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CIBBER, sib'ər, **Colley** (1671–1757), English actor and playwright. As an actor, he excelled in the delineation of fops; as a playwright, he is best remembered for two or three high comedies that set a new fashion with their sentimental, seemingly moral endings. He also was joint manager of the Drury Lane Theatre in London for much of his life. In addition, Cibber is perhaps entitled to be called a drama critic. In his famous autobiography, *An Apology for the Life of Colley Cibber, Comedian* (1740), his descriptions of the best players of his own and the previous generation (particularly of Betterton and Mrs. Bracegirdle) are invaluable vivid records in the best tradition of drama criticism.

Career. Colley Cibber was born in London on Nov. 16, 1671. He went on the stage early in life, and by 1696 he was playing in his own comedy *Love's Last Shift*, creating the part of Sir Novelty Fashion. (Vanbrugh developed Sir Novelty into Lord Foppington in his play *The Relapse* [1696], and Cibber played that part, too.) Cibber also excelled in the portrayal of such senile characters as Fondlewife in Congreve's *The Old Bachelor* (1693) and Justice Swallow in Shakespeare's *King Henry the Fourth, Part II*.

Cibber wrote nearly every kind of play, libretto, and burlesque. The best of his plays—for example, *She Would and She Would Not* (1702) and *The Careless Husband* (1704)—have been revived successfully in the 20th century. Cibber altered Shakespeare's *King Richard the Third* for David Garrick, and this version was performed until 1871, when Henry Irving removed the Cibber alterations as impertinences. Yet some of Cibber's lines in *Richard the Third* are dramatically effective; for example, "Off with his head—so much for Buckingham!" and "Conscience, avaunt, Richard's himself again!" Laurence Olivier reintroduced several of them in his 1956 film version of the play, on the perfectly safe assumption that no film critic would recognize the lines as anything other than Shakespeare's.

In 1730, Cibber, a Whig, was rewarded for his political activities by being appointed poet laureate, although his flat occasional effusions in verse earned him Pope's derision in *The Dunciad* (1743 version). Charles Reade, in his romantic novel *Peg Woffington* (1852), depicts Cibber in his old age as an unvenerable fop, but Cibber's self-portrait in his autobiography is clearer and fairer. He was an avid devotee of the theater until his death, in London, on Dec. 12, 1757.

Family. Colley's father, Caius Gabriel Cibber (1630–1700), was a Danish sculptor of some note, who did his best work in England under the direction of Sir Christopher Wren. Colley's son, Theophilus Cibber (1703–1758), an actor-manager, was a wild and extravagant individual, who drowned while on a trip to Ireland. Theophilus's wife, Susanna Cibber (1714–1766), a sister of the composer Augustine Arne, was an excellent singer of Handel's music and a tragic actress good enough to play leading parts with Garrick. Her stage name was simply Mrs. Cibber. Colley's youngest daughter, Charlotte Charke (died 1760), the wife of a professional musician, was a notorious tomboy who specialized in male roles on the stage. She described her own racy autobiography, first published in 1755, as "some account of my unaccountable life."

ALAN DENT
Author of "Mrs. Patrick Campbell"

CÍBOLA, Seven Cities of, sē'bō-lä, Zuni Indian towns of northern Mexico and the southwestern United States that were reputed to possess great riches. Inspired by reports of their magnificence and wealth, the Spanish explorer Coronado undertook to find them in 1540. He actually discovered a Pueblo Indian town that was described by a fellow Spaniard as "a little, crowded village, looking as if it had been crumpled all up together." There was no sign of the treasure mines or the golden halls they had expected.

Excavations of the principal town, Hawiku, in what is now New Mexico, were first attempted in 1917. Several stages of occupancy were discovered, ranging from the earliest nomadic hunters to increasingly sophisticated Indian tribes. The study of Cibola has thus added to the knowledge of North American Indians and of the anthropology of this region.

CIBOTIUM, si-bō'tē-əm, any of a small genus of tropical treelike ferns sometimes grown in greenhouses in the northern United States. Probably the most cultivated species is *Cibotium schiedei*, which is native to Mexico and Guatemala. It grows about 15 feet (4½ meters) tall and has fronds about 5 feet (1½ meters) long made up of deeply cut segments 8 inches (20 cm) long. The fronds are borne on dark-brown, hairy stalks, and the segments are deep green above and bluish green below.



VERA JOHNSTON, FROM NATIONAL AUDUBON SOCIETY

CIBOTIUM grows profusely in the shade of a dense rain forest in Hawaii Volcanoes National Park, Hawaii.

Another cultivated species, known as the Scythian lamb (*C. barometz*), is a trunkless tree fern with fragrant, graceful fronds composed of segments 6 inches (15 cm) long.

Cibotiums belong to the tree fern family (Cyatheaceae) of the order Filicales in the division Filicophyta (ferns).

DONALD WYMAN
The Arnold Arboretum
Harvard University

CICADA, si-kā'də, any of a group of medium-sized to large insects that are common in tropical and subtropical countries. In North America they are abundant throughout the eastern United States. Although cicadas are sometimes called "harvest flies" or "locusts," they are not related to the flies or the locusts.

Mexican Labor Leader's Call for Partnership

184/53

Mexican workers are not the enemies of American workers, nor of Canadian workers. In a time of economic globalization and of scientific and technological revolution, we have common interests to defend and common tasks to perform. We have never tried to prosper at the expense of others. But workers cannot prosper, anywhere, by resisting the natural processes of human development, by distancing themselves from the vital interests of

The Americas

By Fidel Velazquez Sanchez

the nations they are a part of, or by blaming other workers for a situation they themselves consider unfavorable.

Internationalization of capital, finances, trade, technology and mass communications is a phenomenon of our time that no country can escape regardless of its political system or its economic structure.

This is the source of the global interdependence between highly developed and developing nations. They all need one another and must, therefore, help and complement each other in order to remain in the world market system as well as improve their internal situation.

Conscious of this reality, we, the Mexican workers, offered President Carlos Salinas de Gortari our solidarity and support so that he could initiate negotiations on a free-trade agreement with the U.S. and Canada. We believe that this agreement can be instrumental in the modernization of the Mexican economy and in the reorganization of our productive sector, while at the same time creating well-paid jobs within our country.

Mexico's progress is important not only to Mexicans, but also to the U.S. If Mexico accelerates the development of its econ-

omy and ensures a better distribution of its wealth, it will remain a nation at peace, and will be politically stable. It will export goods and not workers, and it will lead to the creation of jobs in the U.S., thus contributing to the progress of that great country.

With the Free Trade Agreement, conceived as a tool for cooperation, it is possible to complement our economies as well as our labor forces. With it, we can increase the value of our products and the strategic importance of our hemisphere in order to face international competition more effectively and, of course, improve the living and working conditions of Mexican, American and Canadian workers and their families.

