

# PFFR outlines new national agricultural plan for Mexico

*What follows are excerpts of the speech given by Jaime Miranda Peláez, coordinator of the Permanent Forum of Rural Producers (PFFR), at the national producers meeting held in Guanajuato, on Jan. 24-25. It is entitled "Conceptual Outline of a New National Agricultural Plan."*

In the name of the coordinating committee of the Permanent Forum of Rural Producers, I thank the organizers of this national event, whose purpose is to debate a new agricultural policy, for giving us the opportunity to contribute to the intense discussion and analysis which are necessarily a part of the attempt to make substantial changes in the country's economic policies and allow a reactivation of Mexican agriculture and the economy in general.

As we attend this national conference, we are witnesses to earthshaking economic events on a national and international scale. The sharp devaluation of our currency relative to the dollar has not only revealed the failure of the national economic strategy applied over the past 12 years; above all, it has shown that the world's economic and monetary structure is in an accelerated process of disintegration. The Permanent Forum of Rural Producers warned of this some time ago. The headlines you see here are from April, August, September, and October of last year. . . .

We must recognize that our financial crisis is a reflection of what such prominent economists and international statesmen as Lyndon LaRouche identify as a process which will collapse the world financial system; where speculation through so-called "derivatives"—financial instruments, investment funds, and other non-productive capital concentrated to bet on a future profit based on the ups and downs in the value of securities and currencies—have created a gigantic bubble internationally which threatens to explode and cause the disintegration of banking and stock markets due to the simple fact that the amounts of money involved cannot be converted into physical assets.

In the face of these obvious symptoms of world financial disintegration, the entire strategy of globalization and free trade is also collapsing. Anyone who thinks that it's possible to design economic programs within the framework created by the North American Free Trade Agreement or the General Agreement on Tariffs and Trade [GATT], is either a dreamer who hasn't grasped the magnitude of this crisis, or a traitor who wants to continue handing over what remains of our

national economy to an international system which is corrupt and destined to disappear. . . .

We have seen no indication thus far that the current government intends to break with the recessive policies applied by the previous administration. On the contrary, the so-called Unity Agreement to Overcome the Economic Emergency announced on Jan. 3, 1995, only demands greater sacrifice from the domestic economy in order to continue paying an overwhelming foreign debt. . . .

All the measures in this plan are tied to conditionalities for paying the foreign debt. That is why [it proposes] reductions in public expenditures, freezing wages, increasing taxes, raising even further the cost of agricultural inputs, accelerating the economic opening, and intensifying pressures to privatize strategic para-state enterprises. At this stage of the game, the agreement's fundamental premises are absurd: to maintain our capacity for "credit" and earn the "confidence" of an international financial system which is disappearing. It is crucial that we understand at this time that our problem isn't to earn the confidence of a system in metastasis; our problem is to find a way to protect our national physical economy from this world speculative cancer. . . .

## **Old policies cannot be tolerated**

It is a notorious fact that our agricultural sector and productive plant in general . . . can no longer tolerate continuation of the economic policies applied during the past two administrations. . . .

Beginning in 1982, the International Monetary Fund and other foreign private entities imposed an austerity package on us to guarantee payment of foreign debt service. Under these recessive schemes for restricting public expenditures, freezing wages, and a trade opening through entry into GATT, by 1989 Mexico was effectively bankrupt in terms of its physical economy. . . . The country was already producing less than it was consuming. With this picture of depression and economic decline as a backdrop, the government renegotiated the debt under the so-called Brady Plan—really nothing more than a new lease to continue looting. . . .

The agricultural sector was one of the most severely affected by these agreements and negotiations. So we see that in per capita values, agricultural production in 1992 is 18.5% below that of 1981, cattle production dropped by 14.1%,

and lumber production by 17.1%. In kilograms per capita, production of the eight main grains dropped 19.1%, production of meat (beef, pork, poultry, etc) 17.8%, and milk production 20.1% as a result. Food imports soared from a value of \$1.8 billion in 1982 to \$6.1 billion in 1992. . . .

