Agricultural Day Laborers and Transnational Corporations in the San Quintin Valley
Jornaleros agrícolas y corporaciones transnacionales en el Valle de San Quintín

Anna Mary Garrapa

ABSTRACT
The article explores the application of the Californian agricultural model in the strawberry sector in the San Quintin Valley in Baja California, Mexico. It analyzes economic operations by transnational commercial companies, as well as anti-corporate mobilization among agricultural day laborers. The study contributes to the debate on global production chains and networks, transnational corporations, and agri-food studies, combining analyses of the processes of capital circulation and the social relations of production. The research was conducted over several stages in 2016 and 2017, using a combination of quantitative and above all qualitative techniques.

Key words: 1. transnational corporations, 2. day laborers, 3. strawberry, 4. San Quintin Valley, 5. Baja California.

RESUMEN
El artículo investiga la aplicación del modelo agrícola californiano en el sector fresero del Valle de San Quintín, en Baja California, México. Se analizan las operaciones económicas implementadas por las compañías comerciales transnacionales, así como la movilización anticorporativa de los jornaleros agrícolas. La investigación contribuye al debate sobre cadenas y redes globales de producción, corporaciones transnacionales y estudios agroalimentarios, combinando un análisis de los procesos de circulación del capital y de las relaciones sociales de producción. La investigación se ha desarrollado durante varias etapas en los años 2016 y 2017, con una combinación de técnicas cuantitativas y, sobre todo, cualitativas.


Received February 20, 2018
Accepted May 21, 2018

1 Universidad Nacional Autónoma de México, a.garrapa@iiec.unam.mx
INTRODUCTION

An uprising on March 17th, 2015, thrust the day laborers of the San Quintin Valley in Baja California, Mexico, onto the national and international political scene, with their forceful demands for better living and working conditions.

The list of demands by the mobilized workers included notably the following: an increase in the average daily wage, to be applied proportionally for piece work; the revocation of collective bargaining agreements signed with confederated labor unions, in which the wage payable is inclusive of benefits; payment of a year-end bonus, holidays, a vacation bonus, benefits and profit-sharing; observance of 8-hour working days as provided by the Federal Labor Law, with extra pay for overtime; one day’s rest in seven and on holidays, with vacation leave; proper enrollment in the Mexican Social Security Institute (IMSS) for all workers; an end to sexual harassment experienced by female workers; and the establishment of dialogue with employers and the state government. This is in addition to demands for better living conditions in the valley, namely broader public health services and the extension of basic utilities – running water, electricity, the drainage system, and paved roads – to all neighborhoods (interviews and policy documents of day laborers’ organizations; La Jornada, 2015; Milenio, 2015).

Despite the highly repressive response from local and federal institutions and the internal political breakup of the movement in the months following the strike, some day laborers remain active and in the last two years have organized a caravan marking the anniversary of the uprising. These marches have attempted to give new impetus to demands that remain unheeded, highlight the violation of most agreements signed in June 2015 with the state and federal governments and some business owners, give visibility to the existence of the new National Independent Democratic Union of Agricultural Day Laborers (SINDJA), and lastly, propose a binational boycott of berries commercialized by the U.S. corporation Driscoll’s, a world leader in the sector, and distributed in supermarkets in Mexico and, above all, in the United States.

In fact, the San Quintin Valley constitutes an emblematic example of current trends in the transformation of the global agri-food system and the impacts on the social relations of production, present in various agricultural regions. On the one hand, it is an agricultural export-based enclave that is emblematic of the way U.S. corporations are operating under the Californian agricultural model, yet it is also a rural area that lies in the path of many migration trajectories, both national and transnational.

The Californian agricultural model is the result of a restructuring process initiated in the second half of the 1970s, and in which many agricultural companies gradually replaced dairy farming, cattle-raising and extensive cultivation of low-value produce, such as grains and cotton, with intensive cultivation of specialized produce. Currently, this model is characterized by the cultivation of high-value fruit and vegetables, the dominance of large transnational corporations in agri-food trade and distribution, and the spread of migrant workers on farms. This agricultural system has so far been discussed mainly in the context
of the rural United States, both with regard to its historical development and its impact on social and work processes (Garrapa, 2017; Palerm, 2014). The work presented in this article will contribute to scholarly literature on the Californian agricultural model with a case study from Mexico.

As for the San Quintin Valley, much research has been conducted on its recent rapid demographic growth and agricultural development. Most of these studies have focused on the migration flows of temporary workers from the south and center of the country and other rural states like Sonora and Sinaloa, who have been passing through the once practically barren and uninhabited region since the 1970s and 1980s (Camargo, 2015).

Some authors have highlighted the mobile and precarious dimension, examining the conditions in which migrant day laborers are hired, employed, and take up residence temporarily (Lara, 2003). Successively, other authors have enriched the research landscape by addressing the establishment and growing participation of new settlers in the valley (Velasco et al., 2014), and the social and political organization processes in, background to, and events following the mass strike in 2015 (Espinosa, Ramírez y Tello, 2017; Jaloma, 2016). Yet others have attempted to study the transformations of the social and work context arising from agricultural restructuring and agri-food globalization processes in rural Mexico in general (Carton De Grammont & Lara, 2010), and particularly in the San Quintin Valley (Zlolniski, 2010).

This paper follows the path paved by these latest contributions and will add to research on this agricultural border settlement by exploring the most recent developments in the production structure and the social relations of production associated with the growing presence of Californian agri-food corporations in the local strawberry sector.

