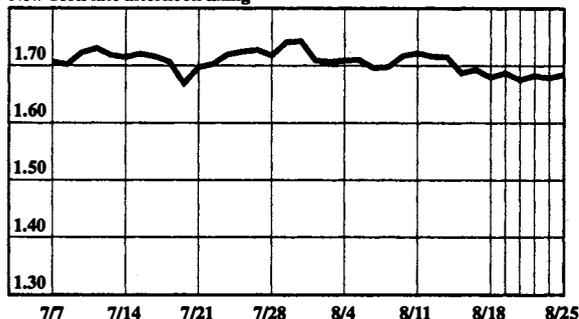


## Currency Rates

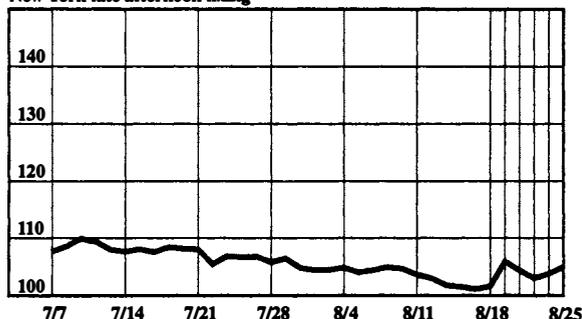
### The dollar in deutschemarks

New York late afternoon fixing



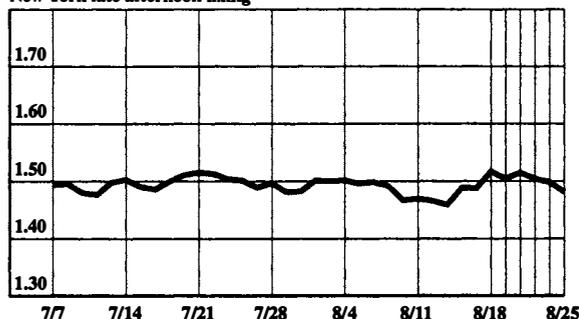
### The dollar in yen

New York late afternoon fixing



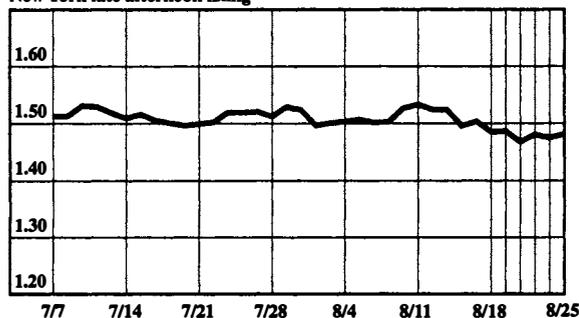
### The British pound in dollars

New York late afternoon fixing



### The dollar in Swiss francs

New York late afternoon fixing



## The real issues behind NAFTA

by Peter Rush

On Aug. 13, representatives of the United States, Mexico, and Canada signed a set of so-called side agreements to the North American Free Trade Agreement (NAFTA) negotiated by George Bush shortly before leaving office. The event has again made NAFTA a hot topic of news coverage and congressional debate. But, in fact, the six months of negotiations, and now the final signing of the agreements, is nothing but an elaborate side-show designed to mislead Congress and the American public as to the real reasons the Bush and Clinton administrations, and the international banking community, are pushing for congressional approval of Bush's NAFTA treaty. A panicked editorial in the Aug. 25 *Washington Post* attacking those who call NAFTA part of a "one-world plot," revealed the growing concern of NAFTA's backers that some of the real issues may finally surface anyway.

Unmentioned in any of the coverage in the U.S. media is another potential threat to NAFTA: the economic carnage that free trade has already wrought in Mexico, and the growing political and social upsurge, above all within Mexico's agricultural sector, that has placed free market economic policies and NAFTA squarely on the table for debate. Led by the Permanent Forum of Rural Producers (FPPR), a producers' organization active in several states, farmers are engaging in protests such as the 100-vehicle tractorcade which arrived in Guadalajara on Aug. 25. A delegation from the forum demanded and got a meeting on Aug. 19 with President Carlos Salinas de Gortari, lasting 35 minutes, at which representatives told him point blank not to sign NAFTA.

The reality is that NAFTA has nothing to do with trade, jobs, or economic growth. It has to do with imposing the new world order on all of Ibero-America, starting with Mexico. The Mexican government's alleged concern over the issue of sovereignty in the side-agreement negotiations is nothing but public relations because President Salinas, and his predecessor Miguel de la Madrid, long ago ceded the country's economic sovereignty to the United States. Should NAFTA come into force, Mexico will become juridically an appendage of the United States.

