

Tractorcades continue in Mexico, demanding farm debt moratorium

by Hugo López Ochoa

Hundreds of farmers from Mexico's Sonora, Chihuahua, and Jalisco states celebrated National Independence Day on Sept. 15-16 by occupying the main Plaza de Armas of Jalisco's capital, Guadalajara, with 300 tractors, blockading the offices of the Treasury Department in Ciudad Obregón, Sonora with 200 tractors, and staging sit-ins and other actions in at least 10 towns in Chihuahua, involving nearly 500 tractors.

The actions were coordinated by the Permanent Forum of Rural Producers (FPPR), the El Barzón movement in Jalisco, and the umbrella Farmers Coordinator organization—all with the same demand for an end to the bank usury which is destroying agriculture and the entire productive sector of the country.

The mobilization is occurring in the midst of an intense national debate over the FPPR's proposal to declare 80% of the country's agricultural debt illegal, and to demand a moratorium on the rest of that debt, as the necessary first step toward formulating a National Agricultural Plan that can guarantee the country food self-sufficiency and economic sovereignty.

The FPPR is also proposing that Mexico refuse to sign the North American Free Trade Agreement (NAFTA) with the United States and Canada, a proposal which intersects the growing opposition to NAFTA within the U.S. Congress. This opposition to the pact on both sides of the border has triggered a precipitous decline on the Mexican stock market over ten days, and it is said that President Carlos Salinas de Gortari is readying a contingency plan in case the treaty is not signed.

The FPPR's proposal to return Mexico to a system of national economy is also triggering debates within the news media over whether the actions taken by former President José López Portillo in 1982—the nationalization of the banks (since re-privatized by Salinas) and exchange controls—were correct.

Five congressmen held a 72-hour hunger strike in solidarity with the farmers' demands, after Deputy Cecilia Soto read the FPPR proposal for a national moratorium on farm debt before a full session of the House in early September.

Into this volatile situation, Lyndon LaRouche's Sept. 14

commentary on the situation fell like a bombshell. LaRouche was responding to Mexican scribbler Luis E. Mercado, who, in his Sept. 6 column in the daily *El Economista*, attacked LaRouche's support for the Mexican farmers as a foreign intervention into the Mexican presidential succession fight. Mercado demanded that legal measures be taken against LaRouche's friends in Mexico.

LaRouche responded that Mercado's attack was nothing but an attempt by Mexican bankers (for whom Mercado is a known mouthpiece) to cover up a secret plan orchestrated by the U.S. Federal Reserve and incorporated into the NAFTA agreements, to force Mexico's producers into liquidation. LaRouche emphasized that this secret plan was leaked at hearings on NAFTA called by the Banking Committee of the U.S. House of Representatives.

The *EIR* press release reporting LaRouche's commentary said that the aim of the secret plan is "to bankrupt Mexico. Bankrupting Mexico is taking away that country's ability to survive. Yet, as long as Mexico's producers remain in possession of their lands, and their plant and equipment, and as long as they can function, Mexico will survive. If that is not permitted them, then Mexico will not survive. Mercado has put himself forward as the apologist for the bankruptcy of Mexico and its producers, as grist for the mill or another looting swindle cooked up by the New York banks."

Although the Mexican press has yet to print a word about the existence of these secret accords, LaRouche's statement landed on the desk of every newspaper editor, congressman, and farm leader in the country. Interviewed on the question, FPPR coordinator Alberto Vizcarra told *EIR* that "it is clear that the Treasury Department's obstinacy with respect to the FPPR's proposal has everything to do with those secret agreements. The FPPR will launch a campaign to demand that these secret deals be made public, and that the full weight of the law fall upon those who are betraying Mexico."

The battle for debt moratorium

The FPPR's battle to get the Chihuahua and Jalisco growers to adopt its proposal for debt moratorium and a return to a system of national economy was rewarded during the week

of Sept. 20, when its program was unanimously adopted by Combat District One of Chihuahua's Regional Agricultural Union, headed by Rubén Ortega Rodríguez, Pascual R. González Vega, and Felipe de la Rosa.

A document containing the FPPR proposal was given by District One to Chihuahua Gov. Francisco Barrio, and was also sent to President Salinas de Gortari. It is hoped that Barrio will facilitate a meeting between the producers of his state with Treasury Secretary Pedro Aspe. Felipe de la Rosa announced his plan to invite FPPR leaders from Sonora and from other states to attend that meeting, when and if it materializes.

