

Salinas's agrarian reform, a cure far more lethal than the disease

by Carlos Méndez

The recent reform of Article 27 of the Mexican Constitution, proposed by President Carlos Salinas de Gortari and rammed through Mexico's Congress last December, is a fraud that will plunge Mexico into starvation and disease of epidemic proportions. Salinas de Gortari is the Harvard-trained "role model" for the new breed of leaders the Bush administration seeks to impose on Ibero-America. For 10 consecutive years, first as planning and budget secretary and then as President of the Republic, Salinas de Gortari has been teaching the horse how to live without eating. Now that the nag is dying, Salinas wants to enter it into a horse race.

Salinas presents his agrarian reform as an overdue "modernization" of the agricultural sector, which will do away with supposed obstacles to the nation's agricultural development, in particular the form of land holding known as the *ejido*. While it is true that the *ejido* is unsuitable, the proposed cure is worse still, for it not only fails to address the central problem of Mexican agriculture—lack of just and adequate credit, and lack of technology—but would worsen it. To this can be added the government's refusal to set just parity prices for agricultural products, and inadequate water and transportation infrastructure. The Salinas reform is centered around questions of land-holding and property, but does not address these other crucial issues, without whose solution the property issue is a dead letter.

Without just and adequate credit, at interest rates that do not exceed 3%, and without proper technology, water infrastructure, and just parity prices, the productivity of Mexican agriculture cannot be raised. More concretely: As long as the loan-shark policies of the International Monetary Fund prevail, Mexican agriculture will not only *not* develop, but agricultural lands will end up in the hands of the international grain cartels and the drug traffickers, who under current economic conditions are the only ones with ready cash in hand.

This goes to the heart of the matter, and neither the Salinas reform nor its defenders address it.

Failings of the 'ejido' system

Politically, the hottest and most debated aspect of the Salinas reform is the *ejido*, due primarily to the fact that the *ejido* is one of the principal institutions created by the victorious faction of the Mexican Revolution and its 1917

Constitution.

It is necessary to emphasize that the *ejido* is a disastrous form of land-holding and of production since, in physical terms, the average size of the *ejido* holding—some 8-10 hectares, which are themselves divided by the family into smaller plots—makes it economically unfeasible and unproductive. If one adds to this the lack of affordable credit and of serious technological inputs, the disaster becomes evident.

The issue is even more serious in light of the collectivist conception with which its creators uphold the *ejido*, since under the *ejido* system, the producer is prohibited from creating individual patrimony, from freely developing the land, or disposing of it, as does the private producer.

Regarding the land-holding itself, the 1917 Constitution establishes that the *ejido* farmer receives his parcel of land *not* as property, but to derive what use he can from it, as he may neither sell it, rent it, nor pawn it. The *ejido* can only pass from father to son, but the more the family grows the worse the fragmentation of the land and the more its productivity falls. Proponents of the *ejido* system argue that it protects the *ejido* farmer from the usurers, since the land cannot be seized. In response, the private banks simply categorized the *ejido* farmer as not creditworthy. The government created a state bank of agricultural credit, but it has also been guided by the same usurious laws of the international credit market.

Salinas's reform and usury

Under the Salinas reform, the *ejido* farmer is now free to sell his land—or lose it to speculators.

While the new law establishes that "there will be no forced sales from debt," and although the government has supposedly committed itself to assuming the unpaid debt of the *ejido* farmers with the Bank of Rural Credit (something which remains to be seen), it is Mexico's heavily indebted small property owners—the model for what the *ejido* farmers are now to become—who have already fallen into the clutches of the loan sharks.

In statements to the daily *El Universal* of Feb. 4, the president of the National Federation of Small Property Owners (CNPP), Jesús González Gortázar, charged that "the privatized banks have begun to seize machinery and land from the small landowners whose debts are past due. . . . They

are even seizing the refrigerators.” González Gortázar added that “there are very serious cases” in the states of Chihuahua, Baja California, Sinaloa, and Hidalgo where the bankers are “implacably determined to recover their investments,” and where “there is now the risk that the private bankers will award the land to themselves, and turn them into instruments of speculation instead of food production.”

