Ibero-American farmers rebel, form movement demanding debt moratoria

by Carlos Méndez

Last July 5, interim governor of the Mexican state of Jalisco, Carlos Rivera Aceves, made public a message sent to President Carlos Salinas de Gortari from his state's agricultural producers demanding a moratorium on their farm debts. The same day, the newspaper *a.m.* of the city of Celaya in Guanajuato state revealed that "the call for a debt moratorium, which was the battering ram of leftist groups in years past who even enjoyed the backing of Fidel Castro, has now become the banner slogan of Mexico's farmers, both those on the *ejidos* [Mexico's agricultural cooperatives] and individual private farmers, who have joined together in the so-called National Forum of Rural Producers."

Protests against neo-liberal economic policies by farmers are being held not only in Mexico, but in many more Ibero-American countries. A huge continental movement for debt moratoria is rapidly emerging. This movement is most advanced in Mexico, but it is also growing rapidly in Venezuela, Argentina, and Colombia, where protests multiplied during July. Actions ranged from blockading highways to dumping produce on the street. In Argentina, three of the four major farm sector organizations held a large protest march July 27 in Buenos Aires. On June 12, pork producers drove 250 trucks loaded with pigs into downtown Buenos Aires and released the animals right in front of the Government Palace to protest the indiscriminate importation of pork.

What makes this movement different from those of a decade ago, is that the demands for debt moratoria are coming directly from the producers themselves, not from heads of state, political parties, trade union leaders, or other prominent public figures. Moreover, the so-called "non-governmental organizations" (NGOs) affiliated with the United Nations, which bellyache so loudly about issues supposedly vital to "the people," have not raised so much as a finger in support of the farmers on this issue in any country. This is because not a single NGO opposes the new neo-liberal economic order imposed by the International Monetary Fund (IMF) and the World Bank.

Although the detonator for the new debt moratorium movement has been Mexican banks' decision to begin seizing property of debt-ridden farmers, it is no spontaneous revolt. The seizures were merely the last straw which shattered the last vestiges of farmers' illusions that there was anything good to be expected from the "free market" and the policies of economic liberalism or neo-liberalism.

The causes of the bankruptcy of agricultural producers are exactly the same from country to country, and the response of governments has also been identical in each case: They will not modify a single codicil of their IMF policies, even when it means their countries will be left without food production.

Given this response, the solution to the crisis can only come from the action of the "fourth branch of government," the citizenry, through their natural forms of organization, and from the joint programmatic action of the producers of the entire continent.

Thus, the calls for debt moratoria, although they address a fundamental aspect of the collapse of world agriculture, are not enough. The policy must be changed as a whole, and a program for real economic recovery and development put in place, such as that proposed a decade ago by Lyndon LaRouche in his celebrated work *Operation Juárez*.

Mexico: Permanent Forum of Rural Producers

In Mexico, not a week goes by during which the agricultural producers from one state or another don't close down a highway, protest to the government authorities, or dump their unsaleable produce on the street. The vanguard of the debt moratorium movement is the Permanent Forum of Rural Producers (FPPR), created in Sonora, the state which is known as Mexico's breadbasket. In the short time since its founding earlier this year, the FPPR has expanded to other states, and now has chapters in the states of Jalisco, Baja California, Sinaloa, and Guanajuato.

On July 5, in a message published in *El Occidental de Jalisco,* Carlos Rivera Aceves, governor of the state and member of the ruling PRI party, announced that the Coordinating Subcommittee for Credit and Loan Arrearages of the State of Jalisco had requested that he intervene with the Mexican President to demand, among other things:

"1. Immediate suspension of legal actions against land owners in debt to the banks. . . .

"2. Restructuring of the loans that are in arrears or default according to the following formula:

"a) cancellation of 100% of back interest owed;

"b) cancellation of 100% of normal interest;

"c) cancellation of part of the remaining principal;

"d) that the remaining principal owed be made payable over a 15-year period with low interest rates, in line with international interest rates, which are payable;

"e) that even these payments have a three-year grace period for payment of any interest, and that principal payments be very small from the first year on. . . .

"4. Provision of new credits, when needed and at low interest rates, coupled with a policy of not importing agricultural products that lead to falling prices. . . .

"7. Immediate action on these demands, to prevent paying a higher social cost."

