003 figure of 1,947 and data collected in this study, the estimated population of community members who were residing in Cabeza del Río during Summer 2004 is 1,512. An additional 435 individuals are estimated to be living temporarily outside the community (310 in the United States, 125 elsewhere in

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<sup>36</sup> The relatively high elevation of the community (1040 meters) and surrounding agricultural lands lends itself to the production of high quality coffee. This coffee commands a superior price compared to that which is produced in lowland coffee-producing regions of Mexico.

Mexico).<sup>37 38</sup> Using the same 1,947 figure as a base, an additional 417 individuals are estimated to have migrated permanently from the community (177 to the United States, 240 elsewhere in Mexico).

The majority (91 percent) of these permanent migrants are married. It can be expected that at least some of the categorized ‘temporary migrants’ will eventually become (and indeed may already be) permanent migrants. As will be discussed later in this chapter, the majority of temporary internal migrants from these households are single children who are studying, and this higher education makes them less likely to return given expanded opportunities outside the community. Most temporary US migrants are children whose parents may have a hard time admitting that they will not eventually return home to stay. The large number of individuals born into coffee-producing households in the community who now live permanently either in the United States or elsewhere in Mexico indicates that permanent settlement is a likely trend, particularly once a household member marries.

In summary, at the time the research was conducted in Summer 2004, there were 2,364 people identified overall with ties to Cabeza del Río: 487 (21 percent) in the United States, 365 (15 percent) elsewhere in Mexico, and the remaining 1,512 (64 percent) in the community.

**Table 5.1A: Population Estimates for Cabeza del Río, 2004**

	Household heads	Single children <sup>39</sup>	Total
Individuals currently migrated temporarily to the United States	52 (2.7%)	258 (13.3%)	310 (15.9%)
Individuals currently migrated temporarily in Mexico	0 (0%)	125 (6.4%)	125 (6.4%)
<b>Subtotal temporary migrants</b>	<b>52 (2.7%)</b>	<b>383 (19.7%)</b>	<b>435 (22.3%)</b>
Individuals currently living in the community			1512 (77.7%)
<b>Total residents and temporary migrants</b>			<b>1947 (100%)</b>

N=95

Sources: Oaxacan Migration and Coffee Production Pilot Study (2004), Cabeza del Río *Unidad Medica Rural* (2003)

<sup>37</sup> Since only coffee-producing households were interviewed for the 2004 study, these calculations assume that non-coffee-producing households are similar to coffee-producing households in broad demographic and migratory terms. This is not necessarily a safe assumption.

<sup>38</sup> Married children who are temporarily in the US, and who will thus reside in their own separate households in the community upon return, are not factored into total village population estimates.

<sup>39</sup> “Children” are so-called based on their relative position within their household in Cabeza del Río, not a specified age range. The ages of temporary US migrant children ranged from a low of 16 to a high of 46, but 94 percent fell between the ages of 16 and 28. Temporary internal migrant children fell between the ages of 14 and 25.

**Table 5.1B: Estimate of Population Migrated Permanently from Cabeza del Río**

	Household heads	Single children	Married children	<b>Total</b>
Individuals migrated permanently to the United States	7	24	146	<b>177</b>
Individuals migrated permanently within Mexico	0	7	233	<b>240</b>
<b>Total</b>	<b>7</b>	<b>31</b>	<b>379</b>	<b>417</b>

N=95

Sources: Oaxacan Migration and Coffee Production Pilot Study (2004), Cabeza del Río *Unidad Medica Rural* (2003)

Migration typically leads to an exacerbation of wealth disparities among households in a community. It is the wealthier households that can afford to send migrants to the United States in the first place, and this migration serves to further increase their wealth as migrants send money back home to their families. This pattern is notable in Cabeza del Río, where a clear differentiation can be observed between households that have migrated internationally and those that have not. A further distinction can be observed among households that have migrated internationally depending on *when* that migration began initially. Table 5.2 displays the distribution of coffee-producing households according to the first year the first household member left for the United States. It shows that the majority of migrant coffee-producing households sent their first household member to the United States sometime after 1995.

**Table 5.2: Year of First Departure by First Household Member to the United States**

	%
1982 - 1995	28
1996 - 2000	25
2001 - 2004	22
No HH member ever migrated to the US	25
<b>Total</b>	<b>100</b>

N=97

Source: Oaxacan Migration and Coffee Production Pilot Study (2004)

As would be expected, those households that began migrating internationally at an earlier stage appear to be wealthier today than those that began migrating more recently. Using asset accumulation (ownership of cattle) and living conditions (material of roof of house) as proxies for wealth, Table 5.3 displays this differentiation among households according to international migration history. At the time of interview, the households that had sent migrants to the United States *before* 1995 were more likely

both to have better-constructed houses and to own cattle than the households that migrated after 1995. Those households that had *never* migrated were most likely to have rustic houses and to own no livestock.

**Table 5.3: International Migration and Indicators of Wealth**

	Roof of corrugated iron or tile	Cement roof	Cattle owned
	%	%	%
First US migrant originating in HH left 1982 - 1995	17	52	52
First US migrant originating in HH left 1996 - 2000	23	33	29
First US migrant originating in HH left 2001 - 2004	25	15	14
No one ever migrated from HH to the United States	35	0	5
Total	100	100	100

N=97 \*Differences between early and more recent migrants significant at 99% (p<.0001 for roof and p=.011 for cattle).

Source: Oaxacan Migration and Coffee Production Pilot Study (2004)

An important question with regard to this case study is whether or not households that have migrated internationally, particularly those that began migrating early on, have used the added wealth accumulated through migration to invest further in coffee production. Tables 5.4 and 5.5 display total coffee land owned and total coffee kilos sold by households in 2004. These tables show that those households sending migrants to the United States the earliest are likely to have the most coffee land and to have sold the most coffee in the 2004 harvest. Although it cannot be determined from the data to what extent households were participating in coffee production *before* they began sending family members abroad, these results can tentatively suggest that, at least historically, migration and coffee production in the community have been complementary activities.

**Table 5.4: International Migration and Total Coffee Land Owned**

	1 to 1.5 ha	1.6 to 3 ha	> 3 ha	Total
	%	%	%	%
First US migrant originating in HH left 1982 - 1995	8 <i>9</i>	31 <i>17</i>	61 <i>57</i>	100
First US migrant originating in HH left 1996 - 2000	28 <i>32</i>	40 <i>21</i>	32 <i>29</i>	100
First US migrant originating in HH left 2001 - 2004	9 <i>9</i>	86 <i>38</i>	5 <i>4</i>	100
No one ever migrated from HH to the United States	44 <i>50</i>	44 <i>23</i>	12 <i>11</i>	100
Total	<i>100</i>	<i>100</i>	<i>100</i>	

N=97 Top numbers in cell are row percentages, bottom numbers are column percentages

\*Differences between early and more recent migrants significant at 99% (p<.0001).

Source: Oaxacan Migration and Coffee Production Pilot Study (2004)

**Table 5.5: International Migration and Total Coffee Kilos Sold in 2004**

	1-200 kilos	201-400 kilos	> 400 kilos	Total
	%	%	%	%
First US migrant originating in HH left 1982 - 1995	8 <i>8</i>	35 <i>30</i>	58 <i>52</i>	100
First US migrant originating in HH left 1996 - 2000	15 <i>12</i>	40 <i>27</i>	45 <i>31</i>	100
First US migrant originating in HH left 2001 - 2004	44 <i>32</i>	39 <i>23</i>	17 <i>10</i>	100
No one ever migrated from HH to the United States	60 <i>48</i>	30 <i>20</i>	10 <i>7</i>	100
Total	<i>100</i>	<i>100</i>	<i>100</i>	

N=83 Top numbers in cell are row percentages, bottom numbers are column percentages

Differences between early and more recent migrants significant at 99% (p=001).

Source: Oaxacan Migration and Coffee Production Pilot Study (2004)

### **The coffee crisis and increased international migration**

Like small growers across Oaxaca, Mexico and the world, the coffee-producing households of Cabeza del Río suffered from the continued drop in world coffee price beginning in 1997 and rebounding only very recently. Although, as discussed above, migration from the community to the United States has been occurring at some level since the 1980s, first-time sojourns by members of coffee-producing households have accelerated dramatically in the last 5 years. The most common US state of destination

for the last decade or so has been New Jersey<sup>40</sup> (89 percent), where migrants are employed in a variety of jobs ranging from yard work to restaurant services to factory work to construction.<sup>41</sup> First-time US journeys by household members, a trickle throughout the 1980s and the early 1990s, increased notably in 1999: 74 percent of first-time migration to the United States by members of coffee-producing households have occurred in the last 5 years.<sup>42</sup>

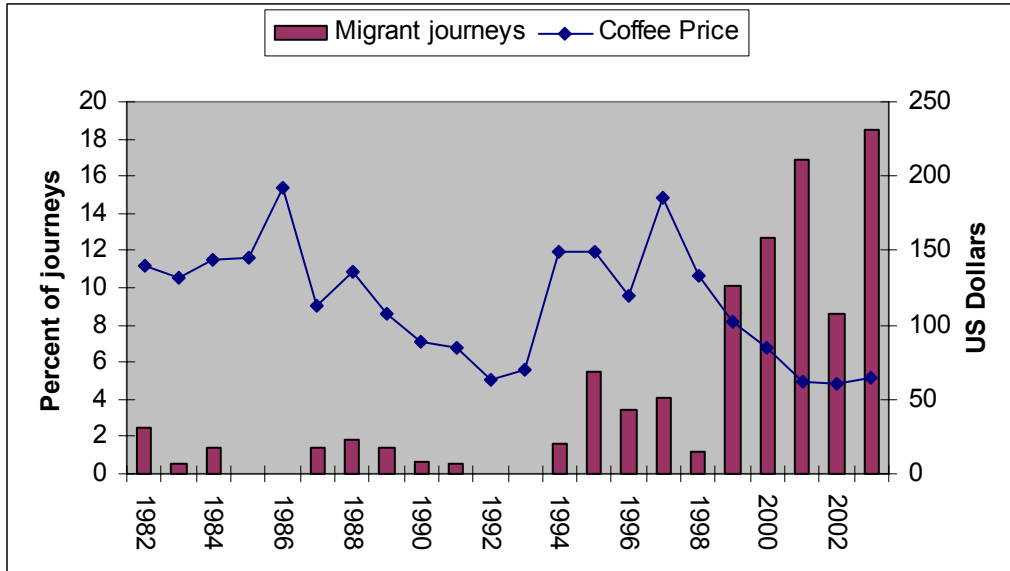
As Figure 5.2 suggests, this recent surge in trips to the United States can be linked at least in part to the recent drop in world coffee price. A simple regression, where the percent of first-time US sojourns was regressed on international coffee price, found that coffee price was significantly negatively correlated with the percent of US journeys ( $Beta = -.465$ ,  $t = -2.35$  ( $p = .029$ )), accounting for approximately one-fifth of the variation (adjusted  $R^2$  of .18). However, when a major ‘pull’ variable (the strength of the US dollar) is introduced, the price of coffee is no longer a significant determinant of the percent of US sojourns. In a regression where the percent of first-time US sojourns was regressed on international coffee price *and* the peso/dollar exchange rate, the regression equation is significant with an adjusted  $R^2$  of .60. However, while the correlation between the peso/dollar exchange rate and the percent of sojourns is positive and significant ( $Beta = .705$ ,  $t = 4.67$  ( $p < .001$ )), the correlation between coffee price and the percent of sojourns is no longer significant ( $Beta = -.186$ ,  $t = -1.23$  ( $p = .234$ )). This suggests that although the coffee crisis certainly did not help to curb migration, other factors beyond price are mostly responsible for this recent increase in US-bound migration.