A world in the midst of rapid transformation is presenting a great challenge for our peoples: the search for new and intelligent ways of relating to each other that

The history of U.S.-Mexican relations has had its good and its bad moments. Today, we are very lucky to be living in a period of understanding, cooperation and mutual respect. Thus, it is well to remember at this time the prescient comments of President Franklin Delano Roosevelt, whom Mexicans consider the best exponent of the Good Neighbor Policy.

On April 14, 1933—a day dedicated to Pan-Americanism—that great American president spoke words that have as much meaning today as when they were first spoken. He said: "Never before had the meaning of the term 'good neighbor' been so evident in international relations. Never before had the need for cooperation between neighbors in all human endeavors been so coincidental."

We, the Mexican workers, have always believed that the real policy of the American people is the Good Neighbor Policy.

'If Mexico and the U.S. are neighbors united by history, geography and economics, they must now unite for the sake of their common good and for a sincere desire for a shared progress.'



will permit us not only to join in the change, but also to manage it for the benefit of our peoples.

If Mexico and the U.S. are neighbors united by history, geography and economics, they must now unite for the sake of their common good and for a sincere desire for a shared progress.

Today, faced with the challenges of a transformed world, relations between the U.S. and Mexico must be inspired by that visionary spirit.

Mr. Velazquez Sanchez is the general secretary of the Mexican Workers Confederation.

United States Hispanic Chamber of Commerce

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LOCATION:

Hyatt Regency Chicago
 151 East Wacker Drive
 Chicago, IL 60601
 (312) 565-1234
 Room: Ballroom/East Tower

GUEST SPEAKERS:

President George Bush
 U.S. Secretary Jack F. Kemp
 U.S. Secretary Manuel Lujan Jr.
 HON. DAN MORALES

TIME TABLE:

12 Noon to 2:20 p.m.

11:00 - 12:00 p.m.

Attendees go through security and gather in the ballroom.

11:45 - 11:58 p.m.

Headtable gathers in holding room.

12:00 - 12:05 p.m.

Alfredo Estrada, Editor, HISPANIC Magazine
 introduces the headtable and invites people to eat
 their lunch.

12:05 - 12:30 p.m.

Lunch is being served.

12:30 - 12:32 p.m.

Alfredo Estrada introduces Sec. Jack F. Kemp.

12:32 - 12:47 p.m.

Sec. Kemp's address.

12:47 - 12:49 p.m.

Mr. Estrada invites Sec. Lujan to give his presentation. Desert
 is served.

12:49 - 1:04 p.m.

Sec. Lujan's presentation.

1:04 - 1:08 p.m.

Mr. Estrada announces the temporary retreat of Mr. Nino and
 Mr. Gabriel Aguirre, USHCC Chairman of the board, who will
 welcome President Bush in the photo opp. holding room.

1:06 - 1:08 p.m.

Mr. Estrada introduces Mr. Richard Falcon, VP, AT&T.

1:08 - 1:13 p.m.

Mr. Falcon's presentation.

1:13 - 1:15 p.m.	Mr. Estrada introduces Mr. Clinton Lauer, VP, Ford
1:15 - 1:20 p.m.	Mr. Lauer's presentation.
1:20 - 1:22 p.m.	Mr. Estrada introduces The Honorable Dan Morales, Attorney General, State of TX.
1:22 - 1:27 p.m.	Honorable Dan Morales's address.
1:30 - 1:35 p.m.	President Bush enters the Ballroom, along with Jose Nino and Gabe Aguirre. President Bush shakes hands with the headtable.
1:35 - 1:37 p.m.	Mr. Estrada introduces Mr. Nino.
1:37 - 1:40 p.m.	Jose Nino invites President Bush to speak.
1:40 - 2:00 p.m.	President Bush's address.
2:00 - 2:05 p.m.	Gabriel Aguirre gives a putter to Pres. Bush, and Jose offers jacket to President Bush. President Bush leaves.
2:05 - 2:15 p.m.	Mr. Estrada announces the award winners. Jose and Gabriel walk to the front stage to present the awards. Photo opp.
2:15 - 2:16 p.m.	Mr. Estrada introduces Delia Reyes, USHCC Chairman Elect.
2:16 - 2:20 p.m.	Mrs. Delia Reyes's closing remarks.

Please note: Three types of tickets will be sold: People holding a one star ticket will be given priority seating and must check in at 11:00 a.m. People holding a one star ticket must check in at 11:10 am. All others will check in at 11:20 a.m.

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an instrument of its policy—on any pretext. We share an unwavering conviction that one day all the peoples of Europe will live in freedom.

Next month, at a summit of the North Atlantic alliance, the leaders of the Western democracies will discuss these concerns. These are not bilateral issues between the United States and the Soviet Union. They are, rather, the concern of all the Western allies, calling for common approaches. The Soviet Union should understand, in turn, that a free, democratic Eastern Europe as we envision it would threaten no one and no country. Such an evolution would imply, and reinforce, the further improvement of East-West relations in all dimensions—arms reductions, political relations, trade—in ways that enhance the safety and well-being of all of Europe. There is no other way.

What has brought us to this opening? The unity and strength of the democracies, and something else—the bold new thinking in the Soviet Union; the innate desire for freedom in the hearts of all men. We will not waver in our dedication to freedom now. If we are wise, united, and ready to seize the moment, we will be remembered as the generation that helped all of Europe find its destiny in freedom.

Two centuries ago, a Polish patriot named Thaddeus Kosciuszko came to these American shores to stand for freedom. Let us honor and remember this hero of our own struggle for freedom by extending our hand to those who work the shipyards of Gdansk, and walk the cobbled streets of Warsaw. Let us recall the words of the Poles who struggled for independence: "For your freedom and ours." Let us support the peaceful evolution of democracy in Poland. The cause of liberty knows no limits; the friends of freedom, no borders.

¹Text from weekly Compilation of Presidential Documents of Apr. 24, 1989. ■

U.S. and Latin America: A Shared Destiny

Secretary Baker's address and question-and-answer session before the Council of the Americas conference at the Department of State on May 1, 1989.¹

I do believe that we meet at a rather historic moment for Latin America, and for that matter, a rather historic moment for the United States. Across the Americas today, from Punta Arenas to California, an old order is dying, and a new world is struggling to be born.

Brazil is manufacturing communication satellites. Mexico has joined the GATT [General Agreement on Tariffs and Trade]. A new vision of regional trade and integration is taking shape in the Caribbean Basin. And the winds of democracy are blowing across the hemisphere, from Chile to Paraguay to Central America.

The United States, I'm happy to report, does not stand aloof from the historic changes which are transforming our hemisphere—just the opposite. We are proudly rediscovering our shared heritage with Latin America and our shared heritage with the Caribbean.

Stand in the Miami airport today, or go as I do frequently to San Antonio. Close your eyes and listen. You could easily imagine yourself in Caracas or in San Jose. The fifth largest Spanish-speaking community in the world now lives in the United States of America.

