

## Mexican farmers cry 'enough!' to banking usury

by Hugo López Ochoa

August 1993 will go down in Mexican history as the "hot summer" of Mexican agriculture. Producers from two leading grain-producing states—Sonora (wheat) and Jalisco (corn)—decided to say "enough!" to the usurious banking practices that are destroying both their livelihoods and the country's food-producing capacity, and have begun an escalating series of protest marches and tractorcades to stop bank foreclosures against their farms and equipment, due to debt arrears that have grown 1,000% in the last five years, and which now reach nearly \$4 billion.

While government policy seeks the complete restructuring of Mexican agriculture by eliminating at least one-third of the country's producers, this problem is by no means limited to the agricultural sector. Payment of an illegitimate and unpayable debt has taken priority over real production throughout the national economy, the direct result of International Monetary Fund (IMF) policies which have been imposed on Mexico for a decade. These liberal free-trade policies will be dramatically aggravated by the North American Free Trade Agreement (NAFTA) currently under consideration; it is no accident that the producers are also demanding that the Salinas government refuse to sign NAFTA.

Most importantly, these developments in Mexico are being closely followed by producers facing the same problems in half a dozen countries across Ibero-America, including Argentina, Venezuela, Brazil, and Colombia.

### Debt: the rallying point

Headed by the Permanent Forum of Rural Producers (FPPR) which was founded in Ciudad Obregón, Sonora on April 23-24, growers from Sonora and Jalisco are now at the center of a national debate focused around the issue of the illegitimacy of 80% of Mexico's agricultural debt, a debt which snowballed out of control due to factors totally beyond the producers' responsibility.

Among those factors are a freeze on parity prices, the stratospheric rise in interest rates, indiscriminate imports of grain, milk, meat, and other products at prices well below those of local producers, the high cost of farm inputs, and the fall in prices paid for their products, and a collapse in the buying power of the citizenry under the government's strategy of "drying out" the economy to force inflation under 3%.

Given this reality, the FPPR is proposing a moratorium on debt and arrears for the entire agricultural sector, including capital and interest, while the terms of an overall financial reorganization to revive the sector is worked out between government and the commercial banks. That reorganization "would have to be oriented toward issuing central bank bonds, which would turn the entire debt into fresh credit for production, payable over 25 years and at interest rates of between 2 and 3%, the minimum necessary to cover the banks' administrative costs."

The demands of the producers are not the traditional petitions usually submitted to government. On the contrary, they are urging a global strategy based on the concept of national economy, a national bank, and national sovereignty. Only such a strategy can take on the underlying problems that are behind the country's agricultural catastrophe, while offering an alternative to the free-market liberalism that has reigned since 1982.

Although the government of President Carlos Salinas de Gortari has steadfastly refused to break with IMF policies and implement such measures, on Sept. 3 Mexican radio reported that the Finance Ministry had made a major political concession to the movement, ordering a three-month moratorium on all farm foreclosures.

The FPPR, however, is demanding far more of the government. In a half-hour meeting with President Salinas in Empalme, Sonora on Aug. 19, FPPR coordinator Jaime Mi-

randa Peláez read a document to Salinas whose central points are those mentioned earlier, and which concludes:

“Dear President, with all due respect and with the frankness of Sonorans, we have the moral duty to tell you that binding us to the globalist design of free trade has destroyed our national industry, driven our rural producers into bankruptcy, led to the unemployment of millions of Mexicans, depressed our internal market, ruined our buying power, driven 30 million Mexicans into extreme poverty, significantly increased the incidence of infectious disease. In effect, Mr. President, it has caused a national disaster. Therefore, as producers and as citizens, we tell you that we must have the courage and patriotism to recognize our errors and undertake, along with all Mexicans, a national reconstruction program based on the principle of a national and sovereign economy. Therefore, Mr. President, do not sign the Free Trade Agreement.”

The meeting with Salinas was also attended by Sonora Gov. Manlio Fabio Beltrones, and by FPPR leaders Adalberto Rosas, Alberto Vizcarra, José Mendivil, Crecenciano Audeves, and José Bórquez. Farmers Obed Torres, Bérnabe Arana Rodríguez, Mario Gallegos, and Reginaldo Regalado also signed the document.

