

Mexican farmers are facing cold-blooded extinction

by Carlos Cota Meza

The recent explosion of anger and protest among Mexico's cattle and milk producers and grain farmers, especially in the northern half of the country, has thrown into clear relief the degree of crisis gripping Mexican agriculture. The protests have most strongly targeted the issues of credit and prices. Interest rates are astronomical; more and more farmers are going bankrupt because they cannot pay their current debts, much less borrow the additional money they need to continue to operate; and prices continue to fall below the point at which many farmers can break even.

There is no lack of information documenting the severity of the situation, but that information is scattered throughout hundreds of reports by the Mexican government, U.S. government, and United Nations. A book just published in Mexico, *The Likely Effects of a Free Trade Treaty on Mexico's Farm Sector*, by José Luis Calva, has usefully pulled together the statistics from countless sources, to reveal that as bad as things now stand, the full effects on agriculture of the North American Free Trade Agreement (NAFTA) will be far worse.

Although Calva pulls his punches when it comes to drawing conclusions about who is to blame, the material he presents nonetheless confirms that the policy of President Carlos Salinas de Gortari's government is the cold-blooded, calculated disappearance from the land of millions of Mexican peasants. This was already suggested by the jiggery-pokery of the General Population Census of 1990, which reported Mexico's population at 81 million persons, the *same figure* that had been reported in other estimates as of 1986 or 1987. At least in terms of the census, and therefore, also, in terms of the budget, the government has already eliminated some 6 million Mexicans.

Calva's book is by far the most complete compendium that exists of statistics on Mexican agriculture, as well as on the economic policies the Mexican government has dictated against this sector. Although he doesn't draw the following conclusion in so many words, one of the major contributions of his book is that it offers proof that the Mexican government is not committing economic policy *errors*, but is consciously committing genocide.

Calva has had to do detective work on the order of that performed in criminal investigations, to uncover the information he presents. Among the non-Mexican sources he consulted are the Agricultural Production and Fertilizer Produc-

tion Annuals of the U.N. Food and Agriculture Organization (FAO), the U.S. Agriculture Department's Economic Research Service, the House Agriculture Committee of the U.S. Congress, and Agriculture and Food Reports of Canada.

The Mexican government reports from which Calva draws a picture of what is happening to agriculture, to the country's producers and consumers, include: "Adjustment Program of the Agriculture Sector," published by the Secretariat of Agriculture and Hydraulic Resources (SARH); "Documentation of the Technical Secretariat of the Agricultural Cabinet," also by SARH; "National Index of Prices of Raw Materials Derived from Agricultural Activity"; surveys of prices, technical coefficients and agricultural yields carried out by SARH; and "Repercussions of the Increase of Fertilizers in the Structure of Costs of the Basic Crops," by SARH.

Other sources of information include: the Bank of Mexico's report "Trusteeship Instituted in Relation to Agriculture"; the National Institute of Statistics, Geography and Information (INEGI) of the now-defunct Secretariat of Programming and Budget; Economic Indicators by the Bank of Mexico; plus reports by the Supply Department of the Secretariat of Commerce, the Cabinet of Foreign Trade, and others.

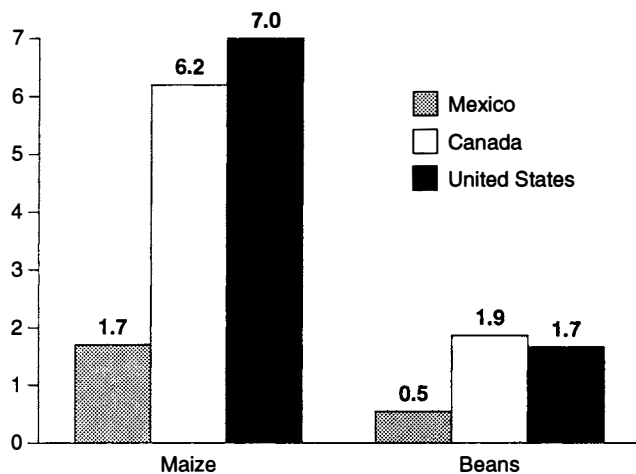
The book, as its name indicates, takes as its purpose "to measure the probable effects" of the forthcoming free trade treaty on each of the most important sectors and branches of agricultural production in Mexico. According to Calva, NAFTA will force 3 million peasant families—8-10 million people—off their land.

