

**Mexico eleven years on from NAFTA:
A ripe neo-colony of youth without a future?**

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**As presented at the conference on “NAFTA and the Future of North America:
Trilateral Perspectives on Governance, Economic Development and Labour,”
University of Toronto, February 7, 2005**

A Spanish version of this paper was published in *Memoria*, num.187, Sept. 2004, Mexico

Introduction

This year is the 10th anniversary of the signing of the North American Free Trade Agreement (NAFTA) and as such the consequences are being weighed up, explicitly or implicitly, in and outside of Mexico, with both optimistic visions and more somber assessments.

In the officially optimistic vision the positive outcomes outweigh the costs, hence the insistence on the growth NAFTA has produced: regional and extra-regional trade, investment, productivity, commodity chains and the institutionalization of commercial relations. Without going into detail, we need have no hesitation in admitting that this is basically true.

However, there are disturbing aspects to this positive vision which cannot be denied by this somewhat partisan optimism. For example: that the export model is in fact one of imports (throughout the nineties imports tended to be higher than exports); that employment fell, especially in the manufacturing and agriculture sectors; that real wage levels are today lower than they were in 1980; that the difference in income between the poorest 10% and the richest 10% has increased; and that to all intents and purposes we today have a Mexico clearly divided between north and south, as shown by social and quality of life indicators.

The greatest upset to the “successful export model” in manufacturing is that it relies on a high proportion of imported components, such that we are essentially a platform for assembling and re-exporting imported parts. In the “Maquiladora” assembly plant, the extreme case of the current model, 97% of parts are imported while only 3% are of local provenance, yet overall, one half of our total exports correspond to such factories.

Our assessment begins with a basic historical fact: NAFTA explicitly sought to ‘set in chains’ (termed ‘locking-in’ by its creators Hufbauer and Schott) structural reforms of the 80`s, which is to say to make them irreversible. NAFTA is therefore part of a single process, one of economic, political, social and cultural subjugation that began in Mexico with the forced implantation of a neo-liberal model of accumulation, an industrialization oriented toward the external market, especially within the region of North America, where today we participate in a little over 40% of total commerce.

In terms of the neo-liberal economic model explicit or implicitly present in the logic of the economic integration of Mexico with the US, it can be shown that there has been a doctrinal-economic continuum which structurally affected Mexico: as such it is futile to attempt to set aside a number of economic events as if they had nothing to do with NAFTA.

As our title suggests, without seeking to shock, in the political design of neocolonial status (obviously we evoke Lenin by recalling that towards 1880 colonial possessions were the only guarantee of success in the struggle between monopolies) there are three roles, strategic for the US, that NAFTA has sought to consolidate in Mexico: the double role of energy provider and source of abundant and cheap labor on the one hand, and the double role of an export economy of manufactured goods, highly dependent on agricultural and manufacturing imports on the other.

In the process we have lost autonomy over the national political economy, whose principal orientations are unilaterally determined by our neighbor, a veritable `Hegemon` in the region and in the World economy.

I. Stylized impressions of the real scale of the disaster of neo-liberalism and NAFTA for Mexico.

To paint a rough picture of the most notable results of NAFTA (including what went beyond its provisions) we shall make use of three broad brushstrokes.

Firstly, let us recall that with Raúl Muñoz Leos as director general – a businessman arrived direct from the corporate upper echelons of an American transnational – PEMEX sent 90% of its crude oil exports to the US in the first trimester of 2004. In the same period, the company had lowered the prices of all crude exported to the North American ‘region’, giving a real reduction of 15 to 30 cents per barrel (of which ‘Istmo’ crude underwent the lowest reduction and ‘Maya’ crude the highest). Simultaneously and as if were the other side of the same coin, at the beginning of June the same year PEMEX announced a 2 cent rise in the cost of its ‘Magna’ gasoline and a 21 cent rise in that of its ‘Premium’ gas, which represent 82% and 18% of the national daily consumption respectively.

