

The Mexican Countryside And NAFTA

Blanca Rubio*



Peasants face imports of low-priced goods that replace their products.

INTRODUCTION¹

In December 2002, a broad movement of Mexican rural producers emerged demanding the renegotiation of the agricultural chapters of the North American Free Trade Agreement (NAFTA). Led by the “The Countryside Can’t

Stand Any More” Front, the Permanent Agrarian Congress and El Barzón,² the movement managed to get the Vicente Fox administration to set up eight discussion groups with the aim of creating a national accord to solve the problems of Mexico’s countryside.

This movement is a reflection of widespread dissatisfaction because the trade opening and NAFTA since it came into effect in January 1994 have

increased the exclusion of producers of basic goods. These producers have faced the import of low-priced goods that have replaced their products, the fall of domestic prices and a lack of marketing of their goods. This has brought with it low agricultural profitability and aggravated impoverishment and rural migration.

The government maintains that NAFTA has affected Mexican basic food

* Researcher at the UNAM Institute for Social Research.

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producers because of their technological backwardness and lack of entrepreneurial vision, which limits their competitiveness internationally. Administration spokespersons also allege that the mobilizations are more politically than economically motivated since 2003 is an electoral year and what the organizations' leaders are really doing is using the demonstrations to vie for public office.

The problem, however, is more complicated than that, and goes beyond domestic motives since it is to a great extent the result of the utilization of food as a means to fight for world hegemony among the great powers.

In this article, I will attempt to demonstrate that the ruin of Mexican producers is not caused by their technological backwardness, but by the conditions of competition that the United States imposes through its food expansion policy. I will also show that the peasants' struggle demanding a stop to the import of goods that compete unfairly with domestic products is a just one.

FOOD IN THE FIGHT FOR WORLD ECONOMIC HEGEMONY

During the 1970s, U.S. competitiveness dropped vis-à-vis Japan and Germany. This was expressed in the decline in industrial productivity that brought growth down from an annual 3 percent from 1947 to 1958 to 1.6 percent

from 1966 to 1974.³ This process, together with Japan's supremacy in electronics and Europe's competition in the automobile industry led the Nixon administration to emphasize three areas of worldwide competition: arms, patents and basic food items.⁴

With these objectives, the United States increased the area of cultivated land by 24 million hectares and pushed yields up 25 percent in the 1970s.⁵

With the passing years, the country became the world's foremost grain exporter, accounting for 34.5 percent of global exports (23 percent of wheat exports, 58.62 percent of corn, 85.7 percent of sorghum, 59.7 percent of soy and 11.81 percent of rice).⁶

Productive and trade supremacy allowed the United States to have an important degree of control over the world's grain market. In the 1990s, it began a food expansion strategy centered on the following mechanisms: 1) fostering production beyond the needs of the world market; 2) establishing dumping prices below production costs of exported goods; 3) increasing subsidies for elite producers; 4) fostering trade agreements with Latin American countries and pressuring them to open up their borders and reduce import tariffs.

With this strategy, in the United States the price of wheat was set as much as 40 percent under production cost and of corn as much as 20 percent below cost.⁷ To compensate its producers for the loss that these prices

would mean, subsidies were increased considerably. In May 2002, the Bush administration increased direct supports to growers by more than 80 percent vis-à-vis what was established in the 1996 Farm Bill, with a U.S.\$190 billion package over the next 10 years, which means that each farmer will receive an average of U.S.\$9,000 a year.⁸

This way, despite low prices, farmers produce more and more, which has created a chronic world glut of food products that are then sold to underdeveloped countries—particularly in Latin America—through trade agreements that eliminate tariff barriers for basic grains.

The main beneficiaries of this situation have been large multinational corporations: grain producers like Cargill and ADM, agribusinesses that turn agricultural products into processed food and producers of balanced animal fodder, oils, flour, dairy and meat products, fructose, soft drinks, etc.

Distributors reap high profits by selling at very low prices to underdeveloped countries, thus breaking domestic agriculture and placing their goods on a practically unlimited market. Agribusiness, for its part, obtains inputs at very low prices, thus reducing their costs and raising their profits.

The effect of low-priced U.S. exports in underdeveloped countries can be seen in the decline of domestic prices of agricultural goods. Between 1993 and 1998, in Mexico the price of corn dropped 58.32 percent in real terms; the price of wheat dropped 24 percent; beans, 47 percent; soy beans, 22 percent; and sorghum, 25.2 percent.⁹

Unlike in the United States, in Mexico these low prices are not compensated by high subsidies. While between 1998 and 2000, each U.S. producer

received an average of U.S.\$20,800, in Mexico, they only received U.S.\$720.¹⁰

This clearly shows that the fundamental factor that allows U.S. growers to compete favorably with Mexican producers is subsidies, since production at international market prices is not even profitable for them.

On the other hand, although substantial differences in productivity and technology do exist, they are not what causes Mexicans' lack of competitiveness. The highest-yield crops produced in Mexico, like wheat and soy, are the ones that have been substituted the most.¹¹ Mexico's wheat dependence went from 8.3 percent in 1990 to 49.4 percent in 1999; soy dependence went from 56.8 percent to 96.9 percent in the same period.¹² Soy production has practically disappeared in Mexico.

CONSEQUENCES FOR NATIONAL FOOD PRODUCTION

Mexican producers lack official support, face the import of highly subsidized, low-priced goods and very often have difficulty finding buyers for their products. This means that they are forced to rent out their land, emigrate, produce only for their own consumption or, in the end, completely abandon farming.