Soon we will be entering the 21st century, and the hemisphere will face a choice between two very, very different futures. Down one road lies a vision of freedom and opportunity and economic development. It is a vision in which all citizens share as partners in a global economy and as a true community of democratic nations. Down the other road lies a failed vision of dictatorship, state control, and missed opportunity. We know which road we have to travel, and we know that we've all got to travel that road together. To put it simply, the United States, Latin America, and the Caribbean need each other today as never before.

Confronting Common Issues

The agenda of issues before us confirms, I think, the new reality—democracy; development; debt; trade; drugs; migration; the environment; nuclear proliferation. These are not responsibilities which one could label "north" or "south." They are, instead, the common challenges that we must confront together to shape successfully our shared destiny.

In recent weeks and months, President Bush and I have heard that very message. We have heard it, as a matter of fact, in person from Presidents Salinas [Mexico], Alfonsín [Argentina], Pérez [Venezuela], Sarney [Brazil], Arias [Costa Rica], Azcona [Honduras], Cerezo [Guatemala], and Duarte [El Salvador], and from Prime Ministers Charles [Dominica], Manley [Jamaica], Robinson [Trinidad and Tobago], and Sandiford [Barbados].

I believe the region's democratic leaders are reaching out to the United States to offer a new partnership, one based on mutual respect and one based on shared responsibility. The new President of the United States and his new Administration have an answer. And that answer is: We are also reaching out.

The problems we face will not be resolved through quick promises, and they are not going to be resolved with easy answers. Instead, we've got to confront them together; we've got to confront them with candor; we've got to confront them with commitment; and we've got to confront them with courage. We can begin by recognizing a simple truth that we have forgotten too many times in the past, and that is that we have much to learn from each other.

In recent years, the people of North America have learned a lesson from the people of Latin America, a lesson about personal courage and about the passion of ordinary people to be free. Peasants and political leaders, shopkeepers and market ladies have defied death threats and guerrilla violence, colonels and *comandantes*, to stand up for democracy. We learned

THE SECRETARY

that lesson again last March in El Salvador, and we will learn it again next Sunday in Panama.

We have watched far-sighted democratic leaders take the first vital, and often politically difficult, steps to shed layers of state regulation and special preference that for too long have held in check the creative, productive energies of this hemisphere. And we have watched them accentuate values we hold dear with their own special sense of family, friendship, culture, and hospitality. We hope that our experience in the United States with democracy—we hope that our experience in the United States with a free economy—may offer useful lessons to our friends in Latin America.

The United States enjoys political stability, peaceful succession of power, unquestioned civilian authority, and the steady expansion of human rights. We enjoy these blessings because for 200 years—for 200 years—we have struggled to ensure that every citizen in the United States can shape his or her own political destiny. We are committed to helping our neighbors wage that successful democratic struggle also.

We have also learned that a free economy releases the energies of individuals and entrepreneurs, that it rewards initiatives, and that it offers upward mobility. Economic liberty is the surest way to fulfill the aspirations of our citizens. Those nations which have turned to this model have already begun to see a tangible reward.

During earlier phases of our history, we in the United States too often sought rapid growth at the expense of our nation's environment. We hope that other nations can learn from our mistakes, rather than repeating them.

While we have much to learn from each other, I think it's fair to say also that we have much to expect from each other as well. Together we must set aside the easy politics of blame and the easy politics of mutual recrimination. Let us forge instead a new bond of cooperation and mutual responsibility.

Democracy: Sweeping Latin America

The democratic wave sweeping Latin America today has been propelled by the aspirations of ordinary people for freedom and for a better life. Now, one question, above all others, confronts this hemisphere: Can democracy deliver?

Can democratic governments begin to satisfy their peoples' basic needs for jobs, health care, homes, and schools? Can fragile, new, civilian regimes construct and strengthen democratic institutions? Can they protect their citizens against organized violence from both the extreme right and the extreme left? And can they normalize succession of power through peaceful electoral processes? The answer to these questions has got to be yes.

Yet, hanging over every decision which the region's elected leaders contemplate is the specter of deep economic and social crisis and the weight of a burgeoning foreign debt. "The elected Presidents of the continent," *The Economist* magazine wrote recently, "rule from capital cities ringed by shantytowns, swollen with refugees from the depressed countryside."

That, of course, is not our shared vision of the hemisphere's future. Clearly, the countries of Latin America and the Caribbean must begin to grow again, and the fruits of that growth have got to be widely shared.

To grow, the region cannot continue to be a net exporter of capital. Instead, it must create a climate for investment that will bring capital flight to the region, and that will, at the same time, attract new capital flows. Debt is a problem, but debt, quite frequently, is also simply a symptom of a larger problem. Listen to the words of Carlos Andres Perez to a group of international labor leaders some 3 or so weeks ago: "If we say, for the sake of argument, that the debt disappears and if we continue managing our economies as we have managed them in the past, inevitably we would continue in the same situation of unemployment and disaster."

Today, democratic governments must try to reform bloated state-dominated economies, service their debt, and satisfy the real needs to their citizens—all at the same time. We understand that facing this challenge alone is a nearly impossible juggling act.

Facing the Challenges Together

We do not expect Latin American nations to face this challenge alone. As they move forward to take the necessary, but difficult, steps to restructure and reform their economies, we must be prepared to hear their calls for help. When a poor country like Bolivia makes exemplary market-oriented re-

forms and sticks to them in the face of falling export prices and mounting political costs, we have got to be ready to lend a helping hand. Indeed, it is a responsibility all of us—we in government and in the international financial institutions, and you in the private sector and the commercial banks—must all accept together.

Within its first 5 weeks, the Administration announced a new approach to help reduce Latin America's debt burden. In the weeks and in the months to come, we must negotiate, case by case, the details of that policy to ensure continued economic reform, a real reduction in existing debt burdens, and new capital flows in the future.

If we ask Latin Americans to strip away the layers of protection that shield their economies from the free flow of trade in goods and services, then we, too, must confront protectionism in the United States, and we must steadily reduce the barriers to products from the rest of the hemisphere.

If we ask that Latin Americans confront the new menace of organized drug cartels, now often in league with guerrilla movements, then we must not only assist them in that effort, but we must also confront the terrible demand that exists in our country for these drugs. Only by tackling supply and demand can we free our hemisphere from the drug menace.

If we are engaged in a joint venture north and south to advance and defend democracy, then each of us must do our part—collectively when possible—to create new mechanisms and to strengthen existing ones to defend human rights, to guarantee the integrity of free elections, and to establish sanctions against those who threaten democratically elected governments.

In Panama, free and fair elections this coming Sunday would end that nation's political and economic crisis, and it would end its international isolation as well. Unfortunately, the Noriega regime's response has been to prepare for a massive fraud and to restrict the presence of international observers and press.

