

Dateline Mexico by Josefina Menéndez

Credit squeeze in agriculture

Volcker is a hated name among the most efficient growers and producers in Sonora, Mexico's farm belt.

One of the sectors of the economy which is hurting most from the international effects of Volcker's high interest rates is agriculture. And the bellwether section of Mexico in agriculture is the northwest state of Sonora.

Two of my associates recently in Sonora have brought back a somber report which I want to share with you. Sonora is the capital of efficient, high-technology farming in the country; if it is seriously undermined, you can bet the situation is even worse elsewhere.

In the climate created by the Volcker rates, a group of regional private bankers are squeezing the productive capacity of the region dry.

Documents show that Banpacífico, one of the area's largest banks, is charging 35.5 percent as its "official" interest rate. But by the time hidden charges are fully calculated, says the manager of a major industrial park, the effective rate is 48 percent. "This is usury, pure usury," he charged.

The case of this industrial park is as follows: the park obtains some 70 percent of its financing from government sources at 28 percent interest. It pays 48 percent on the rest—and barely scrapes by. The private banks "skim off," in his term, every possibility of profit and expansion afforded by the lower government rates (which are still high, it should be noted). "We don't make a thing, we're working

for the private bankers," he laments.

This is a common complaint heard around the state, and Sonora's agricultural and industrial leaders are talking about mobilizing to turn the situation around. As the "tip of the iceberg" of this process, the National Association of Agricultural Credit Unions has scheduled an extraordinary national congress for November to "fight for a cheapening of credit," according to Association President Enrique Rodríguez Rivera.

Rodríguez Rivera told my associate that the congress will take place in Hermosillo, the capital of Sonora, "because the Hermosillo producers have been the strongest in responding to our call."

Sonora's producers are also enthusiastic about a major agroindustrial and industrial fair sponsored by the state government later this year. This is "Sonora '81," set for Oct. 11 to 24 in Hermosillo. But the producers are wondering how they will be able to follow through on the business opportunities of the fair if interest rates are not reduced.

One of the local political figures coming in for some heat is Adalberto Rosas, the mayor of the state's second largest city, Ciudad Obregón. A member of the conservative PAN party, Rosas is married to the daughter of one of the bankers who most vociferously defend Volcker-style policies, and Rosas has refused to join the protests against the

rates.

But the bigger target of anger is Arcadio Valenzuela (no relation to the Dodgers pitcher, my Sonora friends hasten to point out), the director of Banpacífico and former president of the Mexican Bankers Association. Knowledgeable local business leaders say that the "Grupo Valenzuela" made its great surge forward in the mid-1970s in the midst of two dubious circumstances: 1) the height of the northwest drug economy, since virtually shut down by Echeverría and López Portillo; and 2) the crisis of 1976, when massive amounts of capital were shifted out of the country and then brought back in with princely speculative returns.

Valenzuela is a particularly close friend, it appears, of Gastón Azcárraga Tamayo, the head of the business think tank called CEESP, and one of the most outspoken current advocates of a devaluation of the Mexican peso. Valenzuela is thus linked to circles attempting to recreate a 1976 today.

There may also be a foreign dimension to the Sonora fight. A curious reference in the London publication, *Latin America Weekly Report (LAWR)*, recently caught my attention. After reassuring its readers that "lending to one of the official banks under the guarantee of the government is not risky," the *Report* adds out of the blue: "On the other hand, a foreigner investing in agribusiness in the state of Sonora might conceive of circumstances well short of socialist revolution in which he could lose his money."

The patent absurdity of this evaluation makes one wonder just what *LAWR* is trying to achieve with its scare tactics.