having a progressively more difficult time concealing that fact.

Bankers' Arithmetic Revisited

Take the case of Mexico's public domestic debt—i.e., what the government owes inside the country. In **Figure 11,** we present the shocking fact that the official numbers put the total at "only" 825 billion pesos (about $82.5 billion, whereas the reality is that Mexico's public domestic debt is about *three times* that large. These huge sums are concealed "off budget" in what is euphemistically called the "contingent debt." That "contingent" debt includes two major components, which are like the case of the elephant sitting in the middle of the kitchen, which everyone denies even exists.

The first is the case of the so-called "Pidiregas," which stands for "Projects of Deferred Impact on the Registry of Expenditures." Behind that mouthful is a very simple con game. Beginning in 1996, and then with a vengeance under President Fox in 1999, the Mexican government began to contract with various companies, principally foreign, to construct electricity plants and similar projects in Mexico, but "deferred" repayment to those companies by 5-10 years, at which time they will be reimbursed out of the revenue stream coming from the sale of the electricity which they will produce. Presto: no debt! (At least not official debt.) There are, however, about 816 billion pesos in binding contracts for future Mexican government payments—i.e., *debt.* This is almost as much as the entire official public domestic debt.

This clever mechanism has also served to sneak past the Mexican Constitution and other laws which prohibit foreign companies from participating in the critical energy sector, oil included.

The second elephant-sized component, is the IPAB debt. This stands for Institute for Bank Savings, and represents another 714 billion pesos in debt, which was originally owed by Mexican private banks, but which was taken over by the Mexican government when it bailed out those banks in the mid 1990's—after they had been bankrupted by foreign speculative looting. The numbers don't begin to appear even as part of the "contingent debt" until 1998. That is when the Mexican government created the IPAB to formally take over the debt which had been held by FOBAPROA, a government-created trust fund which had been concocted in order to bail out the banks.

This, too, is a de facto obligation of the Mexican government, bringing its total real domestic obligations to nearly 2.5 trillion pesos (about $250 billion)—more than three times the official debt.

Will the nation of Mexico allow itself to be dismantled, its population subjected to new NAFTA measures which amount to the Paddock Plan, all in order to maintain this sort of absurd debt bubble? Will other nations and regions drop their growing objections to free trade, in light of such a "success story?"

To Save Mexico, Let Us Bury NAFTA Now

This statement was issued on Dec. 4 by Marivilia Carrasco, president of the Ibero-American Solidarity Movement (MSIA) in Mexico.

> Wherever one looks, discord, decomposition and slavery go hand in glove with the British system of free trade; on the other hand, harmony, freedom, wealth and strength grow in all of those countries which resist that system. —Henry Carey, 1859

With the launching of the new phase of the North American Free Trade Agreement (NAFTA) that goes into effect in 2003, under which Mexico will eliminate what remains of protectionist tariffs for its agricultural sector, new and totally justified protests have taken place, on the part of widely varied groups of agricultural producers and political circles in the country. The majority of these reactions denounce the protectionism and subsidies of the United States and Canada, and call for a moratorium on the implementation of this new outrageous phase of NAFTA. That, however, will not solve the problem.

The problem is neither the subsidies nor the protectionism of the United States and Canada; nor is the answer to try to gain some time so as to postpone the death of the Mexican farmer. The problem is the entirety of the free trade policy on a world scale!

Precisely what the MSIA and U.S. Presidential pre-candidate and economist Lyndon H. LaRouche, Jr. warned of, some ten years ago, has come to pass: NAFTA is a euphemism for creating an "Auschwitz"—a concentration camp of slave labor—on the southern border of the United States. The coming phase will drive several million new unemployed and starving Mexicans into trying to cross the border into the United States—where the demand is to open the borders to free trade, but to shut them to migration.

All of NAFTA Must Be Repudiated

To survive, it is urgent to recognize NAFTA as the cruel farce that it is, along with all the free trade policies that would be imposed under a Free Trade Area of the Americas (FTAA) and similar instruments around the world, such as the Maastricht accords in Europe. Fraudulent statistics of Mexico's supposed success have been fabricated in order to similarly swindle the other countries of Central and South America, and the entire world. Increased Mexican exports, the ostensible proof of the "success" of NAFTA, are an economic fraud, since in both the countryside and in the assembly industries known as "*maquiladoras*," the increase in those exports is not the result of a strengthening of the real national economy, but of the permanent looting of labor power, agricultural products, and the country's natural resources. They do not mean an increase in the general productive capacity of the country, but a mechanism for keeping Mexico open to an infernal dance of looting, determined by speculation on the financial markets. It is like hastening the hemorrhaging of a dying patient.

