

Mexican farmers demand debt moratorium, as protests mount

by Carlos Wesley

A movement is spreading all over Mexico for a moratorium on farm debt, to save what is left of the nation's food-production capability. This began on April 24, when the Permanent Forum of Rural Producers of Mexico met for the first time in Ciudad Obregón, Sonora.

Just three days after the Forum's manifesto calling for a debt moratorium was published in the state of Jalisco, 100 farmers and political and civic leaders attended a town meeting in Ciudad Guzmán to get a fuller report on what had transpired in Sonora. Two days later, on May 19, in Autlán, also in Jalisco, 500 people from 21 municipalities, including several mayors, turned out for a similar meeting. When José Ramírez, the mayor of Gómez Farías and one of the leaders of the producers' grouping, arrived at the meeting, he found that everyone already had a copy of the Forum's manifesto.

"Everyone realizes that the Forum's proposals are the way to go," a journalist in the neighboring state of Queretaro told Forum organizers.

There is a very real danger that the entire Mexican farm sector will disappear if the North American Free Trade Agreement among the United States, Mexico, and Canada is ratified. Even without NAFTA, farm investments have been slashed by 65% over the past decade. Mexico's National Confederation of Fruit Producers reports that of the estimated 42,000 apple and peach growers in the country, some 20,000 will be forced out of business with the implementation of NAFTA. The prospect of Mexico becoming dependent upon food imports raises "a problem of national security," according to the Forum.

What NAFTA portends can be seen with the mid-May arrival at the Port of Veracruz of ships from Norway and Liberia, carrying wheat imported from Canada and the United States, at a time when the consumption of corn tortillas—the staple bread—is reported to have dropped 20% because of the population's shrinking purchasing power. Local corn farmers are being wiped out. Not that U.S. and Canadian farmers will profit from Mexico's being flooded with foodstuffs sold at below the cost of production.

Eating comes first

Organized by the Permanent Forum of Rural Producers of Sonora under the slogan "Eating Comes First," the April meeting in Ciudad Obregón drew the leaders of several na-

tional and local agricultural organizations from four Mexican states, including the Confederation of Agricultural Organizations of Sinaloa, the Association of Cattle Producers of Mexico, and the National Confederation of Vegetable Growers.

Alberto Vizcarra, the leader of the Ibero-American Solidarity Movement in Sonora who was one of the organizers of the meeting in Obregón, said that farmers find themselves in their current predicament because Mexico lost the 1982 battle over the international debt. Instead of detonating the "debt bomb," as proposed by American economist Lyndon LaRouche, Mexico opted to try to pay the debt by chopping public expenditures and investments, and to liberalize its economy by joining the General Agreement on Tariffs and Trade (GATT), eliminating protectionist measures, and privatizing everything in sight, with disastrous results. In the early 1980s, Mexico's foreign debt was around \$80 billion. In the 10 years between 1982 and 1992, Mexico paid \$90 billion toward its debt, yet today it owes more—around \$102 billion—than it did a decade ago!

Leaders of the Forum defended their call for a moratorium as "radical, necessary, and totally legal," at a news conference on April 27 addressed by Vizcarra, Adalberto Rosas, and economic adviser Carlos Cota, who said that it was misleading to claim that farmers seek debt forgiveness; they just want the debt held in abeyance until they can get back on their feet. He estimated that it could be paid back in 25 years if there were a change in policy, but that the government is keeping interest rates high to attract foreign speculative capital to cover a \$25 billion deficit in the balance of trade.

Attempting to stem the rebellion, President Carlos Salinas de Gortari deployed Secretary of Agriculture Carlos Hank González and Secretary of the Treasury Pedro Aspe to Sonora. Hank accused the farmers of being ungrateful for all the government has supposedly done for them, and he and Aspe made clear that the government will do nothing about such pressing concerns as lowering interest rates, which now are as high as 43-45%.

The call for a moratorium has not gone unnoticed by the bankers. In Guadalajara, the leader of Jalisco's banking association said that all of Mexico's banks are forming a common front to oppose the calls for a moratorium and to press the courts, some of which have been willing to grant some relief through voluntary bankruptcy proceedings, to

take a tougher line on the farmers.