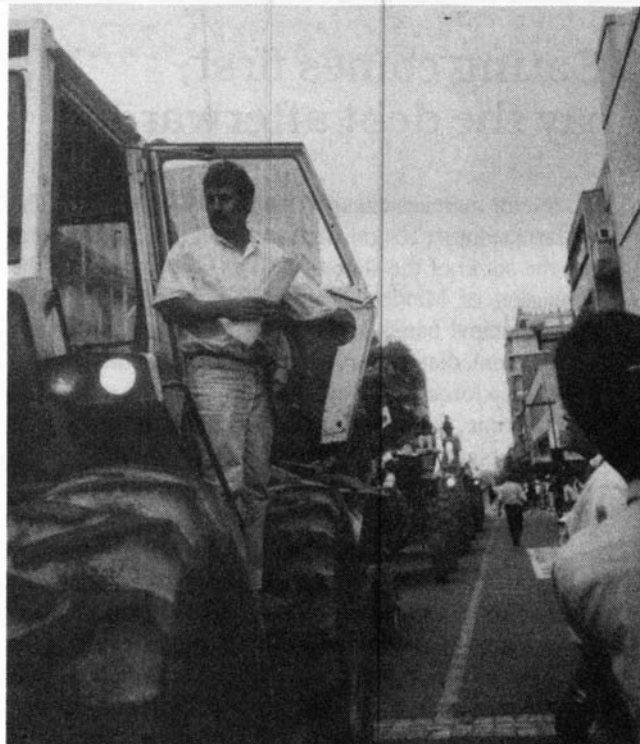
The President agreed that the banks should be called upon to halt their unrestrained policy of foreclosures, and he also agreed that the debt should be reviewed to determine what part is illegitimate and what part real. He ordered Sonora Governor Beltrones to pull together an interdisciplinary committee toward that objective, with the participation of the FPPR producers.

For 14 long days, the national press remained silent on the proposal, refusing to report anything about the FPPR meeting with the President, out of fear that the demand would then be taken up by similarly besieged industrialists and merchants, whose arrears are even greater than those of the rural producers.

This fear has, in fact, been so great that officials of the Agriculture and Finance ministries assigned to deal with the FPPR in Sonora and with the protesters in Jalisco not only refused to consider the FPPR proposal for a total economic policy overhaul, but have also rejected the more limited — if positive — proposal adopted by the Jalisco protesters that all interest rates on agricultural debt — current and arrears — be forgiven, as the departure point for an acceptable restructuring of all arrears.

### **An alarm to Congress**

Fourteen days after the FPPR’s meeting with President Salinas, their proposal suddenly erupted into the limelight of the National Congress, when Congresswoman from the Authentic Party of the Mexican Revolution (PARM) Cecilia Soto announced it before a full congressional assembly. On Sept. 2, the newspaper *La Jornada* bore the headline, “National Moratorium for Arrears; Debate in the House over the



*The mayor of San Sebastián del Sur, José Ramírez Yañez, leads a demonstration (250 tractors and other vehicles) in Guadalajara, Jalisco.*

### **Serious Situation of Mexico’s Countryside.”**

According to the newspaper, the FPPR proposal was endorsed by representatives of the National Action Party (PAN) and the Party of the Democratic Revolution (PRD), while legislators of the ruling Revolutionary Institutional Party (PRI) universally rejected any proposal which proposes “a global solution” for arrears, limiting themselves to repeating the Treasury Ministry’s arguments on behalf of a “case-by-case” approach.

The case-by-case strategy is nothing but a plan to eliminate one out of three farmers, through a system of triage. This was discussed at a meeting among bankers and officials of the Sonora state government and the government farm credit agency, FIRA. As reported Aug. 23 by the Sonora daily *El Imparcial*, the bankers and government officials there discussed dividing farms into three groups: one-third which can survive without restructuring their debt; one-third which can survive only with aid; and one-third which, “regrettably,” cannot survive at all, even if their debts are restructured — i.e., they are not considered viable candidates for credit.

Thus the demand for a debt moratorium, silenced since 1982, was heard once again in Congress. It was a heated debate, in which PAN Congressman Juan de Dios Castro shot back, when a PRI congresswoman asked him not to shout: “If you would see how the peasants of Mexico clamor

## 'Eating comes first; pay the debt afterwards!'

Two tractor marches changed the history of Mexico. The "hot farm summer" began on Aug. 2, when 1,500 farmers from the south of the state of Sonora — until recently the grainbasket of Mexico — held a demonstration in front of the principal banks and courts of Ciudad Obregon to demand immediate intervention by the federal government to stop foreclosures against farmers in the region. At the same time, farmers from Sayula, Jalisco marched to the central plaza of that town.