Meanwhile, 250 cattlegrowers from the state of Nuevo León have decided not to wait, and have declared a unilateral suspension of debt payments, while another 100 farmers from Río Bravo, Tamaulipas, held a sit-in in front of the mayoral office.

El Barzón farmers take the bait

On the other hand, the FPPR suffered a temporary setback in Jalisco, where the leadership of the El Barzón farmers' movement there, headed by Maximiano Barbosa Llamas, rejected the FPPR proposal, and instead agreed to negotiate with the Treasury Secretary around a "case-by-case" consideration of producers' debt arrears.

They chose to ignore the FPPR's warning that this would only lead them into a bankers' trap; and that is precisely what happened. On Sept. 15, El Barzón and the Treasury Department announced that they had reached an agreement that would include forgiving 100% of interest charges in arrears, fresh credit at 16%, a 90-day halt to bank foreclosures, a return of embargoed assets still in the possession of the banks, and renegotiation of farm debt facing bank action. All of these concessions had been rejected earlier by the producers as totally inadequate in the face of a profound, sector-wide crisis. El Barzón then claimed that an additional concession had been granted: The banks would absorb "up to 100% of normal interest charges and part of the principal when the causes cannot be charged to the producer—for example, calamity, partial credit disbursement, recapitalization of interest, or a collapse in prices due to indiscriminate imports." All of this, together with the original offer, appeared highly attractive to farmers who have already been protesting for 25 days.

Of course, the El Barzón news bulletin announcing the concessions never made clear that the Treasury Department had rejected a global approach, and was offering only "case-by-case" consideration, to be left to the discretion of the banks. Earlier, it had been said that there were only enough funds to help 30% of the producers, and that another 30% could not be rescued. Presumably, the second 30% would be allowed to "fend for themselves." The Treasury Department has still not said a word about whether more funds would be issued to keep this 30% from starving to death.

On Sept. 15, the Jalisco farm protesters met and resolved

that, while the package of concessions was not what they had hoped, they would be willing to accept it if the banks' assessment criteria were in good faith. They decided to prolong their mobilization until the banks had given some sign of that good faith. However, on Sept. 17, Barbosa Llamas held a press conference to announce that he would lift the occupation of the Guadalajara plaza on Sept. 19, despite the fact that the intervening weekend made it impossible to determine whether the banks would in fact comply.

FPPR sets record straight

On Aug. 18, the leadership of the FPPR held a Mexico City press conference at which they released a statement charging that the deal between EL Barzón and Treasury "is a measure that has nothing to do with reactivating food production, and everything to do with resolving the banks' administrative problem in managing the growing arrears of the agriculture sector."

The FPPR statement added that the banks urgently need to reach an agreement of this sort because "at least 14 of the 18 re-privatized banks are operating with a bad debt portfolio that represents 7.8% of their assets, while international norms impose a limit of 3.5% . . . It is well known to all of the country's producers that none of the affected branches of production can handle this new debt structure, given zero profits and the absolute decapitalization of agriculture. It is expected that the new fall-winter agricultural cycle will once again find itself sunk in unpayable debt."

"With this restructured debt," the FPPR statement concluded, "the bankers will launch their offensive to loot even more from the producers" and will hand their lands over to the international grain cartels. The FPPR insisted that only the application of a global moratorium "will permit the necessary financial reorganization that can reactivate food production and save us from the national disaster to which current economic policy is leading us."

The FPPR also reported that, according to the Treasury Secretary himself, the banks had rejected a substantial portion of the deal announced by El Barzón. This was confirmed later that same day at an assembly of the El Barzón protesters in Guadalajara, at which the growers refused to lift the plaza occupation because some of them had already been to the banks and had been rejected.

The FPPR's statement quickly swept the country, and was published in such national newspapers as *Excelsior*, *Ultimas Noticias*, *La Jornada* and *Unomásuno*, as well as in regional papers such as Baja California's *La Voz de la Frontera*, Sonora's *Tribuna del Yaqui* and *El Imparcial*, and *Siglo XXI* of Jalisco. On Sept. 22, *Siglo XXI* published a call by Jalisco FPPR leader José Ramírez Llanes to "not go to the banks to renegotiate under these conditions, and to stay mobilized until a full moratorium on debt arrears is declared." The previous day, 70 more tractors had joined the occupation in Guadalajara's plaza.