THE SOCIAL POVERTY OF THE PEASANT COFFEE PRODUCER IN MEXICO

Ph.D. Bertha Alicia Arce Castro[1] and
Ph.D. Oscar González Muñoz[2]

[1]Dean Universidad Veracruzana, School of International Business, México, Paseo 112 Lote 2, Nueva Xalapa, 91097 Xalapa-Enríquez, Ver. E-mail: barce@uv.mx
ORCID: https://orcid.org/0000-0003-3886-9855

[2]Professor, Institute for Research and higher studies of Administrative Sciences, Universidad Veracruzana, México, Av. Dr. Luis Castelazo Ayala S/N, Industrial las Ánimas, 91190 Xalapa-Enríquez, Ver. E-mail: oscgonzalez@uv.mx
ORCID: https://orcid.org/0000-0002-1146-7365

Published: 18 February 2022

Cite this article: Castro, B. A. A. & Muñoz, O. G. (2022). THE SOCIAL POVERTY OF THE PEASANT COFFEE PRODUCER IN MEXICO. *International Journal of Arts and Commerce*, 11(1), 13-19.

Abstract:
The article focuses its attention on the social poverty of the coffee-producing peasant in Mexico (2021), a result of the internationalization of markets;
The information was obtained through the consultation of public doc
The findings show the conditions in which coffee-producing peasants work; production processes and prices, highlighting the exploitation they suffer.
It is concluded that there is a need for an intervening state that adjusts the minimum prices of cherry coffee and strengthens the supply chains, as a protection mechanism to the minimum levels of income of the producer and demand of the coffee processor.

Key Words: coffee, minimum prices, coffee marketing

I. INTRODUCTION

The peasant coffee producer in Mexico has seen his income decrease over the years, despite the fact that the price of coffee on international markets is increasing. The price of cherry coffee or raw material produced by the farmer is determined by the trader who is dedicated to hoarding the production of small farms and supplying the large coffee processing plants that will take it to international markets. The price per kilogram of cherry coffee is 50 cents, parchment coffee (dry processed coffee) is sold at 9 dollars per kilogram and roasted and ground coffee to the final consumer varies between 14 and 20 dollars per kilogram.
Coffee farming is an economic activity that generates more than 700,000 direct and indirect jobs and around 3 million Mexicans depend on it in the production chain, which provides environmental services such as soil erosion control, water capture, biodiversity maintenance and carbon sequestration (Gallegos, 2019), but for the peasant and day labourer it only represents poverty and a meagre income.

State intervention

State intervention was a structuring instrument under which functional and corporate modes of economic choice were promoted and invigorated; of the systems of organisation of factory work and of the establishment of the area of wages.
In Mexico, the government intervened in the production, processing and commercialisation of coffee for more than 31 years, through the Mexican Coffee Institute (INMECAFE), an organisation that achieved great power in the sector, fixed the minimum price for the bean and became the sole marketer of coffee varieties, promoting planting processes, technical assistance, financing and advice to producers.
However, such power also generated corruption and mismanagement of finances, which led the institution to lose the objective for which it was founded "to promote and disseminate the most convenient systems of cultivation, processing and marketing of coffee" (Pérez U., 2016).
With the disappearance of INMECAFE in 1989, the coffee sector was left at the mercy of the vagaries of the Ministry of Agriculture and was ignored in government budgets for granting resources for crops and technical assistance. Meanwhile, the voracity of hoarders and poor harvests forced small producers to switch to other crops or sell their properties.

By 2002, the Mexican Coffee Council, the state coffee councils and the product system were created, which later became the Mexican
association of the Coffee Production Chain (AMECAFÉ), whose management was left in the hands of private producers. (La Jornada newspaper, 2016 p 18). According to the report presented by the Centro de Estudios para el Desarrollo Rural sustentable y la Soberanía Alimentaria until 2018, there were programmes and supports directed to the coffee sector, for example Programa de Apoyo a Pequeños Productores con el Componente PROCAFÉ and Impulso Productivo al Café (in charge of the Ministry of Agriculture, Livestock, Rural Development, Fisheries and Food Sovereignty), Livestock, Rural Development, Fisheries and Food) which aim to renew or repopulate coffee plantations due to low productivity, support in infrastructure, equipment and inputs for the production of up to 200,000 coffee plants per hectare, technological package, which includes inputs for the nutrition and health of the coffee plantation as well as equipment for the application of inputs and tools for cultural work in the plantation, training, specialised technical assistance and project management for coffee producers, orienting small producers towards the so-called Fair Trade, the Integral Plan of Attention to Coffee, PIAC, the Agency of Services for the Commercialisation and Development of Agricultural Markets (ASERCA) that promotes the participation of producers and agro-entrepreneurs in the main international expo related to the organic sector for its promotion (CEDRSSA, 2018).
Despite government efforts to create superstructures to support the sector, there is a gap that, despite the aforementioned programmes, has not been resolved: the inequality between the different links in the chain, which instead of decreasing has increased, "in a market that generates some 200. In a market that generates 200 billion dollars a year - the second primary product in commercial volume after oil - while the roasting and distribution companies generated 1,177 million euros, the producers received only 4% of the profits, this phenomenon is observed in all areas where coffee is grown and Mexico is no exception. (comerciojusto.org, 2021)