Flyweight vs. heavyweight economies

Mexican production already begins with one strike against it: It is far less productive than U.S. or Canadian agriculture, because it employs vastly inferior technology. Add to this factor the high interest rates and the absence of subsidies which burden Mexican agriculture, and it is evident that this sector is totally defenseless against its northern competitors.

During the five-year period 1985-89 (**Figure 1**), Mexico's average maize yield was 1.7 tons/hectare (t/ha.), as against 7.0 for the United States and 6.2 for Canada. Its yield of dried beans was 0.542 t/ha., as against 1.661 t/ha. in the

FIGURE 1
Comparative yields
 (tons per hectare)



United States and 1.865 in Canada. Mexico's average yield of rice was 3.3 t/ha., against 6.2 in Canada.

Yearly production per milk cow in Mexico is 1,365 liters, in the United States 6,224, and in Canada 5,526 (Figure 2). The yield of meat from chicken and other fowl is less than half the yield in the United States and Canada.

The United States uses 1.5 tractors per farmer, Canada 1.6, while in Mexico there are barely 2 tractors for every 100 farmers! And the tractor inventory is *shrinking* every year, having declined from 170,723 in 1985 to 157,844 in 1989. In the United States, there are 209 combines for every 1,000 farm workers, in Canada 332, and in Mexico only 2 per 1,000 farm workers (Figure 3).

From 1981-88, the government-guaranteed price of maize fell from 5,373 (measured in constant 1980 pesos) in December 1981 to 3,097 in December 1988, a 42.4% decline (Figure 4). The price for dried beans fell by 49.9%, and for rice by 41.6%. The terms of trade for agricultural producers (the farm produce prices versus the price of agricultural inputs) fell by 48.7%—the national index of prices of agricultural inputs rose 9,222% over that period, while parity prices rose only 4.734%.

In the United States, the average farmer applied 5.8 tons of fertilizer, in Canada, 4.5 tons, and in Mexico, only 0.1919 tons. In the United States and Canada, 100% of all seeds used are genetically improved; in Mexico, only 20% are improved (Figure 5).

The SARH's own study, "Repercussions of the Increase of Fertilizer Prices for the Cost Structure of Basic Crops," carried out to measure the impact of liberalizing foreign trade on fertilizer production and use, showed that the real, posi-

FIGURE 2
Comparative yields of milk
 (liters per cow)