To understand the situation fully remember that PEMEX will import oil products to the value of \$4,000 million this year. We are, therefore, exporters of crude and importers of gasoline, i.e. refined, products. It is difficult to argue that this is not a classical colonial relationship: exporter of primary goods, importer of processed goods.

It doesn’t end there, however, since the implications of this situation has to be understood in the light of the publicly admitted fact that proved reserves of crude exist “only for the next eleven years,” although to attenuate this PEMEX has insisted on a “recovery of reserves” given that in 2003, 41 fields of gas and oil were discovered , which allowed the level of replacement of reserves to be increased to 45% of production levels. Nevertheless, the company’s own statistics clearly show that total reserves (composed of proven, probable and possible reserves) fell by 13.4% between 1999 and 2003, and proven reserves taken alone fell by 41.3%; in combination the percentage is lower due to the relative rise in probable (+40.2%) and possible (+13.4%) reserves.

The priority of PEMEX’s oil production is therefore to supply the US with crude, and to buy from there the gasoline we consume. If that were not enough to confirm the neocolonial character of the relationship, let us mention that PEMEX also bears a ‘traditional’ external debt of USD \$7,753 million, to which must now be added the additional burden of a ‘new’ debt for being in excess of budget according to the PIDIREGAS (Infrastructure Projects with Deferred Impact on Cost Recording) mechanism, a debt which in 2004 rose to USD \$28,000 million.

As we can see, financial parasitism by national and international private capital is the fundamental factor that today determines production priorities, pricing policies and the financial options of the most important public company in Mexico: yet another neocolonial trait.

The second brushstroke in our impressionist portrait is to take account of figures from the US Homeland Security department which indicate that in the era of President Vicente Fox, 2500 Mexicans without papers are being deported every day. According to

estimates by various experts, there is evidence that since the inauguration of the Fox government the number of Mexicans entering the US every year jumped from 500,000 to 800,000, of whom some 500,000 managed to remain there.

This means that there now exist in Mexico hundreds of half-abandoned towns, thousands of divided homes and families, and that there are hundreds of thousands of young Mexicans fearing deportation, though full of dreams of a future which our economy has been unable to provide them. This complex phenomenon is not checked by action limited to employment creation in the most depressed regions of Mexico, which is the intrinsic fallacy of the pompous 'Prosperity Agreement' signed by Presidents George Bush and Vicente Fox in 2003.

The criminalization of migrants is a problem which not only affects our compatriots but is alarmingly reflected in a grim statistic: between 1998 and 2004 alone two thousand people died trying to cross the northern frontier. This reality is further reflected in the growing militarization of the southern frontier and in increasing reports of the detention of migrants from Central America whose destination was the US and whom have been intercepted by federal and state police and the military in the states of Chiapas, Tabasco, Veracruz and Oaxaca. Alarming above all is criminalization by the deployment of publicity threatening a supposed flood of gangs of Central American delinquents, exemplified by the terrible "mara salvatrucha" (the Salvadoran Gang).

At the same time and in contrast to the containment and criminalization of Central American migrants on our southern border, the facts show a certain statutory preference on the part of the US, since the number of legal visas and temporary workers from Mexico exceeds that of any other country (135,587 in 1990, 196,760 in 1995 and 592,994 in 2001). The most significant sign of change is that 35% of the visas given to temporary workers in the US were given to individuals from the region of North America, that is, from Canada and Mexico, though it is necessary to recognize that the benefit to the former is more doubtful since the level of immigration is lower, though the actual number of visas is higher, and the work tends to be of a highly qualified nature.

The reservoir of young, cheap and abundant labor that Mexico represents tends to fulfill its 'complementary role' as a labor source for construction work in the US, where the demographic profile is aging, and where extreme segmentation of the market assigns the more qualified and better paid jobs to other nationalities.

This is indicated in the proposal presented by George Bush on 7th January 2004 which clearly demonstrates the strategies currently debated in the US for manipulating the administration of the flow of highly vulnerable workers.