There is thus every indication that the small property owners, and the former *ejido* farmers after them, are slated to become the first victims of the holding companies that will be created under Salinas’s highly touted “vertical integration system.”

Insofar as the Salinas reform constitutes a “privatization” of Mexico’s lands under the dogma of the free market, the liberal experience of last century will be repeated. Only now, the old *latifundios*, or large landed estates, will be renamed “mercantile societies.” This phenomenon of speculative concentration of wealth can already be seen in the re-privatization of the banks, which are now in the hands of “financial groupings” which made their fortunes at the stock exchange, and which have hoarded the state companies that were put on the auction block.

The destruction of Mexican agriculture

The ruin of Mexican agriculture was dramatically accelerated by the implementation over more than a decade of the International Monetary Fund’s (IMF) free trade prescriptions. While it is true that the Mexican countryside has always suffered from usury and from lack of technology, it was during the 1980s that the sector underwent its worst decline in modern Mexican history. Although official data on the question is practically nonexistent, a recent study by agricultural expert Dr. José Luis Calva offers us a glimpse of the truth.

In his study, presented to the Chamber of Deputies in November 1991 and published by the daily *Excelsior* on Dec. 31, 1991, Dr. Calva points out that Mexican grain producers between 1982 and 1988-89 lost 48% of their terms of trade with regard to agricultural inputs, which have been largely provided by state companies but whose prices have been constantly driven upward under IMF pressures. At the end of the 1980s, producers were obtaining approximately one-half of what they had in 1982, which has led to a severe decapitalization both of the *ejidos* and the small private landholdings.

In 1979, the participation of the agricultural sector in available bank credit reached 10.2%, but in 1987 it was only 3.18%. It has yet to recover. In 1988, when Mexico’s banks were still in the hands of the state, interest rates reached nearly 200%.

In 1985, there were 171,000 tractors in the Mexican countryside; that number fell to 157,000 by 1989. Fertilizer consumption fell 15% during that period, certified seed consumption fell by 28%, use of herbicides fell by 30%, and

Mexico needs an agricultural revolution

It should be obvious to anyone that there is an urgent need for Mexico to achieve a “compacting” of its land, into productive units of sufficient size to raise the productivity of that land through the use of modern technology. But this will not be achieved in the way the agrarian reform of President Carlos Salinas proposes.

Since 1980-81, the Mexican Association for Fusion Energy (AMEF) and Mexican Labor Party (PLM) have elaborated and circulated a “30-year program” for the modernization and industrialization of Mexican agriculture. The agricultural revolution proposed is premised on a critique of the Mexican Food System (SAM) of President José López Portillo (1976-82), the most sensible government agrarian program of the century, but which still contained a crucial flaw. The SAM placed its emphasis on fertilization and the use of improved seeds, but *not* on mechanization, under the supposition that this would displace labor power.

A true national agrarian plan must be based on the following four points:

1) Concentrate resources on both irrigated and adequate rainfall zones (above 700 millimeters of rainfall a year), to develop programs of specialized production in selected areas.

2) Unify the various existing water plans into a single national plan capable of pushing back the country’s agricultural frontiers. This unified plan would center on the transfer of water resources from the central and southeastern Pacific regions of the country toward the rich lands of the north, which extend along the length of both coasts.

biological pest control fell by 54%.

In 1988 and 1989, federal investment in agricultural development represented less than one-fifth of the amount applied in 1980 and 1981.

In his “Third Government Report to the Nation” in December of last year, President Salinas insisted that agriculture in 1991 showed “significant growth after so many years of stagnation and decline.” But in analyzing the statistical appendices of his report, one discovers that this is a bald-faced lie. The 10 basic crops of Mexican agriculture remained paralyzed, their production erratic at best. In 1990, food imports cost \$4.75 billion, more than three times the supposed “savings” Mexico achieved through the Brady Plan, which represented only \$1.5 billion in foreign debt payments.

