Mexico's free-trade 'miracle' is based on dope and looting

by Valerie Rush

The Nov. 15 arrest in Geneva, Switzerland of the wife and brother-in-law of Raúl Salinas de Gortari, as they tried to withdraw nearly $84 million out of a Swiss bank under one of Raúl's aliases, confirms in spades what *EIR* has been saying since at least May 1991, when it issued a *Special Report* on "Auschwitz Below the Border": The free-trade "economic miracle" imposed on Mexico by Raúl's brother Carlos Salinas de Gortari, and by the administration of President George Bush in Washington, was nothing but a looting mechanism of the first order, under which usury, speculation, drug trafficking, terrorism, and money-laundering flourished with abandon.

The corruption of the "Salinas model" is now a matter of public record, and its demise has ramifications that go far beyond the victimized nation of Mexico. Salinas's "miracle"—codified by the North American Free Trade Agreement (NAFTA)—was a showcase model for George Bush and Margaret Thatcher's "new world order." That model, imposed through the International Monetary Fund (IMF) on countries around the globe, from Russia to Argentina, has in every case resulted in the destruction of the physical economy of the targetted nation, the looting of its raw materials and workforce, and the growth of usurious speculation, illegal narcotics trafficking, and attendant criminal mafias in its stead.

When she was arrested, Paulina Castañon de Salinas, Raúl's latest wife, was using false documents, and carried documents giving her power of attorney in the name of Juan Guillermo Gómez Gutiérrez, to empty one or more bank accounts of millions. The arrest was the result of careful coordination between the Mexican, Swiss, and U.S. authorities, according to statements from U.S. Justice Department officials. It was one of the first such actions carried out under the aegis of President Clinton's recently decreed Presidential Directive 42, which specified that leading money-laundering centers in the world—such as Switzerland—will pay a heavy price in U.S. retaliation if they fail to cooperate in anti-drug investigations, such as that of Raúl Salinas. Authorities in all three countries are now trying to identify other bank accounts under Raúl's alias, and to track down others who may have had access to those accounts.

Charges of illicit enrichment have been added to the murder charge which Raúl Salinas is facing in Mexico, and there are reports that charges of laundering drug money are being considered as well. He is currently in jail awaiting trial.

There are insistent reports that ex-President Carlos Salinas, Harvard economics degree and all, was complicit in brother Raúl's criminal activities. Although Carlos quickly faxed a press release from an undisclosed location to the media, denying any knowledge of the origin of his brother's multi-millions, a source at the U.S. Drug Enforcement Administration told the Mexican daily *Excélsior* that "we reported directly, and at the highest level, on the suspicious transfers abroad" carried out by Raúl during his brother's six-year term. Inside Mexico, there is widespread belief that the former President is lying outright about what he knew. Eighty-one of 300 congressmen from the ruling PRI party have already publicly called for both Salinas brothers to be thrown out of the PRI.

Wall Street attempts damage control

The City of London and Wall Street banking crowd that put the Salinas team in power and promoted them as a model globally, have leapt to their defense, and are trying to control the damaging fall-out from the scandal. Back in April of this year, *Wall Street Journal* editor Robert Bartley penned a sympathetic interview with the former Mexican President, who is today a member of the board of Dow Jones, Inc., which publishes the *Journal*. Bartley quotes Salinas insisting that the murder evidence against his brother is just "hearsay." The interview also cites Carlos Salinas's "gratitude" to Sir Henry Kissinger KCMG, the self-proclaimed British agent of influence and longstanding admirer of the Mexican "miracle," for coming to his aid with a public lunch invitation. Perhaps thinking of his own role as a modern-day Iago, Kissinger called the Salinas brothers' troubles "a Shakespearean tragedy."

In a June interview with Mexico's *El Financiero,* Kissinger Associates' vice-president Alan Stoga declared that any trial of Raúl Salinas would "not get past the first round," because it was "very weak, based 100% on verbal testimony."