If democracy is to continue to develop in this hemisphere, practices such as this simply cannot be tolerated. The position of the United States, I think, is quite clear. And that simply is that there can be and will be no accommodation as far as we're concerned with a Noriega-dominated regime. There is still time for Panamanians to

save their country from the increasing destruction wrought by the Noriega dictatorship. The key is in the hands of the defense forces. They can fulfill their constitutional duty as professional soldiers and allow elections to proceed freely and fairly. Or they can face the consequences of the past on which General Noriega has placed them.

If the peoples and the governments of Latin America and the Caribbean ask the United States of America to forgo unilateral initiatives and work instead in good faith with the region's democracies in a new, cooperative effort to support democracy, then, I think, it's only fair that we ask these same peoples and governments to join with us in good faith to turn the promise of that diplomacy into a reality throughout this hemisphere.

The Administration, as you know, has negotiated a new bipartisan accord with the Congress on Central America [see Selected Documents No. 36, "U.S. Support for Democracy and Peace in Central America"]. We are committed to work with the democratic leaders of Central America and of the rest of the Americas to translate the bright promise of the Esquipulas agreement into concrete realities on the ground. That is a challenge, but frankly, it is also an opportunity. All those who advocate diplomacy and political solutions to the region's conflicts now have a responsibility to prove that this is the best and the surest route to achieve our common goals. The promises in that regional treaty for democracy, for peace, and security must not only be kept, they must be verified.

We are prepared, as President Bush declared in announcing the accord, to support a process that guarantees democracy in Central America. But the United States cannot support a paper agreement that sells out the Nicaraguan people's right to be free, and their right to enjoy a free and honest democratic election.

Together with the other democracies, we have got to send a clear message to others outside this hemisphere, and we will be sending this message: This hemisphere is not a dumping ground for their arms or for their failed ideologies. We are looking for signs of new thinking. The Soviet Union now has an opportunity to demonstrate its so-called new thinking in concrete and tangible ways in Central America. That is what Esquipulas requires, that is what the democratic

community demands, and that is what the economic integration and development of that war-torn region really requires.

Some look at the crises and problems facing Latin America today, and they despair. I am not one of those. I really believe that if we seize the opportunities before us, we can achieve what the pioneers and frontiersmen who first settled these lands could really only dream.

I believe the day will come when Carlos Andres Perez and Raul Alfonsin, Vinicio Cerezo, Jose Napoleon Duarte, Carlos Salinas, Julio Sanguinetti [President of Uruguay], Jose Azcona, Oscar Arias—and many, many others—will be seen as the pioneers who blazed the trail that will lead one day to the world's first democratic hemisphere. I believe that the hemisphere can become a model for the rest of the planet for a true partnership between the developed and developing nations, where trade is free, where prosperity is shared, and where the benefits of technology are harnessed for all.

And I believe that through joint effort and through partnership, the day will come when in all nations of the Americas the rule of law prevails, human rights are respected, the strong are just, the weak are secure, and the people live in peace.

Q. If Noriega continues to control Panama, would we alter the schedule for the transfer of the Canal Zone to the Republic of Panama?

A. Let me simply say in answer to that question that, as I indicated in my formal remarks, we will have a great deal of difficulty normalizing our relations with any Panamanian Government that is controlled by Gen. Noriega. It would be premature for me to suggest that we would take any action of the nature that you suggest.

The United States believes in abiding by its treaty obligations and abiding by its agreements. So I'm not going to answer the hypothetical that you've suggested beyond saying that as long as Gen. Noriega retains power, there will be no normalization of relations between Panama and the United States.

Q. In some of your remarks here today, and thinking back to your confirmation hearings, tends to continue the focus we have, I think, felt during the past 8 years. I remember your confirmation hearings having to do mostly with Nicaragua, El Salvador, and Cuba.

I'm wondering how you perceive now the ability or the flexibility of trying to disburse that attention a bit to the total hemisphere. You've made the comments here, but we're still wondering about the resources needed in order to have this partnership with the private sector to address, really, the problems of the total hemisphere.

A. Let me simply say, when you suggested my confirmation hearings concentrated on those three areas within the hemisphere, you did not mean to suggest that they didn't concentrate as well on a whole host of other areas outside the hemisphere, because they did. But you're quite right that within the hemisphere, the questions seemed to come primarily in those three areas.

I would refer you to the statement I made to the [Senate] Foreign Relations Committee, as I went up for confirmation, in which I said—I think I took pains to point out—that it's the entire hemisphere that is important. It's the entire hemisphere that's important as far as the United States is concerned.

One of the first things, of course, that President Bush—one of the first meetings he had was with President Salinas [of Mexico] when President Bush was still President-elect. One of the first initiatives, of course, was to deal with the problems of South America and Mexico and other—well, some countries in Central America—was the proposal of the Treasury Department for a new approach to the debt problems.

I think we recognize the importance of Mexico, certainly; we recognize the importance of South America. We simply have some problems in Central America that we need to continue to focus on and put behind us, but that does not in any way take away from the importance of other areas in the hemisphere as far as the United States is concerned.

Q. The current evaluation of the Caribbean Basin Initiative (CBI), the views as to its effectiveness have been coming from the congressional side rather than the Administration side. The new ideas that are involved in the CBI II legislation are basically congressional initiatives in contrast to the Reagan Administration which sponsored the legislation initially.

Is that likely to be the continuance of the consideration of that legislation? Or does the Administration expect to become more initiative-taking?

A. We strongly support that legislation—most all aspects of it. There are some aspects that get us in trouble in the GATT [General Agreement on Tariffs and Trade] and some other areas that we cannot support for that reason. But we do support strengthening the Caribbean Basin Initiative. After all, the Caribbean Basin Initiative was an initiative of the Reagan Administration of which the President and I were both a part. So we support it, and we support it strongly and we will be doing what we can to see it move forward.

Q. Regarding the drug situation in Latin America, would you comment on the initiative the United States and Latin American countries are taking to take some steps forward with this problem?

A. As you know and as I indicated in my remarks, it's a problem that has to be addressed both from the standpoint of supply and demand. I think sometimes we up here have a tendency to beat our chest and try and blame others to some extent with some of our problems.

At the same time it's very, very important that countries that are producers of drugs, or countries that are transit countries for drugs coming into the United States, accept their responsibilities as well. We've got to do what we can to interdict the supply coming into this country, but we've also got to do what we can to address the demand.

This is a major issue in the United States, one of the most significant and substantial political issues that we are debating up here in the United States today.

You're aware of the legislation creating the so-called drug czar [William J. Bennett] in the Executive Office of the President. There is supposed to be an overall, comprehensive drug plan presented by him. The legislation requires this within 6 months. I think it's now about 3 or 4 months.

I have visited with Mr. Bennett on this and he's visited with other cabinet

officers as well in order that we can come forward with a plan that has the support of all agencies and departments and that is integrated.

We will continue to concentrate on this problem because it represents a very, very significant and major problem for the United States.