Mexicans represent a little under 60% of the 9 million migrants without papers in the US of whom 6 million work, indicating a mass of labor which is young (the majority are under 30 years of age), cheap (most workers who have no papers earn less than half the minimum wage) and which is strongly subject to risk of deportation. As such it should come as no surprise that Bush should seek to manage the problem bi-nationally, though under the rubric of a "temporary labor agreement" completely favorable to the US.

The flow of migrants without papers augments the mass of low-paid workers in the US who now represent some 43 million people and are those who work in the industries denominated '3D' (dirty, dangerous, disgusting).

The third brush stroke applied to this rough canvas we are painting is based on information from the Bank of Mexico which tells us that in the first five months of 2004, Mexican migrants in the US sent remittances totaling \$6,325 million, which by the end of the year would give a total in excess of \$14,000 million, that is to say, a revenue greater than that received for manufacturing exports, and slightly below that received for oil, reinforcing the strong colonial-style dependence with respect to the Empire.

Our lackluster revolving-door government now accepts as a 'given fact' the impossibility of creating sufficient employment in Mexico and is backing an opportunistic triple-faced arrangement with respect to the issue of migration: failing to defend the rights of immigrants from our consulates; making propaganda amongst the Mexicans resident in the US suggesting that Bush's proposals are "better than nothing"; and more recently, in the face of the magnitude of recent deportation figures, admitting that migration represents a hemorrhaging of richness from the country and as such "should worry us."

The backdrop to the avalanche of migration is found in the agricultural exchanges promoted by NAFTA which also operate with the criteria of 'complementarity', given that the resulting pattern of specialization is leading Mexican producers to concentrate on fruit and vegetable growing and to quickly abandon the production of maize and other basic cereal crops, due to the practical impossibility of confronting the wave of imports (98% of Mexican purchases of maize come from the US). Meanwhile we have an increasingly deficient agricultural balance and deteriorating livestock.

Our producers are unable to compete in the production of basic cereals because, unlike in the US, they receive no subsidies, because they lack credit, technology and indeed natural fertility in the soil, and as a result imports have made them poorer. If they continue to sow and harvest maize it is for historical and cultural reasons, and because around 18 million people depend on it for subsistence.

This explains why at the beginning of 2003 these producers put pressure on the PRI-supporting collective organizations to protest in Mexico City. Under the banner of "The land won't take any more", they demanded a moratorium on agricultural and livestock special section by NAFTA and its immediate renegotiation, the removal of maize and beans from commercial treaties, the restructuring of agriculture with the participation of subsistence farmers, quality and sanitary guarantees on food production for the consumer, and the recognition of the rights and culture of indigenous peoples in accordance with the San Andrés Agreements.

II. From PRI to PAN, a change of name but not of project: neocolonial assimilation with the US advances.

Although Carlos Salinas de Gortari insists in his books and articles that NAFTA occurred to him following a trip to Europe, there is sufficient current and past evidence to show that the project was never included in his speeches as a candidate, nor as part of his strategy of development proposals as governor, meanwhile regionalization certainly was a strategy of the United States from the beginning of the eighties to deal with the loss of competitiveness of its companies both in the global economy and in its internal market.

It is important to identify the author of the project of regional integration since this partly explains its neocolonial character, its objectives and the resulting social

plunder.

By means of NAFTA, the US used first Canada, then Mexico and finally both together as negotiating cards to wear down the resistance of its opponents in the Uruguay round of the GATT. It was also through NAFTA that the US turned the relationship with Canada to its favor and tied Mexico to the structural changes that the international financial bodies had imposed on us throughout the 1980s: a unilateral opening up of commerce, minimalization of the role of the state in the economy (which implied severe restriction of an already modest welfare state as well as the ruthless dismantling of the protectionism which previously defended local producers and bankers), and the deregulation of investments and market access in such strategic sectors as finance, agriculture, the automobile industry, air and land transport, and telecommunications.

NAFTA not only settled the foundations of a regime of American accumulation with its intention of taking advantage of existing imbalances in favor of the US, but also because the rules of neo-liberalism were established in the very likeness of both the American norm and its imperial projection, and because the preferential objects of its scope within the region sought to benefit from transnational companies based in the US, the biggest winners with NAFTA.

