

Mexicans speak out against NAFTA

by Cynthia Rush and Peter Rush

A tour of northern Mexico and California by Marivilia Carrasco, president of the Mexican chapter of the Schiller Institute, is catalyzing opposition to the North American Free Trade Agreement (NAFTA) now being negotiated among the governments of Mexico, Canada, and the United States. Carrasco, who is also touring to build the Ibero-American Solidarity Movement (MSI), has given a series of conferences in several cities in the states of Sinaloa, Sonora, and Baja California along the U.S. border, and will finalize her tour in Los Angeles and San Francisco on Nov. 9. Audiences of between 60 and 200 people have gathered to hear Carrasco speak, made up of businessmen, retailers, farmers, and even owners of *maquiladoras*, the U.S. in-bond assembly plants set up in Mexico to take advantage of cheap labor.

Contrary to the line put out by the government of President Carlos Salinas de Gortari, that NAFTA will bring "untold benefits" to the Mexican people, Carrasco has found that Mexicans are furious at the destruction of what was always the most productive region of the country—the north—and blame it directly on the U.S. economic depression. "Everyone on the Mexican side of the border recognizes that there is a depression in the United States," Carrasco remarked. "Everyone on the border realizes that given its economic conditions, the U.S. cannot offer Mexico anything, and that NAFTA is a cruel hoax." She found that Mexican businessmen aren't afraid to use the words "usury" and "looting" when describing U.S. policy toward their nation.

The Mexican leader's conference presentations have focused on the programmatic alternatives put forward by U.S. political prisoner Lyndon LaRouche, particularly his 1982 Operation Juárez proposal for Ibero-American integration and a continental debtors' cartel, as well as his more recent European "Productive Triangle" program for a Europe-sparked global economic recovery. During a conference in Mexicali, Baja California, Carrasco held up a copy of the Schiller Institute's book *Ibero-American Integration* and described the MSI as a "movement initiated by citizens" from all over Ibero-America "to get out of this crisis through the integration of Ibero-America as proposed in this book." In response to a reporter's question on what forces in the United States backed the MSI, Carrasco responded, "those of political prisoner and presidential candidate Lyndon LaRouche."

The television commentator said, "Oh, LaRouche . . . but he is a very famous man, very famous!"

National opposition

The sentiment that Carrasco discovered in northern Mexico is also reflected elsewhere in the country. Businessmen and other producers who are feeling the impact of already-existing free trade, are beginning to express their fear about what will happen if NAFTA actually becomes a reality. According to the Oct. 30 *El Financiero*, a poll taken by the National Confederation of Chambers of Industry revealed that 50% of those surveyed feel that NAFTA "will have negative effects on industrial development because it will cause the closing of productive units, increase competition in the internal market, and aggravate problems in the agricultural and energy sectors." Fully 29% of those polled said they did not think they would be able to survive a full-fledged free trade agreement.

Proof that "free trade" is a negative-sum game is seen in the collapse of Mexico's paper industry. Salvador Angulo Nava, secretary general of the National Paper Workers Union, warns that the entire industry is in danger because the market is being flooded with cheap paper products from the U.S. entering under new, lower tariff barriers. The industry is now operating at 30% capacity, down greatly from a year ago, and as many as 50,000 workers could be fired. Plant after plant has either had to close its doors, or threatens to do so.

The theory is that free trade forces companies to modernize. That takes capital, and the Salinas government's economic plan omits capital for all but a select few export-oriented industries. It was reported recently that over \$8 billion was made available to a small number of export-oriented industries—which only increased their exports slightly—while the vast majority of Mexico's companies either cannot get credit at all, or can get it only at usurious interest rates they cannot afford.

In his speech in Toluca state on Sept. 26, Manuel Villagómez Rodríguez, president of the National Confederation of Micro-Industries (see below), made the appropriate point when he noted that in the 19th-century United States, "American System economists such as Alexander Hamilton and Henry Carey opposed free trade arguing that this would sow discord and lead to slavery. It was precisely under industrial protectionism that the United States developed, avoiding England's influence. Why now the enthusiasm for free trade?" It is precisely the layer of small and medium-sized businesses Villagómez represents that would be hardest hit by a free-trade agreement.