The grave national security threat we inherited from President Salinas de Gortari is that the financial sector became dependent on speculative capital invested for short-term profit at the same time that agriculture and national industry were destroyed by high interest rates which were also used to attract this speculative capital. We were forced to depend on imports of grains, beef, milk, and other basic staples, the international market for which is controlled by the same mafia of speculators who control the financial markets. I refer here to the big grain cartels which can cause a food crisis here under any pretext, in the ever-shrinking world food markets which are also suffering the effects of the ongoing collapse of the world financial system.

To save us from this grave national security threat, we must devise a real national agricultural plan whose fundamental premise must be physical economy and [the principle] that industry is our best ally in the task of modernizing agriculture. The experience of any country which has attained significant levels of development shows that the increase in agricultural productivity was always characterized by the massive and intensive introduction of industrial inputs. For example, the huge leaps shown in the United States' agricultural productivity curve were determined by the leap in use of mechanization, in 1910, and by the use of pesticides, chemicals, and fertilizers in 1940.

This addresses the argument that mechanization displaces manpower. The industrial growth permitted by agricultural modernization absorbs unemployed labor—contrary to the current reality in which displaced agricultural labor ends up in the unemployment lines. . . .

From the standpoint of physical economy, the introduction of tractors, pesticides, chemicals, and fertilizers not only represents an increase in the energy intensity, but is also a more orderly use of energy. This higher order, reflected in increases in productivity and efficiency, is at the same time a general law of economics: The increase in productive efficiency is causally linked to an increase in the density of energy sources which fuel the productive process. Thus it is a dangerous trap to embrace the argument presented to us in this crisis that we must accept the World Bank's recommendations based on use of conventional technologies and organic agriculture—all under the elegant phrase "sustainable economy."

This "alternative" of a technology based on low energy consumption does not address the need to guarantee constant population growth, since for the malthusians of the World Bank . . . the imperative is to reduce population supposedly to achieve an equilibrium with available resources. From a rigorous scientific standpoint, this leads to genocide. . . .

The purpose of any true agricultural program is to achieve the maximum food self-sufficiency possible, where food imports play a complementary role. Self-sufficiency is defined as an economy's capability to give its present and future population the possibility of daily consuming 3,000 calories per capita. . . . Today, over 40 million Mexicans don't even consume one-third of this number of calories. . . .

### **Steps which must be taken**

The only way to undertake a program such as the one we propose is to confront the current economic emergency with the following measures which could constitute a law which the Zedillo government should adopt:

1) All the agreements and understandings with the International Monetary Fund and other foreign agencies, private or otherwise, which grant those agencies the right to impose conditions harmful to our sovereignty, must be annulled:

2) Recovery of the ability to produce physically to feed Mexicans and [protect] the welfare of their families is a higher priority than [payment] of debt service to foreigners. Therefore, there should be an immediate declaration of a moratorium on payment of all of the foreign debt as well as some categories of internal debt. . . .

In order to protect and strengthen our national currency as an instrument of exchange and sovereignty, and to avoid speculation and capital flight, there should be strict exchange controls.

The debt moratorium should remain in place until:

a) the legitimacy of the debt is determined;

b) payment of the legitimate debt can be resumed without risking our general recovery and the development plans we have proposed. . . .

The failure of the current international financial and monetary system should be recognized, and the Mexican government, together with other Ibero-American nations, should promote regional integration to fight for a new international financial and economic order which will permit reactivation of the economy and development of trade and cooperation among nations on a stable and equal basis.

Producers, academics, and analysts:

We have come here in representation of the Permanent Forum of Rural Producers which has discussed these proposals with producers from Baja California, Sonora, Chihuahua, Sinaloa, Jalisco, and Guanajuato. Our proposals go beyond the academic goal of analysis and diagnosis. They have emerged from the trenches of the agricultural sector; we are convinced that this is not a theoretical debate but a war which threatens the very existence of our nation. In this spirit, we invite you to ensure that in its discussions and resolutions, this meeting doesn't go down in history as a good academic event, but rather as a national meeting which laid the programmatic bases for the mobilization of the productive sectors which will guarantee Mexico's existence as a sovereign nation.