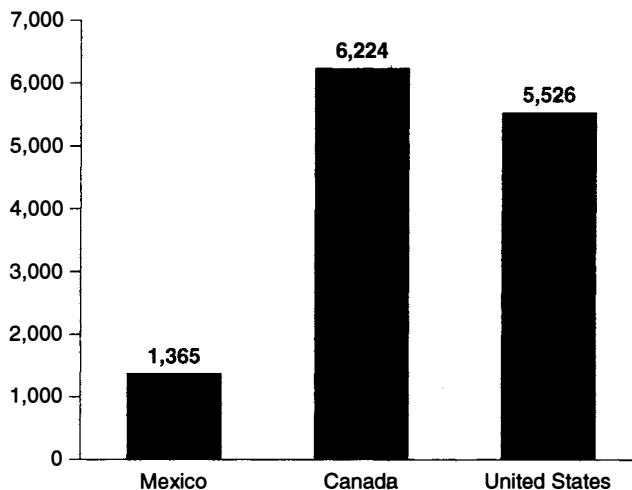
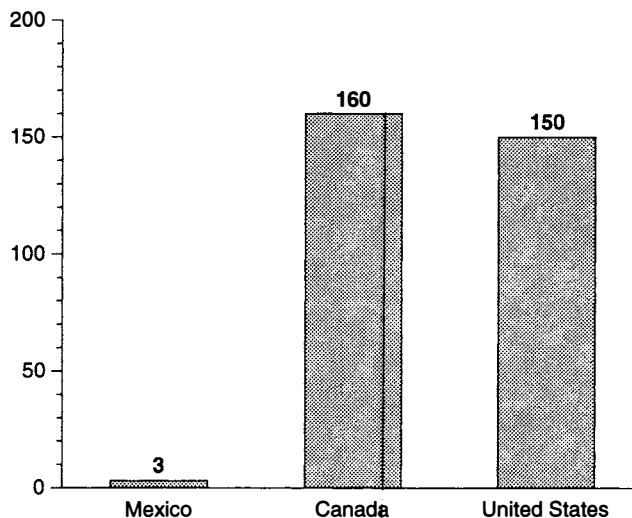


FIGURE 3
Comparative density of tractor use
 (units per 100 farmers)



itive, impact on Mexican costs of production will be negligible: It will lower the costs of production of beans by 0.04%, of maize by 1.07%, of cotton by 0.46%, of wheat by 1.32%, and of rice by 0.51%. The free import of fertilizers has been authorized nonetheless, in order to assist in the dismantling of the former state company Fertilizantes Mexicanos, being auctioned off this year.

FIGURE 4
Mexican parity prices for grains
 (1980 pesos per ton)

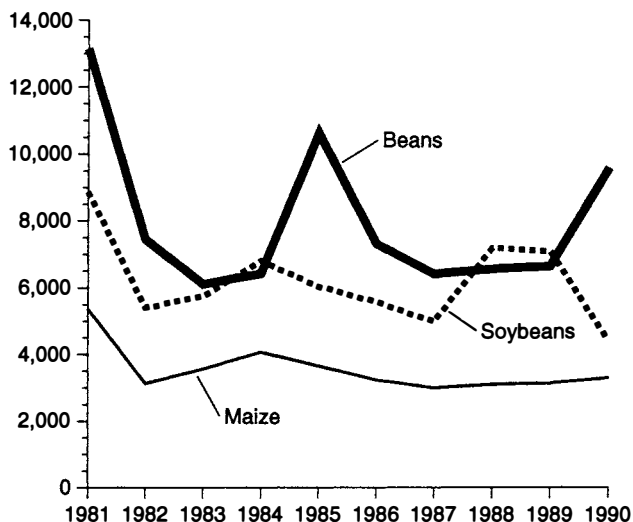
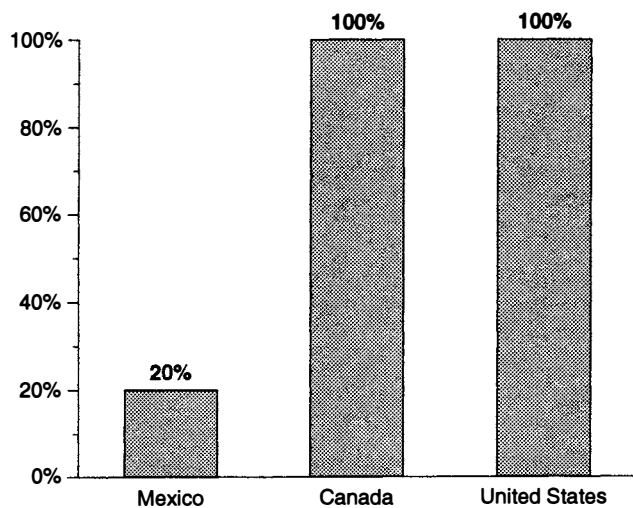


