

WHAT HAPPENED WHEN MEXICO PUT TRADE BEFORE FOOD SECURITY?

The Grain Train Robbery of 1996

By Karen Lehman

Last May, in a gritty outer-ring settlement of Monterrey, Mexico, more than 400 men, women and children stopped a grain train and carried off its cargo to their homes. Shouting "We're hungry!" women hauled the contraband in buckets, and 2-year-old children carried it gingerly across the tracks in plastic bags. In a single day, 40 tons of corn disappeared into the community of San Nicolas de la Garza.

This was no isolated event. Within three weeks, hundreds of Mexican citizens robbed two grain trains in Torreón, another northern Mexican city, and more attempts were made on trains in Monterrey.

For hungry people in Mexico, the new economic order isn't working.

This is largely because trade has been made a higher priority than food security. When the North American Free Trade Agreement was negotiated in the early 1990s, Mexico was still underwriting both production of basics such as corn and beans (through

price supports to farmers, subsidized access to fertilizer and water, and marketing assistance) and consumption (through a federal distribution system

for staple foods and through subsidized prices of tortillas and beans).

But then-President Carlos Salinas de Gortari, trained at Harvard, was a true believer in structural-adjustment policies, whose adoption the World Bank and the International Monetary Fund require in exchange for loans and access to international capital markets. Upon entering office in 1988, Salinas unilaterally dropped import licensing requirements and tariffs on wheat, sorghum and rice, maintaining protection only on the most sensi-

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DICK BANCRIFT

Viewed from inside and out, this state-of-the-art facility in Chiapas grows tobacco for export. It sprawls over a former corn field near the Guatemalan border. Across Mexico, corn is a diet staple of the poor and a grain of religious significance to indigenous people. But neoliberal government policies have created shortages that forced the nation to import almost 7 million tons of yellow corn in 1996. In Chiapas, the military has compounded matters by using corn as a weapon, distributing free grain to people who do not support the Zapatista rebels.

tive of Mexican foods — corn and beans. At the same time, he signaled increased support for crops such as fresh vegetables, accelerating the shift in Mexico's agricultural priorities toward export crops.

In 1992, Salinas persuaded the Mexican Congress to amend the federal constitution to end the government agricultural land trust, known as the *ejido* system, that had provided land to millions of peasants since 1917. Even before the General Agreement on Tariffs and Trade (GATT) was approved in December 1994, Salinas had decoupled farmer subsidies, providing payments regardless of production volume or type. This broke a historic link between the federal government and farmers, a change that free-trade proponents had pushed since the mid-1980s.

All of this was done with one major goal in mind — to shift Mexico's agriculture priorities from food sovereignty to comparative advantage. Why spend money to support homegrown corn and other basic grains, the Salinas

administration reasoned, when the world's largest producer of "cheap" corn was just across the border? Why not focus resources on tomatoes, cucumbers, strawberries and peppers for U.S. dinner tables instead of corn and beans for poor Mexican families? "Sell high, buy cheap" was their motto — until a drastic Mexican peso devaluation and world grain shortages sent grain prices skyrocketing.

CRASH: In December 1994, just one year after NAFTA took effect, the peso lost half its value, making imported food twice as expensive. To make matters worse, global grain shortages became apparent in 1996, driving prices of basics like corn and wheat to double what they had been just a year before.

But the Mexican government has persisted in its belief that comparative advantage in exports, not production for domestic consumption, was the priority. The government has refused to respond to farmers' demands for incentives such as credit, access to

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water, and fertilizers. As a result, basic grain production has fallen 20 percent, and hundreds of thousands of farmers have left their farms and headed to Mexican cities and the United States.

Ironically, Mexico had produced all the white corn it needed in 1993 to feed its population of 80 million — a good start toward domestic food security. But last September, just three years later, Mexico's secretariat of Commerce and Industrial Development projected that the nation would import more than 6.8 million tons of yellow corn — 40 percent of domestic demand — by the end of the year. (In Mexico, yellow corn is normally an animal feed, but much of last year's supply was designated for human consumption, especially in rural areas.)

And the imports have gotten much more expensive. Prices averaged \$180 a ton last year, twice the mid-1995 level. By last July, corn imports had totaled \$615 million, almost twice the \$365 million spent on imported corn during the entire year of 1994.

Is food security in Mexico enhanced by such massive imports? Far from it. Not only has the Mexican agricultural restructuring thrown distribution systems into chaos, but it has dramatically affected farmers' domestic markets. Because imports have filled domestic storage facilities and grain millers' demand, Mexican farmers have nowhere to sell the nearly 4 million-ton surplus from their fall harvest.

Prices to Mexican farmers remain low, even in the face of higher international prices. Farmers who survived the crisis of high input costs and costly credit to produce last year's crop — including Mexico's most industrialized producers — now face disappearing

markets and will find it difficult to earn enough to plant again this year. Thus, long-term food security in Mexico is threatened as domestic farmers' capacity to earn a living from the land declines.

EXTREME POVERTY: Mexican consumers have been hit hard by the free trade and structural adjustment, and by the food system's volatility. Official statistics put today's number of Mexicans living in extreme poverty at 16.1 million. This is 18.4 percent more than the official number from 1992. The basic food basket for a five-member working family was 725 pesos on December 31, 1994, when the minimum wage was 458 pesos per month. The same basket cost 1,733 pesos in November 1996, but the minimum wage had risen to only 670 pesos.

The Workers' Congress reports that a worker must earn more than double the minimum wage in order to purchase an adequate diet. The price of a liter of fresh milk increased by 95 percent from December 31, 1994,

to November 30, 1996. Other price hikes during the period included 131 percent for powdered milk, 246 percent for beans, 248 percent for Maseca corn flour, 155 percent for cooking oil, and 146 percent for eggs.

In response, more than 200 non-governmental organizations met in a national Forum on Food Sovereignty in Mexico in August. Among their demands were calls to renegotiate NAFTA and the GATT agriculture provisions, as well as to begin negotiations for a global food-security convention.

It shouldn't have taken a train robbery for policymakers to realize that neoliberal trade is leaving the cupboard bare. The Monterrey families were doing more than feeding their families in times of adversity — they were thumbing their noses at the Mexican government and its decision to bet the future of the nation's food supply on the global marketplace. The Grain Train Robbery has turned Mexico into the symbol of food insecurity in the global economy. ■

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At the summit's closing press conference, representatives of a Hunger Gathering interrupted and began eating copies of the Plan of Action. The gathering consisted of more than 200 environmentalists, farmers, indigenous people, youths, women, and members of social and human-rights organizations from all continents. "As the World Food Summit comes to an end today," a spokesperson said, "we wanted to show that their words will do nothing to alleviate the hunger and environmental crisis the FAO has helped create. The empty words of the FAO will not feed the starving millions."

Critics of the summit who partici-

pated in the Hunger Gathering charged that the larger event excluded those most central to ensuring food security — peasants, small farmers and local communities — and instead deferred to exclusively profit-driven transnational corporations and the maneuvers of industrialized nations such as the United States. "There has been an attempt by the FAO to silence the voices of dissent from people worldwide who have to live with the consequences of short-sighted FAO policies," the spokesperson said.

"The participation of farmers' organizations at the summit has been minimal. We haven't even been given one minute to speak," said Paul Nicolson of *Via Campesina*, a global network of farmer groups. "The liberalization of trade and its economic policies of structural adjustment have globalized poverty and hunger in the world and are destroying local productive capacities and rural societies," a *Via Campesina* news release said. "Peasants and small farmers are denied access to and control over land, water, seeds and natural resource." ■

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