The study was conducted over several stages of fieldwork in March 2016 and March, April, and July 2017. The research methodology was based on a combination of different quantitative and qualitative techniques including combining secondary data published by administrative sources and statistical documentation produced by research institutes, private study centers, and reports by producers’ associations; direct observation; collecting news sources and policy documents and union literature produced by day laborers’ organizations; participating in activities promoted by the social organization La Casa de la Mujer Indígena, the Alliance of National, State and Municipal Organizations for Social Justice, and the SINDJA in San Quentin, Tijuana, and Mexico City; and conducting semi-structured interviews (47 in total) with agricultural business owners, workers, and representatives of local institutions and social and union organizations.

A major aspect of the theoretical analysis of the globalization process in flows of capital, products and services is the wide-ranging debate on global commodity chains (GCCs) and global value chains (GVCs) (Gereffi et al., 2005), which has focused mainly on the commercial dynamic that exists between companies, governance structures, and power configurations in the supply chain. At the same time, an analysis of global production networks (GPNs) has been put forward that reconceptualizes global production as a
multidimensional and multilevel lattice of economic activities that lock together different companies that are socially and territorially incorporated (Henderson et al., 2002).

In Mexico various authors have revisited the suggestions given by food regime theory (McMichael & Friedmann, 2007), which at present highlight the strategic role of transnational agri-food corporations in the construction of a global capitalist economy in order to establish a connection with the study of socioeconomic transformations in different rural areas of the country (González & Calleja, 2017).

Moreover, Mexican literature on transnational companies (De la Garza, 2014) reveals an emerging tendency to note the crucial role of U.S. hegemony both in the international struggle between capitalist forces (Ceceña, 2013) and in deprivation caused at a national level, discussed primarily from the perspective of the exploitation of natural resources and resistance from communities that inhabited land that was violently expropriated (Ceceña & Ornelas, 2017). In particular, Rubio (2014) notes the importance of the dominance of the agri-food industry in the struggle for global hegemony, driven by the United States and which has devastated peasant farming in countries in the South, including Mexico. Meanwhile, González (2014) highlights the role of U.S. imperialism in the historical-political process that has led to a territorial concentration of Mexican fruit and vegetable exports towards the most profitable consumer markets.

Several decades ago, this same process had been foretold by Feder (1977), who gave a detailed analysis of the emergence of the strawberry sector in Mexico, developed with U.S. capital in the central states of Michoacán, Guanajuato, and Jalisco. This study will follow the path he opened up, by observing the emergence and development of this same sector in a rural area of northwestern Mexico and answering the following questions: Does the Californian agricultural model also involve Mexican border territory? What changes in the production structure in the San Quintin Valley have been driven by U.S. agri-food corporations?

Furthermore, this work will contribute to research on transnational corporations and global production chains and networks, by combining an analysis of changes both in agri-food capital and in the social structure and conditions of farm work. As a result, the following questions will also be asked: What type of social relations of production are established when transnational corporations expand? Can the conflict between capital and labor also take on a transnational dimension?

This study will start by exploring the different stages in the agricultural and demographic development of the San Quintin Valley, taking into the broader historical process of national agricultural policy and the global dynamics of the agri-food market, which together have led to a restructuring of the agricultural sector in Mexico beginning in the 1980s and 1990s. Next, the expansion process of Californian capital in the region will be examined, with the spread of berry-growing and the increasing specialization in

---

2 The agro-export region of northwestern Mexico includes the states of Sonora, Sinaloa, Baja California, and Baja California Sur.
exportation toward the U.S. consumer market. This work will then look at the impacts of the actions of transnational corporations on production structure and the organization of agricultural work at a local level, before ending with an account of current working conditions and the transnational and anti-corporate mobilization of some day laborers in response to the effect of economic forces in the area.

FARMING AND POPULATION SETTLEMENT IN THE SAN QUINTIN VALLEY

The settlement dynamic in the San Quintin Valley and the development of agricultural activity, with its strong focus on exportation, are closely interlinked, and essentially determined by the area’s geographic proximity to the United States. Indeed, the valley is located about 300 km from the northern border, in the municipality of Ensenada, in Baja California, and extends across the countryside from Punta Colonet to San Quentin. This rural border area only established itself, both economically and demographically, very recently. A region that used to be virtually barren, with just a few farms and settlements of pioneers, and a population of less than 4,000 until the 1960s, is now one of the most dynamic regions for agricultural exports in northwestern Mexico and has become integrated within the international fruit and vegetable market while reaching a highly ethnically diverse population of 92,177 inhabitants in 2010 (Camargo, 2015; Velasco et al., 2014).

This transformation is due to several factors. Firstly, the completion of the Transpeninsular Highway in 1973 put an end to the region’s isolation, connecting Baja California with Baja California Sur, and connecting the area to the Tijuana-San Diego border, and hence the United States. Furthermore, the extraordinary economic and demographic growth experienced, particularly since the 1980s and 1990s, is a response to a historical process of socioeconomic construction in the region, within the broader framework of the neoliberal agricultural policy of the state and the global dynamics of the agri-food market.

Indeed, in the late 1970s, a general increase was recorded in the worldwide production, distribution, and consumption of fresh fruit and vegetables, due to technological developments enabling long-distance refrigerated transportation, an increase in demand by the middle and upper-middle classes in various industrialized countries, and the spread of organized large-scale distribution (Palerm, 2014).

At the same time, a neoliberal agricultural restructuring process was beginning in Mexico, pioneered by the states of the north and north-west and driven, firstly, by the country’s entry into the General Agreement on Tariffs and Trade (GATT) in 1986, and then by the North American Free Trade Agreement (NAFTA), which came into force in 1994. These international agreements encouraged direct foreign investment in Mexican agriculture, and in particular, attracted U.S. capital seeking comparative advantages.³

³ The 49% limit on foreign capital investment in Mexico was removed; tariffs and duties were reduced and replaced with import permits, along with taxes on various products and
National policy was based, on the one hand, on the withdrawal of support for traditional farm production with the 1992 reform of Article 27 of the Constitution\(^4\) and, on the other hand, state incentives for high-value commercial farm production for export (Calleja, 2007; Warman, 2001).

