

Mexican agriculture: an IMF disaster

by Mark Sonnenblick

One side of the highway leading down the Yaqui River valley in the state of Sonora, Mexico, was filled with lush green fields, a recent visitor reported. The side slightly higher than the road was brown like the desert which once covered the whole valley. The reason: Electrical rates had doubled and then doubled again. The farmers could no longer afford to operate the pumps to raise water to the upper tier of irrigation canals. Some responded by converting their pumps to diesel, but then diesel fuel prices also rose 400%.

Those energy price increases were ordered by the World Bank and International Monetary Fund, as part of the "structural adjustment programs" they have imposed on Mexico since 1982. Their cold logic is that Mexico must "eliminate all subsidies" and "reduce budget deficits." The net result is that Mexico's food-producing capacity is being decimated, while its population is growing. That has contributed to 82% of Mexico's people showing signs of malnutrition.

Mexican "economic reforms" have halved the portion of the budget applied to agriculture from 1981 to 1985, and more cuts are scheduled for 1987, the daily *La Jornada* reports. The problem is that the government devotes 55.1% of its budget to paying debt service and only 4% to rural development, the Peasant Alliance of the Northwest protested in a Jan. 5 petition. The alliance's members farm in the Yaqui valley and for several hundred miles around. Thanks to irrigation and modern technology, they bring in half of Mexico's fresh vegetable and grain harvests. Most of them think along lines closer to an American family farmer than traditional uncaptialized peasants.

The Northwest Alliance said that the "decapitalization of agriculture" was caused by high interest rates which added 22% to production costs, and by "inflation which raised production costs faster than guarantee [parity] prices." This, they stated, "wiped out our meager reserves and capital, reduced our liquidity and obliged [us] . . . to sell our machinery and fixed assets in order to survive."

Several hundred miles further south, around Zamora, Michoacán, cutbacks in government credits at low interest rates have forced independent potato and strawberry farmers to work as "contract farmers" for rich local oligarchs or for multinational cartels such as Cargill. Others there, and throughout Mexico, simply have not planted for lack of capital or inability to maintain their machinery. Only half of the farmed land had access to any credit in 1986, José Gamas

Torruco, the head of the National Rural Credit Bank, reported.

Millions of farm owners and local people they would have employed, are thus being displaced from their home towns each year, to seek survival in Mexico's teeming cities or north of the border, or in criminal occupations such as narcotics cultivation and trafficking.

Even where farmers have been able to plant, cost considerations have forced reductions in fertilizer use, pesticides, and irrigation systems which save water by using drip or spray technologies. These "savings" have made crops extremely vulnerable to climatic shifts and insect plagues. Droughts and frost caused 50% more damage in 1986 than the previous year, Manuel Torres Partida of the state's farm insurance company (Angasa) reported. Torres said 25% of insured lands were damaged.

"Every year less land is insured by the government," the leader of the Independent Confederation of Agricultural Workers and Peasants, Ramón Danzos Palomino, protested.

The results are shown in lower harvests and lower consumption. The average per capita consumption of rice fell from 9 kilos during 1985 to 6 kilos last year. Wheat consumption fell from 69 to 53 kilos per capita. Bean and corn consumption were kept at 1985 levels only because of higher levels of imports than 1985.

Livestock auctioned in U.S.

The drama of Mexican agriculture is shown in livestock auctions in the United States. There, Mexican cattle compete with the herds of equally strapped U.S. farmers. Mexico's dairy herd has been reduced by 250,000 cows during the past eight years. "Eight years ago, milk production in the country was 15 million liters per day, when the population was less. Now, with hard work, we produce 9 million," José Antonio Haro, president of the National Association of Milk Producers declared.

More and more of Mexico's falling food production is bought by the cartels and moved across the U.S. border. Planning and Budget Secretary Carlos Salinas de Gortari's office proudly announced that Mexican agricultural exports were up by 59.3% in dollar terms in 1986, led by fresh vegetables, tomatoes, melons, beef on the hoof, honey, and cotton.

While the "legal alien" cattle migrated north, beef slaughtered in Mexico City fell from 276,000 head in 1982 to only 160,000 head in 1986, the state slaughterhouse reported, noting that the population has risen. While 40% of Mexicans stopped eating beef, poultry sales also fell by 60% in Mexico City between January and October of 1986, the Mexican Association of Poultry Producers reported. They blamed the decline on the 33.8% fall in real wages last year and rising distribution costs, especially gasoline. Both are the harvest of the "bailout" Mexico has given its creditors by obediently paying its interest bills on time.