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<sup>40</sup> See Espenshade 1997 for the most comprehensive work on immigrants in New Jersey.

<sup>41</sup> In the 1980s, the most common international destination for migrants was the US state of California. California (particularly southern California) remains the principal destination of most migrants originating in Oaxaca’s Central Valley communities (Cohen and Rodriguez 2005: 52). It is unclear exactly how this shift in destinations from California to New Jersey was started. However, from informal interviews I conducted with migrants and non-migrants it appeared that members from neighboring community Zaragoza made the shift first, and people from Cabeza del Río heard about it through them. Many Cabeza del Río migrants told me they prefer New Jersey to California because it has a lower cost of living, a less-daunting presence of ‘*la migra*’, and lower levels of competition for jobs with other migrants (author interviews).

<sup>42</sup> A similar percentage was found by Mestries Benquet (2003) in his study of coffee-producing communities in Veracruz. His study found that 76 percent of international sojourns from those coffee-producing communities had commenced since 1998-1999.



N=101

**Figure 5.2: First-time Sojourns to the United States and Coffee Prices**

Sources: International Coffee Organization (ICO 2005), Oaxacan Migration and Coffee Production Pilot Study (2004)

The link between low coffee price and migration is supported by interviewee response to the open-ended question of why household members had gone to the United States (Table 5.6). When asked to specify the reasons why a household member had migrated internationally, the second most commonly cited response was that coffee is no longer a viable economic activity (“*el café ya no vale*” / “coffee doesn’t have value anymore”). Closely following that response was a perceived lack of income opportunities in the community, suggesting that these individuals do not currently consider coffee production to be a viable income-generating activity. The most commonly cited reason for international migration was “lack of money / poverty”. Although respondents didn’t necessarily single out problems with coffee production as the reason for their poverty, their poverty is undeniably linked to the inability to accumulate wealth through coffee production, as this is the town’s predominant economic activity.



**Table 5.6: Cited Motives for International Migration<sup>43</sup>**

	%
Lack of money / poverty	66
' <i>El cafe no vale</i> '	23
Lack of income opportunities	20
Build or improve a house	14
Children's education expenses	8
Medical expenses / illnesses	6

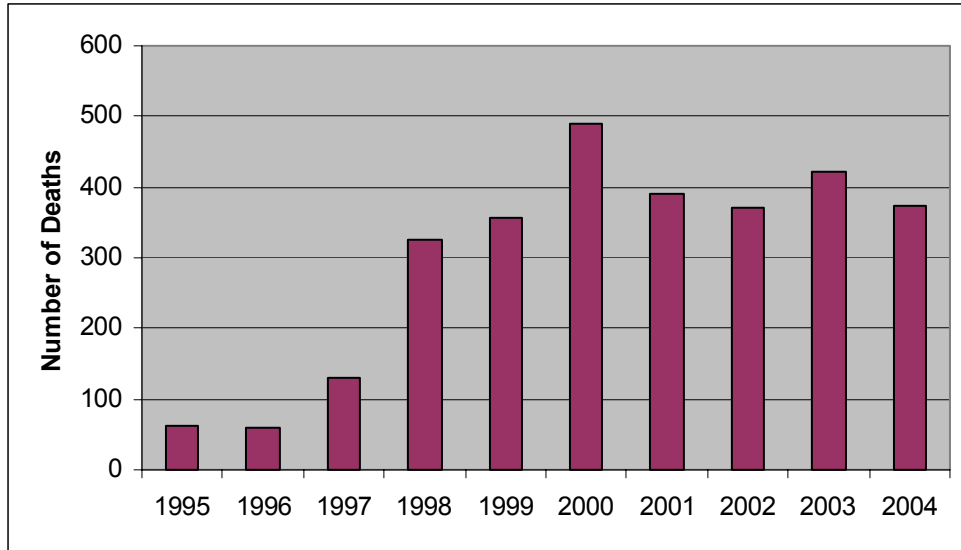
N=73

Source: Oaxacan Migration and Coffee Production Pilot Study (2004)

It is worth underscoring that the recent surge in US-bound migration since 1999 coincides with a period of increased border enforcement by the US government, which has made it increasingly more expensive and more dangerous for undocumented migrants to cross into the United States. Figures 5.3 and 5.4 illustrate this rising trend in both migrant deaths and migrant smuggler fees associated with crossing the US border, both of which have increased notably since the late 1990s. A female migrant from Cabeza del Río, with whom I visited in New Jersey, reported paying US\$3700 in smugglers fees in 2004 in order to transport herself and her two-year-old daughter across the US border to New Jersey. Other migrants in New Jersey reported spending several days walking in the unforgiving desert in order to arrive in the United States, an experience that none of them hoped to repeat. Given the increasing costs and increasing dangers associated with crossing the border, many of these migrants are staying in the United States for longer than they had intended when leaving Cabeza del Río. The fact that an increasing number of individuals from Cabeza del Río have decided to pursue international migration as an economic strategy, at a time when the costs and dangers of crossing the border are higher than ever, suggests that more desperation might be figuring into the decision of these more recent migrants.

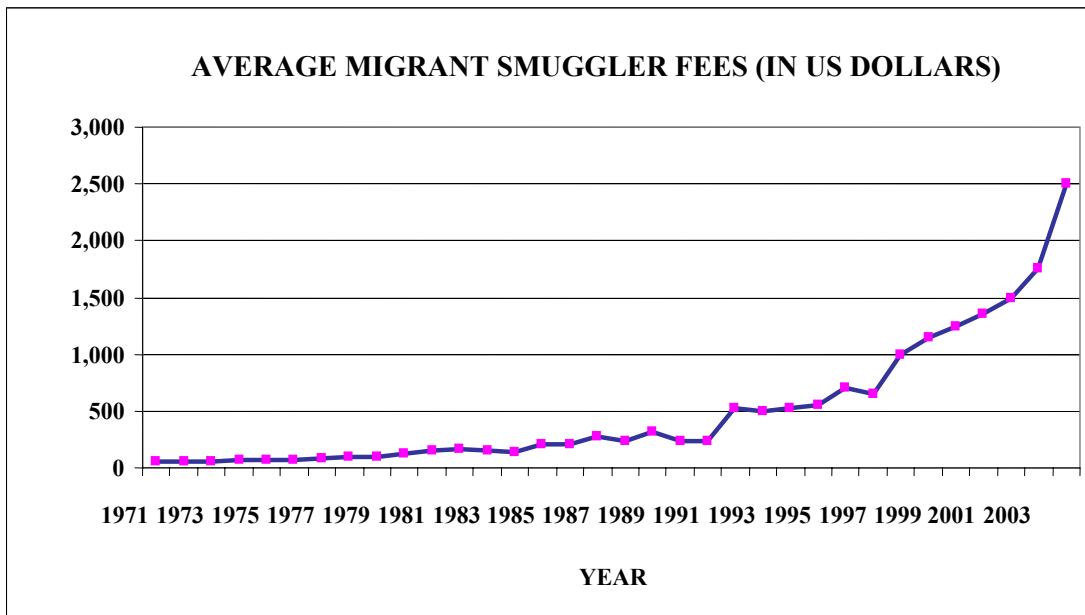
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<sup>43</sup> Informants were asked about the household's motives for international migration in an open-ended format, so were not limited to a single response. All answers provided by the informant were recorded. In addition to the top six reasons shown in Table 6, other responses included: 'to feed the children', 'to start a business', 'to adventure', 'because the male children no longer want to work in the *campo*', and 'because migrant children want to buy themselves nice clothes and a car or truck'.



**Figure 5.3: Deaths Due to Unauthorized Border Crossings**

Source: Cornelius, Forthcoming.



**Figure 5.4: Average Cost of Hiring a Smuggler to Cross US Border, 1971 - 2004**

Source: Cornelius 2005

**Economic impacts of migration on coffee production: Labor scarcity, wage-labor costs and remittances**

The relationship between coffee production’s profitability and US-bound migration is certainly not unidirectional. Although a consistently low coffee price beginning in 1997 has likely contributed to the recent surge in international sojourns, migration sets in motion a series of other processes that affect coffee production’s viability in a variety of ways that extend beyond commodity liquidation price.

**Labor scarcity: Where are all the working-aged men?**

The departure of household members from the community erodes family labor power, particularly male family labor power. While internal Mexican migration from Cabeza del Río is divided more or less equally between men and women, international migration is performed mostly by men (88 percent) of prime working age (78 percent fall between the ages of 16 and 28).<sup>44</sup> Consequently, there is a relative lack of men in this prime working age range in the community. Women are present in coffee-producing households in Cabeza del Río at higher percentage levels in every 5-year age interval between 20 and 49.<sup>45</sup> At the time the interviews were conducted, over half of coffee-producing households had at least one male household member in the United States, often including the male head of household (Table 5.7).

**Table 5.7: Household Migration Typology—Presence of Male Head of Household (HOH) and/or Sons in the United States**

	At time of Interview	In the last 5 years
	%	%
HOH only or HOH plus one or more sons in the United States	20	29
One or more sons in the United States	36	34
No HOH nor any sons in the United States	44	37
Total	100	100

N=102

Source: Oaxacan Migration and Coffee Production Pilot Study (2004)

<sup>44</sup> These descriptive statistics apply to household members in the United States at the time of interview, and they are consistent with demographic statistics reported by other recent case studies on migration from coffee-producing communities in southern Mexico. Mestries Benquet (2003), for example, found that US-bound migrants from coffee communities in Veracruz are predominantly male (89 percent) and also of prime working age (75 percent between ages 20 and 34). On the level of Mexico as a whole, the National Population Council of Mexico (CONAPO), based on surveys carried out between 2001-2003, estimated that *temporary* US-bound Mexican migrants are 94 percent male, and that 85 percent are between the ages of 12 and 44 (CONAPO 2004).

<sup>45</sup> Cumulative percentages of men and women aged 20 to 49 are 18 percent and 36 percent, respectively.

### **Rising wage-labor costs**

Although coffee activities are performed by men and women alike, there are activities in the coffee fields that require a certain degree of physical strength and that are almost exclusively performed by men. When a man is not available to do the work, someone must be hired to complete the task, or it is often simply left undone. Furthermore, the harvesting of coffee—which in Cabeza del Río and in most of Mexico is performed by hand—is not only a labor-intensive but also an extremely time-sensitive process. Coffee cherries must be plucked at a particular stage of ripeness in order to ensure optimal quality. In order to address this labor constraint at particular times of the crop cycle, coffee-producing families in Cabeza del Río have traditionally engaged in mutual, unpaid labor exchanges called *guetzas*.

In addition to the *guetzas*, the hiring of non-family labor, especially during harvest time, has also been a common and crucial practice in Cabeza del Río for as long as its inhabitants have cultivated coffee. Day-laborers from nearby communities have typically arrived during periods of peak activity to work for daily wages. Also, landless (or relatively coffee land-poor) individuals from Cabeza del Río perform this day-labor on the fields of their neighbors. This wage-based system of labor exchange largely dominates in the community today, although a select number of families continue to perform purely voluntary *guetzas*.

