

Mexican growers launch movement for moratorium on farm debt

by Carlos Cota Meza

The news has begun to spread like wildfire in Mexico: At a National Meeting of Agricultural Producers, called by the Permanent Sonora Forum of Rural Producers April 23-24, it was decided to declare an organized suspension of payments on the debt arrears of farmers throughout Mexico, until an agreement with the government is reached. Rural producers from the states of Jalisco, Sinaloa, Baja California Norte, and Sonora were present.

Judging by the Mexican government's reactions thus far, the proposed moratorium is the only path to take in the face of Mexico's rapidly worsening agricultural crisis. From the standpoint of President Carlos Salinas de Gortari, Agriculture Secretary Carlos Hank González, and Finance Secretary Pedro Aspe Armella, as well as the state governors, the beginning and end of the problem is the farmers' insolvency. Their "solution"? To address the problem *case by case*, even though the number of bankrupt growers is now believed to have surpassed 1 million!

The producers' proposal stems from one simple fact: The embargo of their properties by the reprivatized creditor banks is growing at a terrifying rate, meaning that the debts are in any case not being paid. Furthermore, the embargoed assets can in no way solve the crisis threatening the national banking system. The loser, of course, is the Mexican population, which is seeing food production plummet, representing not merely a commercial problem, but a national security one as well.

The specific proposal of the producers is that negotiations be held on the issuance of government bonds equivalent to a 20-25 year debt moratorium. The bonds would be given to the creditor banks, which could incorporate the bonds into their loan loss reserves against unrecoverable loans.

In turn, the government would reconvert the amount of the suspended debt into new credit, which would be channeled through a trustee into production of basic foodstuffs such as grains, which would be provided price guarantees to enable the producers to recapitalize. The federal government would provide credit for acquisition of machinery and other necessary inputs. These measures would represent merely the beginning of a radical reordering of current economic policies, which, under orders from the International Monetary Fund (IMF), have already demonstrated their absolute failure on a nationwide scale.

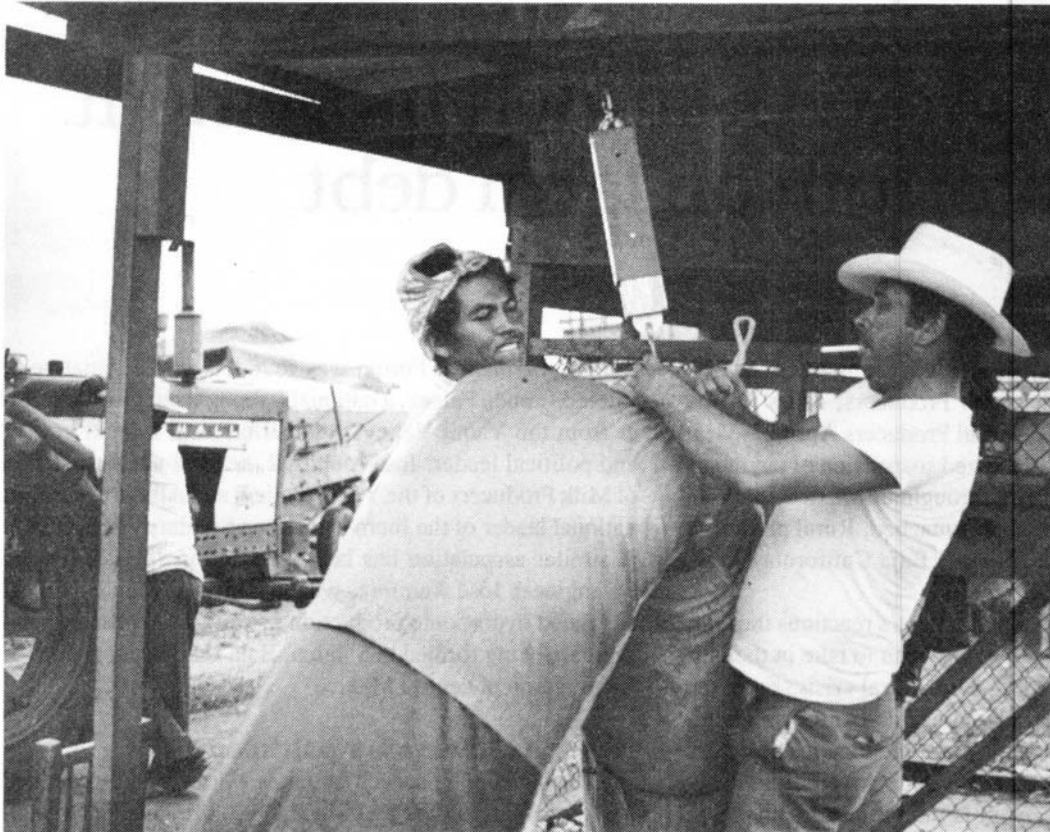
The Permanent Forum was founded on the initiative of Jaime Miranda Pelaez, a nationally recognized pioneer farmer from the Yaqui Valley; Adalberto Rosas López, grower and political leader; José Mendivil, head of the Association of Milk Producers of the Yaqui Valley; and Alberto Vizcarra, national leader of the Ibero-American Solidarity Movement. A similar association has been founded in Jalisco, headed by engineer José Ramírez, who established Mexico's most advanced hydroponic production system, and sister associations are being formed in Sinaloa, Baja California, and in the Bajío region of central Mexico.

