

Summary

The past five years (1987-1992) has seen farmers face extremely adverse economic and political conditions in the Peruvian Amazon. Their response has been, in part, to withdraw from the market and increase their self-sufficiency and subsistence production. This includes: (1) continued planting of food crops, but little or no sale of the same; (2) little or no participation in factor markets (credit, machinery, inputs); (3) little or no participation in labor markets (labor is scarce and expensive, drawn away by coca production, so familiar labor is used almost exclusively, also there are few opportunities for off-farm labor—aside from coca production, which was not mentioned by farmers as an important source of personal income).

The one exception to this withdrawal from the market has been livestock production, particularly dual purpose cattle production. Dual purpose cattle production has increased in importance among the farms studied. Milk continues to be an important source of steady cash income. Evidence suggests that farmers have drawn on the capital reserves that their herds represent to maintain their livelihoods and in some cases to improve their welfare.

The farmers studied seem to have many of the characteristics of a “peasant-like” adaptation: production for home consumption, minimal but important market contact, dependence on

household labor and generally low standard of living. However if these same farmers had a more commercial orientation, they would probably be bankrupt due to the extremely negative external environment. Their current adaptation can be termed a "low level equilibrium."

However even this low level equilibrium is threatened by long-term processes of land degradation, induced at least in part by grazing, pasture degradation and a lengthening of the fallow period necessary for vegetation regeneration due to grazing. The "subside from nature" that the forest represents is virtually exhausted for most of these long-term colonists. Yet no technical solution is at hand to maintain and/or improve household welfare given the exhaustion of the extensive margin. Events of the past five years illustrate that livestock is critical to household survival, yet livestock are linked to the land degradation that threatens the long-term survival of the household farming enterprise.