

# Sonora crisis shows free trade lunacy

by Alberto Vizcarra O.

Like no other sector of the Mexican national economy, agriculture has suffered the disastrous consequences of the British-style economic liberalism that has been applied for more than a decade, and that is supposed to be consolidated through the North American Free Trade Agreement (NAFTA). The withdrawal of subsidies for fertilizers and other inputs, the cancellation of price supports, and the "opening" to free trade have all worked to drive the agricultural sector to levels of insolvency that have made payment of that sector's debt a physical impossibility and life for Mexico's rural population a nightmare.

The gravity of the situation can be seen in the northwestern border state of Sonora, where the most productive irrigated lands in the country are located and which has historically played a key role in supporting the nation's food-producing capacity.

Farmers, rural associations, and merchants from Sonora have been in the forefront of protesting the crisis, using press advertisements, public pressure tactics, and an open letter to President Carlos Salinas de Gortari to call for a long-term National Agrarian Plan that would reverse the decline through a dirigist policy of price supports and subsidies in the face of the worsening global depression.

Before they became victims of Salinas's economic "reforms," Sonoran growers maintained with pride that one out of every two loaves of bread consumed in the country was made from wheat produced in the Sonora valley. Sonora has traditionally provided 45% of national wheat production, 30% of cotton production, and more than 340,000 tons of soy, safflower, and sesame seed.

This magnificent agricultural capacity is now being destroyed through decapitalization caused by debt arrears of nearly \$200 million, a figure equal to one-half of Sonora's 1992 state budget.

Both the private commercial banks and the government's Rural Credit Bank have begun a wave of judgments and confiscations of land and agricultural machinery, even foreclosures on farm homes. Said Alfonso Rojas Senderos, manager of the Rural Bank of the Northwest: "We are not only going to continue seizing machinery and other goods from those who aren't paying their debts, but we are going to intensify our efforts."

José María Prada Almada, a leader of small property

owners in the state, declared that the debt of Sonora's growers is much greater than that which is being publicly admitted. "The growers have no possibility of paying it, above all because many of the debts stem from the 1987-88 period, when interest rates were around 200%." Parada Almada proposes that Sonora's agricultural region be declared a disaster zone and that, under such terms, the debt arrears which are strangling agricultural production be forgiven.

Along with the agricultural bankruptcy can be seen a general contraction of all economic activity in the state, particularly in the commercial sector, which has suffered a 50% collapse in sales. More than 4,000 families in the south of the state are without any social security protection. People in the valleys are being afflicted with typhoid fever, tuberculosis, and even leprosy, as living conditions are eroded.

## The government is responsible

Before this dramatic situation was reached, the government had urged growers to abandon such traditional crops as wheat, corn, and beans, and to enter into "market crops" such as vegetables and fruit. Not accidentally, it is precisely those producers who followed the government's advice who are today showing an exponential growth in their debt arrears, because of the constant decline in international prices of their products and because of the economic depression in the United States.

Wine and melon growers are suffering huge losses because of the decline in prices for these products on the depressed U.S. market. Some producers are being forced to destroy their own crops, as this is proving cheaper than harvesting them. The same with citrus growers. The price of oranges on the international market, for example, has fallen from \$14 to \$8 per 19 kilogram box.

The demagoguery of Agriculture Secretary Carlos Hank González has increased discord among growers. Last March, he urged growers to undertake the challenge of "unification between those with business talent and those who know how to cultivate the land." On June 22, speaking to an assembly of the National Agrarian Council, he called on those who own the land to associate with those who "know how to administer it." Hank continued, "The producer loves the land and has experience in production, but this is inadequate. What is required is the modern world of administration and finance."

The small growers and collective farmers know full well what Hank is referring to. With the anticipated signing of the North American Free Trade Agreement (NAFTA), the grain cartels will move in wholesale, dismantling the small farm and *ejido* structure and incorporating these within so-called large-scale agriculture where, in order to survive, farmers will be forced to work as virtual peons of the multinationals. Indeed, the reform of Article 27 of the Constitution is intended to create the juridical framework for legalizing such a feudal system.