Kissinger demands: Pass NAFTA in 1992

by Carlos Cota Meza

After Henry Kissinger's April 22 speech at the Americas Society Forum, the negotiating committees of the North American Free Trade Agreement (NAFTA) put on a burst of speed, determined to have the pact in place before the end of the year. As *EIR* has shown, NAFTA is the plan to create a giant Auschwitz slave-labor economy for looting, from the Rio Grande to the tip of South America.

Kissinger was categorical: The agreement could not get bogged down in claims of this or that technical advantage. "It should be signed by all parties, and should be defended on all sides as a political vision, and not merely as a trade agreement." As a political vision, NAFTA is being pieced together over a mountain of disagreements.

To be sure, the obstacles are not on the Mexican side. In the White House, at its Mexican counterpart Los Pinos, and everywhere else, it is understood that President Carlos Salinas de Gortari's economic program wholly depends on the support it gets from Kissinger, David Rockefeller, and George Bush, in that order and following the Trilateral Commission's ranked membership roster.

In response to occasional hints of independence from the Mexican negotiators, Wall Street circles have begun to manipulate what is known as the weak spot of the "Mexican miracle," namely its reliance on foreign capital. "Argentina and Brazil are today competitors in the search for foreign capital," these sources say. While Mexico is still deemed a good investment, the bonds of Mexico's national companies have begun to fall on the markets, to the point that "recommendations" can now be heard urging a slowdown in such bond offerings.

J.P. Morgan, for example, has recommended "a temporary deceleration useful for balancing against the credit expansion of the private sector," along with a showing of "GNP growth" through 1995. The message delivered by the "invisible hand of the market" to the Salinas government is crystal clear: The only thing you have left to hand over is Pemex, the national oil firm.

On Democrats and 'Bush Democrats'

The political difficulties met in signing NAFTA have been on the American side. These visibly appeared on Nov. 5, when during the senatorial vote in Pennsylvania, Democrat Harry Wofford trounced former U.S. Attorney General Richard Thornburgh, the choice of President Bush. Wofford won by opposing NAFTA, and was backed by labor unions and farmers statewide, while Thornburgh campaigned in favor of the trade pact.

Still, after the Wofford victory, the political equation changed. The likely Democratic Party presidential nominee is "Slick Willy" Clinton, as fanatic a defender of NAFTA as of the death penalty, and considered a vulgar clone of George Bush. This makes Bush confident that he will not lose votes to such a "rival" by pushing NAFTA.

Indeed, the loudest NAFTA boosters are "Bush Democrats," like Rep. Bill Richardson (D-N.M.), who recently declared, "It is my prediction that at some point in mid-July, the two Presidents will announce that a tentative agreement has been reached." He added that the pact "would be immediately sent for congressional review, but the vote won't come until next year."

'A new perception'

In Mexico, barely a week after Kissinger's speech, the talk was of "a new perception among the three countries," and the 1,200 bracketed objections in the treaty draft—representing all the disagreements of the past 18 months of negotiations—began to disappear. On the issue of tariffs, the "Arthur Dunkel formula" was adopted on Mexico's suggestion. Dunkel is the chairman of the General Agreement on Tariffs and Trade (GATT) who advocates stripping economies of tariff protection and subsidies.

On the automotive industry clause of the treaty, the negotiations "advanced 80%" after the U.S. assemblers yielded on their position. Officially it is said that "Mexico has obtained advantageous positions," although Mexican auto parts producers disagree. In the financial sector too, negotiators claim to "have reached a virtual agreement," consisting of permitting foreign banking institutions to establish subsidiaries in Mexico, but not bank branches. John Reed of Citicorp opposes this arrangement, insisting that Mexico must also accept the installation of foreign bank branches without the need for Mexican partners, branches which would receive the same treatment as their Mexican counterparts.

Although it has yet to be confirmed, it is rumored that Salinas and Bush are running their own negotiations parallel to the official ones. True or not, the announcement by the Mexican head of state—following the Guadalajara disaster—that Pemex would be restructured within 30 days (a period which ends June 12), is Mexico's "contribution" to this "change of perception."

What is expected from this restructuring is that Pemex will be split into four or five new companies (mini-Pemexes), with separate administrations, budgets, and sources of financing. The plan has been described abroad as Mexico's "new flexibility," and as reflecting a new philosophy that effectively turns the famous Article 27 of the Mexican Constitution on its head, by considering everything in the subsoil as belonging to Mexico, and everything from the ground to the heavens as open to foreign investment!