Moreover, the use of new agricultural technology and biotechnology (greenhouses, indoor farming, fertigation, drop irrigation systems, variety selection) enabled crop diversification and intensification: fruits and vegetables gradually replaced traditional extensive low-value crops such as cotton, coffee, maize, and beans (Gallardo, 2010; Gonzáles, 2014).

As a whole, this agricultural restructuration process – which was also the result of developments in agricultural technology – has had significant impacts on worker mobility patterns in two different but related directions. Firstly, the decline of peasant farming for self-consumption and traditional small-scale agricultural production, often found on ejido and communal land, has worsened poverty and increased rural unemployment in communities of origin, directing migration flows (through recruiters and foremen) toward areas offering salaried employment both in Mexico and abroad. Secondly, a high degree of continuity in production over different seasons, thanks to technological innovations and crop diversification, has led to an increase in the demand for year-round labor in agricultural export regions of Mexico, in some cases facilitating the settlement process for temporary day laborers (Carton de Grammont, 2009).

In the San Quintin Valley, the population dynamics kept pace with agricultural production, and demographic development can be examined in three main stages, as suggested by Velasco, Zlohniski, and Coubès (2014). Initially, between the mid-1970s and mid-1980s, the first business owners came from Sinaloa and Mexicali and began producing tomato for the Mexican and U.S. market, making heavy use of water and a workforce brought in from Sinaloa but originally from the lower Mixteca region in Oaxaca (Garduño et al., 1989).

The second stage, from the mid-1980s to the late 1990s, was characterized by expanded production with the arrival of major Mexican companies located in Sinaloa and closely associated with U.S. distribution companies, which in turn wanted to broaden the production window. The population growth that had begun in the previous decade gained momentum and in the 1990s, the San Quintin Valley became part of the migration circuit the importation of farming machinery and inputs. Lastly, export markets were opened up to foreign stakeholders.

\(^4\) By reforming Article 27 of the Constitution in 1992, the government suspended land tenure guarantees over ejido and communal land, marking the end of legally-mandated land distribution and providing for the possibility of converting community land to private land, thus encouraging the sale and de-collectivization of ejidos. In addition, state support for the traditional farming sector was withdrawn, entailing the discontinuation of loans for production, increased interest rates, the removal of subsidies, and the reduction of price support.
for temporary workers within northwestern Mexico and the United States. As the demand for labor increased, the valley became a direct destination for day laborers recruited by contractors in the indigenous communities of Oaxaca. They were provided temporary accommodation in camps set up by large local companies away from the towns, where they were controlled constantly and crammed into dark, unsanitary, squalid rooms, and where families were forced to buy from the company store and worked non-stop.

The third stage, which began in the late 1990s and continues today, is marked by a process of production modernization. In true Californian style (Palerm, 2014), production transitioned to intensive high-value crops and technological innovations made it possible to increase yield per hectare and achieve balanced production almost all year round (Gallardo, 2010; Zlolniski, 2010). Production was reduced for tomato, the leading crop in the valley, and a wider range of varieties was introduced, particularly for onion, cucumber, and lastly strawberries. Indeed, strawberries in particular enabled businesses to take advantage of high market prices from counter-seasonal production (fall-winter). The intensification of production and the care required to harvest produce for the fresh market led to longer working seasons and a marginal specialization of some activities (fertilization, land preparation, and the installation and maintenance of greenhouses), which formed the basis for day laborers’ gradual conversion to resident settlers.

This stage also saw a process of residential independence, with workers leaving the camps to live in housing or bunkhouses (cuarterías) in new settlements. Furthermore, families began to populate the area, due to the growing presence of women and children and the migration flow of relatives and others who came from settled workers’ places of origin to join them. This settlement process did not entirely replace temporary migration, so circular and pendulum mobility continued to fuel connections between traditional and new destinations like Baja California Sur, California, and Oregon (United States). This was accompanied by new migration flows, for example from the mountains of Guerrero, organized by agricultural companies seeking supposedly less troublesome workers. Indeed, this last stage has been marked by workers putting down roots, but also conflict.

Despite a significant improvement in living conditions and the acquisition of a degree of residential independence from employers, in many settlements the new urbanization process has not come with adequate infrastructural development. This has led to a widespread context of scarce basic utilities like electricity, running water, a drainage system, and paved public roads. Community life in the new settlements, together with the strong social and ethnic homogeneity that formed the basis for their foundation, has provided fertile ground for inhabitants to share their dissatisfaction, create civil society organizations, and develop a process to put forward a collective demand for improved living standards and, by the same token, working conditions (Velasco et al., 2014). This growing social organization movement finally made its voice heard in 2015 with a mass strike and blockades by thousands of day laborers along over 100 kilometers of the trans-peninsular highway (La Jornada, 2015, March 21).
Ultimately, the development of this particular fruit and vegetable-producing border enclave has more to do with the strong connection to the U.S. market and the expansion of foreign capital in the local production structure than Mexican state or federal institutions, which have remained virtually absent in the entire process of agricultural and demographic development in the valley.

LOCAL PRODUCERS AND TRANSNATIONAL CORPORATIONS IN THE SAN QUINTIN VALLEY

Strawberry growing in the San Quintin Valley is one of the best modern-day examples of Mexican specialization in fruit and vegetable exportation, with its predominant connection to the U.S. consumer market. Indeed, U.S. capital has played a pioneering role in the expansion of the local strawberry sector, particularly since the late 1990s (Zlolniski, 2010). The manager of one of the two agricultural companies that first imported strawberry plants and experimented with cultivating them in the San Quintin Valley gave an account of how strawberries arrived directly from Californian nurseries under the impetus of a U.S. company that still actively produces and commercializes the fruit in the area today.