Under such a plan, selected areas of specialized production could be expanded, to the extent that the new infrastructural works would open up new areas to full irrigation and/or would provide irrigation to complement less-than-adequate rainfall patterns. In 10 years, areas under cultivation would reach 24 million hectares, setting the basis for reaching 29 million hectares within another decade. In 1980, about 5.5 million hectares were under irrigation, and another 12.6 million hectares were cultivated under adequate rainfall conditions. Both areas have been reduced during the 1980s.

3) Slowly abandon subsistence agriculture, and provide infrastructure to those zones which can be taken advantage of as intensive grazing lands.

4) Increase the installed power per hectare. Power is measured by the quantity of horsepower (hp) provided solely by agricultural machinery. In 1990, installed power per hectare was 0.50 hp, which also declined over the past decade. During the first 10 years of applying this program, installed power would rise to 1.50 hp per hectare on a national and generalized scale, and would increase to 2.5 hp per hectare over the next 10 years, a level reached by the world's most modern agriculture.

The yield indices in those areas of specialized production of basic grains over the first five years of the program would rise to four tons per hectare across the board. The goal is to reach six tons per hectare nationwide.

The national water plan

The national water plan under Point 2 is intended to solve the problem of a capricious natural distribution of resources, and to eliminate the physiocratic idea that nature poorly endowed us with limited resources for agricultural production. Concretely, the program proposes:

- To capture and exploit 80-90% of the drainage wa-

ters from the major rivers that flow to the sea from areas of prolific rainfall in the mountains and coasts in the southeast and central Pacific regions, and to transport this water to the north along both coasts. Nearly 80% of Mexico's drainage waters, estimated annually at 410 billion cubic meters (in 1980, the country's dams only channeled 10% of that), are concentrated in 33% of the national territory in Mexico's southeast.

- Raise the efficiency and exploitation of water management through the rehabilitation and repair of canals, and through modern irrigation methods. In 1980, efficiency in water management was 40%; the goal is to raise that to 85%.

- Carry out a national program to restore and conserve the water tables used by injection wells near river beds.

- Establish nuplexes (nuclear reactor complexes) to take advantage of sea water through desalination methods in areas of greatest urgency, since the exhaustion of water supplies in certain areas is imminent.

The key to the national water plan is the construction of two major transport systems: the Northwest Water Plan (Plhino) and the Water Plan of the Northeast Gulf (Plhigon). Thirty percent of the Plhino was constructed as of 10 years ago; once finished, it will carry water from the state of Nayarit to Sonora, and will open up to cultivation nearly 1 million hectares of prime land in the states of Sinaloa and Sonora.

The Plhigon, which the AMEF and the PLM have detailed, basically consists of the construction of a navigable canal 300 meters wide by 1,000 kilometers long, to carry water from the southeast to the Gulf region bordering Texas.

The only obstacle to these two plans is the austerity policy of the International Monetary Fund.

At the end of 1991, U.N. Food and Agriculture Organization director Edouard Saouma warned that "food reserves will fall to dangerously low levels in 1992, especially among the primary exporters who provide an important security net." Saouma indicated that food security in 1992 will entirely depend on the success or failure of world harvests during this year. Saouma also warned that there has been a dangerous reduction in international banking credit for agriculture, which during the first half of 1991 alone declined 6.5%.

Since the Salinas agrarian reform, oriented to satisfying a collapsing market in the depression-ridden United States, is sure to worsen an already-paralyzed Mexican agricultural sector, one must conclude that the practical consequence of the reform will be the widespread hunger of the Mexican people.

Effects on living standards

This regression that was forcibly imposed on the countryside during the 1980s and early 1990s has already had devastating effects on the living standards of the population; in the rural areas, in particular, it has reached levels of generalized misery.

According to a 1979 census by the National Nutrition Institute, half of Mexico's rural children suffer malnutrition, but only 7.9% of these were considered severe cases. By 1989, when the census was repeated, 15.1% of rural children exhibited severe malnourishment.