¹Press release 76. ■

Power For Good: American Foreign Policy in the New Era

Secretary Baker's address before the 1989 convention of the American Society of Newspaper Editors (ASNE) on April 14, 1989.¹

I'm pleased to be here today, and I will try and keep my formal remarks brief enough that we have time for questions and answers later on.

Being brief does remind me, though, of the old story about the three people that were sent on a factfinding mission to some remote part of the South Pacific. It happened to be a lawyer, a cabinet secretary, and a newspaper editor. As luck would have it, their airplane developed engine trouble. They went down. They were captured by cannibals. As the pot started to boil, the cannibal chief said, "Everybody gets one last wish. What will it be?" He turned to the lawyer, and he said, "Yes, indeed, he has one last wish." He said, "May I give you my card," and the chief took the card and turned to the cabinet secretary and said he would very much like to deliver just one last time his famous lecture on his 10 greatest accomplishments in government. The chief said okay. He turned to the newspaper editor who promptly said, "Cook me first. I've heard that speech three times already."

So I'm going to try and keep the formal part of the remarks brief enough to avoid that.

Changes and Challenges Reshaping International Order

I've always believed that the media play an essential role in educating this democracy of ours, but the news as you all know very, very well is not always just about what we in government do or fail to do. The most important service, I think, that you can render the government and to the people alike is to help explain the most important changes which are transforming this world of ours. So today, I'd like to discuss those changes with you, and I'd also like to describe the actions that we've taken so far to lay the foundation of an American foreign policy for new times.

A decade ago, the world beyond our borders was a familiar place but, if I may say so, not a very reassuring one. The Soviet Union was on the march. Democracy seemed to be in retreat, and our values were being questioned. We and our allies also faced severe economic problems that undermined confidence in the free market and undermined confidence in free trade as well.

Now, after a decade that I think will always be known as the Reagan era, the world beyond our borders is a more reassuring place. Soviet forces have left Afghanistan. Other regional conflicts inflamed by Soviet intervention have begun moving toward resolution with the help of some, I think—

Gist: North American Free Trade Agreement

The United States and Mexico are embarking on free trade negotiations that, in conjunction with the 1988 US-Canada Free Trade Agreement, would create a North American market of more than 360 million people and an annual economy of \$6 trillion. The negotiations were made possible by congressional action on May 23-24, 1991, which granted the executive branch "fast track authority" to negotiate trade agreements, including the proposed pact with Mexico.

Fast track authority allows the executive branch to present trade agreements to Congress for approval without the possibility of amending the treaty. Amendments could undercut free trade talks, because trading partners such as Mexico would have no way of knowing what changes Congress might demand in agreements already negotiated in good faith.

Despite the granting of fast track negotiating authority, Congress remains an integral part of the process. President Bush is committed to extensive consultations with Congress throughout the negotiations. Such a process is in the best interests of US and Mexican negotiators, as it helps ensure that Congress will approve the treaty and implementing legislation that the President and Congress have developed together.

The United States hopes to build upon the success of the US-Canada free trade accord. Canada has asked to be part of the negotiating process with Mexico, although the Canadian government says that any potential negotiating difficulties between Canada and Mexico will in no way affect US-Mexico talks.

Goals

The negotiations seek a broad agreement to eliminate restrictions on the flow of goods, services, and investment:

- Elimination (as far as possible) of non-tariff barriers on goods and services;
- Establishment of an open investment climate; and

- Full protection of intellectual property rights (patents, copyrights, and trademarks).

Expanded Trade With Mexico

Mexico is America's third largest trading partner, with bilateral commerce of \$52 billion in 1989 and \$59 billion in 1990. NAFTA would lead to expanded trade with Mexico and the creation of additional jobs for US workers. It would give US exporters unrestricted access to a Mexican market of 86 million people, which may reach 100 million by the year 2000.

Mexico purchases more than two-thirds of its imports from the United States. However, Mexico still has higher trade barriers than the United States. Its average tariff duty is 10% compared with 4% in the United States, and significant Mexican non-tariff barriers remain. The United States has much to gain from the elimination or reduction of these barriers under a trade agreement. Traditional US competitive advantages—geographic, cultural, and historic links—in this important market would be further enhanced by NAFTA.

As the Mexican economy grows, a substantial part of the increased income—as much as 15%—is spent on US goods and services. Strong Mexican growth is expected because of President Salinas' economic reforms. Mexico's middle class is increasing as a percentage of the total population; this means more consumers for American products.

The United States benefits from expanded trade. For each additional \$1 billion in real net exports, about 25,000 new US jobs are created. Increased exports accounted for 88% of US economic growth in 1989-90 and have helped the US economy expand out of recessions in the past.

Investment Opportunities in Mexico

The United States is the source of 65% (\$25 billion) of foreign direct investment in Mexico. Therefore, the US government has a strong interest in encouraging favorable conditions for new and expanded investments in Mexico. US firms investing there tend to use US suppliers and US designing and managerial talent. Overall US and Mexican competitiveness in international markets, particularly vis-a-vis Japan and the European Community, would be enhanced by the opportunities offered by NAFTA.

In May 1989, President Salinas expanded foreign ownership (in many cases up to as much as 100%) in sectors accounting for nearly two-thirds of Mexico's economic output. He also

Agreement Chronology

June 1990. Presidents Bush and Salinas announce their mutual goal of a comprehensive free trade agreement.

August 1990. President Salinas formally requests negotiations.

September 1990. The Canadian government formally requests participation in the negotiations. President Bush notifies the US Congress of US intent to enter into negotiations with Mexico. In the same letter, he notifies the Congress of Canada's interest in participating in the negotiations and US intent to consult trilaterally about the prospect of Canadian participation.

February 1991. President Bush notifies the US Congress of US intent to enter into negotiations with Canada.

March 1991. President Bush requests a 2-year extension of "fast track" procedures that facilitate passage of foreign trade legislation, including NAFTA.

May 23-24, 1991. Congress votes to approve fast track.

Summer 1991. Formal negotiations to begin.

Congress will be consulted extensively throughout the negotiating process. □

streamlined the approval process for foreign investments. A trade agreement would further improve the investment climate for US firms in Mexico.

An open trade and investment climate will foster further partnerships and alliances in industry, agriculture, and services. These partnerships can take advantage of the complementary strengths of the three North American economies. As a result, the United States will be more competitive against third-country products in North American markets and abroad, which, in turn, translates into more jobs, investment, and economic growth in the United States, Canada, and Mexico.

Benefits to the US Economy

A North American FTA will be good for American workers. It will help the United States keep and create good jobs at good wages. According to even the most conservative researchers, the United States will have a net gain of at least 64,000 new jobs over 10 years.

The Bush Administration also has proposed solutions to two major concerns among American workers: that their jobs could be lost to Mexicans or that the products produced by their industries be replaced in the US economy by Mexican imports. President Bush has promised to work with Congress to develop a training and readjustment program for US workers who may lose their jobs as a result of a free trade agreement. In addition, US negotiators will seek provisions in the trade agreement to permit the temporary reimposition of duties and other trade restrictions if increases in imports from Mexico are found to harm particular US industries.