Strawberries are 100% Californian and the two undertakings here were both started by Californian companies. In 1987, or thereabouts, Mauricio Castañeda and Mr. Salvador García made an initial attempt. They brought some plants to test them because they had businesses that produced tomatoes, chili peppers, and other vegetables with Americans in the northern San Diego area, by the coast. The distributor was Andrew and Williamson, which also sold tomato and cucumber. They were already running this business in California, in Chula Vista. They came here because they were looking to cut costs with cheaper land, water, and labor. They sought out traditional producers who already grew tomatoes and other crops […] It was a small test, but worked very well. And the following year, they were able to import some goods, and Castañeda planted 20 hectares, García planted some by the tomatoes… and that’s how strawberry growing started in Baja California. And really that’s what started the growth of the San Quintin Valley, because before then it was mainly tomatoes, for six months in the summer, and when the strawberries arrived, they started producing in winter (representative of large local agricultural company, March 2017, Camalú).

Economic data confirms the historical reconstruction outlined by this interviewee. Indeed, in 1994, outdoor tomatoes accounted for two thirds of the local production, whereas by 2008, 90% of production involved four main crops, grown both outdoors and in greenhouses: strawberries, onions, tomatoes, and cucumbers (Gallardo, 2010).

Of all these crops, strawberries have generated the most economic value, which has encouraged a growing number of farmers to turn to strawberry farming. According to the
Secretariat of Agriculture, Livestock, Rural Development, Fisheries and Food (SAGARPA; 2016), the rural mean price\(^5\) of strawberries has increased from 9,358 Mexican pesos per metric ton in 2003 to 22,403 Mexican pesos in 2015, becoming the third most valuable crop for the state of Baja California with a production value of 1.85 billion Mexican pesos. The harvested area for strawberries has also clearly increased, going from 627 to 2,531 hectares (ha) during the fall-winter seasons between 2003 and 2015, in contrast to tomatoes, for which the harvested area has been practically halved during the spring-summer seasons over the same period, falling from 4,682 to 2,235 ha.

In recent years Mexico has become the third highest strawberry producing country in the world, after China and the United States, with a total of 379,464 metric tons (t), 95.2% of which is for the United States (SIAP,\(^6\) 2016).

Baja California is one of the largest strawberries producing states in the country, second only to Michoacán. In 2015, the state accounted for 32% of the total production in the country, at 82,608 t, and 25% of the total harvested area in the country, at 2,531 ha (OEIDRUS,\(^7\) 2015). The number of strawberry producers was estimated to be 40, along with 11 raspberry producers, 5 blueberry producers, and 3 blackberry producers, most in the municipality of Ensenada, and more specifically, in the area between San Quintin and Punta Colonet. In total, over 94,171 metric tons of berries were produced across 3,233 ha, with about 90% of production bound for international markets, mainly the United States, while the remaining 10% was destined for the regional and national markets (SAGARPA, 2016).

The current production structure for the strawberry sector in the San Quintin Valley is characterized by a large number of small farmers and a few large agricultural companies, which may be Mexican, foreign, or mixed. This situation is not an accurate reflection of land ownership, as agricultural companies may own only part of the land cultivated and lease the remainder, or indeed they may lease all their land from other large or small landowners, who may also be producers or just landowners.

The transnational corporations working in the sector are U.S. producers and trading companies that, in addition to growing crops directly on land they own or lease, acquire additional produce by hiring small and large-scale local farmers, in accordance with economic agreements and under various legal forms. These companies’ increasing involvement has affected the production structure and the organization of farm labor, fueling economic concentration at a local level that is driven by the very nature of strawberry-growing.

---

\(^5\) The rural mean price (PMR, in Spanish) is the price paid to producers for first-hand sales in the production area.

\(^6\) TN: Agri-food and Fisheries Information Service (Servicio de Información Agroalimentaria y Pesquera).

\(^7\) TN: State Information Office for Sustainable Rural Development (Oficina Estatal de Información para el Desarrollo Rural).
Indeed, soil impoverishment and the overexploitation of water resources, along with the spread of strawberries, which are much more sensitive than other crops to water salinity and sandy soil composition, have contributed to ousting many small producers who lacked sufficient investment capital to extract groundwater at depth or purchase desalination machines. This is compounded by the territorial expansion strategies of transnational strawberry companies, which have sought to monopolize the valley’s winter production by establishing agreements with local farmers and creating Mexican production companies born of the U.S. trading companies themselves. In this sense, it is of great interest to compare the actions of two of the most instrumental transnational corporations in the San Quintin Valley: Driscoll’s and Andrew and Williamson Fresh Produce (A&W).

Driscoll’s is the largest and best-known U.S. trading company in the San Quintin Valley, and a world leader in the fresh berry industry. Founded as a small family business in the late 19th century, it has grown exponentially and is now a transnational company handling fruit produced in rural areas of the United States, Mexico, Europe, and Africa (Driscoll’s, 2018) and exporting it to different countries across the world through major supermarket chains like Walmart, Costco, and Tesco. The corporation has achieved major competitive advantages, essentially by developing proprietary technology and pursuing a range of territorial expansion strategies.

Whereas other companies use mostly plant varieties selected by the University of California and the University of Florida, Driscoll’s has invested privately in a genetics department that develops more disease-resistant varieties that are capable of adapting to climate change, with market-preferred esthetic and organoleptic qualities, extraordinarily long harvest seasons and better yields, hence offering increased profit.

