

# Fox Embrace of Bush's 'Free Trade' Is Death for Mexico

by Cynthia Rush

Mexico's President Vicente Fox would do well to remember that oft-recited saying alluding to Mexico's unfortunate geographical and historical relationship with its neighbor to the North. Mexico's misfortune, the saying goes, is that it is "so far from God and so close to the United States." That has certainly been the case over recent decades, when the United States strayed from the American System policies of Washington, Lincoln, and Franklin Delano Roosevelt.

Fox has been strutting around recently, boasting that Mexico's proximity to the United States has made it "the envy of everyone." Asked many times about the effect of the U.S. economic crash on Mexico, Fox's glib response is that there is no reason for concern, labelling as "catastrophe-mongers" those who argue otherwise. Even if Mexico is overly dependent on the United States for 90% of its exports, he predicts, it can always switch to European markets, and "there really won't be any extraordinary impact" on Mexico of the U.S. crisis.

But the rapidity with which Mexico's U.S.-linked crisis is growing, is forcing other members of Fox's Cabinet to speak more truthfully. An evidently panicked Labor Secretary Carlos Abascal has warned that "massive unemployment" is one of the "inevitable consequences that we have to pay, as a result of the excessive dependence on the U.S. for our exports."

As U.S. corporations either cut back or shut down their domestic operations, as has occurred in the automobile industry, their subsidiaries in Mexico are laying off thousands of workers, and this is just the beginning. Alejandro Faes, president of the National Clothing Industry Chamber, told Notimex news agency that he expects at least 30,000 jobs in this sector to be lost in the first quarter of this year, as a result of the U.S. economic "slowdown." And, he said, this figure could go as high as 100,000 by year's end, should the internal market remain depressed, and the U.S. economy not "recover."

Even the *maquiladoras*, the foreign-owned, in-bond assembly plants, most in states bordering the United States, are laying off workers. Hailed as Mexico's salvation under globalization because they can employ people at slave-labor wages, many will close down and move south to Central America, where wages are 40% lower than the pitifully low salaries paid to Mexicans.

On top of this, the hyperinflationary natural gas price, which is pegged to the "free market" (i.e., speculative) price set in Houston, has forced the shutdown of Mexican steel and chemical plants, and as many as 176,000 jobs in gas-dependent industries are now threatened.

## The Nation Is at Stake

Desperate national and state leaders, from political parties and business, agricultural, and labor organizations, are demanding that the government act immediately to cap the gas price, before the country's remaining productive activities are forced to shut down. Businessmen and farm producers in northwestern Mexico, who have been particularly hard hit by the crisis, asked to meet with Fox on an emergency basis in late January, when he visited the northwestern state of Sonora to confer with the region's governors.

Preparatory to Fox's arrival in Sonora on Jan. 23, two regional dailies, *Tribuna del Yaqui* and *Diario del Yaqui*, published an ad signed by Lyndon LaRouche's co-thinker organization, the Ibero-American Solidarity Movement (MSIA), and the Permanent Forum of Rural Producers, warning Fox that he ignores Mexico's crisis at his peril. Under the headline "Stop the Free Trade Suicide," the ad stated that the United States' inability to serve as "importer of last resort" for the rest of the world "has dramatic implications for Mexico. . . . The utopia of globalization and free trade is coming to an end. NAFTA [the North American Free Trade Agreement] is exhausted, and Mexico must therefore prepare to get off the sinking ship."

It is suicide to remain enslaved to NAFTA, the ad told Fox. Instead, he should adopt a dirigist credit policy "oriented toward strengthening the domestic market and reactivating national industry." The ad told Fox that he must choose Mexico's interests over those of Wall Street and the City of London, which would mean linking up with the international movement for a New Bretton Woods, led by LaRouche. These forces are growing "not only in various countries around the world, but also in the United States itself," the ad underscored.

Fox refused to meet with the producers, but effectively gave them his answer in his Jan. 26 address to the World Economic Forum meeting in Davos, Switzerland. There, he said that Mexico's future lies with "NAFTA-plus," a widening of NAFTA to include the rest of Ibero-America, an idea he said he would discuss with President George W. Bush, when the two meet Feb. 16 at Fox's Guanajuato ranch. As he told London's *Financial Times*, the "NAFTA-plus" idea also includes a "common energy policy" with the United States, which Fox has already indicated means opening up Mexico's protected energy sector for looting by foreign investors—among them, Bush's friends at Enron. Even though Mexico's energy resources haven't been developed, because of lack of investment and exploration, foreign firms are drooling over the possibility of building new electricity plants in northern Mexico, purportedly to provide electricity to California!