After eight years under NAFTA, with the elimination of economic protection barriers, elimination of subsidies for national agriculture, and so forth, the effects are devastating, both for agriculture and for national industry. Despite supposed protection, production of basic grains, such as rice, wheat, and corn, among others, has collapsed in per-capita physical terms.

Take the case of rice: Imports represent 300% of national production, and per-capita national production fell 60%. Look at wheat: The country imports more than it produces, whereas in the early 1990s, imports only represented 20% of national wheat production. Per-capita production has collapsed between 20% and 30%. Corn: Although we still produce more than we export, imports have grown at a faster rate than national production, and it is a fact that imports are slowly displacing production of this basic product.

It is impossible to continue to hide the fact that all the international free trade agreements are in a state of collapse. The Maastricht treaties in Europe, for example, are wreaking havoc with national economies, and European governments are under tremendous pressure to halt plans to completely eliminate tariff barriers for agriculture and other sectors. Romano Prodi, president of the European Union Commission, recently labelled the so-called monetary "Stability Pact" of the Maastricht treaties "stupid"; the description was endorsed by other members of the European Commission and European Parliament, who noted that the treaties have weakened their nations even further, and have had a very negative effect on employment.

From the very beginning, the purpose of NAFTA was to destroy any possibility of Mexico's sovereign development, and to subject the country to the vilest looting. After the order of the Trilateral Commission, issued by Zbigniew Brzezinski, to prevent "a Japan south of the [U.S.] border"—a reference to development programs attempted by the José López Portillo government in the late 1970s and early 1980s—NAFTA was constituted as the necessary means to subject Mexico to the designs of globalization and its policies of looting and speculation, for the exclusive purpose of guaranteeing payments on the usurious foreign debt, under IMF policies. . . .

We are creating, together with political forces in Argentina, Brazil, and other nations of the continent, a world forum in defense of the sovereign nation-state, and for a just new international financial system, which we have baptized the Guadalajara Forum, with the certainty that the people will have to assume responsibility in defense of our nation-states.

India Revives the Plan To Link Up Its Rivers

by Ramtanu Maitra

Early in December, Indian Prime Minister Atal Behari Vajpayee proposed a ten-year plan to inter-link the major Indian rivers, Ganges and Brahmaputra, to bring water to drought-prone and rain-shadow regions of the country. Mrs. Sonia Gandhi, the leader of the parliamentary opposition and President of the Congress Party, quickly endorsed the Prime Minister's proposal, indicating its urgency.

The proposal to inter-link India's greatest rivers is a 30-year-old "great project" which would cost 600 billion rupees (about $120 billion), reports said. The proposal got the green light after a serious drought this year affected a good part of the country, enlivening the existing disputes between the states over water allocation from rivers. It is evident that the New Delhi government has few answers to settle the dispute through negotiations between the states of Karnataka and Tamil Nadu in the south, over the transfer of water from the Krishna River basin to the perpetually water-short Cauvery River basin.

A Cautionary Note

Although linking the river basins has attracted support from a wide range of experts and analysts, Delhi should know that it would face obstacles at various levels, including from abroad. To begin with, the augmentation of the Ganga (Ganges River) by bringing in surplus water from the Brahmaputra River basin—digging canals running through Bangladesh—was never accepted by Bangladesh's government in Dhaka. It is unlikely that India can take it for granted that what was rejected by Bangladesh in the early 1980s, would be acceptable now. Similarly, Nepal's rivers, at least some of them, have to be managed, and storage facilities will have to be built in the Nepal Himalayas to facilitate the supply of water to the Ganga. This was earlier vehemently opposed by Nepal's government in Kathmandu; the Nepali Communists led the opposition to these projects. Now that Kathmandu is seriously threatened by chauvinist anti-India Maoists, it is unlikely that Nepal will be in a position to nod its head in support.

Delhi must do its homework before launching the project and be prepared for a give-and-take style of negotiations to satisfy both Bangladesh and Nepal. India has many arid zones. For instance, these areas exist in the states of Rajasthan, Gujarat, Maharashtra, Karnataka, Andhra Pradesh, and Tamil Nadu. Droughts are a recurring feature in these areas, often resulting in the migration of human beings and livestock to