The secretary of health has confirmed that between 1982 and 1988, infant mortality due to malnutrition among children less than one year of age rose by 267%, while death from malnutrition among children between one and four years of

age rose by 420%.

The objective of any agricultural program is to achieve the maximum possible self-sufficiency in food production, while guaranteeing a dignified and just life for producer families, free of the bestial misery of a subsistence or below-subsistence existence. Food self-sufficiency is defined as an economy's capacity to provide its population with a daily per capita consumption level of 3,000 calories. Today, more than 40 million Mexicans do not even consume one-third of this.

To achieve self-sufficiency, Mexican agriculture in 1990 would have had to produce 68-70 million tons of basic grains, plus complementary imports. It only produced 20 million tons. In his "Third Report to the Nation," President Salinas spoke of a "notable recovery" of the agricultural sector in 1991, with an expected harvest of 26 million tons of grain.

Mexico's urban economy is being destroyed by the same policies that have ruined the countryside. Between 1982 and 1990, according to Dr. Calva, the Mexican economy created only 1.3 million paying jobs. During that same period, 1.1 million youth entered the job market *each year*. The number of unemployed went from 1.4 million in 1982 to 8.9 million in 1990. The latter figure, of course, does not include jobs lost in the national manufacturing sector during that same period which, according to the Mexican Labor Federation (CTM), totaled 3 million.

Real wages, which in 1982 represented 35.7% of the Gross Domestic Product, now account for but 24%.

The reform and the cartels

Without the slightest reference to national food self-sufficiency, the problem of credit, agricultural technology, water infrastructure, or price guarantees, the Salinas agrarian reform actually seeks to transplant to Mexico that which the international grain cartels call "vertical integration," or new "collective units"—the same system with which they have already seized control of agriculture in the United States and in other parts of the world.

The reform would turn the Mexican countryside into an agricultural *maquiladora*, in which the only things that would be grown would be products with so-called "comparative advantages" within the framework of the North American Free Trade Agreement. Despite its intrinsic failing as a policy—for violating the fundamental right to national food self-sufficiency—this crazy notion of becoming a food "assembly plant" for the U.S. market is doomed to failure for the same reason that the manufacturing *maquiladora* sector is failing: The severe economic crisis is doing away with the "foreign market" to which all of Mexico's economic "reforms," for the purpose of accumulating sufficient foreign exchange to meet the country's foreign debt payments, are oriented.

According to the governor of Tlaxcala state, Beatriz Paredes, Salinas's reform will produce "the regionalization of agriculture, in which the internationally competitive pro-

Salinas's agricultural "reform," especially under the North American Free Trade Agreement, will turn Mexico into an agricultural maquiladora for the U.S. multinational grain cartels. Here, a grain elevator owned by cartel company Cargill.



ductive zones will be incorporated into multinational production grids." Among other things, this will ultimately cause an exodus on the part of the farm population—estimated at 2 million families—either into the growing urban squalor surrounding Mexico's cities, or through illegal flight into the United States.

This same policy has already caused the disappearance, in 1990 alone, of 36,000 production units, known traditionally as "independent family farms," inside the United States—an average of 690 farms a week! Impoverished and bankrupt farmers are abandoning their lands. The means of driving them out of business is the same that has been applied in Mexico for the past decade, namely, that the costs of production have been driven above the price of their products, causing an unjust and fatal indebtedness.

Those who control U.S. agricultural production today are the major grain cartels: Cargill, Archer Daniels Midland/Töpfer (ADM), Continental Grain, Ferruzzi/Central Soya, André Garnac, Louis Dreyfus, and ConAgra. Mexico's secretary of agriculture, Carlos Hank González, is a long-standing partner and/or front-man for Continental. Those family farms which still exist in the United States are working "under contract" to the cartels, which impose only those crops which are "commercially profitable," by controlling the inputs, technical assistance, and mechanisms of trade.

In Canada, growers are at war with Cargill and ADM, who are selectively buying up lands there as a means of exercising control over the U.S. grain belt. The grain cartels won access to Canada through that country's Free Trade Agreement with the United States. The same will occur under Salinas's agrarian reform.