An article in the Nov. 1 *El Financiero* suggested that the Bush administration may be preparing to shelve NAFTA until after the 1992 elections. As *El Financiero* points out, the worsening U.S. economic crisis is the major reason why Bush may have to put NAFTA to one side.

Mexican industry leader blasts free trade agreement

The following are excerpts of the speech given by Manuel Villagómez Rodríguez, president of the National Federation of Micro-Industries (Conamin), affiliated to the so-called "popular sector" of Mexico's ruling PRI party. The speech, entitled "Mexico on the Threshold of the Free Trade Agreement with the United States and Canada," was presented to the "Permanent Forum of Information, Opinion and Dialogue on the Trilateral Free Trade Treaty Negotiations," organized by the Mexican Senate's Trade Commission Sept. 26 in Toluca, state of Mexico. The speech was also distributed in document form to every senator and a majority of the members of the Chamber of Deputies.

We believe that when Nelson Rockefeller gave his 1969 Report on the Americas, he laid the basis for such loyal employees as Henry Kissinger to prepare various proposals, which are now to culminate in NAFTA [North American Free Trade Agreement]. In 1975, Kissinger proposed the formation of a world raw materials bank. Richard Nixon received from Nelson Rockefeller himself a proposal to base foreign policy on an "international division of labor," according to which the underdeveloped countries would be mere providers of raw materials. . . .

In 1980, President Ronald Reagan proposed a pact seeking to establish a common market among Mexico, the United States, and Canada, and he commissioned Richard Allen to sell the idea to [President] José López Portillo. . . .

In 1981, George Ball declared that Mexico's population growth was like acid rain contamination floating across the borders, and could not be dealt with solely in Mexico. In March 1982, Robert McNamara said that Mexican overpopulation and rapid growth is today one of the greatest national security threats for the United States. If we do not close the border, he said, we will be up to here in Mexicans who cannot be employed.

On March 18, 1980, López Portillo rejected Mexico's entrance into GATT [General Agreement on Tariffs and Trade], and declared, "I have resolved that this is not an opportune moment for Mexico to enter that trade system." Two months later, López Portillo told the Canadian Parliament that "the creation of a common market would inevitably prevent our industrial development and would condemn

Mexico to the perpetual extraction and exportation of raw materials for the consumption of more advanced societies." López Portillo's government made its position toward the U.S. agreement, today known as NAFTA, perfectly clear.

By 1982, the Mexican debt crisis had emerged and along with it the ghost of a Latin American-wide debt moratorium. The Ronald Reagan government faced two choices: a collective moratorium which would also imply the application of more capital to the countries of the region, so that they could develop industrially. . . . The other, to save the international banks by imposing austerity measures on those countries as a means of increasing capital flows to the international banks. . . .

By late 1982, we had our change of presidencies, and Miguel de la Madrid Hurtado echoed the imperial proposals that our country join GATT. . . . In November 1987, our country signed a statement of principles and consultation procedures regarding trade and investment relations with the United States, thus formalizing the de facto free trade policy that already existed between the two countries. . . .

In 1988, during his presidential campaign, George Bush declared that "as President, I will work to make possible the creation of a free trade zone including Mexico, the United States and Canada, since there is nothing more important than our national security. With an enormous and porous southern border, we are obliged to do everything possible to strengthen democracy and free enterprise in Mexico." . . .

Problem of the foreign debt

With or without NAFTA, we face the following: an unpayable debt of \$100 billion, a looting during the past decade of \$96 billion in debt service, but also flight capital of approximately \$80 billion, looting carried out with the complicity of the foreign banks and part of the Mexican financial elite. In this, the international banks played a double role: provider of funds to the Bank of Mexico and to the federal government, and recipient of those same funds when they fled to Miami, New York, and Swiss bank accounts.

This is the reason for the industrial and technological backwardness, and financial rigidity which afflicts our country, since our National Development Program (1988-1994) was designed to meet our commitments to the international banks. . . . To these same causes we owe our backwardness

in generating jobs for our youth, and the training deficiency of our system. . . . This is the same situation that forced us to abandon our Program for the Production of Capital Goods, and the Import Substitution Program. . . . For these same reasons, our country began the privatization and reprivatization of industrial plants, service companies, insurance companies and commercial banks, companies being sold to both domestic and foreign capital under the pretext that they are not priority and that they are government companies. Let us clarify that these are the *people's* companies. . . .