The company manages production flows through a series of agreements and contracts with a wide base of producers (Lopez, 2011), who may be independent or grouped under a company, and thanks to companies that grow crops exclusively for Driscoll’s yet retain an independent legal status, as is the case with companies associated with Reiter Affiliated Companies (RAC).

In fact, following World War II, the Reiter and Driscoll family businesses, which had been growing strawberries in California since the early 20th century, began selling the fruit under the Driscoll Strawberry Associates label, along with another family and associated suppliers. The Reiter company is a founder and remains a main partner of the RAC production company, which produces for its only customer: Driscoll’s. The Reiter family currently holds the presidency of Driscoll’s and continues to manage both companies (Bloomberg, 2018), so effectively, Driscoll’s and RAC are part of the same Californian capital managed by the Reiter family but shared between a company specializing in commercialization and its produce supplier.

Production by the different companies affiliated with Reiter is shared between various areas in California, Oregon, and Florida. However, the company has also expanded internationally, strategically positioning each partner to better fulfill the ongoing demand for berries. For example, RAC has been operating in Baja California and central Mexico
since 1991 through BerryMex, it has been present in Portugal since 2006 through Maravilha Farms, and thanks to the business relations Driscoll’s has with producers in southern Spain, it was able to expand into Morocco in 2011, where it farms with Atlas Berry Farms (RAC, 2018).

Also present is the U.S. company A&W, which is not a world leader in the sector like Driscoll’s, and markets tomatoes in addition to strawberries. Despite originally being a family business, which over the last three decades has managed to become a transnational producer and trading company, its expansion capacity is still lower than that of Driscoll’s, and its territorial reach is still regional (Mexico and the United States).

The Andrew and Williamson (A&W) families founded the company in 1986, growing tomatoes and later winter strawberries in Baja California. Throughout the decade of the 2000s, it expanded into various rural areas of Mexico: toward the west, the central region, and Baja California Sur. In 2005 the company merged with Sundance Berry Farms, a leading strawberry producer in California, enabling it to sell strawberries all year round.

Through BerryMex, A&W and Driscoll’s make use – to varying extents – of three main types of legal structures available in Mexican territory in their relationship with local producers: they purchase the fruit from independent companies; they include them in a company with its own legal personality, and in which they hold varying percentages of ownership; and they create a joint venture, entering into a contract through which one company grants the other a varying share in profits in exchange for goods or services, as agreed by the parties (General Law of Commercial Companies, 1934). Both transnational companies are able to contribute to their suppliers’ production processes by delivering patented varieties and advancing the cost of some factors of production (fertilizers, packaging, greenhouse infrastructure), which will be deducted from the final payment to the producer, as agreed in each case.

The farmers, on the other hand, are responsible for growing and delivering the packaged fruit on predetermined dates to the warehouses of the marketing companies, and must organize and bear the costs of production, farm labor, precooling in the air-conditioned rooms in the valley, and transportation of the fruit, for which they remain responsible until final delivery at the marketing companies’ border warehouses. In addition, there is the cost of packaging, the in and out fee8 in border warehouses, and the marketing company’s sales commission.

Harvesting rhythms are established on the basis of the quantities ordered by the marketing companies, which in turn respond to the demands of their retailers. In general, production volume is guided by estimated trend curves for different varieties, which are produced based on historical records of the company’s weekly yield and projected demand

---

8 “In and out” is a storage fee paid by producers when their fruit arrives at the marketing company’s border warehouses. The fee includes unloading the Mexican vehicle and loading the U.S. truck that will transport the fruit to retailers.
as determined from sales in past years, in order to avoid saturating the market and therefore fetch higher prices.

Lastly, the marketing company is responsible for quality control, marketing activities, and selling produce to retail distributors. The final amount payable to producers is calculated based on the market price and payment is made once the produce has been sold, generally three to five weeks later, and is docked by the cost of inputs advanced by the marketing companies and any adjustments for any fruit delivered that was damaged or rejected during the quality control process.

In particular, with the Driscoll’s model, farmers receive only proprietary varieties, which they must destroy upon meeting the production quota set by the marketing company. They are also obligated to deliver the strawberries to the transnational company’s cold store in the valley, and pay for this storage and quality control service. Furthermore, according to testimonies collected, the marketing company’s commission can reach a very high percentage of the sale price, particularly for strawberries. The final fee paid to producers is calculated based on an estimate of market prices fetched by suppliers as a whole, with each one paid a collective average.

In addition, there is a very tight-knit relationship between associated companies and BerryMex, characterized by heavy financial dependence and extensive control of the production process, to such an extent that effectively, suppliers act more like employees than farmers. Indeed, the majority of producers supplying Driscoll’s are small in economic terms, and need to have most or all inputs provided for them, fueling debt that will be progressively deducted from the final settlement. Ultimately, the development of exclusive patented varieties, together with strict management of different types of agreements and contracts with local farmers, has enabled the corporation to have direct and extensive control of its large-scale, transnational production process.

A&W, on the other hand, charges a lower sales commission on strawberries and delivers both public and private plants, with one variety patented by the company, which suppliers are under no obligation to purchase; nor are farmers obligated to deliver all produce from other varieties they may decide to plant. There is no obligation to store fruit in the marketing company’s cold stores in the valley, and suppliers are able to store it elsewhere and deliver it – using own-account or third-party transportation – to the warehouse in San Diego. The final amount payable to producers is based on the exact historical market price fetched for each pallet from each agricultural company. The debt incurred as a result of the marketing company advancing certain factors of production can vary greatly, depending on the will and available investment capital of their suppliers, which are few in number and economically powerful.

