

## Dateline Mexico by Carlos Valdez

### Showdown at Cananea copper mine

*Behind the assault on the unions: secret agreements to give Mexico's copper and oil to Kissinger's banker friends.*

**O**n Sunday, Aug. 20, before the Sun rose, Cananea, a mining town in the desert not far below the Arizona border, was seized by 4,000 Mexican army soldiers. They "captured" the mine and wielded their machine guns to keep out the 600 workers arriving for the morning shift at Mexico's largest open-pit copper mine.

Hours later, the government declared the Cananea Mining Company bankrupt on the grounds that union demands would cost more than \$40 million. A bankrupt company can rip up its longstanding labor agreements. But the union had given notice that it planned to strike Aug. 31, and Mexican law prohibits companies from declaring bankruptcy just before a strike. In a country which remembers its history, Cananea stands as a monument to the battle won there in 1906 to raise workers' status from peons to citizens defended by unions.

Government sources confirmed to *EIR* that President Carlos Salinas de Gortari's regime was simply complying with secret promises it made in its June deal with creditors, widely misreported as a "debt-reduction" agreement. It had pledged to dismantle the state sector of the economy, the heritage of the Mexican Revolution, as brought to fruition by President Lázaro Cárdenas's 1938 oil nationalization.

Salinas's policy was ordered by Henry A. Kissinger in a commentary last Jan. 8 in the *Los Angeles Times*. Kissinger wrote, "It makes no sense for state capitalism to remain supreme south of the Rio Grande," and "historic coincidences and geographic proximity combine to make Mexico the

test case." He insisted that the United States "and Latin America are fortunate that the first change of government in the massive transformations on the horizon for the whole hemisphere has brought President Salinas to power in Mexico. No other leader in Latin America so shares the United States preference for market economy, private capital and cooperative solutions."

The main target of Kissinger's rampage against "state capitalism" is Pemex, the national oil monopoly. Two days after Kissinger's opus, Salinas sent the army to arrest and jail nationalist oil workers' union leader Joaquín Hernández Galicia. With him locked up, and the union in the hands of docile lackeys, the regime is proceeding to break up, privatize, and denationalize the \$22 billion oil giant. On Aug. 1, a new oil workers' contract wiped out most of what they had won in 40 years of struggle. The contract eliminated subsidies for the union's discount stores and the funds it used to promote development in the oil-producing regions.

The next step, Aug. 14, was for 15 basic petrochemical products—which the constitution reserves for the state's Pemex to make—to be reclassified as "secondary" products—open to foreign investors. Pemex has been severely decapitalized in recent years. Revenues needed to finish petrochemical projects and even to maintain oil fields and refineries were systematically looted to finance foreign debt payments. Salinas now argues that the best thing to do with inoperative installations is to sell them at scrapyard prices to foreign investors willing to

put in enough capital to get them functioning.

The Cananea copper mine was also asset-stripped to pay the foreign debt. Its obsolete equipment made its copper output cost 90 cents a pound. Though below current market prices, this is not low enough to make foreigners willing to pay the \$1.1 billion Mexico is asking for the mine, London's *Financial Times* reported. It said Salinas was union-busting to raise the sale price.

All of Cananea's 3,200 workers were fired Aug. 20, shortly after the army arrived. About 60% are expected to be rehired at slave-labor wages by the new owners. The government promises it will encourage runaway assembly shops working for the U.S. market to provide \$6 a day sweatshop jobs to the former miners. It claims this would "diversify the regional economy in order to reduce economic dependence on mining."

The Cananea affair smells of Henry Kissinger. American Express Bank, with Kissinger on its board, is one of the Cananea Mining Company's main creditors. The day before it locked up Cananea, the government "disincorporated" its Mexicana Airlines. Mexicana was turned over to a consortium headed by Rockefeller's Chase Manhattan Bank and the Lebanese-Mexican Xabre group. Each put up \$50 million in "fresh money."

Cananea Mines itself—with \$300 million in sales this year—is an attractive target for financial rape. It is an open pit with 1.7 billion tons of proven copper ore reserves. That is enough to keep it producing for 60 years at its current 160,000 tons of copper per year capacity.

Mexican nationalists knew it was a coveted jewel. Last December, oil workers' leader Hernández Galicia formed a committee to defend Cananea. A few weeks later he was jailed.