FIGURE 5
Comparative use of improved seed
 (percent of total crop land)

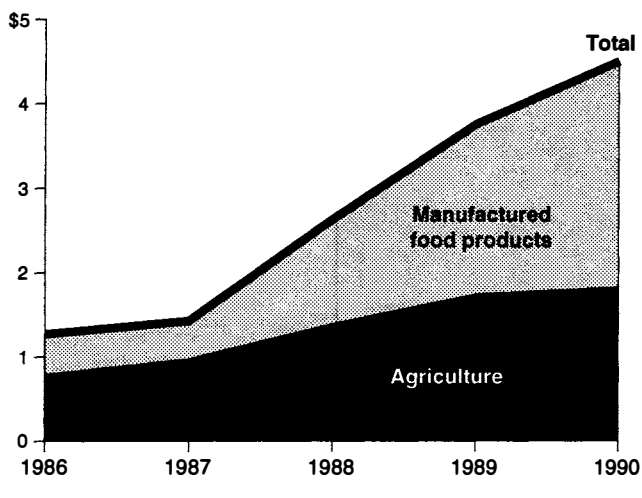


Lowered trade barriers

Since 1986, and in particular since 1988, the Mexican government has carried out a unilateral, indiscriminate, and criminal reduction of trade barriers.

Until 1984, seven hundred and eighty out of 882 agricultural tariff categories, covering 97.3% of the value of all agricultural imports, required permits before there could be

FIGURE 6
Mexican food imports
 (billions \$)



imports in these categories. As of the middle of 1990, only 48 of 526 categories required such permits, and at present, only 33 categories are still subject to this requirement. As of the end of 1990, the average tariff on agricultural imports was only 3.5%.

In 1990, just as the rice harvest was coming in, the government authorized the free import of rice from Southeast Asia, because it was “cheaper” than Mexican rice. In 1990, the announced parity price of dried beans was raised, encouraging production, and at the exact time of harvest, the doors to imports of foreign beans were opened and “cheaper” beans flooded in from Argentina and China. The same year, the national production of soy, sorghum, fruits, meat, and other goods was similarly attacked.

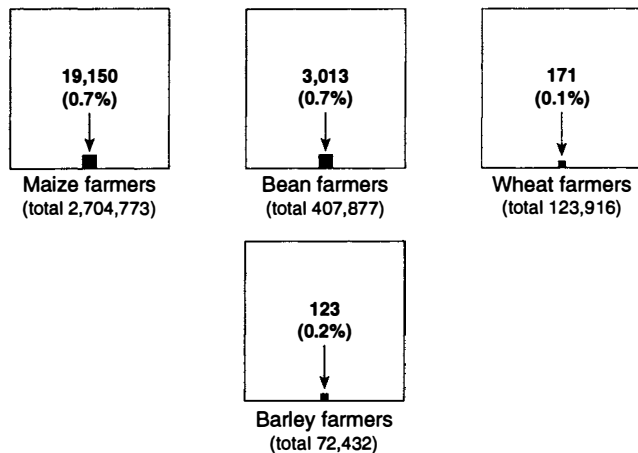
Food imports have soared from under \$1.5 billion in 1986 to \$3 billion in 1988, \$4 billion in 1989, and \$4.75 billion in 1990. The added cost of imports was three times more than the supposed savings reaped by Mexico when it reprogrammed its debt through the 1990 “Brady Plan” (Figure 6).

Targeting for liquidation

Calva presents a detailed analysis of comparative production costs between Mexico and the United States, to try to estimate the effect of unrestricted export of U.S. agricultural products to Mexico (Figure 7). Using SARH numbers that grouped Mexican farmers by segments according to their costs of production (each segment being defined by how many farmers produce at a given cost in dollars per ton of production), it was found that of 3.2 million producers of basic grains, almost none are producing at costs that are competitive with the United States. For instance, of 2.68 million maize growers, a mere 19,150—0.7% of the total—

FIGURE 7

A tiny percentage of Mexican farmers produce at U.S. cost levels



have production costs in the range of the \$170 per ton production costs that prevail in the United States. These 0.7% produce less than 5% of Mexican maize.