Unlike Driscoll’s, which prefers to affiliate producers with the BerryMex company, or uses joint ventures with profit-sharing, the prevailing model with A&W is that of an independent producer and a marketing company that simply charges commission, while perhaps also advancing part of the plants and packaging.
The advantage Driscoll’s offers to its suppliers is that they are able to secure well-paid produce, with varieties that are well-positioned in the market due to their esthetic appearance and size, and extensive quality control. Moreover, sales are guaranteed due to their ability to sell year round, making the company a key intermediary for large-scale retail distribution. Essentially, it is very stable on the market, which it controls directly on an international scale, and fetches very good prices over particularly long harvest seasons compared to other companies like A&W.

Furthermore, Driscoll’s makes substantial profit at different stages of the production and sales processes because, as mentioned above, in addition to charging a higher commission, it offers various services and conducts operations that it goes on to deduct from payments made to suppliers. As a result, small or medium-sized farmers are left with very little from the final sale, and in the event of any unforeseen circumstance or insufficient production, become heavily indebted to the transnational company. In addition, the intensive control of the production process leaves scant leeway for supplier entrepreneurship, while larger farmers want to negotiate directly with the owners of the marketing company, decide how to manage their own business, and choose when agreements are in their interest or not.

In any case, according to the testimonies collected, only two agricultural companies in the entire valley are fully financially independent and autonomous in their production and sales. Indeed, this freedom requires a huge amount of available investment capital and solvency, with continuous production – as far as possible – to acquire presence in the market 365 days a year. Ultimately, for autonomous agricultural businesses, the key to surviving lies in their ability to sell as well as produce, and above all, their ability to achieve a transnational dimension.

Although the two transnational companies, Driscoll’s and A&W, operate differently to an extent, and sell fruit from producers with different economic profiles, they both contribute – as foreseen by Feder (1977) – to a gradual economic concentration and financial dependence of local agricultural stakeholders. This process takes place through very centralized production flow management that is predetermined by estimated trends of market demand and ultimately controlled by a few major retailers like Walmart and Costco.

These simply receive the packaged fruit ready for display on the shelves of retail outlets, establishing the final prices and outsourcing the production and business costs and risks to other economic actors. Supermarket chains have a very clear understanding of the production plan of their suppliers, who send fruit through marketing intermediaries. Therefore, they place very specific orders for large quantities of a wide range of varieties and set specific delivery dates. From time to time they also send auditors – in addition to those hired by the marketing companies – to suppliers’ farms to perform direct food safety inspections and discover any irregularities in overall production management.

Indeed, in the end, it is the top supermarkets that are able to generate the most profit, as described by the theorists of the food regime concept (McMichael & Friedmann, 2007), shaping a buyer-driven production and commercial chain (Gereffi et al., 2005). One notable
example of the economic power acquired by large retailers is provided by Walmart, which has featured in the list of the top 500 corporations in the world published by Fortune magazine (the Fortune 500 list) since the early 2000s, with revenue of US$ 485.87 billion (Fortune, 2018).

For these retailers, it is essential they purchase from just a handful of large suppliers that are competitive in terms of prices, but above all, able to supply the market continuously. As a result, marketing companies seek to operate in different locations across the world with complementary production seasons to become strategic suppliers for large retailers. These transnational expansion strategies make it possible to leverage the competitive advantages offered by rural areas, involving producers and workers from different parts of the world in the same corporate network and fueling economic concentration in managing production flows and widespread financial dependence among local agricultural companies, especially smaller ones.

**WORKING CONDITIONS AND ANTI-CORPORATE MOBILIZATION**

The changes in production described above, and associated with the spread of the Californian model, have reshaped the labor system in Mexico in a similar way to the changes reported on U.S. farms (Garrapa, 2017; Holmes, 2013), with ever faster work rates, particularly long working days, and various strategies to cut down on labor costs. The economic concentration is reflected in the development of a complex system of intermediation, necessary to manage the mass of workers using different machines while keeping to the established timetable and quotas and limiting the possibility of collective protest action or complaints. It is within this multi-level system that some of the cases of abuse of power and harassment reported by day laborers take place.

Lastly, tougher competition in the international agri-food market has led to fiercer conflict between capital and labor, which is the key factor in organizing production and reducing labor costs.

The San Quintin Valley has seen a slight improvement in wage conditions and the number of workers enrolled in the IMSS, at least for employees at the main plants, as a result of the mass strike in March 2015 and thanks to complex negotiations between day laborers’ organizations, institutional representatives, and some employers (Jaloma, 2016). With the media attention garnered nationally and internationally during the uprising and the ensuing boycott of Driscoll’s strawberries, there has been a certain increase in the number of audits conducted on the farms of transnational corporations and their suppliers by large supermarket chains in an attempt to protect the image of their stores and counter any further dips in sales.

However, the day laborer’s average annual salary is still at the poverty line, and the lack of genuine access to social benefits, including healthcare, remains one of the main reasons many day laborers in the valley are dissatisfied and choose to emigrate, mostly to the
United States. The long list of problems reported in accounts given by workers includes, notably, a few key aspects: the increase in wages has come with an increased workload, and employers continue to report the established wages as gross pay on paychecks, meaning the wages actually received are lower, as many benefits have been deducted from the daily wage that should be paid separately and in accordance with employee seniority.

As a day laborer and young representative of the SINDJA explained at length, the problems do not just have to do with small independent farmers (often employed informally by day laborers, who pay them in cash or by check at the end of the day or the working week), but also large corporations and their affiliates, no matter how large or small.