US negotiators also are being instructed to write strict "rules of origin" requirements into a trade agreement so that third countries are unable to capi-

talize unfairly on an agreement with Mexico by sending products through Mexico to the United States with only minimal assembly in Mexico.

Aside from the trade talks, American workers also will benefit from increased US-Mexico cooperation in areas such as occupational health and safety, child labor, and labor statistics.

Benefits to the Environment

A North American free trade agreement will strengthen environmental preservation efforts on both sides of the border. During the negotiations with Mexico, the United States will insist on its right to:

- Exclude any products that fail to meet US health or safety requirements;
- Impose stringent pesticide, energy conservation, toxic waste, and health and safety standards; and
- Strictly respect international treaties on such environmental issues as wildlife protection and preservation of the earth's ozone layer

The United States expects no major difficulties in environmental negotiations with Mexico. President Salinas has made it clear that his country will avoid becoming a "pollution haven" for American companies that may seek to avoid US environmental laws. Mexico has underscored this pledge with:

- A 1988 comprehensive environmental law that is similar to US law; and
- An eightfold increase in the budget of Mexico's ministry of environmental affairs (SEDUE) over the last 2 years.

The United States will seek a commitment to work together with Mexico to enhance and enforce the environmental, health, and safety standards of products. Full public and scientific scrutiny of any changes to standards will be provided before they are implemented. Consultations also will be held on better enforcement capability, inspection training, monitoring, and verification.

The US government will pursue expanded US-Mexico environmental cooperation in parallel with the NAFTA negotiations. The two countries will implement an integrated border environmental plan to address air and water pollution, hazardous wastes, chemical spills, pesticides, and enforcement. US and Mexican officials will discuss, among other things, expanded cooperative enforcement activities, such as coordinated targeting of environmental violators. The public will be provided an opportunity to submit data on alleged non-compliance of standards and regulations.

A Cornerstone for Greater Hemispheric Cooperation

The United States is a close neighbor and friend of Canada and Mexico. NAFTA will provide a unique opportunity to draw North America closer by building a foundation for even stronger cooperation, cohesion, and growth. A trade agreement will give economic and political impetus to US efforts to address other pressing North American problems. NAFTA will help forge a US-Mexican partnership that could lead to closer cooperation on other foreign policy issues.

A North American FTA also is important as the cornerstone of a comprehensive Western Hemisphere policy. It would send a strong, encouraging signal throughout Latin America to a new generation of leaders pledged to democracy, market economics, and growth. Also, NAFTA would give further substance to President Bush's long-range vision of a hemisphere-wide system of free trade. ■

Q. But, Mr. President, you wouldn't object then to Congress to—if there wasn't—

The President. They can do whatever they want. It's been looked at exhaustively. But all I'm talking about—all I can speak for is my own participation or lack thereof. And I think the people that are making these insidious insinuations ought to have the honor to say this takes care of it. But that's not the way the rumor mill works.

Vice President

Q. Mr. President, I just wanted to follow up on the question about the Vice President. The confidence you've expressed in him is buttressed by those around the White House here who say that he's very much a player. There is strong evidence, apart from what the media may or may not write, that that confidence is not widely shared among people in the general public. And I wonder, sir, if you have contemplated altering his role, giving him more of a chance to be seen, or anything that might allow him to shake this image that he seems to have acquired.

The President. I'd love to be helpful to him in any way I could in that regard. In my view, he is doing his assignments very well: Competitive Council, Space Council. He's done a lot of very important foreign travel for me, particularly as it relates to South America. And so, I can think of a lot of things that maybe I could emphasize more because I want to help. I don't like to see somebody unfairly criticized. To me, it's a question of—again, a question of honor. I just don't—I don't like it. I see him in action; I know what he's doing. He's been extraordinarily helpful. And I can't ask any more of him. But, Brit [Brit Hume, ABC News], if there was something I could do to help, I'd want very much to do it, because I have great respect for him.

Mr. Fitzwater. Final question.

Iraq

Q. The Iraqis this morning tried to shoot down an American plane. What will be the United States reaction?

The President. Well, we're looking into that. Fortunately it didn't hit anybody. And I gathered from the Pentagon they're not

particularly concerned. But we have to look into that.

Q. It seems that, more and more, the U.S. is going deeper in northern Iraq. Aren't you entering the quagmire that you tried so hard to avoid?

The President. Well, as you know, I expressed my concern early on that I did not want to get bogged down. But what we're doing is humanitarian. We're getting enormous credit, finally—not that we're in there for credit—for saving lives and helping innocent victims of Saddam Hussein's brutality. And so, you raise a very good question because I don't want to see us get into a quagmire or get further militarily involved with some permanent presence required. I will be talking to the Secretary-General of the U.N., I think it's tomorrow, and I would hope that the U.N. could do in the north that which they're doing in the south.

This is the last one, then I really do have to go.

Middle East

Q. Mr. President, can you tell us your feelings now toward the Middle East? You've got Secretary Baker heading back for yet another trip. The Soviet Foreign Minister, Bessmertnykh, is going to be there at the same time. Does this signal some sort of breakthrough in the offing? Is there something that gives you cause for optimism?

The President. I wouldn't say breakthrough; I wouldn't say breakthrough. But cause for optimism? I think there's reason to be optimistic. I won't go into the details right now because when you're dealing with a situation of this complexity and of this endurance, you have to use some quiet diplomacy, which Secretary Baker is very effectively using. But I saw after his last trip some very, quite negative reports. And I don't think it's negative. I think there's still a real opportunity here. And I don't say that just wishfully; I say it after talking to him and talking to some leaders around the world. So, I'd like to say optimism, but I don't want to go overboard on it because there's still a complex problem.

Q. But there are some who think that you may be being misled, and they cite for proof of that that action such as the Israelis

continuing to establish settlements—that people may be telling the Secretary one thing but either unable to deliver or actually not telling the truth about their intentions.

The President. As we know, these differences have gone on for a long, long time. And I don't think that's the case, that somebody's saying one thing and then going off and just doing something behind his back. But, no, it's complex. But I don't accept that criticism. There's plenty of room to critique this and to wish for more progress from one country or another. But there's a lot going on. And I want to stay involved myself. I want to be a part of this because I think we have an opportunity now. And I think countries that the United States have helped recognize that. And I think Israel understands that. I think the Saudis understand that. I think the Egyptians understand that. And so, I want to use that good will to further peace in the Middle East. And so I'm—put it this way—moderately optimistic.

Thank you all very much.

Note: President Bush spoke at 8:35 a.m. in the Briefing Room at the White House. In his remarks, he referred to Robert M. Gates, Assistant to the President for National Security Affairs; John H. Sununu, Chief of Staff to the President; Gary Sick, former National Security Council official during the Carter administration; Marlin Fitzwater, Press Secretary to the President; and President Saddam Hussein of Iraq.