An overriding complaint of coffee producer households was that it has become increasingly more expensive to hire this labor, needed primarily for the weeding/cleaning (*limpia*) of coffee fields and particularly for the coffee harvest. According to the interviewees, the average amount paid daily for hired labor just 5 to 7 years ago was 50 pesos; at the time of interview most producers paid a daily wage for laborers of 100 pesos. In US dollar terms, this represents an approximate 56 percent increase in hired labor costs.<sup>46</sup> Interviewees claim that some day-laborers are starting to demand up to 120 pesos, and they fear that these costs of hired labor will rise even further in the future. Coffee growers in nearby community Zaragoza, where hiring outside laborers has likewise been a common practice traditionally, are also complaining about the problems of reduced availability of laborers and the increasing cost of hiring them (Bartra, et al 2005).

This rise in labor cost can be attributed in large part to migration, since day laborers have an alternative cash-generating opportunity in ‘*el norte*’ (the United States) and thus can demand a higher wage. International migration has increased in communities surrounding Cabeza del Río as well. Whereas the majority of non-family labor was previously provided by non-community members, two-thirds of coffee-producing households currently employ day-laborers exclusively from Cabeza del Río; much smaller percentages employ labor exclusively from surrounding communities or from a

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<sup>46</sup> Average dollar wage between 1997 and 1999 was US\$5.62, versus a dollar wage of US\$8.77 in 2004, an increase of 56 percent.

combination of the two categories (see Table 5.8). This reduced influx of labor from surrounding communities has exacerbated the labor scarcity problem and given wage-laborers in the community even greater leverage to command higher pay for their work. Many interviewed producers who were unable to find or unable to afford enough day-laborers, or who were simply unwilling to invest significant sums of money in hired labor given the low price of coffee, lamented the large quantities of coffee cherries left to rot on the branches during the 2004 harvest. Although as noted above Mexico averaged over 10 Qq per hectare in the 1980s, the average amount of coffee harvested and sold by producers in 2004 in Cabeza del Río was only 2.6 Qq per hectare.<sup>47</sup>

**Table 5.8: Origin of Hired Coffee Day-Laborers in Cabeza del Río**

	%
Cabeza del Río only	66
Surrounding communities only	19
Cabeza del Río plus surrounding communities	16
Total	100

N=63

Source: Oaxacan Migration and Coffee Production Pilot Study (2004)

The brutal combination of a lack of family labor, the high cost of hiring labor, and low coffee prices was lamented by certified and non-certified producers throughout the community:

*“Tengo 3 hectáreas de café, pero ahora solo limpio 1.5 hectárea. No tengo hijos para ayudar, ni dinero para pagar mozos. Se fueron mis hijos y el precio del café bajó...ya no limpio todo porque requieren mozos y no hay dinero para mozos.”*

*“Cuando mis hijos estaban acá me ayudaban y cuando se fueron todo cambió. Ya no cultivamos todas las parcelas que tenemos.”*

*“No ocupo trabajadores puesto que no hay dinero y si se consigue prestado no sale del café para pagar.”*

<sup>47</sup> This average applies only to those producers in Cabeza del Río who actually sold coffee in 2004. The fact that they harvested so little coffee does not necessarily imply that their yields were that low, but rather that they were unable or unwilling to harvest all of the coffee. For Mexico at large, the National Coalition of Coffee Organizations (CNOO) estimates that 20 percent of the 2003-2004 crop was left to rot in the fields due to low coffee prices (Carlsen and Cervantes 2004: 1). In the case of Cabeza del Río, further study is required to determine exactly to what extent low coffee sales are a product of 1) an actual decrease in yields resulting from fewer plant renovations and failure to perform certain yield-enhancing cultivation practices such as pruning, application of fertilizer, and two cleanings, versus 2) the unavailability of labor at time of harvest, versus 3) a conscious decision by farmers to not pick their coffee because anticipated sales will not cover costs.

*“Antes construimos nuestra casa con dinero del café. La organización quiere que aumente la producción, pero la plaga y el precio lo hace difícil.”*<sup>48</sup>

### **Remittances: Financing coffee production with US dollars**

Although international migration has contributed to the erosion of family labor power and to inflated costs of hiring non-family labor, it also has contributed extra income in the form of migrant remittances. While some interviewees were less convinced about the benefits of international migration, confessing that they spent more money on sending a family member to the United States than they ever recovered in the form of remittances, most producers underscored the positive impact that remittances have had on their or their family’s standard of living:

*“Ahora por lo menos tenemos [dinero] para la ropa; antes éramos muy pobres. Por lo menos ahora no ando pidiendo fiado mis cosas para comer.”*

*“Sus hijos lo extrañan [a su papá], pero es un trabajo seguro que tiene allá [en los EU], lo pagan semanal, aunque sea poco, tengo seguro que va a llegar este dinero cada 2 meses.”*

*“Ya no me mato tanto a trabajar diario, tengo más descanso y vacaciones.”*<sup>49</sup>

Many households in the community are currently using part of the remittances they receive to help cover operating costs for coffee production. In response to an open-ended question about remittance use, paying day-laborers for coffee activities was the second most commonly-cited use of remittances by receiving coffee households, following food and basic household needs (Table 5.9A). When asked specifically if remittances had been used for investment in coffee production, nearly three-quarters of remittance-receiving households replied that they had used remittances to hire day-laborers for the *limpia*

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<sup>48</sup> Anonymous quotations from producers in Cabeza del Río, translated by author:

“I have 3 hectares of coffee, but now I only clean 1.5 hectares. I don’t have children to help me, nor money to pay day-laborers. My children left and the price of coffee dropped...I don’t clean all my coffee land anymore because this requires day-laborers and there’s no money to pay for them.”

“When my children were here they helped me, and when they left everything changed. We don’t cultivate all the parcels of coffee land that we have anymore.”

“I don’t employ day-laborers because there’s no money to do so, and if I borrow money to pay them, we don’t get enough money through coffee sales to pay back the loan.”

“Before, we built our house with money from coffee sales. The organization wants us to increase production, but diseases and the low coffee price makes that difficult.”

<sup>49</sup> Anonymous quotations from producers in Cabeza del Río, translated by author:

“At least we have enough [money] to buy clothes; before we were very poor. At least now I don’t need to borrow [from neighbors] in order to eat.”

“Their kids miss him [her husband], but he has a secure job there [in the United States], they pay him every week. Even if it’s not much, I am certain that this money will arrive every two months.”

“I don’t kill myself working daily in the fields anymore. I have more rest and vacation.”

and/or harvest. A much smaller percentage of households had used remittance money to purchase coffee land and/or invest in coffee processing infrastructure (Table 5.9B).

**Table 5.9A: Cited Uses of Remittances**

	%
Food and basic household needs	78
<b>Non-family labor for coffee activities</b>	<b>33</b>
Medical expenses / illnesses	30
Construct or improve a house	27
Children's education expenses	21
Purchase livestock (cattle)	6

N=74

\*Question asked without any specific prompting regarding use of remittances for coffee production.

Source: Oaxacan Migration and Coffee Production Pilot Study (2004)

**Table 5.9B: Cited Uses of Remittances for Coffee Production**

	%
Hire non-family labor for coffee activities	74
Purchase coffee land	7
Purchase processing equipment/infrastructure	2

N=74 \*Follow-up question on use of remittance, a direct, specific question regarding use of remittances for coffee production.

Source: Oaxacan Migration and Coffee Production Pilot Study (2004)

Table 5.10 cross-tabulates the peso amount spent by households on hiring labor to help with three major coffee activities (the *limpia*, harvest, and pruning) with degree of international migration by male household members. The table indicates that when households have male family members in the United States, they are much more likely to hire in labor for these coffee-producing activities and to spend more on this hired labor. This difference is most pronounced when one of the males in the United States is the male head of household (HOH), a result that is in line with expectation given that the male household head usually performs the bulk of the labor required for coffee cultivation activities (with the help of his family and/or hired labor).

**Table 5.10: Pesos Spent on Hired Labor for the *Limpia*, Harvest, and Pruning Versus Degree of International Migration by Male Household Members in the Last 5 years**

	No labor hired	.001 to 10 pesos/kilo	>10 pesos/kilo	Total
<b>Migrated to the United States:</b>	%	%	%	%
HOH only or HOH plus one or more unmarried sons	8 8	29 22	63 48	100
One or more male children	10 13	48 47	42 42	100
No HOH nor male children	59 79	31 31	10 10	100
Total	100	100	100	

N=87 Top numbers in cell are row percentages, bottom numbers are column percentages

\*Differences according to degree of international migration significant at 99% (p<.0001).

Source: Oaxacan Migration and Coffee Production Pilot Study (2004)

One interesting consequence of households using remittances to hire non-family labor is that some of this money is shared with non-migrant households, circulating the remittances throughout the community and lessening at least somewhat the tendency for migration to exacerbate the income/wealth gap. As mentioned above, the majority (two-thirds) of day-laborers now come from Cabeza del Río itself and not from surrounding communities. In 15 percent of all coffee-producing households, the head of household works on other people's land consistently throughout the year in order to earn the majority of his household's annual income. As would be expected, working most of the year on other people's land for pay is more likely to be an option sought out by households that do *not* send migrants to the United States and thus do not have this additional income source (Table 5.11).<sup>50</sup>

<sup>50</sup> It is not uncommon, however, to find a producer family who hires in the majority of labor needed for all stages of coffee production, but who nonetheless continue to work—if only minimally—on their neighbors' farms during harvest time, either in *guetzas* or for pay. In these cases, it is not necessarily the need for money that drives family members to pitch in on their neighbors' farms, but rather the strong tradition of mutual exchange and cooperation that still exists in the village and the social stigma attached to appearing lazy or 'too good' for the *campo*.



**Table 5.11: Provision of Year-Round Labor by Male Head of Household (HOH) According to Degree of International Migration since 1999**

	Proportion of HHs where HOH works as day-laborer year-round
<b>Migrated to the United States:</b>	%
HOH only or HOH plus one or more unmarried sons	4
One or more male children	11
No HOH nor male children	26

N=100

\*Differences according to degree of international migration significant at 95% (p=.0128)

Source: Oaxacan Migration and Coffee Production Pilot Study (2004)

This finding is in line with a series of more recent migration studies that argue that the *indirect* effects of remittances have been largely overlooked or underappreciated in past studies. This idea is linked to the concept of the ‘multiplier effect’, the notion that remittances promote indirect economic growth through consumer spending and intra-community employment. Simply put, when remittance receivers spend money on goods or services that are produced domestically, these expenditures not only increase the consumers’ utility, but also lead to an infusion of income into the local and/or regional economy and to the creation of more jobs to produce these goods, thereby multiplying the impact of these consumption expenditures. Taking into account these indirect multiplier effects, Durand, et al (1996) estimated that the inflow of US\$2 billion in remittances to Mexico generates US\$6.5 billion worth of additional production in Mexico. They further estimated that this increase in production raised Mexican income by US\$5.8 billion in the form of increased labor demand and additional salaries (439). As noted by Edward Taylor, the largest indirect income multipliers are often found in rural communities. This is due to the fact that households in rural communities are more likely to consume products that are produced domestically with relatively labor-intensive technologies and few imports (Taylor 1999: 70).