Also, the head of the government-owned Banco Rural, Jaime de la Mora, said that that credit institution will be inflexible with any agriculturalist who defaults or falls in arrears because of "negligence or omission," reported the daily *El Universal* on May 21. "We shall apply the law," said De la Mora.

Mass migration to the United States

The Forum's initiative is intersecting tremendous ferment in the farm sector, especially in the north of Mexico, where agriculturalists are having their properties foreclosed by the government-owned Banco Rural and by commercial banks. Credit lines are being shut down and some farmers have been jailed because they have been unable to pay their debts, after years of losses. In Mexicali, Baja California, preparations were under way to hold a Forum meeting on May 27.

In Chihuahua, across the border from Texas, farmers staged mass sit-ins on May 20, forcing a number of banks to close their doors. The same organization that organized the bank protest, the Coordinadora de Centrales Campesinas, is promoting a mass exodus to the United States of debt-burdened farmers from Chihuahua, Coahuila, Nuevo León, and Tamaulipas. This mass migration is being coordinated with the United Farm Workers organization in the United States.

The Forum call also found a favorable echo outside Mexico, in Venezuela, where a number of farmer (and industrialist) organizations have incorporated the Obregón call for a debt moratorium into their platforms. Also in Brazil, in Rio Grande do Sul, farm organizations are studying the Obregón resolutions.

Documentation

Here are excerpts of the resolution calling for a moratorium on payment of farm debt that was approved by farm leaders from four Mexican states, at a meeting in Ciudad Obregón, Sonora on April 24.

WHEREAS:

1) . . . It is evident that the liberal economic model has failed and that the farm sector has been the one most brutally affected by these policies; that the current administration expanded the economic deregulation measures begun in 1982, eliminated the subsidies for inputs needed for agricultural production, did away with parity prices, increasing the costs of production while it indiscriminately opened trade; that this entire package, together with unceasing increases in the costs of credit, has made for an exponential increase of the farm debt of such magnitude, that it is now physically

unpayable, and that it is estimated that just during the current government, the amount of defaulted debt owed to commercial banks has increased by more than 1,000% . . .

4) That the state must return to the purpose for which it was created and establish a dirigist economic policy that promotes, through control of credit policy, massive investments in infrastructure for farm and industry that will make it possible for private enterprise and other forms of social organization for production to flourish. . . .

A change of this sort requires a confrontation with the recessionary policies imposed by the International Monetary Fund and the World Bank with the purpose of collecting the usurious foreign debt. . . .

8) That it is necessary to reestablish the principle of food self-sufficiency as the basis for a National Farm Plan based on great investments in hydraulic infrastructure, such as the Northeast Hydraulic Plan (Plhino) and the Hydraulic Plan of the Northern Gulf (Plhigon), which would allow the expansion of the agricultural frontier and increase efficiencies in the irrigated districts and flood control areas. . . .

We therefore RESOLVE:

1) To promote an orderly suspension of payments on defaulted farm debt throughout the country, for an indefinite period, until an accord is reached with the government on the following terms:

2) That this action will be oriented to create a block of producers protected by the laws of voluntary bankruptcy in the civil code, to stop the unjust offensive being carried out by the banks with their policy of foreclosures, and to that end, a corps of attorneys will deploy, with the Constitution in hand, to combat any attempt by the private banks or by the government to embargo the patrimony of producers;

3) That we base this proposal on the fact that the agricultural debt is illegitimate, and therefore, the civil code and the Constitution provide relief, namely that the patrimony of farmers cannot be threatened since the defaulted debt is not merely a commercial issue, but a problem of national security;

4) That, in the case of those producers already undergoing foreclosure proceedings, we demand that the government intervene to halt those trials, and that the dignity of those producers be respected, and we forcefully protest against their being treated as criminals by the government and the private banks;

5) That negotiations with the government will be limited to demanding that the federal government, through the Bank of Mexico, issue government-backed bonds for the total amount of the due debt, payable in 25 to 30 years, so as to transform that debt into credit for the production of food, and that a national trust be established for this purpose;

6) That such credit will be lent to agricultural producers at low interest rates to encourage the production of basic foodstuffs, with parity prices so as to allow the producers to truly recapitalize.

Long live production! Death to usury!