Two mass tractorcades followed. The first, from Ciudad Obregon to the port of Guaymas, in the state of Sonora — 200 farmers, 25 tractors out of a total 55 vehicles, 160 kilometers round-trip — organized by the Permanent Forum of Rural Producers, on Aug. 18-19. This concluded with a picket line at the airport of Guaymas, Sonora, for the arrival of President Carlos Salinas de Gortari, which sported huge banners reading "Stop the foreclosure proceedings; we are not criminals!" as well as the central demands of the movement, "Eating comes first! Pay the debt afterwards!" and "We demand economic, not judicial, solutions!"

President Salinas was forced to grant an unplanned meeting with the representatives, which lasted more than 30 minutes.

In the second march, baptized the "El Barzón March" and taking place in the state of Jalisco, more than 1,000 farmers, with 100 tractors and a total 150 vehicles, marched from 35 municipalities beginning Aug. 23, to the state capital, Guadalajara, where they arrived on Aug. 25 and set up a "picket line" of tractors in the central square of this beautiful city. As of this writing, on Sept.

2, farmers are still joining the demonstration, with tractors now totalling 200 of some 350 vehicles, closing off three sides of the square as well as other city streets.

Thousands of Guadalajarans greeted the tractorcade with applause, while posters abounded with slogans such as "Onward! Don't give up!" Two radio stations began covering the march when it came within 40 kilometers of the Jalisco state capital, calling upon its listeners to support the farmers.

*El Occidental*, the largest circulation daily in the state, published on Aug. 24 an article reporting on support messages sent to the Mexican farmers by labor and farm organizations of the United States, Europe, and South America, including the U.S. Food for Peace movement, the Association of German Farmers; the Milk Producers Association of Saskatchewan, Canada; the Argentine Rural Confederations (which organized a tractorcade of 10,000 farmers and 3,000 farm vehicles to Buenos Aires's Plaza de Mayo on July 27); the Yuca Producers Association of Venezuela; the Workers Federation of Bogotá and Cundinamarca, Colombia; International Trade Union Solidarity of Colombia, led by former Labor Minister Jorge Carrillo Rojas; the National Agrarian Federation of Colombia; and the European Agricultural Commission of the Schiller Institute.

On Aug. 26, the Catholic bishop of Guadalajara, Lázaro Pérez Jimenez, held a mass in thanksgiving that the march had concluded without incident. In his homily, the Bishop condemned "savage capitalism" and reminded people that Pope John Paul II had declared that economics cannot be separated from morality. "First comes man; money comes second," he stated. This echoed the numerous banners on the tractorcade which proclaimed: "Usury to the firing squad," "NAFTA means slavery and looting for Mexico," "IMF=speculator, usurer and thief," and "Mexico: Neo-liberalism will not give you food!"

for us to shout! Because the problem, Congresswoman, is not one of a voice, but of deaf ears."

Under the headline "National Moratorium for Debt Arrears," *La Jornada* ran a subtitle: "Treasury Convokes Banks to Suspend Foreclosure Proceedings." This decision, the first sign that the government was considering making at least some concessions to the FPPR and the farm mobilization in Guadalajara, was announced by José Ramirez Yañez and Maximiliano Barbosa Llamas, representing the farmers participating in the Guadalajara protest, at the conclusion of a meeting with Undersecretary of the Treasury Guillermo Ortiz, the directors of the National Bank for Rural Credit, and representatives of FIRA.

Later, *La Jornada* reported that the Treasury undersec-

tary had suggested that an interdisciplinary commission be formed with representatives of the federal government, farmers, and private and development banks, to analyze the overdue debts on a national scale, and not case by case, "in order to find the amount of capital which never reached this area's physical activity, but which the banks seek to collect," in the words of Alberto Vizcarra, a delegate of the Permanent Forum of Rural Producers of Sonora.

*La Jornada* added that the representatives of El Barzon and the FPPR of Sonora announced that they will hold a Congress of agricultural producers in Guadalajara Sept. 3-5, attended by producers from Sonora, Sinaloa, Baja California, Guanajuato, and Colima. The FPPR will propose to this congress that it adopt its program as a national program.