**Socio-cultural impacts of migration on coffee production and the community:  
Education, ‘de-peasantization’, evolving governance, and shifting gender roles**

Various socio-cultural changes associated with international migration can be noted in Cabeza del Río in addition to migration’s economic impacts. As stated above, it is primarily young people (almost 80 percent aged 16 to 28) who are leaving the community for the United States in order to supplement their families’ incomes. As young people from Cabeza del Río experience life outside the community, coming into contact with other potential options for making a living, their perception of life in the *campo*

changes significantly. In fact, many children who have migrated to the United States express frustration to their parents regarding what they see as the now fruitless pursuit of coffee production. There is often tension between migrant children—who want their parents to use the remittances they send home for basic food, health, and education needs—and their parents, who have remained in the community and are committed to coffee production. As these children enter adulthood, it is doubtful that many will decide to carry on their parents’ work in the coffee fields, particularly if prices do not rebound. Parents are becoming more and more aware of this reality: over half believed that their children would *not* continue with coffee cultivation. In the producers’ own words,

*“Por que creen que no están aquí? El café está de barato, mucho mosco y después no recompensa. Por qué van a querer venir acá para sufrir?”*

*“Ellos ya no les gusta el café, ha bajado mucho el precio. Ellos dicen que yo debo dejarlo.”<sup>51</sup>*

### **Beyond *secundaria*: Migration and higher education**

Even those young people who have *not* ventured to the United States are much more likely than their parents—and indeed many are encouraged by their parents—to pursue other options besides the life of a farmer. Most prominently, there is much greater focus now as compared to even twenty years ago on the higher education of the community’s children. Except for the poorest households in the community, who cannot afford to educate their children beyond *secundaria* (middle school), most parents dream of higher educational achievement for their children that will open up doors to a greater range of employment options. Whereas middle-aged and senior individuals in the community often received only a few years of elementary school or no schooling whatsoever, it is generally expected in Cabeza del Río that a child will attend school at least through middle school, since a middle school facility functions in the community.

Several children in Cabeza del Río are also now pursuing education beyond middle school: 27 percent of coffee producer households contain at least one member who is currently pursuing or has already completed high school, and 13 percent of households have at least one member who is pursuing or has completed her/his university Bachelor’s degree. Studying beyond middle school requires that a student migrate to another town in Mexico, as there is no high school or university in Cabeza del Río.<sup>52</sup> The pursuit of higher education is in fact *the* primary purpose presently behind the majority of temporary

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<sup>51</sup> Anonymous quotations from producers in Cabeza del Río, translated by author:

“Why do you think they [our children] aren’t here? Coffee is cheap, there are lots of bugs and then you aren’t compensated. Why would they want to come here to suffer?”

“They don’t like coffee anymore. The price has dropped a lot. They tell me I should leave it.”

<sup>52</sup> At the time of interview, the community had purchased a plot of land in order to build a high school in Cabeza del Río.

internal migration of household members. Three-quarters of temporary migrants are currently studying, and many of them are pursuing or have already earned their Bachelor's degree. The age range for these temporary internal migrants is between 14 and 25, and compared to temporary migrants to the United States this group is much more likely to be female. In fact, there are roughly equal percentages of male and female children who are pursuing higher education. The majority (71 percent) migrate within Oaxaca state, mostly to the nearby town of Putla but also to Oaxaca City, Huajuapán de León, Pinotepa Nacional, and Tlaxiaco; smaller numbers have ventured to other states in Mexico (see Table 5.12).

**Table 5.12: Profile of Temporary Internal Migrants**

<b>Education</b> (N=31)	%
Currently studying	75
Currently pursuing or already completed high school	40
Currently pursuing or already completed university	40
<b>Age</b> (N=21)	
14-16	13
17-22	78
23-25	10
<b>Single</b> (N=32)	98
<b>Female</b> (N=32)	54
<b>Destination</b> (N=31)	
Putla, Oaxaca	43
Oaxaca City, Oaxaca	16
Huajuapán de León, Oaxaca	7
Pinotepa Nacional, Oaxaca	5
Tlaxiaco, Oaxaca	2
Tecomatlán, Puebla	12
Mexico City, DF	12
Acapulco, Guerrero	3

Source: Oaxacan Migration and Coffee Production Pilot Study (2004)

The internal migrants discussed here are currently considered to be away temporarily. However, their higher educational achievement provides them with a wider range of employment opportunities beyond the *campo* that makes their return to the community unlikely. The irony of seeking greater education is that there are virtually no employment opportunities in the village that would utilize the

education. At the time of interview in 2004, only two individuals were found to be residing in the surveyed coffee-producing households who had completed high school and/or university schooling. One is employed as a teacher in the town's middle school (all other teachers at the school commute in from other regions/states of Mexico). The other individual is also a teacher, but he typically lives and teaches in other communities of the Mixteca and Sierra Sur region; he was living at home during the time of interview only because his wife had recently given birth to a baby daughter.

The pursuit of higher education is being facilitated in part by the remittances sent by migrants in the United States. Touchingly, there were some households in which an older child had migrated to the United States and was sending money directly to a younger brother or sister for their pursuit of higher education. As shown in Tables 5.6 and 5.9A above, when asked in an open-ended format, 'educational expenses' was among the top five most commonly-cited motives for international migration, and also among the top five most commonly-cited uses of remittances. When asked specifically if they used part of remittances for educational expenses, 83 percent of receiving households replied in the affirmative, and in 28 percent of these households the money was used for a child's higher education (high school or university). An additional 6 percent reported that they are planning to use remittances to finance higher education, though they have not done so yet (the child is not yet of age). The growing focus on higher education is reflected best in producers' responses to the question of whether or not they expected their children to become coffee farmers:

*"No tengo alguien quien me apoya allá cuando llegue, y para pagar el viaje no tengo. No puedo endeudarme. Quiero ir al norte para que mis hijos sigan estudiando. Mucho quiero que estudian, para que ellos no sufren como yo he sufrido en la pobreza. Algún día tal vez voy."*

*"Depende de la cabeza que tiene uno; si le echa ganas a estudiar, a lo mejor no va a querer meterse al campo."*

*"Si nosotros ya lo queremos perder, no pienso. Quiero que estudien."*

*"No les gusta el campo; ya que están estudiando van a trabajar."*<sup>53</sup>

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<sup>53</sup> Anonymous quotations from producers in Cabeza del Río, translated by author:

"I don't have anyone to support me there [the United States] when I arrive, and I can't afford to pay for the journey. I can't go into debt. I want to go to 'el norte' so that my kids can continue studying. I really want them to study, so that they won't suffer like I've suffered in poverty. Some day maybe I'll go."

"It depends on the head one has; if they work hard at their studies, they probably won't want to work in the *campo*."

"If we already want to lose it [coffee production as an activity], I don't think so. I want them to study."

"They don't like the *campo*; now that they're studying they're going to work."

In conclusion, the relationship between migration and education is much more complex than one might expect. Young people who migrate to the United States either before or after completing middle school are apparently forgoing higher education for themselves; no temporary migrants from Cabeza del Río who were living in the United States had received education beyond middle school. However, the money sent home by international migrants is helping to enable other children from the community to migrate internally in pursuit of education beyond middle school. High school and university education is most typically pursued between the ages of 15 and 22, inclusive, though some students are still studying in middle school during these years. Excepting individuals who are currently still studying in middle school in the community, the individuals in this age cohort account for almost one-fifth of Cabeza del Río's population (current community residents plus temporary migrants). Of these young adults, 33 percent are living in the community and 38 percent are living in the United States, and no one in these two groups has studied beyond middle school. However, 23 percent of these young adults are in Mexico pursuing higher education.<sup>54</sup> Given the typically low education level attained by most individuals born into remote, rural Mexican communities, this finding is interesting in and of itself and is worth further exploration. For the purposes of this particular case study, however, the most important implication is that this higher educational attainment opens new doors of opportunity for young people which serves to drive them further away from the *campo* and from coffee production.

**‘De-peasantization’: A move away from the *campo***

Even when looking at the community's older generation, there appears to be a shift out of agriculture in general. Over one-fifth of coffee-producing households planted no corn whatsoever in the last cycle, and therefore needed to purchase all corn.<sup>55</sup> The majority of coffee-producing households (78 percent) still produce some corn for subsistence, but less than one-fifth were self-sufficient in corn and very few produced enough corn to sell extra within the community (see Table 5.13). No historic data was collected on corn production in Cabeza del Río, so it cannot be said with certainty that there has been a decrease over time with regard to subsistence corn production. However, the opening last year of a *tortillería* (a mechanized tortilla-making shop) by one migrant household in the community, and the fact that it has not yet gone bankrupt, supports the notion that the community is undergoing a general shift away from the *campo* from a subsistence economy to a wage-based remittance economy.

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<sup>54</sup> An additional 6 percent are in Mexico but are *not* studying.

<sup>55</sup> Almost all corn is purchased at the local CONASUPO (*Compania Nacional de Subsistencias Populares*) that provides subsidized prices to community members. A few households purchase from neighbors.

**Table 5.13: Corn Production by Household**

	%
Some corn produced	78
Some corn produced, some bought from CONASUPO	59
Self-sufficient in corn	14
Self-sufficient in corn, and extra corn sold to neighbors	5
No corn produced (all corn bought from CONASUPO or neighbors)	22
Total	100

N=104

Source: Oaxacan Migration and Coffee Production Pilot Study (2004)

### **Evolving communal governance structures**

Out-migration is also taking its toll on the communal system of governance that operates in the town. Although the inhabitants of Cabeza del Río are *mestizos* and indigenous languages have long since died in the community, the community nevertheless governs itself by an indigenous communal system of *usos y costumbres* (uses and customs)<sup>56</sup> which requires that community members contribute financially for community projects and that they assume positions of responsibility. These positions of responsibility are divided between *cargos* (voluntary community service, usually involving sitting on a local governance committee) and *tequios* (collective voluntary labor on community projects and public works). In Oaxacan communities of indigenous origin, participation in *cargos* and *tequios* is typically a requirement of town membership for all male citizens under the age of 60. In many of these villages, land is held communally, and its use for agricultural and other purposes (i.e. for access to wood, water, game, minerals, etc.) is limited to community members who fulfill their required obligations in public, civic, and ceremonial offices. Failure to carry out these responsibilities can lead to loss of membership in the community and of the rights to live there and have access to its resources (Kearney and Besserer 2004: 452).

The departure of so many male inhabitants of prime working age to the United States is affecting this communal system of governance and voluntary work in Cabeza del Río. The positions of leadership filled by members of the local coffee cooperatives are likewise voluntary, and thus migration threatens to erode the human capital of these cooperatives in particular.<sup>57</sup> Many of the men that are remaining behind (i.e. those that do not migrate) complained that they are shouldering an unfair share of their village's

<sup>56</sup> Of Oaxaca state's 570 municipalities, 415 follow traditional forms of community organization known as *usos y costumbres* (VanWey, et al 2005: 86).