'We will conserve our patrimony'

The welcoming speech by Jaime Miranda Pelaez defined the tone of the conference. Since 1982, Miranda Pelaez stated, when the government decided to undertake an anti-inflation policy based on constant reductions in public expenditure, the agricultural sector has been punished by a 65% decrease in investment, along with dramatic increases in the cost of inputs, an indiscriminate and uncontrolled trade opening, and a constant fall in the prices of Mexico's products. "The government's anti-inflation policy is eating up our patrimony. On top of that, we are being blamed for the economic disaster they have brought upon us," he said.

Under these conditions of decapitalization, deterioration of infrastructure, and abandonment of research and development, continued Miranda Pelaez, they want to "throw us" into competition with U.S. and Canadian agriculture under the North American Free Trade Agreement (NAFTA). "We are confronted with an economic policy that has coldly calculated our disappearance from the national economic scene. . . . We are determined to conserve our patrimony, because we understand that the nation's food-producing future depends on our continued existence as growers."

Miranda Pelaez's opening speech set the stage for a number of interventions. The absence of several agricultural and ranching associations whose leaders stand accused of being political puppets of the federal government or of the state governors was strongly criticized! Juan Manuel Escamilla, the current president of the Agricultural Associations of Southern Sonora, urged the majority of member associations to boycott the Forum event, under the pretext that the governor of Sonora had already promised him a solution to the



Back-breaking labor by cotton farmers in Sonora, Mexico, in 1972. During the past two decades, Sonora's agriculture has been modernized to a considerable degree. But now the government's policies are driving farmers into bankruptcy, threatening to wipe out the gains that have been achieved. At a conference in Sonora, farmers demanded a moratorium on the debt.

problem of farmers' debt arrears.

"Are the agricultural organizations going to wait, as the world waited until it learned of the genocide against the Jews in the Warsaw Ghetto before it reacted to Hitler? This is what is going on in the Mexican countryside: genocide. We must break the cycle of fear and begin to act," said one attendee.

The assembly was overjoyed and astonished to hear international messages of support, including statements from Russia, Hungary, and Armenia against both communist totalitarianism and the liberal dictatorship of the IMF; a message from French farmers against the free-trade policies of the General Agreement on Tariffs and Trade (GATT) and in favor of international coordination among farmers to combat the multinational grain cartels; and messages from Peru, Brazil, and Argentina in favor of an Ibero-American common market.

The debt is illegitimate

The second day of the conference was dedicated to analyzing the effects of economic free-market neo-liberalism on the agricultural sector. It was demonstrated that 80% of the debts with which the growers are currently saddled is *illegitimate*, the combined result of a government policy of artificially high interest rates, high utility charges, high prices for fertilizer, machinery, and other inputs, and the disappearance of price guarantees, as well as low wages, which have shrunk

food consumption by 30%.

Another session heard a presentation of EIR's most recent study on the Mexican economy, where the "Mexican miracle" of the Salinas government, so highly touted by Wall Street's bankers, was exposed as a failure. In view of the imminent collapse of the speculative orgy which has characterized that "miracle," the only alternative left to the productive sectors of the country—both agricultural and industrial—is the imposition of a national plan of food self-sufficiency.

The presentation concluded that it is absurd that a country of 90 million inhabitants should have produced only 25 million tons of basic grains in 1992 (only 5 million more tons than in 1980), when it should have produced 60-70 million tons just to assure an adequate food supply for its population. To achieve this objective, what is needed is an economic revolution dedicated to the construction of great infrastructural works that can expand the agricultural frontier, and research and development in agronomy and animal husbandry that can be made commercially accessible to the producers.

None of this can be achieved, however, unless the burden of the foreign debt on the national economy is lifted. In 1980, Mexico owed \$80 billion in foreign debt; by 1992, that figure had reached \$130 billion. And yet, in the past ten years, the country has paid \$90 billion solely in *interest* on that foreign debt!

The statement of a prominent Sinaloa grower summed up the event: "We understand that this movement must go forward, come what may. We have just heard all that we need to hear and we must now make others hear it. Everything is perfectly clear. The anti-inflation policy of the government is like the story of the doctor who promises to get rid of a hunchback's problem; he drops a two-ton steel beam on his patient's back. When the frightened patient screams, 'But doctor, that will kill me!' the doctor replies, 'But you will die ram-rod straight!' And this is what is happening to Mexicans. We are dying ram-rod straight while the government claims that inflation is down to a single digit."

Government hysteria

Within less than 24 hours of learning of the proposed farm debt moratorium, Sonora Gov. Manlio Favio Beltrones responded, "The solution to the problems of the countryside are not synonymous with forgiveness of debt arrears." While acknowledging that the situation "is not an easy one," he attacked the National Meeting of Agricultural Producers, saying that "what is easy is to make irresponsible pronouncements." Governor Beltrones's statements were due to an April 29-30 visit to Sonora by Agriculture Secretary Hank González and Finance Secretary Aspe Armella, who were supposedly bringing a solution for the state's agricultural crisis.

In the meantime, growers from Chihuahua were blocking toll booths on the state highways, and threatening to block three bridges along the Mexico-U.S. border, as a pressure tactic to force a solution to their arrears problem. And in Tabasco, in the extreme southeast of the country, the National Farmers Federation (CNC) was holding emergency meetings with bank and government officials to address the problem.

In the name of the Agricultural Forum coordinators, Adalberto Rosas and Alberto Vizcarra replied to the Sonora governor: The policies that have ruined the countryside were not imposed by producers, nor were we even consulted. Therefore, "it is the government, not us, which should be asking forgiveness."

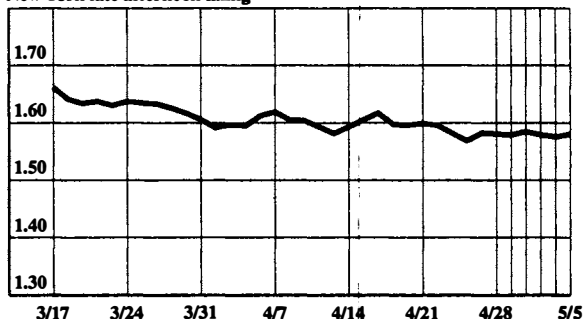
The cowardly Secretaries Aspe and Hank suspended a planned visit to Ciudad Obregón, where a farmers' welcome had been prepared for them. Instead, they went to Sonora's capital Hermosillo, where Finance Secretary Aspe announced that a "Program for Financial Recovery" already existed, and that he was studying "the formation of a fund that can discount arrears as unproductive assets are sold off."

The government's "solution" is for the farmers to sell their assets to pay off unjust debts, or else to face continued embargoing of their properties. "The government has yet to accept our proposal," declared Rosas López. "But one thing is clear: The government doesn't give two cents for what is happening to the national economy. We have no choice but to move forward."

Currency Rates

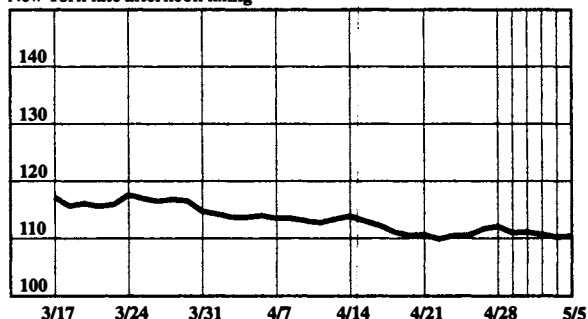
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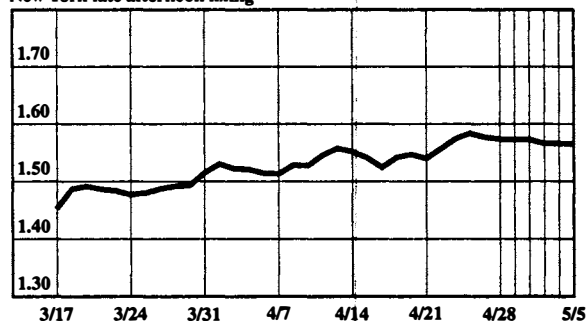
The dollar in yen

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

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