The purpose of NAFTA has never been to create free trade — that already virtually exists — nor is it to suck U.S.

jobs to Mexico, since that will also happen anyway under current world conditions. It is a bankers' scheme to lock Mexico into an agreement whereby it cannot return to a genuine nationalism in the political realm, or to protectionism and government guidance of the economy in the economic realm. Its purpose is to tie Mexico inextricably into the new world order by completing the financial absorption by the international banks of Mexico's banking system, and by making the U.S. dollar its de facto currency.

Admitting that this is the Anglo-American banking establishment's intention, an International Monetary Fund economist, Guillermo Calvo, told a conference in Bogotá, Colombia in mid-July that "the central banks of Latin America must set up accords with the Federal Reserve to be able to control dollar monetary flows and to have an efficient banking system. . . . We must recognize that we are in the dollar area and that our economies have become dollarized." Calvo specified that the type of accord he was advocating was like what the Bank of Mexico has with the Fed: a \$5 billion line of credit, called a swap credit. "This idea should be generalized in all of Latin America," he said, "where in effect all central banks could borrow at the Fed's discount window."

### **A charade**

In the United States, the political problem faced by President Bush, and which now faces President Clinton, is that the overwhelming majority of the American public, and what is currently thought to be more than half of the members of the House of Representatives, are opposed to the treaty, largely on economic or environmental grounds. The two most powerful lobbies which have been opposing it for the past two years are the U.S. labor movement and the so-called environmentalist movement, more recently joined by Ross Perot. Many smaller agricultural interests, especially in Florida and California, also are dead set against it, while big agriculture, tied to the huge grain cartels, backs it.

Hence, from the moment that former President Bush signed the initial NAFTA accord a year ago, the public relations task for NAFTA's backers has been to appear to address the concerns of congressmen worried about labor and environmental issues sufficiently to swing enough votes to ensure passage of the bill in Congress. Ever since a speech by candidate Clinton last Oct. 4, the focus of public debate has been on a series of "side agreements" to "fix" what was left out of Bush's version of the treaty. What was signed on Aug. 13 fixes absolutely nothing, and is so transparently inoperative that it may even fail as a public relations gimmick.

From the U.S. side, negotiators led by Trade Representative Mickey Kantor have focused on the sanctions issue, hoping to fool Congress and the public into believing that as long as trade sanctions were mentioned in the treaty as the last resort, that the United States *did*, in fact, have enforcement powers "with teeth." Now, according to the plans of NAFTA's backers, opposing congressmen are to be threat-

ened by saying that if they defeat the treaty, they will be responsible for destroying Mexico's economy, which, they argue, will sacrifice hundreds of thousands of U.S. jobs in the export sector and flood the border with illegals looking for jobs. That this argument is a calculated lie was admitted by Jorge Domínguez of the pro-NAFTA Inter-American Dialogue, who stated in an Aug. 24 meeting that the charge that NAFTA's defeat would smash Mexico's economy was "a necessary exaggeration," required to force it through Congress.

That the anti-NAFTA movement may begin to take up the *real* sovereignty issue, taking its cue from the only movement that has made this the central issue for the past two years, namely, the LaRouche movement internationally, is the clear fear of the *Washington Post* in the cited editorial. The editorial attacked those who see a "one-world conspiracy" lurking behind NAFTA, mentioning by name only the Liberty Lobby and Pat Buchanan. The editorial said that it is legitimate to discuss whether NAFTA will help or hurt the U.S. economically, but that it is out of bounds to go after the issue of sovereignty as these groups are doing. The *Post* clearly feared to mention LaRouche by name in its attack for fear of giving him added visibility and credibility.

### **Mexican farmers on the march**

In their meeting with President Salinas on Aug. 19, the Rural Producers Forum leaders addressed the real sovereignty issue, telling him that no partial, patch-work measures within an overall austerity program would revive Mexican agriculture, but only an economic policy "based on the principle of national economy," that is, nationalist economics. A statement read to Salinas from the forum said, "We must establish . . . a banking system that generates credit, oriented to stimulating productive activities and investment in large agricultural and industrial infrastructure projects." It also demanded a debt moratorium, saying that it had calculated that 80% of rural farm debt to the banks was "illegitimate" due to usurious interest rates. Such a step would be a violation of NAFTA, and would force revocation of most of Mexico's recent banking reforms that have opened up the financial system to domination by foreign financial interests.

Forum leaders also told Salinas that free trade has already "destroyed national industry, brought about the bankruptcy of farmers, thrown millions of Mexicans out of work, ruined our buying power, pushed 30 million Mexicans into extreme poverty . . . and occasioned a national disaster. . . . Therefore, do not sign the North American Free Trade Agreement."

For the first time in modern Mexican history, such a demand to the President is backed by a totally independent popular movement which has the potential to quickly become a mass movement that could transform Mexican politics, burying NAFTA and Salinas's free trade economic program in the process.