As a matter of fact, they don’t pay what they should, both the small affiliated producers and the large ones […] For example, if the law says the working day is eight hours, whether we’re paid by piece or by hour, why after eight hours aren’t people getting paid even two, three, or four pesos more per box? Nobody pays that here! […] Business owners justify themselves by saying “I’m paying you 150 pesos when the minimum wage is 90”. Yes, but that includes all the benefits and we want to see how the wage is broken down and find out the true amount. Like this paycheck here, all this is included: vacations, vacation bonus, year-end bonus, seniority bonus, profit-sharing, social security, and Sunday premium pay. They say they pay you all that every day, but they just pretend in order to shirk responsibility later on, using the same money earned by workers each day. The law doesn’t really punish business owners, but it does state that these are benefits that cannot be included in your wage. For example, you should get vacation leave every year. The vacation bonus comes with vacation leave; it’s 25% they should give you when you take your vacation. The year-end bonus should be paid every year now too. These benefits are required by law! And that makes it worse when you’re dismissed, because supposedly if you’re wrongfully terminated they have to pay you three months’ salary, and if you’re fired midway through the year they have to pay you your vacation leave, vacation bonus, year-end bonus, and seniority bonus. But if it says here on the paychecks that they’ve already paid you it, they don’t have to pay you it any more! And the wage they actually paid you for your day’s labor is less than what they wrote. It’s nothing short of robbery! And all companies do this. This paycheck is from BerryMex, and here it says Moramex! (Day laborer and union representative, April 2017, San Quintin).

Also frequent is the use of the “pass” (pase) – a temporary permit that gives occasional access to healthcare for workers who need it. It is issued by employers and recognized by Social Security workers informally, as it based on only a few days’ contribution and not a full enrollment in the IMSS for the period worked, as the day laborer and union representative cited above explains:
The second main issue is enrollment in the IMSS. Because here they give you these famous “passes” – a bit of paper with your name as a worker and your employer’s signature that allows you to receive healthcare, and if you don’t take it with you to the IMSS, they won’t see you. And the health officials will even stamp it for you! […] Nobody pays contributions here! A worker pays contributions maybe three or four days a month at most, just for the sake of appearance. Some people have been working for over 10 years and have 20 weeks’ worth of contributions paid. There are some workers in A&W and some in BerryMex who do make proper contributions, but with other business owners affiliated with BerryMex, no workers contribute. Only the BerryMex company itself pays contributions: some workers make contributions, seasonal ones don’t. If they’re hired for three months, they don’t pay contributions; if they’re permanent members of staff working year round, they do. Also in A&W only some workers contribute. (Day laborer and union representative, April 2017, San Quintin).

As discussed in the previous paragraph, supplying companies – both large and small – are responsible for growing crops and harvesting the strawberries, and take on the responsibility of organizing human resources. Large companies that deliver fruit to A&W recruit and manage crews of day laborers tendently and with full autonomy. As for Driscoll’s, according to an account given by the head of recruitment, the larger affiliates make use of the service offered by BerryMex, whereas smaller producers hire and manage the small teams of laborers they need on their own.

As explained by the vice president of BerryMex Baja California in the following except from an interview, the joint venture system offers large producers – and therefore Driscoll’s – the potential to make attractive savings, even on labor costs.

Here we also work with a joint venture contract. At the beginning we provide virtually all the capital and supply the major inputs: the greenhouses, the land, the polytunnels. And producers provide the labor, pesticide, and fertilizer for the whole crop. They can be very efficient in managing their workers and save money. The same applies for irrigation efficiency and pest control. So while our costs are more or less fixed, their costs are variable. We know what we spend, but we don’t know what they spend. They could make great savings and be good producers. It’s an interesting model that works very well for us, and if they make money, so do we. (Corporate representative, March 2017, Vicente Guerrero).

In this context, the few agricultural companies that allow their employees to join unions have agreements with company unions that, in addition to accepting the wage as gross pay,

---

9 The unions with collective bargaining agreements with companies in the valley are, essentially, the National Union for Workers, Industrial Laborers, Agricultural Employees and Similar and Associated Persons (Sindicato Nacional de Trabajadores, Obreros de
as described above, automatically deduct union dues from employees’ pay, through
automatic contractual union membership generally unbeknown to workers themselves
(Jaloma, 2016).

Furthermore, companies and recruiters progressively replace day laborers recruited
temporarily on the basis of their place of origin, in response to protest movements, as they
negatively characterize, geographically and culturally, community leaders and workers
considered most disruptive. For example, according to the account given by the head of
recruitment, BerryMex has begun to include new areas in the mountains of Puebla and
Veracruz in its corporate network, thus gearing its recruitment strategy toward communities
still absent in the San Quintin Valley, which may be more hardworking, placid, and loyal to
the company.

Opting for workers from the most remote rural indigenous communities confirms, as
shown by Tsing (2009), the importance of cultural and social characteristics as structural
elements of the present-day supply chain capitalism, which turns to socially and
economically marginalized population niches to produce more cheaply thanks to a highly
disciplined workforce.

Despite strategies to limit social and union conflict, one section of the day laborers’
movement, which remains together under the Alliance of Organizations and the SINDJA,
has continued to rally in March of the last two years, 2016 and 2017, to further their
demands for improved living and working conditions in the valley and expand the union’s
action toward other rural areas of the country.

At various points they have also launched calls for the so-called Global Day of Action
for San Quentin, an initiative well met by various social groups and organizations active
across Mexico and other countries, thus bringing about a range of initiatives boycotting
Driscoll’s berries outside major supermarkets in Mexico and, above all, the United States
(SINDJA, 2018). The following excerpt from an interview given by a day laborer active in
the boycott gives a brief explanation of the objective of the action and the choice of the
Californian corporation.

Driscoll’s is a transnational company that has monopolized most berry
production here in the San Quintin Valley. At BerryMex I was paid 18

---

Industria y Asalariados del Campo, Similares y Conexos), affiliated with the Confederation
of Mexican Workers (CTM); the Union for Laborers, Farmers, Loaders, Machine Operators
in General, and Similar and Associated Persons (Sindicato de Obreros, Campesinos,
Cargadores, Operadores de Maquinaria en General, Similares y Conexos), affiliated with
the Regional Confederation of Mexican Workers (CROM), and the equivalent incorporated
into the Revolutionary Confederation of Workers and Farmers (CROC).