However today we are at a point where these asymmetries might rather exert a price of the US for its arrogance, pride and neocolonial ambition, since mediocre economic growth in Mexico (less than 1% annual average in the eighties, a little over 3% in the nineties and around 1.5% from 2001 to the present), social decay due to unemployment (though the given rate may be low due to the government's method of measuring it), low salaries and increasing destitution (nearly 60% of Mexicans below the poverty line), have together generated a massive political discrediting of the neo-liberal model, of structural reform, of NAFTA and even of the image of a purported 'neighborly good will'.

There is a real threat of the regional process of integration turning back on itself and becoming a weighty burden destabilizing the whole Hemisphere, not only in anti-American feeling but as a deeply held anti-neoliberal attitude caused by the laying off of workers, fiscal adjustments, decline in salaries and the nonappearance of promised benefits. Already in November 2003 electrical workers organized an enormous demonstration against the privatization of the electrical sector, indicating the broad urban and rural base that discontent has today in Mexico. All along 2004, hundreds of thousand workers fulfilled the Zocalo of Mexico City several times outcrying against neoliberal policies.

In the global struggle for competitiveness, the US is politically discredited by its ambition of swallowing up the whole Hemisphere with the untrustworthy principles of NAFTA, only now by means of a Free Trade Area of the Americas (FTAA) whose content is copied from NAFTA and which doesn't bother to hide its colonial pretensions with regard to Latin America, which given the failure of the model has obviously absorbed the lessons of the 'tequila effect'.

To overcome the fallacy that everything would have been wonderful with NAFTA if it hadn't been for the 'December mistake', we should emphasize that from beginning to end of NAFTA negotiations Carlos Salinas de Gortari's PRI government and his economic cabinet allowed the worst road towards economic integration with the US to be imposed upon it, since they failed to fight for recognition that monetary funds

needed to be provided to absorb the effects of the structural adjustment entailed, as was the case in Europe with assistance provided to the weakest economies and regions. Nor did they demand that economic change be linked to international schemes for financial assistance, as had been the case with Pacific Rim and Asian economies.

In reality, the pragmatic ideas of the PRI in the Salinas era – that “we don’t want help, we want trade” and that we can do business on an equal footing because “we are now a first world economy” – suited the US down to the ground since it denied the shocking evidence of inequality, denied the need to negotiate sources of assistance and hid the fact that of the three partners in NAFTA, Mexico would be the one to suffer the most severe effects, including the unrecognized and never valued fact that our partners also sought to make us a specialist dumping ground for the region’s toxic waste. All of this was sacrificed in the name of Salinas and the PRI regaining the legitimacy they had lost in the 1988 elections.

Now even today, there are some who maintain that the assessment of NAFTA should be made over a longer period since “ten years is a short time”. Even today, they don’t attribute any responsibility to NAFTA for the 1994 financial crisis, though they do for the rapid recovery from it.

The reality, to put it in colloquial terms, is that ten years of experience is more than enough and there is a huge awareness that it has ‘gone to the dogs’. This is why, in order to carry on business with a minimum of legitimacy, we have to be sold the promise of what we have neither had for a long time nor been given by NAFTA: a prosperous society.

Vicente Fox has been the one in charge of giving continuity to the neo-liberal structural reforms. That is why, although in the end he has turned out to be a salesman of vain promises and an incurable optimist even with regard to his personal failures, the verbose and disconcerting businessman of the PAN has maintained a coherent strategy: from the beginning of his period of government, he announced that within the framework of the World Trade Organization (WTO) he would pursue along with the US the securing of a NAFTA-plus, that is, a *deepening of the original agreement*.

After four years of government we can confirm that in this at least he stuck to his word, given that at a business conference called ‘The Prosperity Society’ that took place in Guadalajara in June 2004 and whose theme was the debut in society of the successor to NAFTA, he emphasized that as part of “the common future we all must construct, is integration with the US of financial, energy, customs and telecommunications systems, as well as the alignment of institutions and laws as part of the constitution of a single economic block.”