These demands indicate how the process of protest has accelerated. The Jalisco chapter of the FPPR was just founded in mid-April of this year, coordinated by José Ramírez Yañez, an agronomist and engineer who is president of the municipality of Gómez Farías. Since then, the Jalisco FPPR has held dozens of public and private meetings with producers throughout the state.

The strength and rapid growth of the political power of the FPPR was shown by the fact that the PRI governor of Jalisco felt compelled to make the farmers' message public. Three months ago, when the Sonora FPPR agreed to suspend payment on loans that were in arrears, the PRI governor of that state, Manlio Fabio Beltrones, had to issue a reply on April 26, saying that "debt forgiveness" was not the solution, and warning that "it is easy to make irresponsible demands."

One of the FPPR's founding leaders, farmer and agronomist Adalberto Rosas López, replied to the governor that more than 80% of the debts that were in arrears were illegitimate, since they had been "generated and then increased because of low prices for farm produce, high costs of production, the opening to cheap imports, and high interest rates of between 87 and 200%," which further augmented the debts owed as this unpayable interest was capitalized monthly into ever more principal. All of these decisions, he added, "were not made by the farmers, nor were the farmers consulted about them," but rather were imposed on them.

The situation is so explosive that congressmen from the PRI, PAN, PPS, and PARM parties on June 29 asked the government to intervene to solve the farm debt problem of the nation's farmers. On July 7, the National Peasant Federation (CNC), the peasant arm of the ruling PRI party, was forced to issue a document affirming that the carrying out of seizures and bankruptcies against farmers "on a massive scale . . . is creating discontent and a climate of uneasiness" among the peasants. He requested a restructuring of the debt arrearages.

But despite all of this, President Salinas insists on maintaining his pro-IMF economic program without change. On June 5, Salinas reiterated in a speech to the leadership of Mexico's largest businesses, the economic "strategy is now defined, and will not be changed."

Moratorium requested in Venezuela

In Venezuela, under pressure from farmers, the governors of the country's 11 agricultural states met on May 29 in a summit with leaders of the agricultural associations, on the crisis in Venezuelan agriculture. The result of this summit was the "Guarico Declaration." Point 12 reads: "It is necessary to put in place a program to refinance farm debt that guarantees the real possibility of the sector's survival and consolidation. To achieve this, the governors of the agricultural states demand that the national government implement measures to grant a general debt moratorium or cessation of debt payments for a period of 180 days while a program for debt refinancing can be devised."

In the meeting's plenary session, the resolution of the Mexican FPPR of Sonora was read, and after the meeting it was also published in several Venezuelan newspapers.

As in other countries, the situation of Venezuela's farm producers is disastrous, and has the same causes. Pedro Solano, president of the Consultative Council of the Association of Producers of the State of Guarico, said that this region once produced 1 million tons of grains, but in 1992 it only produced half that, and in 1993, due to the high interest rates, production would be much less even than last year.

On May 18, independent deputy Reinaldo Cervini denounced the fact that while agriculture receives only 2.2% of Venezuela's federal budget, the government directs 28% of the budget to paying the foreign debt. On July 14, Cervini said that he had proposed to President Ramón J. Velásquez that he declare a moratorium on the foreign debt and reduce its share of the national budget to 10%.

Although the removal from office this past May of President Carlos Andrés Pérez (unaffectionately known as "CAP") offered some hope to farmers that policies might be changed, a coherent policy has yet to emerge. The indecision is largely due to battles taking place inside the government's economics team, and the refusal of free-trade advocates to abandon the policies which made CAP so hated by the overwhelming majority of Venezuelans. At the beginning of June, Velásquez named Hiram Gaviria, a farmer and president of the Farmers Federation (Fedeagro), as the new agriculture minister. Gaviria is known for his opposition to free-trade policies and high interest rates. In his first public statements after being appointed, Gaviria said that the government would support the agricultural producers.

On June 21, the president of the National Cattlemen's Federation (Fedenaga), Zeilah Carrasco, proposed that the government refinance the agricultural sector's debt owed to commercial banks. The next day, the head of the Venezuelan

Bankers Association, Juan Tomás Santana, replied that the bankers would not refinance the agricultural debt, and made the incredible assertion that "in no country of the world have the problems of agriculture or of any other subsector of the economy been caused by the banks." Further, he claimed that the Central Bank of Venezuela cannot be converted "into a development bank [because] that will benefit no one."