10 In United States, notable examples of initiatives were carried out in the cities of New
York, Chicago, Pittsburgh, Houston, Dallas, El Paso, Los Angeles, and San Diego; and in
Mexico, in the cities of Tijuana, San Quintin, and Mexico City.
pesos per box of raspberries. When we went on the March of the Two
Californias, they claimed to raise our wages, but it turned out that to earn
the 226 pesos we had to pick at least 12 boxes, so it was really just a cover-up,
because they increased our workload too. What’s more, they don’t pay
you any extra for overtime, nor do they give you vacation leave; when the
harvest’s over, that’s it. So why Driscoll’s? Well, because BerryMex hands
everything over to Driscoll’s. BerryMex is made up of lots of small
companies in the valley that grow strawberries, raspberries, and blueberries,
and they give everything over to Driscoll’s. So Driscoll’s is to blame for the
exploitation in these companies where we work. Hence “Boycott
Driscoll’s!” And they sell their produce in dollars. They give us 20 pesos
per box, at most, while over there a box of organic strawberries sells for
about 48 pesos, at least. We earn Mexican pesos and they make dollars!
(Activist day laborer, April 2017, Vicente Guerrero).

The testimonies provided and the actions undertaken by social and union organizations in
the San Quintin Valley reveal how workers, far from being passive factors of production,
are in fact key actors and instigators of conflicts that may come about throughout the entire
production and commercial chain, network or archipelago (Ceceña & Ornelas, 2017;
Gereffi et al., 2005; Henderson et al., 2002). Through coordination with activists and
organizations from different areas, they have endeavored to respond to the exploitative
conditions they endure, launching transnational political initiatives (as in the case of the
noteworthy “Boycott Driscoll’s!”) adapted to the current local economic context dominated
by the role of transnational berry corporations.

CONCLUSIONS

This article has examined the expansion of the Californian model into rural Mexico through
a case study of the San Quintin Valley, contributing to an analysis of this agricultural
system that has so far mostly centered on rural contexts in the United States.

Furthermore, the San Quintin Valley has been studied more in terms of migration
processes and the protests of day laborers crossing the area than the economic processes
and social impacts of the recent expansion of Californian corporations in local agriculture.
On the other hand, this study has shown that the valley is geographically and economically
much more closely integrated into the United States than Mexico. Its location on the border
is well suited to neoliberal agricultural policy, due to the proximity to thriving U.S.
consumer markets and an export-oriented model. Moreover, the valley has supported the
territorial expansion of U.S. capital, providing inexpensive land and labor with weak
environmental and labor regulations. Lastly, it has influenced the dynamics of settlement
and labor migration, which are closely linked to the rate of the Californization of local
agricultural production.
The spread of berries – and the corresponding transnational corporate model – is the most emblematic phenomenon in the valley’s transformation into an extension of California’s production area. Just as outlined by Feder (1977) with respect to central Mexico, U.S. capital has also played a pioneering role in expanding strawberry production in the San Quintin Valley, with the creation of a local agricultural sector dependent on foreign investment and decisions.

As previously observed in rural California in the United States (Garrapa, 2017), in this agricultural export-based enclave, there is a growing economic concentration in managing production flows, an asymmetrical relationship between local farmers and transnational trading companies, a reshaping of the labor system leading to increased rates of work, and the implementation of various cost-cutting strategies by employers.

The research has also contributed to academic discussion of production and marketing chains or networks, transnational corporations, and agri-food regimes, in an attempt to overcome a certain analytical fetishism of commodities (Bernstein & Campling, 2006) through an analysis of work processes and the actions of workers who are understood not just as factors of production, but also social actors with rights and advocates of activist initiatives.

In the San Quintin Valley, despite the huge profits made on the U.S. fresh berry market, neither large nor small-scale local farmers, nor transnational companies, have made any substantial improvement to wages or increased access to workers’ social protection – particularly for temporary workers – since the mass strike in March 2015. Yet in spite of institutional and corporate strategies to limit social conflict and union disputes, a section of the day laborers’ movement, which remains active, has brought responsibility for the exploitative conditions endured in the fields beyond the farmlands, pinning it on the world’s leading corporation on the berry market. In coordination with activists and organizations from different regions, they launched a transnational struggle through the initiative “Boycott Driscoll’s!”, with actions outside major supermarkets in Mexico and, above all, the United States.

This has led to the corporate network – which involves various local producers – to consider boycotting berries marketed by the transnational company as the network allows workers to condemn working conditions in the agricultural companies that supply its strawberries. Moreover, with awareness-raising actions performed in front of and inside major supermarkets, day laborers have been able to identify – although not yet make a clear condemnation of – the dominant role played by large retail distribution chains, which, as shown by the theorists of the food regime, have the ability to outsource the costs and risks of production and business to other economic actors, and ultimately soak up the lion’s share of profit through the supermarket revolution (McMichael & Friedmann, 2007).

Previous research on the Californian agricultural model and the reorganization of labor on U.S. soil has observed how a separation between landowners, agricultural companies, and transnational companies, along with the many levels of intermediaries, creates an
extremely complex environment for workers, who are often unable to identify which economic actors are ultimately to blame for the exploitation endured in the fields. On the other hand, the demands of the day laborers in the San Quintin Valley, expressed initially through the uprising and then through a transnational boycott, represent a significant achievement in terms of collective, political and union action and knowledge, which could have a major impact on their organizational capacity beyond this particular rural borderland.

Translator: Joshua Parker

REFERENCES