Statement by Press Secretary Fitzwater on President Bush's Meeting With President Vytautas Landsbergis of Lithuania and Prime Ministers Ivars Godmanis of Latvia and Edgar Savisaar of Estonia
May 8, 1991

The President met today with President Landsbergis of Lithuania, Prime Minister Godmanis of Latvia, and Prime Minister Savisaar of Estonia for about 40 minutes in the Cabinet Room. The three Baltic leaders, who are on a private visit to the United

States, had requested the meeting. President's sixth with Baltic officials during the past 12 months.

The President reiterated the longstanding U.S. policy of nonrecognition of the forced incorporation of the Baltic States into the Soviet Union in 1940. The President noted that the United States had transported emergency medical assistance to the Baltic States in February. The United States intends to send additional shipments of medical supplies to the Baltic States and to continue its program of medical assistance in the Soviet Union itself.

The President said the United States encouraged by the resumption of negotiations between the Soviet Government and the Baltic States. The United States believes that fair and constructive negotiations are the only way to resolve the complex problems between Moscow and the Baltic governments. He said the United States hopes that all parties to these negotiations can be flexible and pragmatic in order to reach a just and lasting resolution of the problems.

Remarks to the Hispanic Alliance for Free Trade
May 9, 1991

Thank you very much. And some of what I have to do, I think, with my fibrillated heart—[laughter]—but it's all right. I just came back from Bethesda and really got a wonderful report. I won't go into the medical assessment, but it's great. I just have something to do with the thyroid, and my heart is perfect. So, I'm very lucky, very very lucky.

I came over to talk to you today about an issue that is really of vital concern to you, and, I think, of our country. And I have some talking points here, but let me just put them away and speak from the heart. I see my friend the Ambassador here, and I have great respect for him. And I might have enormous respect for President Salinas of Mexico.

And he is taking that country that we all love and moving it in a direction that we can all admire. And it would be a terrible tragedy if we took this Fast Track author

from Mexico and pulled it away and turned it down. I think it would send an outrageously bad symbol, not only to Mexico but to the countries to the south. We've got a real opportunity while I'm President to build stronger relations with South America.

I've been down there; I've talked endlessly to the Presidents of the various countries. Just the other day, Gus, Carlos Andrés Pérez of Venezuela was in. He doesn't benefit from a free trade agreement with Mexico, but he said: You cannot let this fail. The signal that this would send through our part of the world would just be unconscionable.

And so, I am committed to this. And I'm committed to it not just because it's good for Mexico. I'm the President of the United States, and all of us are citizens of the United States—Gus, that leaves you out—[laughter]—but we've got to do what's in the best interest of the United States. And this is in the best interest of the United States.

And I can understand the concerns about the environment, but as Ambassador Hills tells you, we have good answers for that. Mexico is moving on their own. Carlos closed down PEMEX refinery, an enormously difficult political move for him. And yet, he did it. And many other businesses that were polluting have closed down. And the way to help with pollution on the border is to raise the standard of living down there so people can have more money to put into these things that we hold near and dear to our hearts.

And so, I approach this on a foreign policy basis as thinking that it's essential. And I approach it in terms of our own economy as thinking it's essential. We think it will create jobs. I am offended, frankly, by some of the advertising I've seen that I honestly find discriminatory. And I don't like it, and I'm troubled by it. I can understand a labor union person wondering whether it's going to cause drops, but I think we have good answers for it. And I think the answer is it will add to American jobs. And I'm going to keep working with Carla Hills to get that message out to the United States Congress.

But I really wanted to come over to exhort you all to sally forth to the Hill up

there—you've got many friends up there—and use your best influence in the best tradition of persuasion of the Congress to make them understand that the Fast Track authority will create jobs, it will open up more trade between countries, it will raise the standards of living along the border on both sides, in my view, and it's going to be a wonderful thing. And I want our administration, indeed, to be firmly committed in terms of free trade, because history shows it results in prosperity.

And so, this is where we stand. And I thank you all very, very much for your interest in it. And do exactly what Carla Hills tells you to do. Thank you all very much.

Note: The President spoke at 10:19 a.m. in the Old Indian Treaty Room of the Old Executive Office Building. In his remarks, he referred to Gustavo Petricioli Iturbide, Mexican Ambassador to the United States; President Carlos Salinas de Gortari of Mexico; and U.S. Trade Representative Carla A. Hills.

Exchange With Reporters Prior to Discussions With Secretary-General Javier Perez de Cuellar de la Guerra of the United Nations

May 9, 1991

Iraq

The President. Welcome everybody.

Q. —police force in northern Iraq?

The President. We're not taking any questions today. Thank you very much. The Secretary-General might want to, but I—

Q. Are you hoping that all of the American forces will be out of Iraq soon?

The Secretary-General. Well, I think that that is the wish of our American friends, and as well as the wish of the United Nations.

The President. That's for sure.

The Secretary-General. I think the stations in Iraq are properly settled, but I think we have to be patient.

Q. Are you in favor of a police force—a U.N. police force in northern Iraq?

The Secretary-General. That's what we are going to discuss with the President and with his collaborators. But today I have received a very clear rejection from the Iraq Government. They do not want a United Nations police presence in the area. Right now, as we—

Q. They don't want the U.N.?

The Secretary-General. They don't want the U.N.

Q. That's par for the course, isn't it? I mean, so what? [Laughter] Does that mean you have to comply?

The President. Well, listen, we've got to get to work here. We've got to get to work. I want to discuss all this with the Secretary-General.

Q. Does that mean you have to comply?

The President. And we will discuss all this and then figure out what to do.

Q. Did it come from Saddam?

The Secretary-General. Well, I think—I have a special envoy there, Mr. Goulding, and he was the one who received from the Minister of Foreign Affairs the negative reaction.

Note: The exchange began at 11:05 a.m. in the Oval Office at the White House. A reporter referred to President Saddam Hussein of Iraq. The Secretary-General referred to Foreign Minister Ahmad Husayn Khudayir al-Samarra'i of Iraq and Marrack Goulding, U.N. Under Secretary-General.

Remarks Following Discussions With Secretary-General Javier Perez de Cuellar de la Guerra of the United Nations

May 9, 1991

The President. I want to welcome you to the White House today. I discussed with you many of the issues on the world's agenda. In a moment I'll mention some of the challenges, common challenges we face, but before, permit a personal observation.

I think back to the times that we worked together as Perm Reps up there 20 years ago, and I still wonder how it is that I ended up with the easier job. [Laughter] But the problems that arrive at your door-

step often are the product of years of violence and strife. It falls to you to go through so much hatred and bitterness to find a path to peace.

For 10 years now, you've led the United Nations. Your years as the Secretary-General could merely have been difficult—in stubborn hope. But instead they have proved to be momentous, proved to be historic. And during your years of service to the U.N. has really come of age. After decades of ideological stalemate, conflict, and cold war, the U.N. has at long last taken a major step forward as a true force for peace. And today the U.N. can lay claim to a string of successes stretching across the globe.

