

1987—about the interest bill that Mexico paid out in that latter year. The surge in manufacturing exports, mainly to the United States, so praised by NACM advocates, has manifestly not helped the Mexican economy one iota. It has been shipped abroad as a donation to the country's creditor banks.

The Weintraub study further shows the extreme dependence of Mexican trade on the U.S. economy: Between 1985 and 1987, more than 80% of Mexico's manufacturing exports went to the U.S., with more than one-half of them being generated by U.S. companies operating in Mexico. Weintraub states that despite the weakness of being so dependent on another economy for both imports and exports, Mexico "has little choice. It must rely on the U.S. market or suffer the consequences of lower incomes." He gloats that "those who believe that the two markets are inextricably linked are in ascendance today in the development of Mexican trade and industrial policy."

Economic reality: Mexico is starving

Despite all the talk, Bush, Salinas, Kissinger, and the various policy elites lined up behind the NACM, are, as on so many other questions, deluding themselves on their expected success. Underneath the new rosy future that both the Salinas and Bush administrations are painting for each other, lies the reality that the Mexican economy is fast nearing total collapse. Agriculture is the worst: Where output this year is projected to be at least 35% below normal, due to a combination of the second year of a severe drought and Salinas's policy of paying farmers less for their grain than their costs of production, on the pretext of forcing them to be more "efficient." Mexican food imports are already projected to double this year, from \$2 billion to \$3.5 billion or more. With world food supplies shrinking weekly, Mexico may well discover that it cannot even find enough grain to cover its basic needs, which could detonate a social explosion.

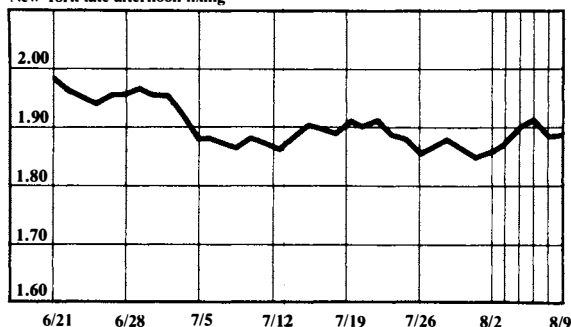
Equally seriously, 40-50% of the entire Mexican workforce is severely under- or unemployed, and the ranks of the unemployed are growing as a result of the 1 million new workers annually who enter the workforce. And this year, hundreds of thousands of rural families are migrating to the cities each month, due to the collapse of farming, further swelling the unemployed and homeless. Nothing in the NACM proposals even begins to offer a sufficient rate of job creation to even cover each year's new workers, much less the backlog of presently unemployed.

Real incomes for all except the rich are half or less what they were in 1982. Despite the absence of public protest so far, the overwhelming majority of Mexicans hates the Salinas government, and has no use for his style of "integration" with the United States. Any further shocks to the economy—and such are fast approaching—will assuredly result in a social explosion that will sweep both the Salinas administration, and the dreams of a North American Common Market, off the stage in a hurry.

Currency Rates

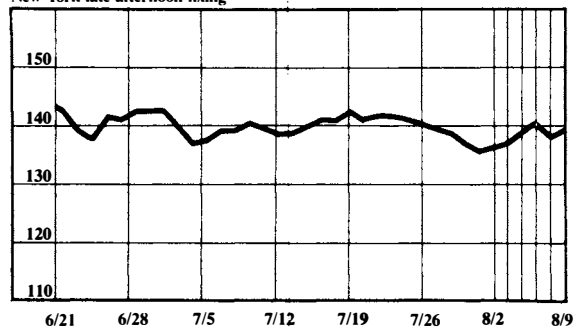
The dollar in deutschemarks

New York late afternoon fixing



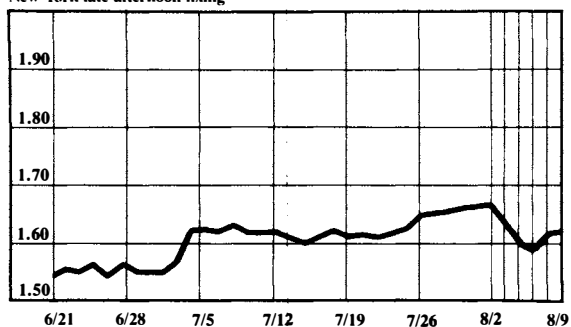
The dollar in yen

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing

