

Dateline Mexico by Rubén Cota Meza and José Carlos Méndez

Zedillo finally admits food shortage

Farmers are caught between the natural drought, and the drying up of credit because of the policies of the IMF.

What worries us is that there could be a serious shortage of basic grains in our country," stated Mexican President Ernesto Zedillo on April 10. Not only that, but Mexico is going to have trouble importing the grain that it can no longer produce: "Recently, a worldwide scarcity of basic grains has developed," he confessed, and the price of these grains is rising continually.

The words of the President are a recognition, albeit very belated, of what this magazine has been warning about for years: that the physical economy of Mexico is at an advanced stage of decomposition, as the result of the nearly 15 years of free market policies.

The fall in Mexico's agricultural production has been drastic. From 1990 to 1995 alone, grain production dropped by 8% (from 25.8 million tons to 23.8 million); in 1996, it could fall below 20 million tons. The area under cultivation continues to shrink, as farmers are caught between two calamities: a natural drought, and the drying up of credit imposed by the debt-collection policies of the International Monetary Fund (IMF). As the President was told by Secretary of Agriculture and Livestock Francisco Labastida Ochoa, 600,000 hectares will be left unplanted during the upcoming spring-summer cycle, because of the drought, leading to a projected 3 million ton drop in basic grains produced. It is now estimated that Mexico will be forced to import at least 9 million tons of grain.

As for livestock production, the

drop is also immense, and not because of "Mad Cow" disease. On April 7, the secretary general of the National Confederation of Cattle Producers (CNG), Juan de Dios Barba, called on the government to declare six states hit hardest by the drought—Chihuahua, Durango, Coahuila, Tamaulipas, Sinaloa, and Nuevo León—to be declared disaster areas. Because of the drought, 4,000 head of cattle had died the week before in just the state of Tamaulipas, he reported. In the state of Chihuahua, in one year, the cattle herd has been reduced by 1 million head, because of death from the drought and forced exports. Whereas in 1994, Chihuahua had 1,989,200 head of cattle, by 1995, there were only 919,643. Barba pointed to Mexico's failure to develop irrigation infrastructure, as the reason Mexican farmers were faring so much worse than their U.S. counterparts, even though the drought extends into the southwestern United States.

The agricultural crisis has become a political crisis. Agriculture Minister Labastida paid a visit on the night of April 8, to the Presidential residence, to deliver the following message to the President: "The federal government considers the development of the countryside to be the indispensable condition for the recovery of the general development of the country. *Pure* market forces do not rule here. Toward the countryside, there is alliance—with program, consensus on objectives, participation in the planning of strategies, and there is government to implement the decisions."

The economic technocrats in Ze-

dillo's cabinet were reported to be livid at Labastida's assertion. According to *El Financiero* reporter Luis Soto, what worries them, is that there is a larger group within Zedillo's cabinet that is trying to convince the President to change economic strategy overall.

The day after Labastida's intervention, the President found himself obliged to admit the seriousness of the crisis. But the "solution" which he proposed cannot resolve the crisis, because it starts out from the premise of accepting that Mexico's financial obligations to the international banks are untouchable.

Concretely, Zedillo promised an advance in resources for purchasing seeds and fertilizers, with backing from the "future resources" of Procampo, a government agriculture program, as a guarantee in contracting new credits for producers, and the contracting of 10,000 agricultural technicians to improve per-hectare yields.

But, the President underlined, this plan will be carried out only "to the extent that the financial space is created" to allow it, i.e., if the International Monetary Fund give its nod to the plan. And so that no doubt would remain as to what comes first, Zedillo ordered that these supports for the rural sector "be worked out with the Secretary of Finance and Public Credit . . . *within the necessary economic discipline.*"

What is this discipline? According to what was just announced, during the rest of this year Mexico will have to pay \$28.7 billion on its foreign debt—public and private. Most of these payments represent the external debts of the banks, and as long as the government continues to give priority to propping up the bankrupt banking system, the only "space" it will create, is that of the graves for a greater and greater number of corpses.