U.S. says 'Mexico belongs to us'

by Peter Rush

With Mexican President Carlos Salinas de Gortari and U.S. President George Bush both pushing hard in their respective countries to achieve a so-called "free trade pact" at the earliest opportunity, it is becoming ever clearer that the objective of both Presidents is the economic annexation of Mexico to the United States.

The precondition for the planned economic annexation is completing the dismantling of Mexico's national economy which was begun in 1983, at the behest of the International Monetary Fund, by Salinas's predecessor Miguel de la Madrid.

Elliott Abrams, formerly President Reagan's Assistant Secretary of State for Inter-American Affairs and his chief policymaker for the continent, who is known to reflect the views of the Bush administration as well, made clear in an interview with Mexico City's *El Financiero,* published Sept. 11, what is entailed in the push for a free trade accord with the United States.

Mexico's "price" for such an accord, Abrams said, is "less independence and less sovereignty."

In order to enforce the pact, Abrams remarked that Salinas will have to use naked force. "Only a real explosion of violence in Mexico could interrupt the [free trade] negotiations," he observed, "but this is considered a remote possibility, since Washington has full confidence in the capacity of the government of President Salinas to maintain order and to use force when necessary."

The view from Washington

Abrams attacked the very idea that Mexico should have much economically to do with the rest of Latin America, heretofore considered, both in Mexico and the rest of the continent, to be Mexico's natural partners in carrying out continental integration. Even the term "Latin America," Abrams said, is an anachronism. "Mexico has ceased having authority in this region, toward which it has no affinity," Abrams said, reflecting the attitude in Washington of treating Mexico as a colonial extension of the United States.

The head of Mexico's National Council of Foreign Trade (CONACEX), Jorge García Fernández, said almost the same thing in an interview with *Excélsior* newspaper on Sept. 10. "We can't let ourselves remain tied to the umbilical cord of the subcontinent," he said. "And if, for political, or even demagogic reasons, we are going to let ourselves become stragglers as a country, losing this unique historical opportunity to stop being underdeveloped and to integrate ourselves into the U.S. bloc—the bloc of opportunities and challenges—it will be totally unjust for the nation."

Mexican Foreign Minister Fernando Solana harped on the same point, when he addressed an odd gathering on Sept. 14 celebrating the 99th anniversary of the founding of the University of Chicago, held in Mexico City and attended by numerous Mexican graduates of monetarist Milton Friedman's economics department who now hold top posts in the government there. "I see a Mexico linked closely to the future of the United States," he proclaimed, adding an oxymoronic qualifier, "but a country independent and stronger politically."

Bankers hail the 'Mexico model'

With the Salinas administration so docile, bankers are urging other countries, especially in Eastern Europe, to copy the "Mexico model." William Rhodes, the leading debt negotiator for Citibank, Mexico's major U.S. creditor bank, speaking at the annual trade fair in Leipzig, East Germany, said that the "Mexico model" for dealing with debt should be seen as a solution for Poland and other Eastern European countries.

And at a meeting in Bonn, he recommended that Eastern European governments copy the processes of economic reforms, such as privatization of state companies, as best demonstrated by Chile and Mexico.

Rhodes conveniently failed to mention that despite all the reforms made by Mexico, the banks have not resumed lending, nor has foreign capital flowed in—the two supposed benefits of carrying out the reforms. He also failed to spell out the real policy of the banks: Keep the squeeze on until Mexico has abandoned national control over not just most of its state industries, but *all* of them, including most importantly the state oil company Pemex.

Moreover, the *real* "Mexico model" being referred to, is not the phony debt agreement which has not saved Mexico much money, nor the privatizations, which less sanguine observers say is part sham anyway, but the government's ability so far to impose drastic cuts in wages, salaries, and the development and infrastructure budget, without provoking political upheavals—so far.

Salinas, jailer for the bankers

Salinas recently stated that he envisioned *maquiladora*-type industries all over Mexico. On Sept. 8, Salinas attacked the leaders of several independent trade unions representing workers in the *maquiladora* industries in the region of Tamaulipas, who have been leading strikes and protests against low wages and terrible working conditions. He accused them of "defending their own interests" and not those of the workers, and said that their attitudes "contravene our laws and damage our country, provoking a climate of uncertainty in foreign investors, who are induced to look for other places to invest." The next day, Fidel Velázquez, head of the CTM trade union confederation, the Workers' Central of Mexico, dutifully announced the removal from office of the leaders in question. So far, the leaders are risking arrest by refusing to step down.