<sup>57</sup> See Mutersbaugh 2004 for discussion of migration's potential to erode leadership capacity within local coffee cooperatives.

communal duties. As one producer explained, “*Dan mas cargos ahora porque casi todos los hombres se van. Nada mas dos años de descanso dan.*”<sup>58</sup> In response to these complaints, Cabeza del Río has started implementing new rules for migrants. For example, if someone has been appointed to a *cargo* and wants to leave the community, he must now pay a 10,000 peso fine in order to retain community rights and membership. Similarly, when a man is called for *tequio* service, his family must pay someone (typically 100 pesos/day) to substitute for him in his absence.<sup>59</sup>

In addition to paying these types of official fines, many families in Cabeza del Río who have migrants in the United States attempt to compensate for the absence of their family member(s) by other, non-official means. For example, a son from one family migrated to California in the early 1980s, and he sent enough money home in the first decade of his absence for his family to build a new, two-story cement house in the community. This son has married a US citizen and is now living permanently in California with his wife and children. His parents, however, instead of moving out of their rather run-down adobe house and into the house built with their son’s remittances, decided to use their son’s house to offer shelter free-of-charge to the group of commuting schoolteachers who reside in the town during the academic year. As the father explained to me, they do this so that if their son returns for visits, or in the event that he ever decides to return to the community, no one will harass his son for not performing his communal duties.

This strong social pressure that the community is able to wield over the behavior of both migrant households and the migrants themselves has been underscored by other recent case studies of indigenous Oaxacan sending communities. For example, in his study of indigenous communities in the central valleys of Oaxaca, Jeffrey Cohen finds that migration tends to be cyclical, that most migrants average only two to three trips to the United States in their ‘migrant career’, and that most migrants wait from one to three years between trips, during which time they serve in the community’s political and civil systems (2001: 962-963).

It could be argued that this indigenous system of communal political and social responsibilities may prevent a ‘culture of migration’ from developing to the extent that it has in other Mexican sending communities. A ‘culture of migration’ is considered to exist in a community when migration is regarded positively by community members as a source of much-needed economic revenue, to the point where migration becomes routine and the community becomes completely dependent upon migration for their

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<sup>58</sup> Anonymous quotation by Cabeza del Río producer, translated by author: “They give more *cargos* now because almost all the men leave. They only give two years of rest (between *cargos*).”

<sup>59</sup> For an in-depth analysis of migration’s impact on communal governance in a coffee producing-community, see Mutersbaugh 2002 and 2004.

survival (Tsuda 1999:17).<sup>60</sup> Due to the indigenous system of political and civic responsibilities that still dominates in many Oaxacan sending communities, there are still strong negative perceptions associated with out-migration that may forestall the development of a ‘culture of migration’ in these communities.

However, as demonstrated in Cabeza del Río, many communal rules are already bending to accommodate the town’s new migration reality. Writing of the Mixteca region in general, David Fitzgerald (2000) has similarly noted that while the *cargo* system is still thriving in many indigenous villages in this region, in some communities long-term *cargos* of more than a year are becoming increasingly less common. The reason he gives for their decline in popularity is that long-term commitments would require people to drop out of the migratory stream, which could be financially disastrous to the community. In the village of La Reforma, another community of the Mixteca Baja with a high rate of out-migration, *cargos* and *tequios* are no longer obligatory and are also remunerated. As one migrant from this town with whom I met in New Jersey explained to me, migrants are now much more likely to come home for visits since *cargos* are no longer required and visiting migrants can therefore rest assured that they will not immediately be pulled into a year-long community obligation.

The changing nature of the system of *cargos* and *tequios* in the face of migration can be viewed from different perspectives. Viewed from a negative outlook, migration can be seen as leading to the widespread erosion and eventual dying out of a traditional communal governance system that has existed in indigenous Oaxacan communities for generations. A more positive outlook, however, would view these changes not as an erosion but rather as a *transformation* of a system in accordance with changing economic and social realities. It can be further argued that these transformations are vital to the continued survival of these communities. By ‘bending the rules’, communities are effectively opening up a space for all of its members to contribute to the community, regardless of their current country of residence. Although migrants are not physically present in the community and thus are unable to assume *cargos* and perform *tequios*, they still can contribute to the community in the form of remittances. In this sense, VanWey, et al (2005) argue that strong forms of community organization can distinguish between migration contributing to underdevelopment versus migration contributing to development.<sup>61</sup> If a village

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<sup>60</sup> Although the relative lack of economic opportunity in the sending country is a main driver behind the original decision to migrate, the *perceived* lack of opportunity contributes as well to sustained migration flows. In communities of high emigration, the process of migration becomes cumulative as ‘cultures of migration’ are fostered. As return migrants on vacation bring their expensive goods and new trends back to their communities of origin, there is a growing perception among community members that migration holds the only key to advancement. These cultures of migration are so strong in some Mexican communities that even children have begun applying themselves less in school, as they expect to leave for the US as soon as they become adults (Fitzgerald 2000: 538; Quiñones 2004). In an interview of individuals from the high-migration states of Jalisco, Michoacán, and Zacatecas, for example, when asked the major reasons driving migration, nearly one-third of interviewees responded: “Here, there is *nothing!*” (Cornelius 1990: 24).

<sup>61</sup> Drawing on studies conducted throughout Oaxaca’s Sierra Norte and Central Valleys, they write, “Communities that are more strongly organized are able to encourage or coerce migrants into providing remittances for community



decides instead to deny community membership to all migrants who did not return to perform their *cargos*, it would essentially be cutting itself off from a valuable stream of potential ‘migra-dollars’ that could serve to greatly improve the community.

The potential for migrants to contribute collectively to their communities from afar is great and well-documented. In addition to remittances sent by individuals to their families in the home community, money sent from the United States to Mexico is increasingly being raised and channeled through migrant Home Town Associations (HTAs, or *clubes de oriundo*).<sup>62</sup> These associations, comprised of migrants residing in the United States who originate from the same sending area, have been organizing in cities across the United States in an effort to improve the quality of life in their hometowns (Mercado 2004). The increasing prevalence of these Home Town Associations (HTAs) is representative of the strengthening of institutional social networks of migrants and the overall spread of transnational communities that span both sending and receiving countries.

The high level of commitment by individuals to their community does not necessarily cease when they migrate, especially if they plan to eventually return. In one Oaxacan community called San Matías, studied by VanWey, et al (2005), migrants send money to the community directly for festivals, sporting events, church development and maintenance, and public works. The community is able to contact US migrants more easily through a HTA in Los Angeles (98). To date, it appears that a formal HTA of Oaxacans has not developed in New Jersey. The migrants from Cabeza del Río with whom I spoke in coastal New Jersey explained that community members will pool money in cases of emergency<sup>63</sup>, but that no formal organization has developed as of yet. However, this might change over time as New Jersey becomes a more well-established destination for migrants from Cabeza del Río and Oaxaca more generally.

### **Changing role of women**

The evolving system of governance in Cabeza del Río resulting from migration has opened up a previously closed space for women to increase their participation in the community. For example, if the *tequio* is not overly strenuous physically, a woman often substitutes for her husband. There are also many women who are beginning to occupy *cargos* in place of their husbands, shifting notions of traditional gender roles and responsibilities. Many women with migrant husbands feel doubly-burdened by these communal responsibilities, given their already large workload of cooking, cleaning, and childrearing, in

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projects, thus supporting community economic development and the economic dynamism that is often seen as a prerequisite for remittances” (VanWey, et al 2005: 85).

<sup>62</sup> Hometown Associations (HTAs) are organizations “formed by immigrants from a particular community in order to promote, organize, and obtain support for the benefit of their communities in Mexico” (López, et al. 2001: 1).

<sup>63</sup> For example, when a fellow migrant from Cabeza del Río was shot to death in New Jersey, people from the community went door-to-door to raise money to send the body back to Mexico.

addition to performing key functions during the coffee harvest and particularly the coffee processing stages (cleaning, sorting, drying). However, many women talked of their assumed *cargo* position with pride. In this way, the changing system of communal governance is providing an opportunity for women to participate in dealings outside of their traditional domestic sphere.

This shift in gender roles is also apparent at the level of the coffee organizations, where women have comprised an increasing percentage of membership: 39 percent of *La 21 de Septiembre*'s current membership and 62 percent of *Michiza*'s current membership is female. Belonging to an organization requires that a member attend frequent local meetings and be present for inspections and other requirements of their cooperative, obligations that cannot be fulfilled by an individual who takes frequent sojourns away from the community. As women take over their husbands' organizational member status, they are introduced to new information and responsibilities that were formerly restricted to the male household head.

Several female organization members commented to me that they enjoyed attending meetings because they liked to learn more about coffee production and to be 'in the know' more generally ("*Es bonito saber.*" / "It's nice to know."). As explained by one woman who had taken on a leadership role with the local organization *Michiza*, "*Antes no conocía, ahora he aprendido y estudiado más. Y tengo la satisfacción de servir a mi comunidad.*"<sup>64</sup> In addition to increased participation at the level of the organization, women are learning more about the economics of coffee production in general in their husbands' absence, as they are now the ones who must keep the books. For one woman, it took her husband's departure for her to realize just how much money her family was losing through coffee production: "*Cuando él [mi esposo] se fue a los Estados Unidos, me di cuenta de cuanto invertí; la verdad es que no nos conviene; nos estamos haciendo tontos.*"<sup>65</sup>

### **Impact of the coffee crisis on the environment**

Coffee is produced in some of the poorest and most marginalized regions of southern Mexico, in communities characterized by relatively poor infrastructure and poor accessibility (i.e. bad roads). One positive by-product of these developmental deficiencies from an environmental perspective is that coffee regions also tend to be more environmentally pristine than more developed areas. The coffee calamity in Mexico is therefore threatening not only some of the country's poorest people, but also the country's delicate environment. This trend is worrisome from an environmental public goods perspective given that many of these coffee farms, and their surrounding forests, fall within the internationally designated

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<sup>64</sup> Anonymous quotation of Cabeza del Río producer, translated by author: "Before I didn't know. Now I've learned and studied more, and I have the satisfaction of serving my community."

<sup>65</sup> Anonymous quotation of Cabeza del Río producer, translated by author: "When he (my husband) went to the US, I realized how much we invested (in coffee). The truth is that coffee production isn't working for us. We're making fools of ourselves."

Mesoamerican ‘biodiversity hotspot’ zone. Biodiversity hotspots are defined by Conservation International as “regions that harbor a great diversity of endemic species and, at the same time, have been significantly impacted and altered by human activities” (Conservation International 2003).<sup>66</sup>

In Mexico, experts from the *Comisión Nacional para el Estudio y Uso de la Biodiversidad* (CONABIO, National Commission for the Study and Use of Biodiversity) found that 14 of the 155 regions regarded as essential to the conservation of biodiversity in Mexico overlap with or are adjacent to various coffee-growing areas (Moguel and Toledo 1999: 19). Residents of Cabeza del Río are both proud and appreciative of the natural beauty and purity of their community and its surrounding lands. “*Aquí se respira un aire puro!*” / “Here one breathes pure air!” was a common refrain I heard in conversations with community members regarding both the positive and negative aspects of their town.

Like the majority of Mexico’s coffee growers, the producers of Cabeza del Río manage small plots and intercrop coffee trees with shade trees of various types—including fruit trees, like banana or citrus, as well as nitrogen-fixing trees—in a diverse agroforestry system (Porter 2000). As opposed to many other coffee-producing countries in Latin America, the majority of coffee farmers in Cabeza del Río and in southern Mexico at large have preserved their traditional cultivation systems despite a region-wide push to ‘technify’ coffee fields via the use of higher density planting, higher fertilizer and chemical use, and the elimination or reduction of shade cover. Although traditional coffee systems do not provide the same ecological benefits of a natural forest, they come closer than most other agricultural systems in reproducing natural forest processes and functions. The canopy provided by the leaves and branches of shade trees protects the soil from harsh weather; the leaves that fall from the trees provide nutrients that reduce the need for chemical fertilizers; and the supportive root systems of the trees help prevent erosion. In contrast to other agricultural activities such as corn cultivation and ranching, which often require clear-cutting or slash-and-burn practices, coffee can be cultivated in relative harmony with the forest (Hull 1999).

In Mexico, coffee farms are situated in “a biogeographically and ecologically strategic elevation belt that is an area of overlap between the tropical and temperate elements and of contact among the four main types of Mexican forests” (Moguel and Toledo 1999: 11). Traditional shade coffee exhibits a large degree of biological diversity, housing 60 to 70 percent of species found in nearby natural forest, and providing valuable habitat for birds, reptiles, mammals, amphibians, and arthropods. For example, between 1990 and 1994, a team from the Smithsonian Migratory Bird Center discovered over 150 bird species on shade-coffee farms in Chiapas, Mexico, including a particularly high number of migratory

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<sup>66</sup> “Biological diversity—or *biodiversity*—is the sum total of life’s physical expression and genetic potential, embodied in the array of organisms now alive. In a practical sense, biodiversity is the living savings bank for Earth’s successful genes, a bank that holds some 3.5 billion years of life’s solutions to the problems of surviving and competing on our planet” (Cincotta and Engelman 2000).

species (Rice 1999).<sup>67</sup> If these coffee farms are converted to other uses and shade trees cut down, the populations of these migrating birds could rapidly decline for lack of adequate wintering habitat. In addition to providing valuable habitat for a diverse array of both plant and animal species, the shade trees on traditional coffee farms are valuable from a global environmental perspective given their ability to mitigate the effects of global warming through carbon sequestration.<sup>68</sup>

Due to low coffee prices, farmers throughout southern Mexico are abandoning their fields or converting coffee farms to more intensive uses. This shift is not without consequence. Abandoning farms and leaving coffee cherries un-harvested can lead to plagues and pest infestations the following year, which can render the land useless (IADB/USAID/World Bank 2002). The switch out of coffee and into corn often requires the encroachment upon and slashing-and-burning of surrounding forested land, imposing severe ecological consequences (Porter 2000). Conversion to pasture and investment in cattle represents a means for farmers to have some liquidity in times of emergency. Unfortunately, this economic alternative presents significant environmental implications as well.

Although less than one-quarter of coffee-producing households in Cabeza del Río currently own cattle, more than half stated that they are thinking of converting some land to pasture. As one producer explained, “*Se puede matar una cabeza de ganado cuando quieras, en caso de emergencia. Pero el café es nada más una vez al año. Como el café ya no vale, pienso empastar aun más.*”<sup>69</sup>

When producers were asked in an open-ended format what they would do if coffee prices do not rise within the next several years, one-fifth specified that they would convert coffee land to pasture, and slightly less than one-fifth specified that they would convert land to maize production (see Table 5.14). If coffee prices do not rebound significantly, there could be a large-scale abandonment and/or conversion of coffee lands to other uses in Cabeza del Río. The conversion to pasture in particular is linked to migration, since as detailed above it is more likely that migrating households will have the available cash to purchase livestock.

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<sup>67</sup> Out of the various agricultural systems in the Neotropics, shaded coffee farms exhibit some of the highest numbers of both individuals and species of migratory birds. The high avian diversity of traditional shaded coffee systems (between 136 and 184 species) exceeds the average number of birds found in cloud forests (100-110), humid oak-pine forests (50-80), oak forests (60), and pine forests (50). Mexico is the most significant winter destination of those migratory birds regarded as potentially endangered, and the majority of coffee-growing areas in Mexico overlap with the winter habitats of migrants. A 1982 study found that traditional coffee farms in Mexico are provide habitats where bird species are creating new avifaunal pools which produce new combinations of species, which serves to maintain *and even increase* bird species diversity (Moguel and Toledo 1999: 16-17).

<sup>68</sup> In fact, steps are being taken to provide a per-hectare subsidy to coffee farmers as payment for the environmental services they provide by maintaining their coffee in forest-like conditions. But it has yet to happen.

<sup>69</sup> Anonymous quotation by Cabeza del Río producer, translated by author: “You can kill a cow whenever you want, in case of emergency. But coffee is only harvested once per year. Since coffee no longer has value, I am thinking about laying down even more pasture.”

**Table 5.14: Alternatives to Coffee Production**

<b>Cattle raising as an economic activity</b>	<b>%</b>
Own cattle currently (N=103)	23
Thinking of converting some land to pasture (N=102)	55
<b>Cited Alternatives if Coffee Prices Don't Improve</b>	
Abandon coffee fields	29
Convert to pasture	20
Convert to maize	18

N=116 for all cited alternatives to coffee production.

Calculated at producer level.

Source: Oaxacan Migration and Coffee Production Pilot Study (2004)

Organic certification requires that producers follow a specific set of rules and perform a set of minimum tasks that serve to maintain a chemical-free environment. Organic growers are also educated about an additional set of tasks and cultivation techniques that, while not necessarily required, can maximize both yield and ecosystem health. While most producers grumbled about the extra hours required to perform these labors (and thus the extra money often needed to pay day-workers), most also commented that their coffee fields looked healthier and that their coffee beans were larger and of better quality as a result of implementing these tasks. In the producers' own words:

*“Con las terrazas el abono ya no corre; las podas quitan las ramas macizas; al recepar y abonar da buen resultado.”*

*“Las asesorías que nos han dado (barreras vivas, regulación de la sombra, etc) son buenas: con las barreras vivas ya no corre tanto el abono, recepando/podando así rinde mas y hay menos plagas, y no se maciza la planta.”<sup>70</sup>*

Given low coffee prices, the majority of organized producers in the community, all of whom are either certified organic or in transition to becoming certified, are currently unable to carry out many of these recommended tasks, such as performing two *limpias* (cleanings) or preparing and applying non-chemical fertilizer to their plants in order to increase coffee yields/quality and enrich nutrient-deficient soils. Almost all organized producers (over 90 percent) are also being negatively affected by *ojo de gallo* (American coffee leaf spot disease) and/or *la broca* (a coffee berry boring insect) (See Table 5.15).

<sup>70</sup> Anonymous quotations by Cabeza del Río producers, translated by author:

“Using terraces, the fertilizer doesn't run off anymore; pruning gets rid of the old branches; pruning and fertilizing produces a good result.”

“The [technical] advising they [the organization] have given us is good: with live fences the fertilizer doesn't run off as much, pruning leads to larger yields and fewer diseases, and the plant doesn't get old.”

Elimination of these persistent problems requires extra attention and labor that many farmers lament they cannot afford at current prices.

**Table 5.15: Non-Completion of Recommended Organic Tasks and Problems with Pests**

	%
Only one <i>limpia</i>	41
Organic fertilizer not prepared nor applied	62
Affected by <i>ojo de gallo</i> or <i>broca</i> , or both	93

N=85

Source: Oaxacan Migration and Coffee Production Pilot Study (2004)

**What about Fair Trade-organic?: Comparing and contrasting organized and non-organized producers**

The above analysis has described the relationship between low coffee prices, migration, and the environment, and between migration and its associated economic and socio-cultural impacts. No clear distinction has been made thus far between producer households who are organized into one of the community’s two coffee cooperatives and sell their coffee into Fair Trade-organic markets on the one hand, and producer households who are not organized and sell to conventional markets on the other. A major impetus for investigating the links between migration and coffee production in this paper is an attempt to further explore the suggestion of recent studies (and the assertion of Fair Trade marketing literature) that producers of Fair Trade-organic coffee have been better able to weather the storm of the coffee crisis than non-organized producers, lessening their need to migrate. The findings from Cabeza del Río demonstrate that Fair Trade-organic coffee is not a cure-all, but rather a way for farmers to currently ‘stay in the game’. However, it is questionable for how long these producers will continue to stay in the game if coffee continues to be unprofitable, given the ever-increasing opportunity for migration. This section highlights some of the similarities and differences between organized producers (*socios*) who produce certified Fair Trade-organic coffee, and non-organized producers (*libres*) who do not. As the following paragraphs will show, the differences between these two groups are not always in the direction one might expect.

One clear difference between the two groups is that whereas all *socios* sold coffee in 2004, only approximately half of *libre* producers sold coffee during this most recent crop cycle. Membership in a coffee organization requires that a producer sell his/her product to the cooperative on an annual basis, regardless of fluctuations in coffee price. Unorganized producers, on the other hand, can opt not to sell coffee when prices are so low that sales might not even cover the price of hiring labor. Indeed, the burden

of being *comprometido* (obligated to sell) was a commonly-mentioned reason for leaving an organization by *libres* who were previously members of a cooperative. Other reasons for leaving coffee organizations was simply that coffee was no longer worth growing. The following quotations by *libre* producers illustrate these points of view:

*“No estoy emocionado con el café. Sembré cuando valía pero ya no vale. Por eso no quiero ser socio de una organización. Mucho trabajo y te pagan una miseria.”*

*“Da lo mismo ser organizado que ser libre si el café no vale.”<sup>71</sup>*

Another difference between organized and non-organized producer households regards the ownership of basic coffee infrastructure needed to process coffee in a manner that allows for optimal quality. Organized producer households are more than twice as likely to own this basic infrastructure than non-organized producer households (see Table 5.16).

**Table 5.16: Ownership of Basic Coffee Infrastructure Between Organized and Non-Organized Producers**

	Organized	Non-organized
	%	%
Tank for washing	66	31
Patio (cement) for drying coffee	55	17
Coffee de-pulper	84	36

N=105

\*All differences between organized and non-organized households with respect to ownership of coffee infrastructure significant at 99% (tank,  $p=.001$ , patio,  $p<.0001$ , de-pulper,  $p<.0001$ ).

Source: Oaxacan Migration and Coffee Production Pilot Study (2004)

Government programs administered through the coffee organizations have subsidized the purchase of the infrastructure for many producers, accounting at least in part for the above-mentioned differences. However, these government programs do not reach all organized producers. The following alternative hypothesis must therefore be explored: organized producers are better able to afford infrastructure because they are wealthier on average than non-organized producers. Looking at one basic indicator of wealth, ownership of cattle, suggests that organized households are indeed better off than non-organized

<sup>71</sup> Anonymous quotations by Cabeza del Río producers, translated by author:

“I’m not excited about coffee. I planted when it was worth something, but it no longer has value. For this reason I don’t want to be a member of an organization. Lots of work and then you get paid miserably.”

“It’s the same being organized or not being organized if coffee has no value.”

households. Whereas more than one-quarter of organized households own cattle, only seven percent of non-organized households are cattle-owners. Organized households also own more coffee land on average than non-organized households, indicating greater wealth and/or a greater commitment to coffee production as an economic activity (see Table 5.17).

**Table 5.17: Indicators of Wealth Between Organized and Non-Organized Producers**

	Organized	Non-organized
	%	%
Cattle owned	28	7
More than 3 ha of coffee owned	36	10

N=102 for cattle ownership, N=105 for coffee land ownership

\*Differences between *libre* and *socio* households with respect to both cattle ownership and total coffee land are significant at 95% ( $p=.021$  for coffee land owned,  $p<.0001$  for cattle ownership).