For this reason, the area harvested dropped from 13.3 million hectares in 1990 to 13.2 million in 1995 and 11.9 million in 2000.¹³

Unfair trade practices have brought with them the massive bankruptcy of productive units. Of the 4 million profit-making producers that existed in 1994, only 300,000 were left in 2000. Earnings from plots no longer allows producers to survive and they have to

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seek income in other activities. According to the Economic Conference for Latin America, between 70 and 80 percent of small landowners' family income comes from other than agricultural activities.¹⁴

Sixty percent of rural inhabitants are sunk in extreme poverty and 75.3 percent of rural areas are considered highly marginalized.¹⁵

PRODUCERS' ORGANIZED RESPONSE

The critical situation faced by rural producers has spurred a movement that seeks to improve living conditions for farmers and achieve a decent income from working the land. In 1999, El Barzón producers organized a horseback mobilization from Ciudad Juárez to Mexico City, covering thousands of kilometers to demand a change in then-President Ernesto Zedillo's policy. That same year, bean producers mobilized nationwide to protest against illegal bean imports.

In 2001, Sinaloa's white corn producers blockaded highways and oil refineries to demand the purchase of and payment for their crops. This movement was roundly echoed by sugar cane growers throughout the country who demanded the payment of 4.5 billion pesos for their crops, while Campeche rice growers peacefully took over maquiladora plants in Champotón and Escárcega to get back the rice that the Rural Credit Bank (Banrural) had

taken against payment of their debts. Grape growers from Zacatecas came together that year to demand a stop to grape imports from the United States by Mexico's largest wine producer, Pedro Domecq, while Oaxaca and Veracruz pineapple growers also mobilized to demand the end of pineapple imports from Thailand. This series of movements culminated August 3, 2001 with the creation of the National Front for the Defense of the Countryside.

As I mentioned initially, at the end of 2002 a movement led by "The Countryside Can't Stand Anymore" Front emerged, organizing mobilizations like the take-over of the Ciudad Juárez international bridge, a hunger strike at the Angel of Independence monument in Mexico City and a march of more than 100,000 to the capital's central Zócalo square, January 31, 2003.

Recent mobilizations, then, have not emerged as a ploy in this year's electoral campaigns, but have a long history behind them. While individual peasant leaders may have electoral aspirations, that has been neither the origin nor the driving force behind the movement.

The movement has a real basis in the demand for justice and great clarity about the alternatives. It would be useless to partially increase the budget and create a few productive programs as a palliative for solving the countryside's problems. As long as NAFTA is not renegotiated to exclude certain important products, such as corn,

beans, sorghum, soy, rice and wheat, producers will continue to suffer losses and go bankrupt.

The only way to reestablish national production capacity is by following the example of developed countries. They protect their agriculture, create high subsidies to foster production, jealously preserve self-sufficiency and achieve food sovereignty. At the end of the day, the peasant organizations are demanding an agricultural policy similar to the one in the United States. Nothing more and nothing less. **MM**

NOTES

¹ The author thanks Víctor Rosales for his support in gathering and systematizing the documentary and statistical information used in this article.

² The second two are peasant organizations that have opposed NAFTA from the beginning. El

Barzón was organized by debtors to demand suspension of the payment of the debt contracted by broad sectors of Mexican society with Mexican banks before 1995, when interest rates skyrocketed. [Editor's Note.]

³ B. Coriat, *El taller y el cronómetro. Ensayo sobre el taylorismo, el fordismo y la producción en masa* (Mexico City: Siglo XXI, 1977), p. 148.

⁴ Peter Rosset, "The ABC of Farm Bill Payments," *Backgrounders* 8, no. 3 (Institute for Food and Development Policy), 2002.

⁵ Magda Fritscher, "¿Librecambio o proteccionismo? Apuntes sobre la disyuntiva agrícola mundial," *Polis*, no. 92 (Mexico City: Universidad Autónoma Metropolitana, Iztapalapa), 1993.

⁶ FAO, *Faostat, P.C.* (Rome: FAO, 2002).

⁷ Rosset, *op. cit.*

⁸ Anuradha Mittal, "Giving Away the Farm: The 2002 Farm Bill," *Backgrounders* 8, no. 3 (Institute for Food and Development Policy), 2002.

⁹ Blanca Rubio, "Los impactos de la globalización en el campo mexicano" (paper presented at the II World Congress on Rural Develop-

ment in the Framework of Globalization, at Laguardia, Spain, 24-26 October 2002).

¹⁰ Alejandro Nadal, "Subsidios agrícolas: más allá de la parodia," *La Jornada* (Mexico City), 15 May 2002.

¹¹ Mexican yields for wheat are higher than in the United States, since in Mexico wheat is grown on irrigated land, whereas in the United States, it is grown on rain-fed land. Our soy yield is lower than that of the United States, but higher than the world average.

¹² Figures taken from Ernesto Zedillo, *VI Informe de Gobierno. Anexo Estadístico* (Mexico City: Secretaría de la Presidencia, 2000).

¹³ Secretaría de Agricultura, *Programa Sectorial de Agricultura, Ganadería, Desarrollo Rural, Pesca y Alimentación 2001-2006* (Mexico City: Secretaría de Agricultura, 2001).

¹⁴ Blanca Rubio, *Explotados y excluidos. Los campesinos latinoamericanos en la fase agro-exportadora neoliberal* (Mexico City: Editorial Plaza y Valdés/Universidad Autónoma de Chapingo, 2001).

¹⁵ Progresá, *Documento Progresá* (Mexico City: Progresá, 1998).