At the same event, Luis Ernesto Derbez, Secretary of Foreign Affairs and the other official spokesperson for the PAN government, put in circulation the elements that substantiate his assessment and the outline of future development: NAFTA should begin a new phase to allow integration of the three countries in “a single strategic block that allows us to face the increasing competition from Asia and other regions.”

With NAFTA, added Derbez, “Mexico has increased productivity and participation in world exports,” but North America needs “a common policy on education, scientific and technological development and a uniform legal system which guarantees long term security to investors, and should create a basic security perimeter as well as harmonizing health and hygiene norms, establishing infrastructure projects which

are not in competition, creating a regional labor market and correcting imbalances in development.”

It would seem therefore that these are the areas under a renewed ‘negotiation’, but if we look more closely, they correspond faithfully to the agenda of the so-called ‘second generation structural reforms’ held up as indispensable and inevitable by the Fox government.

During the Fox-led PAN government and as a result of the events of September 11th 2001, the US unilaterally decided to create the North American Command (which includes Canada and Mexico) with regard to questions of security and migration, imposing FBI surveillance of Mexican airports and, it could be argued, supporting the recent television campaign for the introduction of the death penalty for hijackers, which is another key element to complete the toughening climate against terrorism and, in our country, the toughening up ‘against organized delinquency’.

Among those methods adopted since September 11th 2001, the American policy of increasing criminalization of migrants stands out, demonstrated within our own country by the *de facto* acceptance of a basic security perimeter which now extends from the US to the border between Mexico and Central America.

Concretely, the increasing hounding of immigrants without papers was made evident in July 2004 with the announcement of a double program for the return of those caught by the frontier patrol: the “Pilot Program for the Voluntary Repatriation of Mexican Migrants,” shortly to be signed between the US and Mexico; and the “Agreement for the Secure and Orderly Repatriation of Central American Migrants,” already signed by the Mexican and Guatemalan governments, but unilaterally deployed by the National Immigration Institute of the Ministry of the Interior.

We have already said that the security perimeter, in terms of migration, begins on the southern Mexican border, which explains why the detention of migrants without papers in that zone is increasing astronomically. In this matter, the orders of the Empire are not under discussion: they are obeyed and fulfilled.

As for the delicate question of energy, we insist on what was said previously: that the PAN government has in fact unilaterally forced through deregulation of the energy sector, a policy of preferential pricing and the massive exportation of crude to the US, just as demanded by the government of George Bush Jr. In effect, with no political capability for building a legislative coalition that would make the corresponding constitutional reforms viable, the Fox government unilaterally decided to go ahead with illegal multiple service contracts with transnational companies, which has led to a controversial judicial dispute. To this must be added the general national ill feeling due to the plundering attitude towards PEMEX reserves and the price discrimination by the company against Mexican consumers. A lengthy and complex judicial, political and social litigation about this matter is approaching.

Regarding education, the Fox government has again acted unilaterally pushing for drastic changes in the content of history teaching in public high schools and for theoretical changes to technological universities, complying with an old demand by the American elite to amend our identities by reducing the level of content about our indigenous cultures, erasing the theft of half of our national territory and seeking now to “educate students who adapt quickly to other cultures.”

With respect to social security reform, there can be no doubt that given the

context we have been analyzing, the business-style proposals to dismantle the current IMSS (Mexican Institute for Social Security) system of retirement pensions are merely the tip of the iceberg of a great global privatization project, which seeks to take the AFORES (Retirement Fund Administration) scheme to its plundering extreme, the appropriation for private use of workers' savings funds. The privatization of social security, let us not forget, is a key ingredient of the so-called 'second generation structural reforms', which coincide precisely with the global aspirations of freeing the service sector and the destruction of the Welfare State which is surreptitiously being negotiated in the General Agreement on Trade on Services (GATS) and the WTO.