Source: Oaxacan Migration and Coffee Production Pilot Study (2004)

The obvious question with regard to this thesis is: did *socio* households achieve this wealth through international migration? Contrary to what the Fair Trade literature might lead one to expect, organized producer households in the community are currently *more* likely to be migrating internationally than non-organized households: two-thirds of *socio* households versus one-third of *libre* households currently have household members residing in the United States.<sup>72</sup> Perhaps more interesting is the finding that present-day *socio* households were more likely to have begun sending migrants to the United States *earlier* than present-day *libre* households, as shown in both the column percentages of Table 5.18 and in Figure 5.5 below. Whereas no present-day *libre* households were sending migrants to the US in the 1980s, more than one-quarter of present-day migrant *socio* households sent their first family member between 1982 and 1989 (see Figure 5.5), a point in time when coffee prices were still relatively high and stable (i.e. before the ICA quotas were abandoned). This suggests that these households—which are some of the wealthier households in the community today—were wealthier to begin with<sup>73</sup>, and that they were pursuing migration not as a reaction to low coffee prices<sup>74</sup> but as a means to diversify their income and risk in the face of a drastic devaluation of Mexican peso occurring in early 1980s. Although no historical data was collected on a household’s level of involvement with coffee production, this finding further

<sup>72</sup> Difference between *libre* and *socio* households with respect to degree of international migration significant at 95 percent.

<sup>73</sup> The migration literature generally finds that early migrants do not come from the poorest households, given the high costs of migration.

<sup>74</sup> “The combination of favorable world prices, a depreciated peso, and subsidized inputs favored the coffee sector as a whole during the 1980s” (Porter 2000: 122).



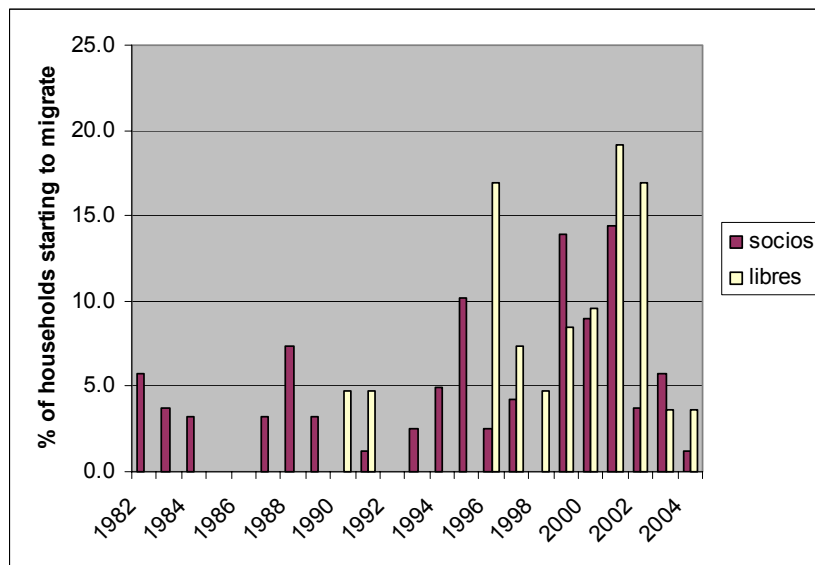
suggests that present-day *socio* households have pursued international migration as a complementary activity to coffee production.

**Table 5.18**  
**Start of International Migration Among Present-Day *Socio* and *Libre* Households<sup>75</sup>**

	Organized	Non-Organized
	%	%
First US migrant originating in HH left 1980 - 1989	21	0
First US migrant originating in HH left 1990 - 2004	57	69
No one ever migrated from HH to the United States	22	31
Total	100	100

N=97 \*Difference between *libre* and *socio* households with respect to start of international migration significant at 95% (p=.039).

Source: Oaxacan Migration and Coffee Production Pilot Study (2004)



N=97

**Figure 5.5: First Year of Migration by Present-Day *Socio* and *Libre* Households**

Source: Oaxacan Migration and Coffee Production Pilot Study (2004)

<sup>75</sup> Migration to the United States before 1989 was significantly more likely to be from households that today are *socios*. Whereas present-day organized households comprise over two-thirds of all coffee-producing households in Cabeza del Río, they accounted for 100 percent of first-time migrants to the United States in the 1980-1989 period. In periods after 1989, however, organized and non-organized producer households have migrated roughly in proportion to their shares of the community's coffee-producing population.

As discussed above, a large proportion of remittance-receiving households use part of this money to finance coffee production. However, it is questionable to what extent households will continue to invest funds, be they remittances or other funds, in an activity that reaps such little profit. Most organized producers do not consider the ‘Fair Trade’ price they receive to be very fair. In 2004, organized producers in Cabeza del Río received an average per kilo price for their coffee that was 60 percent higher than the average price received by non-organized producers (17.1 pesos versus 10.7 pesos). Despite this higher price, an overwhelming percentage of *both* organized and non-organized producers (over 90 percent for each group) stated that coffee production is an activity that does not currently result in gains.

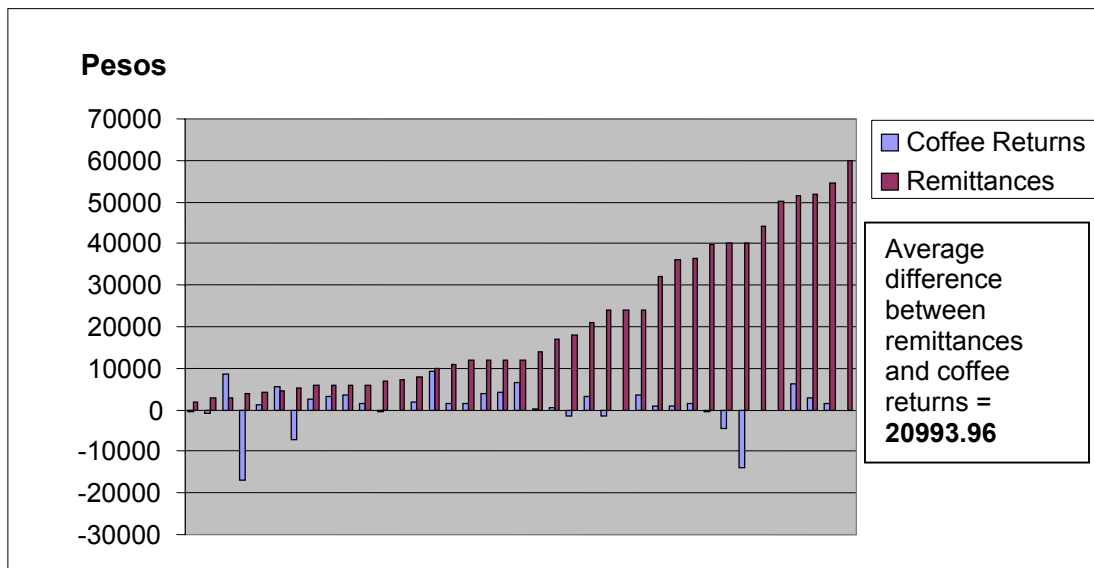
Although detailed cost data were not collected in Cabeza del Río, the Instituto Maya did collect such data for five producers in nearby Zaragoza at the same our study was conducted (Bartra, et al 2005). Even without accounting for any fixed costs (such as depreciation of assets or feeding the animals), their analysis showed that if family labor power were valued at the going wage (80 pesos per day on average in Zaragoza), only one of the five producers generated a profit at the Fair Trade-organic price received by producers of 1,006 pesos per quintal (Qq). The only reason that one producer showed a profit was because of a relatively high yield of 11.1 Qq/ha. The other four producers had yields of 4.1 to 6.6 Qq/ha, which left them with implicit wages for their family labor of as little as 36 pesos per day. The Mexican government defines a ‘living wage’ as twice the daily minimum, which in Oaxaca hovered close to US\$5 for most of the 1990s (Cohen and Rodriguez 2005: 50). The 36 pesos per day ‘received’ by coffee farmers for their labor thus accounts for less than one-third of the Mexican living wage standard of US\$10.

In Cabeza del Río, data were collected on contracted labor only, which averaged an estimated 8.6 labor-days/Qq due to low yields. At an average 100 pesos per hired labor-day, or 860 per Qq, it is apparent that even the Fair Trade-organic price of approximately 1,000 pesos per Qq does not leave much room for the cost of inputs or family labor. Taking into account out-of-pocket costs only, net returns to coffee-producing households in Cabeza del Río were calculated by subtracting these costs from total coffee sales. Overall, almost one-third (31 percent) of coffee-producing households in Cabeza del Río registered negative returns in 2003/2004 when accounting for hired labor and input costs. Approximately one-quarter (27 percent) of households hired no non-family labor whatsoever for coffee production, and thus their only costs—in addition to opportunity cost of labor—were those of inputs and fixed costs. None of these households had negative returns. On the other hand, 43 percent of the households that *did* contract labor for coffee activities had negative returns, demonstrating the negative impact of high labor costs and lack of family labor on overall returns.

Distinguishing between *libre* and *socio* households, negative returns were registered in 47 percent of *libre* households versus 28 percent of *socio* households, indicating the importance of both the higher Fair

Trade-organic price and the fact that organized producers typically receive a larger proportion of final export price given the elimination of middlemen. In 2004, organized producers in the community captured approximately two-thirds of the guaranteed premium price of US\$1.41/lb paid to the cooperative for Fair Trade-organic coffee. Unorganized producers in Mexico who must sell through *coyotes* are estimated to receive a notably lower proportion of export price, ranging from an estimated low of 24 percent to a high of 47 percent.<sup>76</sup>

Although the calculations for net coffee returns are estimates at best, what is clear is that these amounts pale in comparison to the income accruing to households in the form of remittances. The amount of remittances received in the last 12 months by coffee-producing, remittance-receiving households varied considerably, from a high of 60,000 pesos to a low of 2,000 pesos. However, of the 39 households that both sold coffee in the 2003/2004 cycle *and* received remittances in the last 12 months, 37 of them received greater returns from remittances than from coffee, and the average difference between remittances and coffee returns for these households was nearly 21,000 pesos (See Figure 5.6).



N=39 \*Calculated for producer households that both sold coffee in 2004 and received remittances in 2003/2004.

**Figure 5.6: Net Coffee Returns versus Remittances<sup>77</sup>**  
 Source: Oaxacan Migration and Coffee Production Pilot Study (2004)

<sup>76</sup> Proportion of export price received by conventional producers calculated using data provided in Levi and Linton 2003: 411.

<sup>77</sup> Calculated for producer households that both sold coffee in 2004 and received remittances in 2003/2004.

Because even the Fair Trade-organic price is often insufficient to cover costs, producers have been lobbying the Mexican government to provide subsidies. Apart from technical assistance of various sorts, there are three subsidies tied to coffee production:

1. *Fondo de Estabilización de Precios* (Price Stabilization Fund): this last year producers supposedly were to receive 15 dollars/quintal of parchment coffee. (The program provides the difference between NY price (70 dollars/quintal on average) and 85 dollars, up to a maximum of 20 dollars per quintal.) **165 pesos/Qq.**
2. *Fondo de Fomento Productivo de Café* (Coffee Productivity Fund): 900 pesos/ha. At average Cabeza del Río yield of 2.44 Qq/ha, **369 pesos/Qq.**
3. *Pagos por Servicios Ambientales* (Environmental Services Payments): 500 pesos/ha. At average Cabeza del Río yield of 2.44 Qq./ha, **205 pesos/Qq.**

The third subsidy is yet to be implemented, and producers in Cabeza del Río reported that the application of the first two subsidies was very uneven. One-fifth of producers had not received any subsidy whatsoever from the Coffee Productivity Fund<sup>78</sup>, and those 80 percent that did receive some money complained that their due amount often did not arrive in full. Therefore, it is only speculative to assume that producers might receive these subsidy amounts.