On the other hand, the evidence of Raúl Salinas' corruption under his brother's reign is now so overwhelming, that the disgraced President appears to have fled to Castro's Cuba, leaving his sponsors to worry that their carefully crafted "Salinas model" could go down the tubes, in Mexico and elsewhere. As one prominent columnist in the daily *Excélsior* put it on Nov. 27, "What will be the response of Salinas's domestic and foreign allies to this new situation, [of] figures . . . like George Bush or Henry Kissinger in the United States, who have been key in building the image Salinas knew how to project?"

Wall Street's response, as is typical of the Bush-Kissinger crew, has been to threaten Mexican President Ernesto Zedillo to back off on the investigations, or else. An article in the Nov. 27 *Wall Street Journal,* explicitly warned Zedillo that he "is playing a dangerous game in pursuing new charges against Raúl," since, as academic Delal Baer puts it, "To the extent that Zedillo shares the economic views of the previous administration and those views are discredited, it makes it difficult for Zedillo to continue with those economic policies." A Dec. 1 article in the *Washington Post* attempted to whitewash the Salinas scandal, arguing that it is really President Zedillo "who had the chance to make things right. Instead, he is making things worse."

Portrait of 'free-trade' sleaze

Raúl Salinas de Gortari held several plush posts during his brother's six-year reign, including "technical director" of a vast slush fund known as Pronasol, which Raúl turned into a private fiefdom run by an army of "ex"-communists and "former" terrorists. It was this network and Pronasol funds which provided critical support for the January 1994 Zapatista narco-terrorist insurgency in the southern Mexican state of Chiapas. Raúl also ran Conasupo, the state's staple food distribution agency, which oversaw import and export of meat, milk, and grains; Raúl used Conasupo's immense powers, in collaboration with speculators and the international grain cartels, to destroy Mexico's grain, cattle, and dairy industries, while making a killing for himself and his family on the side.

This is a perfect example of how "free trade" works. Before Salinas came into power in 1988, Mexico was nearly self-sufficient in corn, beans, and other basic food staples, and was importing only 5 million tons. Between 1988 and 1994, grain imports zoomed. Now Mexico is importing 15 million tons of grain a year, equalling 25-30% of the country's total grain imports. Equally important, Mexico has no money to pay for it, and its population is faced with a very real threat of mass starvation and epidemics in the immediate period ahead. Outrage is so widespread, that journalists are already suggesting that the real source of Raúl's millions comes from the killing he made while destroying the nation's farm sector.

It is said that public servant Raúl, whose official annual income was $180,000, amassed a multibillion-dollar fortune, stashed away in scores of bank accounts around the world. His links to various of Mexico's drug-trafficking cartels were universally known. Raúl's terrorist capabilities were at the same time key to protecting his brother's "miracle"; the assassination of at least one of several prominent Mexican figures murdered in the latter part of Salinas's term because "they knew too much"—in the words of one columnist—has been officially laid at Raúl's door.

The 'Salinas effect'

Like the so-called "tequila effect" when the first collapse tremors hit Mexico's free-trade "miracle" last December and then spread outward across the continent, the "Salinas effect" is already being felt elsewhere. In Venezuela, President Rafael Caldera gave an interview on Nov. 27, in which he pointedly observed, "The situation in Latin America is very serious. Look, until December 1994, they presented the policy of President Carlos Salinas de Gortari of Mexico to us as the model. Very distinguished Venezuelans who had been [to Mexico], said, 'Caldera, what has to be done, is what Salinas de Gortari did.' Why are they silent now? Why don't they say anything? Why don't they talk about Salinas de Gortari?"

One week earlier, Caldera's Finance Minister Luis Matos Azocar fired the head of Venezuela's Investment Fund (FIV), Carlos Bernardez, whose pro-IMF views had repeatedly clashed with those of the government. Bernardez's dismissal, at a moment when the Caldera administration is in delicate negotiations with the IMF, triggered a new round of attacks against the Caldera government, led by "consultant" Steven Hanke's threat that Venezuela could become "the Nigeria of South America" if it persists in defying IMF "recommendations."

Hanke, a Mont Pelerin hatchetman who is a persistent advocate of British-style "currency boards," served as an adviser to Bernardez, and is now out of a job in Venezuela. Venezuelan government official Roosevelt Velásquez was quick to note in response to Hanke's threat, that "but of course, [Hanke] was an adviser to Mexican President Carlos Salinas de Gortari."