In late July, Agriculture Minister Gaviria attacked the free trade policy and proposed that domestic farm prices be subsidized by creating a guaranteed price for farmers. The move drew immediate fire from many quarters, including U.S. Ambassador Michael Skol, who walked right into Gaviria's office and threatened him not to consider returning to the "madness" of the past "and throwing away four years of sacrifice of the Venezuelan people [sic]." But on Aug. 2, Gaviria reiterated his proposal, and justified it by saying that higher prices to farmers should come at the expense of the speculators and middlemen who were making a killing at farmers' expense. He blamed the situation on high interest rates and scarcity of credit—moves instituted supposedly to control inflation—and declared that inflation cannot be controlled by measures that destroy the country's productive base.

Colombia: trade unions defend farmers

In Colombia, in early June the assembly of the south-central state of Huila demanded that the national government implement effective measures to rescue the state's agricultural sector with measures such as forgiving back debt payments owed by smaller farmers to the Agrarian Bank and the Coffee Bank, which are owned by the government. The assembly also proposed writing off the interest owed on the back debt.

At the beginning of July, the Society of Colombian Agricultural Producers (SAC) decided to withdraw from the High Level Consultative Committee that the society itself had proposed and helped create as a joint body with the government. SAC said that it was pulling out because the government had done nothing to resolve the farm crisis.

In June, at the Fifteenth National Congress of the National Grain Growers Federation (Fenalce), its president Adriano Quintana said that "the agricultural sector has never before had to deal with such threats. . . . We have been told that many of our products must disappear." Quintana proposed trying to get farmers elected to Congress to defend the agricultural sector.

On July 14, the United Workers Federation of Bogotá and Cundinamarca (Futraboc) attacked the policies of the Bank of the Republic (Colombia's central bank) and the government because "they guarantee the bankruptcy of farmers." Futraboc said that these policies were dictated by the World Bank and the IMF, and called "on the Colombian people and especially the trade union movement to join us in defense of agriculture, and with it, the right to life of all Colombians. . . . Clearly, the board of directors of the Bank of the Republic, and the government's economic team . . . believe that land which now produces food, can be better utilized to produce narcotic drugs, of which many of them are confessed users."

Argentina: producers rebel

In Argentina, which together with Mexico is the Ibero-America's chief producer of wheat and beef, the agricultural sector has been one of the hardest hit by the pro-IMF reforms of President Carlos Menem and his predecessor, Raúl Alfonsín, who was President 1983-89. According to an article in the June 18 Buenos Aires daily *El Economista,* 75% of Argentina's exports are agricultural, or agro-industrial, which "makes clear the strategic importance of agriculture for the nation's trade balance, balance of payments, and export earnings."

Nevertheless, the Menem government suicidally insists on destroying the agricultural sector, as made clear by the following example. The El Rioplatense meat packing company, one of the country's most important, which is devoted almost entirely to domestic beef consumption, had to offer 48% of its assets to its creditor banks, including Citibank and the World Bank's International Finance Corp., just to stay in business.

The president of the Pork Producers' Association, Miguel de Mediguren, charged on June 12 that last year 32,000 tons of pork, 52% of national production, was imported, and that this year the imports would rise to 60% of national production.

After three months of statements, protests, and regional and national demonstrations, the agricultural producers converged on the capital in a large motorcade on July 27 (see article, p. 15). The object of this protest was to "modify the financial, tax, and profitability policies affecting medium-sized and small producers," said Leonidas Gasoni, president of the Inter-Cooperative Agricultural Confederation (Coinagro).

With his customary cynicism, Finance Minister Domingo Cavallo said, "The countryside is entering on slippery terrain, especially after the recent floods. Farmers have to throw themselves fully into reconversion. If [some farmers] have to switch to raising carpinchos [a large South American rodent], so be it. . . . But in Buenos Aires, farmers should also think about switching to fishing, because in the flooded zones, mackerel and freshwater fish may be a good alternative to carpinchos."

In statements to *La Nación* printed July 8, Arturo Navarro, head of the Argentine Rural Confederations (CRA), said that the government officials "are going to agree with us only when they have exhausted [the income from] privatizations, no more foreign capital comes into the country, and they have problems with the balance of payments."