Nevertheless, if these subsidies had been paid to the five surveyed Zaragoza growers, all would have shown a net profit (on variable costs) after paying family labor the going wage. However, if wages in Zaragoza rose 25 percent to the level of Cabeza del Río (reportedly likely), two of the five growers would show a net loss even with the subsidies. Price and subsidy schemes that are calculated on the basis of a supposed wage of 50 pesos per day are not sustainable in the face of wages doubling due to migration. This is not to say that *campesino* producers should be paid a certain amount per day, only that there are real opportunity costs to producing coffee in villages like Cabeza del Río and Zaragoza: one can work on someone else's land for up to 100 pesos per day, or one can go to New Jersey and earn ten times that amount.

If these subsidies had all been operating and had been paid this past year, the average producer in Cabeza del Río would have received an additional 740 pesos/Qq beyond the (best) price of 1,006 pesos/Qq. This is a significant increase and may help to explain the persistence of coffee producers in the face of low prices: not only do they expect that the price might rise, they also expect that they might receive more subsidies and they know that they must continue to produce to receive them. But even with these subsidies, for how long will these coffee farmers continue to produce when their returns are so low, particularly when compared to the economic returns that can be achieved through migration? The

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<sup>78</sup> N=100

subsequent and final chapter of this thesis explores this question, predicting what the future might hold for certified coffee production in southern Mexico in the face of migration.

## CHAPTER SIX

### CONCLUSION: IS CERTIFIED COFFEE PRODUCTION SUSTAINABLE IN THE FACE OF MIGRATION?

#### **Looking to the future**

In a community like Cabeza del Río, where migration is fairly well-established, producers are continuing with coffee production for a variety of reasons. When asked why they continue growing coffee, given they are not making much money from it (indeed, as shown in the previous chapter, some are losing money currently), more than half replied that they would feel sad to cut down the plants because coffee is something that supported them in the past, while approximately one-quarter said they still engage in coffee production because it is a custom/tradition (Table 6.1). The connection farmers have with the coffee fields they cultivate is therefore not purely economic but emotional as well. “*La planta no tiene la culpa!*” / “It’s not the (coffee) plant’s fault!” was a common refrain heard throughout the interviewing process. Other reasons were less sentimental and more practical: about one-quarter replied that they were waiting for the price to rise again, and one-third simply replied that they had no other alternative: “*No hay otra*” / “There’s no other option”. Organized producers also noted certain commitments to their organizations.

**Table 6.1: Reasons Producers Continue with Coffee**

<i>All producers</i> (N=91):	%
Feel bad to lose a crop that supported us previously	58
No alternative	33
Price could rise	24
Custom/tradition	24
<i>Organized producers</i> (N=78):	
Financial support/encouragement of organization	15
Committed to selling to their organization	6

Source: Oaxacan Migration and Coffee Production Pilot Study (2004)

The coffee producers interviewed for this case study often spoke with nostalgia about a time “when coffee had value”, when houses were built, animals bought, and other investments made with proceeds from coffee. They spoke proudly about how, during the most recent peak in coffee price about seven years ago, they produced and sold coffee at double, triple, and even quadruple the quantities they currently produce. No one in those times would consider leaving coffee cherries un-harvested, as they have in recent years due to high cost of labor, lack of available family labor, and low price of coffee. However, after consecutive years of poor or negative returns, sentiments towards coffee production as an activity are becoming less nostalgic and more bitter. As one producer complained, “*Enfermedades llegan*

*por trabajar tan duro (en el café), y de ahí (el café) no hay dinero para curarnos!”*<sup>79</sup> If prices do not rebound substantially and remain high for a reasonable period of time, how long can households be expected to continue with an activity that returns little or no profit, especially in the face of migration opportunities that appear to offer ten times as much wages?

At the moment, producers in Cabeza del Río are using some remittances to finance the operating costs of coffee production in the expectation that their investments in their organizations and in their coffee plants will pay off in the future in higher prices and/or subsidies. The expectation that prices will rise is based on real experience, and indeed it appears that coffee prices are again on an upward swing. However, unless this price rises significantly *and remains high*, people will likely abandon it in the near future. Almost 30 percent of Cabeza del Río growers stated they would abandon their coffee if prices did not rise substantially, while 20 percent and 18 percent specified that they would convert their coffee land to pasture or maize, respectively. Now that prices are on an upward swing, will these producers forego these alternatives and invest more heavily in coffee once again? Do they trust that prices will not come crashing down yet again? The various environmental benefits of shade coffee are now well-known and well-documented, but there is no evidence that the price consumers currently pay for organically-grown coffee are adequately compensating growers for provision of these ecological services (Giovannucci and Ponte 2005). So why should we not expect growers to convert the forest to something more useful to them?

As suggested earlier in this paper, coffee production and international migration need not be mutually exclusive survival strategies. International migration can be a means to better capitalize coffee production for higher yields, quality, and returns. International migration often provides the impetus that is needed for poor, rural households to make use of financial institutions through which they can save, since these institutions can facilitate receipt of remittances. This trend was notable in Cabeza del Río, where 42 percent of households with migrants in the United States owned bank accounts (compared to only 5 percent of households with no US migrants).<sup>80</sup> If remittances could be channeled through savings accounts in locally controlled financial institutions, perhaps developmental loan programs could be undertaken in the regions and people would leave their money in the bank rather than invest it in the livestock for which they need to cut down the forest.

But coffee prices would have to be higher, and they would have to remain high. Nominal wages have doubled in five years in Cabeza del Río, but the fixed price of Fair Trade coffee has not risen in over

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<sup>79</sup> Anonymous quotation of Cabeza del Río producer, translated by author: “We get sick from working so hard [in the coffee fields], but we don’t earn enough money through coffee sales to cure ourselves.”

<sup>80</sup> N=10. Difference in bank account ownership according to degree of international migration significant at 99% (p<.0001)

10 years. Even if coffee prices were to rise substantially, it will be impossible to recreate the coffee economy of the past in Cabeza del Río. The rapid increase in migration from the region has reduced the labor power available and doubled local wages in nominal terms. Most young people either leave the village for the United States or for higher education. Either path makes it unlikely that they will return to work in the fields. A difficult generational transition lies ahead. One could imagine fewer coffee producers with higher returns, but the availability of labor would appear to be a serious obstacle to sustainability of certified coffee production.

So what does the future hold for the people who remain in Cabeza del Río? Will they themselves eventually migrate as well? If coffee prices were raised to levels high enough to make its production more profitable, could this stave off further international migration from communities, or even reverse the process? Once the migration process is set in motion, can *any* price be high enough to stop it, or is the lure of international migration simply too attractive? Will they continue to invest remittances into coffee production, or will they increasingly convert land to other uses?

Anthropologist Paola Sesia (2003) provides an example of another Oaxacan community called Santa Cecilia, which in the past produced coffee exclusively. However, in the face of dropping coffee prices the community made a concerted switch away from coffee and a transition towards a more diversified agricultural economy, including a re-focusing on subsistence corn and bean production (what she calls ‘repeasantization and decommodification’). Coffee production in Santa Cecilia was never as promising a crop as it is in Cabeza del Río, given its relatively low elevation (only 180 meters above sea level). However, this ‘re-peasantization’ trend discussed by Sesia could potentially occur in Cabeza del Río as farmers grow frustrated with the unpredictability of single commodity markets. As already mentioned above, when asked what they would do if the price of coffee does not rise significantly, a common reply was that they would convert more land to subsistence corn and bean production. As more than one producer pointed out: “At least we can eat those products!”.

If the future looks difficult for coffee in Cabeza del Río, can Fair Trade-organic certified coffee at least prevent migration from occurring in the first place in regions where the opportunity cost of household labor is still relatively low? Based on a case study of a prominent organic coffee association in Chiapas, Ronald Nigh asserts that the economic success of organic coffee production hinges directly upon the level at which household labor is valued:

“... the relative profitability of organic versus conventional coffee is determined primarily by the low opportunity cost of household labor of the *campesino* family. This factor is more important than both price or the organic or social premium given to certified coffee. Thus, the study confirms organic coffee production as the ideal strategy for *campesino* families where household labor is generally undervalued, or where older dependent sons



prefer not to emigrate from the community to seek better paying work in construction, industry, or across the border” (Nigh 1997: 434).

Many questions remain to be answered. What this case study has made clear, however, is that in order to adequately assess the potential for Fair Trade-organic coffee production to be a viable model for sustainable rural development in southern Mexico, far more attention must be paid to the rapidly-spreading phenomenon of international migration. The community of Cabeza del Río was chosen in part on the basis of its substantial migration history. Thus, although Cabeza del Río is not necessarily representative of all current coffee-growing communities, what is happening there may foreshadow what will be seen in much of the rest of southern Mexico as migration accelerates. Governments, development organizations, and consumers should be putting forth their best efforts to support small coffee farmers in their search for more economically viable production models. If the situation remains the same, one might return ten years from now to places like Cabeza del Río to discover not only the widespread abandonment of coffee fields, but the abandonment of entire communities.

## APPENDIX:

### SUMMARY OF DIFFERENTIATED COFFEES

**Differentiated coffees** are coffees that can be clearly distinguished because of distinct origin, defined processes, or exceptional characteristics like superior taste or zero defects. In contrast, **mainstream coffees** are nearly always pre-ground blends that are often unidentified in terms of origin. They are often, though not always, bought and sold on the basis of price and distributed through institutional or mainstream channels, such as supermarkets. Differentiated coffees are often distinguished by a more direct relationship with a roaster or buyer rather than being traded in bulk or via the commodity markets.

**Specialty coffee** has two characteristics: "Great taste, no defects."

**Gourmet** is used to refer strictly to higher quality and exceptional coffees. Such coffees are most often sold as whole beans.

**Geographic Indications of Origin (GIO)** apply to coffees from areas that are specifically demarcated and acknowledged as having distinct physical characteristics, such as microclimate, specific varieties, or soil composition that together may impart distinctive flavor characteristics. This category can also loosely encompass estate coffees.

The coffees that are often called **sustainable** (organic, fair trade and eco-friendly or shade-grown) are predominantly produced by small farmers and typically characterized as earning farmers reasonable prices, encouraging community development and providing incentives toward organic production and natural resource stewardship. Such practices are monitored and verified by means of a certification process.

**Organic** coffees incorporate management practices to conserve or enhance soil structure, resilience, and fertility by applying cultivation practices that use only nonsynthetic nutrients and plant protection methods. Although many producers grow coffee without the use of synthetic agrochemicals, this passive approach is not sufficient to be considered organic for market purposes.

**Fair Trade coffee** is purchased directly from cooperatives of small farmers that are guaranteed a minimum and consistent contract price, as well as access to some credit from the purchaser if necessary to complete production and harvesting. Part of the proceeds is earmarked for democratically selected community projects. Most are internationally registered and certified.

**Shade or Eco-friendly coffee** production systems maintain and enhance wildlife habitat and biological diversity particularly through effective management of the forest canopy on the farm and protection or restoration of surrounding natural environments. One such system also requires decent working conditions and fair pay.

Source: Excerpted from Lewin, et al 2004, p. 105.

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