The burden of the foreign debt is so great for our economy that without a good oil price, we are left with the alternative of creating a surplus in the trade balance through *maquiladora* exports, to thereby make our [debt] payments on time. . . . That is why [the Mexican government] is openly promoting the Maquiladora Program . . . although we already know that the *maquiladora* industry does not produce machine tools, does not produce for national consumption, and, despite what is asserted, is not providing us with technology.

NAFTA's effects on Canada

According to Canadian industrialists, the Free Trade Accord with the United States has turned their country into a captive and looted nation, since Canada eliminated tariffs, modified its Investment Law, and agreed to become a permanent oil supplier to the United States, even at below the international cost.

With its Investment Law annulled, Canada's industry remained unprotected, and the effects viewed two years later are negative. The manufacturing industry in Canada has lost 189,000 jobs, companies are moving to the United States. . . . In article 904 of NAFTA, Canada is obliged to export non-renewable resources beyond its own capacity, thereby mortgaging its oil reserves to the United States. This process has accelerated to the point that Canada has already granted Chevron and Mobil a vast petroleum concession, and all production from this must be exported to the United States. Since the prices for these products are going to be below the international market price, Canada has thus begun to subsidize the energy consumption of the United States.

In Mexico, we have an old saying: "If you see your neighbor's house being robbed, it's time to lock your windows and doors."

President Bush, like [Commerce Secretary] Robert Mosbacher and [Trade Representative] Carla Hills, has insisted that NAFTA would bring many benefits to the United States because it would restore its competitiveness under equality of conditions with countries like Germany and Japan. This argument would have cheap Mexican labor compete with German and Japanese labor power. Considering that Germany and Japan today have nearly 20 years' advantage in production technology and state-of-the-art technology, this makes the United States a second-rate power industrially. To this technological backwardness, one must add 15 years of

delay in installing capital goods and producing machine tools. This makes the United States more dependent today on imports, since it is no longer capable of producing what its own people require. U.S. exports are falling, just as the number of workers, employees, and their wages are falling. Heavy industry, auto, steel, cement and machine-tool production have all fallen in relation to Germany and Japan.

As for wages of industrial workers, they receive an average of \$20,000 a year, while service workers receive \$10,000. This is forcing both husbands and wives to work, to adequately support a single U.S. family. . . . At first glance, this reflects a situation which might benefit our country and enable us to provide jobs to the 1 million youths who annually enter the work force. However, while Canadian and U.S. wages are collapsing, we will still be in third place and will transmit this ratchet-decline in wages to any other country in Central America or in the Southern Cone, for example, Chile. . . . We know the U.S. auto industry will tell its unions: "We don't want to move to Mexico, but workers there will take 56¢ an hour and you want \$15. Let's split the difference."

Conamin's programmatic proposals

That of the total oil sales to the United States, one-fourth be allocated to the small and micro-industries to acquire capital goods . . . [and] that the Program of Import Substitution for the metal goods industry be reestablished. . . . Since without a doubt, this 25% could be seen as falling short in payment of the foreign debt, as it indeed is, this shortage should be allowed to accumulate and its payment deferred for 10 years. During this period, the small and micro-industries will be ready and prepared for the modernization to which the industrial sector will be subjected, to liquidate it. . . .

That an urgent job creation program be established. . . . A short-term program for 2 million jobs a year, and a longer-term program for 2.5 million jobs. Thus, in 40 years, we will have provided jobs for the entirety of our economically active population.

That all clauses of the NAFTA accords be made known ahead of time. . . .

That the Senate of the Republic take into account all opinions, and above all, that it safeguard territorial sovereignty, air sovereignty, maritime sovereignty, environmental sovereignty, cultural sovereignty, as well as the idiosyncracies and identity of the Mexican people. That emphasis be put on the defense of our language, our monetary sovereignty, so that we can defend our industrial and technological sovereignty.

On the issue of oil, the empire already has us defined—along with Venezuela—as its strategic reserve. Thus, our constitutional stand must be irrevocable, and we must even redefine how we are going to use our oil—that is, for industrial development—since the *maquiladoras* do not imply national development, but rather are enclaves of foreign capital on our territory.