For beans, of 404,864 producers, none consistently produce at below \$300 a ton (the U.S. level), and only in exceptional years has a small group of producers with irrigated lands—3,013 in all in a recent year—managed to lower costs of production to below \$300 per ton.

As for barley, only 123 growers out of 72,309, using irrigated land, produce at around \$120 a ton (Canada's production cost), and they account for scarcely 0.17% of Mexican production. Figures for the remaining grains are no better: Only 171 wheat growers, out of 123,745, and 48 out of 18,676 soy producers, can compete with U.S. or Canadian production costs.

In the first three crops mentioned above (maize, beans, and barley), which are primarily raised by medium-sized and small farmers and peasants, only a tiny group will be able to survive unrestricted imports under the coming abandonment of all trade barriers under NAFTA. In 1990, the year studied by Calva, this group was only 19,273 out of 3,161,796 farm families. More than 3 million peasant families will not be able to compete under normal trading conditions against the growers to the North.

Where will the peasants go?

Calva's calculation that 3 million peasant families will have to leave their land after NAFTA is implemented indicates clearly enough the order of magnitude of the social costs of liberalizing free trade in agriculture among the three countries.

This figure is only an estimation, and the argument given by NAFTA's supporters is that all the jobs lost in the rest

of the agricultural sectors (fruit, lumber, milk, pork, beef, vegetables, etc.) will be compensated by other lines of production oriented toward export, such as extensive cattle grazing on the to-be-abandoned lands, sheep and goat raising, and winter vegetables.

But this is another fraud. As documented by the report entitled "Degree That Mexican Vegetable Exports Complement U.S. Production" put out by the Agriculture Committee of the U.S. House of Representatives, Mexican exports will only supply the "winter window" when U.S. production is insufficient. Currently, Mexico supplies 70% of that "window," which is to say that it is already near the limit of that market for vegetable exports, and a flood of Mexican produce is already causing prices to plummet for this narrow and seasonal U.S. market.

Here, Calva gets somewhat off track, saying that the result will be a flood of Mexican peasants into the United States, made desperate by the fanaticism of free trade and unable to find work in Mexico. He cites the millions of Mexicans illegally in the United States now as proof of this.

Two things must be said here: First, many desperate peasants are turning to drug cultivation, given the fact that drug growing and trafficking are increasing with impunity in Mexico. Second, these desperate millions won't be coming to the United States, for the simple reason that they won't be permitted to.

According to Calva's calculations, 9 million are currently unemployed in Mexico, to which, if one adds 3 million peasant families—4.5 million job seekers—one gets 13.5 million potential immigrants to the United States.

It is clear that there is and will be migration north, but it is not the primary factor in the changes taking place in Mexico's demographic structure. The figure of 13.5 million unemployed that Calva uses (a very conservative figure) is his estimate of the probable effects of the implementation of NAFTA. But this number of people—and in reality far more—are *already* unemployed.

Is it possible that among the more than 20 million who are really unemployed, they simply won't "find" the 6 million Mexicans statistically "disappeared" by the 1990 census? The destination of the peasant exodus, and of the unemployed, will be to their graves—if there is anyone left to give them Christian burial—because the Salinas government has already decided on their physical elimination by the year 2000 in order that Mexico's population not exceed 100 million by that date. Let us not forget what U.S. Agriculture Department agronomist William Paddock said in 1975: "The Mexican population must be cut in half. Close the border and let them scream." Paddock added that this reduction would take place "through the usual means: hunger, war, and disease."

This genocide against Mexicans already born—and those to be born—is the true reason for negotiating the North American Free Trade Agreement. José Luis Calva's book offers but the confirmation.