As regards infrastructure development, the budgetary misery which neo-liberalism has imposed on public finance in Mexico since the days of PRI president Ernesto Zedillo as "a preventative measure against the risk of relapse into crisis" is, strictly speaking, combined (not so paradoxically) with the logic of developing the highway infrastructure as a priority and in particular, the highways linking the south-southeast of Mexico with the US, not forgetting that this part of the country concentrates a large part of the oil, water, electricity, gas, forest resources and the biodiversity which we count on.

In summary, Vicente Fox's PAN government continues to work actively and unilaterally on its agenda for deepening the integration between Mexico and the US, advancing by areas, consolidating the integration that really exists in the north and promoting 'development plans' to open up, deregulate and privatize everything within reach in the south-southeastern area of the country, a strategic reserve of our most precious natural and cultural resources: indigenous communities, oil, gas, electricity, water and biodiversity.

The PAN trusted in our forgetting about NAFTA because deepening integration would henceforth be called 'The Prosperity Society'. Moreover, as Vicente Fox has already demonstrated, second generation reforms don't wait for Congress to give them legitimacy, but are imposed as a *fait accompli*: neo-liberalism by force.

III. Promises and realities of integration: an elementary review

The American journalist and photographer David Bacon reminds us that within the US, NAFTA was sold on the promise that it would alleviate pressures to emigrate in Mexico and reduce the cross-border flow of migrants. It was in fact the then president Carlos Salinas who, before signing the accord, made a tour of a number of American cities warning that if NAFTA was not endorsed, an avalanche of Mexicans would be forced to emigrate north. "Only with NAFTA, Salinas assured his audiences, could the jobs be created and wages raised in Mexico that would accordingly alleviate the pressure to emigrate."

Let us see then what actually happened to employment and wage levels from the time of Miguel de la Madrid (1982), through that of Salinas de Gortari (1988) and Ernesto Zedillo (1994) until well into the Fox era (2004), noting that this is the overall period of actual operation of the neo-liberal model that covers the putting into effect of NAFTA and its immediate backgrounds.

As we said, the objective of NAFTA was to "lock in" the structural reforms applied in the eighties. Though in the case of wage policy no official document

recognizes wage contraction as a formal goal, it would be absurd to suppose that the decline in wages has been an 'unexpected' result, given that it has been insisted on in the discourse firstly about austerity, then about the necessity of economic pacts, and finally about the preservation of competitiveness, whether through 'coordination' by the various social players and/or the promise of 'price and wage balance'. Coordinated or by force, wage ceilings were a sad reality imposed on millions of Mexican workers.

In periods of high inflation, the falling behind of buying power was huge, and blatant when devaluations occurred. At times of low inflation, increases in buying power did not follow the accumulated wage decline but that of 'expected inflation'.

The concrete result is that these policies have kept the buying power of wages in Mexico artificially depressed, with the excuse of preserving our 'competitiveness'. The general minimum salary at 1994 prices, deflated according to the national consumer price index, was 15.91 pesos per day, compared with only 10.58 pesos in 2000.

According to various sources in Mexico, the decline in real wages from when NAFTA came into force to the present indicates a fall by 80% in the buying power of the minimum wage, and given that it is in the border area where the greater number of people live on this wage, this explains why the impetus towards migration has become unstoppable even on the frontier.

Data on the hourly wage for manufacturing work in Mexico, compared with its equivalent in the US, show that it corresponded to barely 22% in 1980, but fell to 12% in 1983, rose to 15% in 1994 and fell again to 8% in 1996, though by 2000 it stood at around 10%. Evidently, the fall in wages tells us that within the NAFTA region the general level of wages is bound to fall due to the anchoring effect that the level of Mexican wages has. This is our "successful contribution" to the competitiveness of the region. It was possible because of the general weakness that unemployment imposed on wage earners, the repression of independent labor union activity and the corporate control of the unions.

Let us look at the assessment from the point of view of employment, where the experts coincide in declaring it one of the great failings of NAFTA, proving that in our case the exponential increase in commerce does not automatically imply an improvement in quality of life. This is due to a number of tendencies.