Salinas also mocked all efforts to salvage the ruling Institutional Revolutionary Party (PRI) as anything but an arm of government entrusted with enforcing austerity. At the PRI's national convention Sept. 3-5, numerous speakers attempted to argue for separating the party from the government, and for creating democratic procedures whereby the masses could have a say in the running of the party.

But Salinas said "no."

Speaking at the closing session Sept. 5, Salinas attacked all who would criticize the PRI. "All opinions are welcome," he stated, "save those that while talking of democratization, in reality encourage the party's division. . . . We . . . firmly refuse to debate those of the opposition who denigrate the party within the country and have no political modesty when it comes to criticizing the PRI and the government abroad . . . without recognizing the damage that this attitude can cause the party," he said.

As Salinas probably anticipated, the leader of the internal opposition, the "Critical Current," Rodolfo González Guevara, felt forced to announce his resignation at the conclusion of the convention, after 44 years in the party, saying it could no longer be reformed from within.

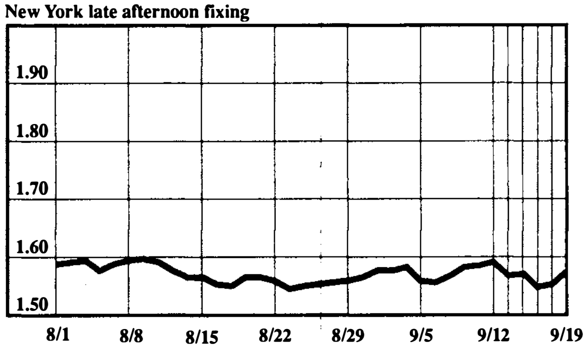
Mexico's extreme misery

The reason for Salinas's hard line is not hard to find. A two-part feature in *Unomasuno* newspaper on Sept. 5 and 6, based on a new report on the internal condition of Mexico, revealed that more that 20 million Mexicans live in "extreme misery," "housed in hovels of cardboard, mud, straw, clay or palm," while more than 40 million people, half the entire population, "struggle at the limits of poverty." The minimum wage today is well under half the real value, measured in buying power, that it had in 1980, and is only 56.6% of its value in 1970. Some 40% of the population is underemployed, and another 12% are unemployed, leaving less than half the population working full-time jobs. The study documented that 40% of the population suffers nutritional deficiencies, and that the country is completely incapable of feeding its own population.

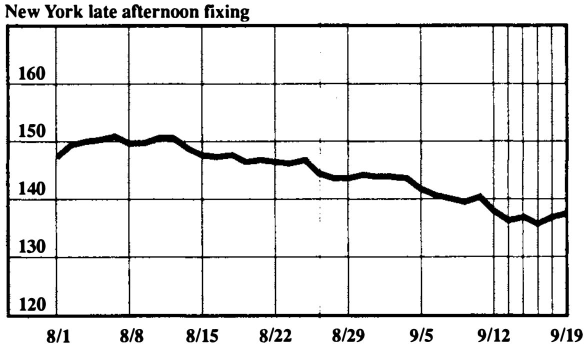
Food production has plummeted. In 1981, the country produced 14.5 million tons of corn, but only 10.6 million tons in 1988, while the population grew over 15%. Output of beans, another staple, has also fallen, while production of rice, at 533,000 tons in 1985, was only 300,000 tons in 1988. The wheat harvest, on which the population depends, fell from 5.2 million tons in 1985 to 3.6 million tons in 1988. And milk output is down from 7 million tons in 1982 to 5.2 million in 1988.

Currency Rates

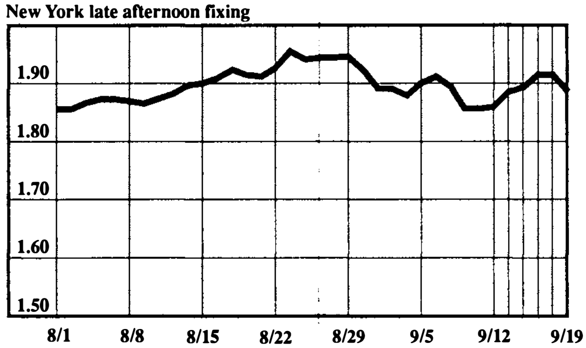
The dollar in deutschemarks
New York late afternoon fixing



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