II. DISCUSSION

For example, in 2018, the value of cherry coffee production was 4,996.2 million pesos, and according to the coffee census, it comprised 511,000 producers, with 668,000 registered farms, of which 73% had an area of less than or equal to one hectare. During the 2017/18 coffee cycle, 629,799 hectares of coffee were harvested in Mexico, 91.4% of which were located in five states: Chiapas (36.7%), Veracruz (20.5%), Oaxaca (17.4%), Puebla (10%) and Guerrero (6.7 percent), the yield is estimated at 1.45 tonnes per hectare (Gallegos C., 2019). Meanwhile, cherry coffee production in the 2018/19 cycle, according to preliminary data from the Mexican Government's Agrifood and Fisheries Information Service (SIAP, 2019) grew by 5.8 per cent compared to the previous cycle. Thus, it stood at 910,000 tonnes, according to figures from the Fideicomisos Instituidos en Relación con la Agricultura (FIRA, 2019).
In the state of Veracruz, the surface area dedicated to coffee is important, for example in the municipality of Fotín de las Flores, 53.7% of hectares are dedicated to coffee cultivation. Another municipality called Coatepec has dedicated 23.5 % of the area suitable for agriculture and Martínez de la Torre 15.7% of its territory, this large amount of arable land has been

dedicated to coffee, as they are regions favoured by their geographical location, latitude, humidity and temperature considered ideal for cultivation (Manson et al, 2008).

These plantations are in the hands of peasant farmers, small producers whose surface area is less than five hectares (Aranda, J., 2004) who, in the midst of their reduced production and artisanal technification systems, produce the raw material, which they do not have the capacity to process and have to sell the cherry coffee to collectors.

The size of the farms, the lack of technology and economic resources, added to the scarce government programmes, are factors that reflect the low yield per hectare of cherry coffee. While in Mexico it reaches an average of 7.01 quintals per hectare, in Brazil it can reach up to 90 quintals per hectare, according to figures from the Ministry of Agriculture and Rural Development (SAGARPA, 2010). The poor yield obtained on farms, coupled with the behaviour of cyclical prices on international markets, undoubtedly leads to underdevelopment and poverty in the families of Mexican farmers, dedicated to coffee growing (Comercio Justo, 2021).

It can be clearly understood where the origin of inequality arises, the poverty of the cherry coffee producer and the very favourable economic conditions of the processor and exporter of gold or parchment coffee, if one follows the manufacturing chain necessary to produce soluble and even decaffeinated processed coffee (Espinal et al, 2005; García and Escobar, 2006).

Communities such as San Marcos de León and Xico, Veracruz can demonstrate the consequences of wanting to produce and process coffee independently. In the 2018-19 cycle, cherry coffee was bought in collection centres at $.25 cents per kilo and pulped and dried coffee at $1.35 per kilo.

In Mexico, the marketing scheme is in the hands of a few transnational companies that apply greater "punishments" in the prices they pay to producers and if we add to this the fact that coffee growers have suffered 4 years of losses in production due to the rust fungus, the current harvest was an opportunity for economic recovery by rebounding production and it is estimated that it would reach about 4 thousand 60-kilo bags (1. 3 quintals), a vain hope, since prices dropped 50%; this was a catastrophic situation for coffee producers, as the harvest ended in March and with such low prices, it is difficult to schedule the minimum cultural work and fertilisation for the next agricultural cycle, a fact that directly affects the day labourer who has no expectations of development and a possible lifestyle. it is no exaggeration to say that there is a high risk of abandonment of this crop (Celis, C., 2019), since while some make maximum efforts to invest and harvest, other peasants, coffee producers and day labourers, have opted to engage in other productive activities such as masonry, carpentry to obtain resources, plant other more profitable crops such as sugar cane and support their family and finally sell the farms that are close to cities, which are in high demand to convert them into urban centres (Chamber of Deputies, 2018).

However, from another perspective, the sector's performance is heterogeneous and can be seen in the case of industrialists and large global companies, which dominate the sector and put pressure on collectors and those involved in traceability to obtain greater quantities of product combined with the ability to establish prices. One example is the price of Mexican coffee on the international market governed on the basis of the "C" contract, along with the consumer prices of soluble and roasted coffee, which in Mexico have reported a slight upward trend over the last three years (INPC 2018-2020), while the Producer Price Index (INPP) decreased between 2017 and 2018, and in 2019 and 2020 it remained upward (FIRA, 2019). In sum, the expected return on the marketing of the product, obeys to quantity parameters, bargaining ability of the marketing agent and ability to control the price level. Therefore, the impoverishment in the labour sector is diverse, determined by the results generated in contexts of price level control capacity.

Based on the above, the conditions of poverty of small producers require an intervening and regulating state that avoids price speculation that affects the development of the market; empowering the producer as a participant in the production chain in order to confront false market conditions. And that the satellite superstructures created on the margins of the sector's operation move away from the clientelistic criteria of political operation (Flores L., 2015). In the same way that the state is involved in the reproduction of society by assuming the costs of health, security and education. It attends to the needs of social integration, the arbitration of conflicts, urban explosion, pollution and new challenges in social space, it also needs to intervene to alleviate the inequality of an industrial system dominated by big business using political and corporate criteria. Direct changes in the market pressured by globalisation and in differentiated costs of production have brought to the fore a new dimension of the intervening state that Keynesianism has helped to blur. (Keynes J. 1991).

In this way, a new socio-economic model with state involvement needs to focus its efforts on updating the social and economic limits of the welfare state, based on a structure that imposes relevant economic decisions.

III. CONCLUSION

The conditions prevailing among Mexican peasants urgently require that the government of this country opt to give them a certainty that guarantees their income through a minimum purchase price.

In order to strengthen this industry, which over time has managed to position itself in international markets, public bodies must also establish quality parameters and differentiated prices through traceability mechanisms and quality systems. Following quality standards will make it easier to guarantee a coffee of excellence that will be quoted as a gourmet product that can be quoted at a better price.

Following on from the above, Mexican coffee must focus on quality and replace quantity. Nature has endowed the country with optimal geographical conditions for cultivation, and a product with quality standards must be aimed at markets that allow prices to improve and benefit the members of the production chain.

It is urgent that the register of producers be updated, as the last official reference dates back to 2014, so that the support granted is in proportion to the areas sown and to give priority to those who have the least.

If we want to be strong and representative in the face of large corporations, it is necessary for small producers to join forces, interests and production, through non-political organisations, and to have a business orientation.

Finally, given that the peasant family participates in cultural work, it is necessary to involve them in the transformation processes through processing mechanisms to give added value to coffee.

REFERENCES

[1] Aranda, J. (2004): "El Sistema campesino-indígena de producción de café". En La Jornada Ecológica. Café: Sustentable, Orgánico y mexicano. Diario La Jornada. Agosto 2004

[2] Cámara de Diputados. (2018): "*Reporte el café en México, diagnóstico y perspectiva Centro de Estudios para el desarrollo rural sustentable y la Soberanía alimentaria"*. Palacio Legislativo de San Lázaro, marzo

[3] Celis Callejas Fernando. (2019). *"La producción de café mejoró, pero los precios cayeron en 50%"* https://www.jornada.com.mx/2019/02/16/cam-cafe.html

[4] Comercio Justo. (2021). "*Desigualdad en la distribución en las cadenas productivas".* (http://comerciojusto.org/, 2021)

[5] Espinal, G. F. C., Martínez, C. J. H. y Acevedo, G. X. (2005). "*La cadena del café en Colombia: Una mirada global de su estructura y dinámica 1991-2005"*. Documento de Trabajo No. 59. Ministerio de Agricultura y Desarrollo Rural. Bogotá Colombia. 33 pp.

[6] Fideicomisos Instituidos en Relación con la Agricultura. FIRA, 2019. *Panorama Agroalimentario: CAFÉ 2019* pg. 12 a 17 México. (https ://www.inforural.com.mx/)

[7] Flores López Vichi. (2015). *"La producción de café en México: ventana de oportunidad para el sector agrícola de Chiapas espacio I+D, Innovación más Desarrollo"* • Vol. IV, No. 7, • ISSN: 2007-6703

[8] García, C. R. y Escobar, O. E. S. (2006). *"Caracterización de las cadenas de valor y abastecimiento del sector agroindustrial del café"*. Cuad. Adm. Bogotá (Colombia), 19 (31): 197-217.

[9] Gallegos, Cedillo Gilberto. (2019). "El *entorno mundial y nacional del café* ", El economista https://www.eleconomista.com.mx

[10] Keynes, J. (1991). *"Teoría general de la ocupación, interés y el dinero*", Fondo de Cultura Económica, traducción Hornedo, E. Madrid

[11] Manson, R., Vicente Hernandez-Ortiz, Sonia Gallina, Klaus Mehltreter (2008). "Agroecosistemas cafetaleros de Veracruz: biodiversidad, manejo y conservación .Edition: FirstPublisher: Instituto de Ecología A.C. (INECOL) e Instituto Nacional de Ecología (INE-SEMARNAT)ISBN: 970-709-112-6

[12] Pérez,U.,Matilde.(2016).https://www.jornada.com.mxpolitica/018n2polCopyright © 1996-2018 DEMOS, Desarrollo de Medios, S.A. de C.V.

[13] Servicio de Información Agroalimentaria y Pesquera del Gobierno de México. (SIAP, 2019) (https://www.agricultura.gob.mx/)