Firstly, it is due to insufficient generation of new employment, even just to deal with the challenge of a population whose number of people of working age increased by one million over the last 14 years.

Secondly, it is due to the precariousness of those few jobs generated, that is, jobs created in micro businesses employing up to five people only, or in part-time occupations.

Thirdly, it is due to the slow and insufficient creation and indeed sometimes the loss of industrial sector jobs (from 1,390,000 in 1994 to 1,080,000 in 1996, 1,400,000 in 2000 to 1,260,000 in 2004).

Fourthly, it is due to the huge destruction of agricultural sector employment (where we underwent a loss of almost one-and-a-half million jobs between 1993 and 2004), along with a merely relative expansion of service sector jobs.

Structural wage deterioration, along with chronic weakness in the ability to generate new formal employment, the wave of imports ruining local producers as well as the periodic devaluations of the peso compared with the dollar, are the key factors

pushing increasing migration.

These are not the only factors however, because this pressure from inside has coincided with the centripetal forces of the American restructuring of industry, agriculture and services, united with demographic change that shifted the balance between the regions of the US, which also became a powerful factor attracting an enormous mass of migratory workers.

We know that in the last few years these workers are no longer peasants in the majority, neither in their origin or in their future, but that among Mexican migrants young people now predominate (men and an increasing proportion of women) who are of urban origin and ready for work in industry and service sectors, including a broad section of workers with university-level education, whose training represents a huge saving for the US and an unacceptable transferal and loss of human resources for Mexico.

Let us also remember that NAFTA was sold as a treaty that rested on the validity of and respect for labor rights. The reality is otherwise: in terms of labor we can count systematic violations of the right to unionize, especially in the north of Mexico, as an integral feature of NAFTA.

When assembly plant workers have launched a protest, the response has been the closure of factories, strike-breaking, physical repression and systematic intimidation. In the ten years since NAFTA came into force, not a single union has been legally recognized in the assembly plant industry.

Although it had been announced that NAFTA would mean an end to the 'assembly plant' model, all the evidence indicates the contrary, even beyond the strong historical sensitivity they have to American economic cycles: not only do they continue to grow at an extraordinary rate and remain one of the most dynamic sources of employment, but also the 'export nucleus' is small (no more than 3000 companies) and together they represent no more than 5.6% of total national employment. More worrying still is their advance towards the interior of the country and towards the south-southeastern region which offers a major alternative.

At another level, NAFTA presented itself as a 'green' treaty given its environmental concerns, when in reality it has led to the specialization of this country as a dumping ground for toxic waste. In the last ten years the number of projects to build dumps for dangerous waste has multiplied, especially in Baja California, Sonora, Chihuahua, San Luis Potosí and Hidalgo, to mention just the cases most well known to Mexican public opinion.

IV. Final remarks

In short, with the current form of the NAFTA and the neo-liberal project there is no room for maneuver to allow the magnitude and complexity of the vital needs of the vast majority of Mexicans to be met creatively. We have lived through erratic economic growth, income has become even more concentrated, social decay embraces dozens of millions of unemployed Mexicans, financial instability has been contained but remains on the agenda, and the free trade projects only deepen the ruin of micro, small and medium-sized businesses.

In a context which, it can be foreseen, will be more marked every day by antagonistic inter-governmental relations, clearer and more hardened social resistance to

neoliberal policies both urban and rural, deeper political crisis and economic stagnation without prospects, we can predict that the 'Prosperity Society' will lose its attraction faster than Fox lost his.

The project of free trade must be rethought to its core, not deepened, in order to formulate first a North American then a Hemispheric agreement, having taken on board the inequalities, recognized the reality of migration, recognized the importance of a profound redefinition of the politics of development, recognized intra-regional differences and the uniqueness of institutions and of national and indigenous communities.

It is a long and difficult path, but since there is no way back in terms of integration, we must forge and move forward social alliances on a Hemispheric level, beginning with the social forces that from within the United States and Canada resist neoliberalism and imperialism.