In Africa, the U.N. played a leading role in the birth of an independent Namibia. Elsewhere on the African Continent the U.N. now is at work to end the wars in Angola and resolve the future of the Western Sahara. Across Asia, the U.N. continues to play a critical role in peacemaking efforts in Afghanistan and Cambodia.

Right here in our own hemisphere the U.N. has helped the people of Nicaragua and Haiti exercise their right to elect their own government, and is working to bring peace right now to El Salvador.

And of course, there is the United Nations' role in the liberation of Kuwait. The U.N. sent its strong, steady signal every day of the way, and defending the defense against aggression, keeping faith with founding principles, standing fast for what is good and right.

Mr. Secretary-General, a great measure of the success belongs to you, my friend, as a product of your patience and perseverance, your immeasurable diplomatic skill, your unwavering desire for peace. But we talked at lunch, for each success, challenges remain.

Consider the unprecedented responsibilities placed upon your good offices as the U.N. Secretariat by Security Council Resolution 687—the administration of UNICEF, the special commission for eliminating Iraq's weapons of mass destruction, the compensation committee; the U.N.'s redemarcating the Iraq-Kuwaiti border, developing guidelines for the arms embargo against Iraq, and encouraging arms co-

that it's not—we face some of the same problems along our border that Arizona does. And so I would say that they ought not to use the existing problems to hold up—problems of crime going across borders, or border brutality, or drugs coming in—to hold up an important trade agreement.

And if, indeed, this does benefit the people of Mexico, and if you then have a little higher standard of living along the Mexican side of the Mexican border, I would argue with my critics that this would be a sure-fire way to reduce illegal exit or crime or whatever.

That's the way I'd respond to it. But I don't want you to think from the answer that we are unconcerned about the violations of the law.

Last one. Here we go.

The Economy

Q. You have fought very hard to lower the interest rate as a way to stimulate the economy. Yet two million more people are unemployed this year than last year. And the construction industry is not doing any work at all. People can't borrow money because they're overextending from their small savings already. How can just dropping the interest rate get us out of a recession if—

The President. In the first place, I think we're going to be coming out of the recession, particularly with this drop in interest rates. So, I would argue with the people that disagree that we will. Most of the indicators—I think most of the economists, most of the blue-chip forecasters agree with what I've just said.

Secondly, I think dropping interest rates is the best way to stimulate economic growth and to create new jobs and new opportunity. Remind me what was the predicate again—that two million—

Q. The fact that two million more people are unemployed—we can't seem to stimulate the economy no matter what the industries are. And people are already too heavily in debt in this country.

The President. New jobs is the answer, isn't it, then, to those that don't have a job. And the way you get new jobs is you go for a growth agenda like I tried to answer here

today. And we will come out of this recession, which isn't, fortunately, as deep as some in the past, and when we do come out of it you're going to see growth. And growth is going to create new jobs. And that two million or whatever the figure is will decline. I'm absolutely convinced of it. That's what's happened in every other recession.

And so the unemployment figures—anytime it's—my view is—they always ask me, what's acceptable unemployment? For the guy who doesn't have a job, nothing. No percentage is acceptable. I will say, historically, the unemployment figures have been a lot worse in this country. And when the recessions that they were part of ended, people went back to work in large numbers. So, I think the best answer for hope for the people that are unemployed lies in economic growth, new opportunities.

Q. When do you predict the end of the recession?

The President. I can't give you an exact time. But would you settle for a general "sooner rather than later"? [Laughter] Because it's going to—wait until you see the effect of these rates. I mean, I don't really know the answer to your question. And if I did, I wouldn't tell you because the last thing a President needs to be doing is predicting interest rate levels or levels of where the stock market ought to be, or something of this—I just couldn't get into it. But I do—I believe, as do most of the forecasters, that the recession will not be a long and deep recession. And I think I'd go with the average of the blue-chip forecasters who seem to indicate that we'll be out of it fairly soon. But I've got to stop short of a definitive date.

Thank you all very, very much.

Note: The President spoke at 12:07 p.m. in the Ballroom at the Washington Marriott Hotel. In his remarks, he referred to Jim Kennedy, Sandy Duerr, Randy Smith, and Susan Thomas, secretary, president, vice president, and former president of the Society of Business Editors and Writers; Secretary of Agriculture Edward Madigan; and U.S. Trade Representative Carla A. Hills.

Remarks at a White House Briefing on Fast Track Authorization

May 1, 1991

The President. Thank you all very much. Please be seated. A thousand apologies for keeping you all waiting, but you had the most knowledgeable Fast Track authority in the country doing the heavy lifting here. Carla, thank you.

But first, thank you all for coming here. I know I've talked to some of you in this room about my favorite subject these days, but I want to just hit it again, and to those I haven't visited with, just urge you to help us if you possibly can. This Fast Track authority question is absolutely fundamental to our major foreign policy objectives.

And we can't look at it narrowly. We've got to look at in terms of the big foreign policy picture. And I'm not talking just about the importance of getting an agreement with Europe; I'm talking about our friends to the south, about the potential that lies in a democratic South America. And I'm not talking there just Mexico and beyond.

And so, we have here a subject I want to talk about in a little more detail, but I want to put it into that broad foreign policy context. It is in the vital national interest of the United States that we get this Fast Track authority, not just to hammer out a successful conclusion to the GATT round but to get this free trade agreement with Mexico, which will show that we are not discriminating by simply looking one direction, that we recognize the potential of our neighbors to the south who are our friends, and that we want to support the change that is so exciting that's taking place to our south.

So, as you know, and maybe Carla—did you talk about the letters today? Well, I've sent up to the Congress our views on these opportunities that are offered. And maybe you've gotten the details of the response to Lloyd Bentsen, Dan Rostenkowski, and Dick Gephardt to very important letters that we got from them. And they have a constitutional responsibility. They are entitled to our full cooperation and consultation. And I think we've responded, thanks to Carla's leadership, in a very forthcoming way to understandable concerns.

There were two points that our response to the Congress made crystal clear. One is that we've got to seize the opportunities that are afforded by this North American free trade agreement because it's in our interest—the point I made to you. And the second one is that we are determined—and this is the one of vital importance to Members of Congress and to many in this room—that we're determined to work with Mexico to address the labor and environmental issues that are of common concern.

We also, in these undertakings, make commitment to negotiate an agreement with all the transition and adjustment provisions necessary to avoid disruptions at home. I would not be pressing this if I felt that this was going to be detrimental to the Americans that needs jobs, or American that have jobs. And our response also demonstrates how and why economic growth and enhanced cooperation between our governments—made possible by this North American free trade agreement—help dramatically improve labor conditions and also environmental protection.

I'm sure it won't work the way our critics say. In other words, they say it's going to be bad for American jobs, more people thrown out of work. And they say bad for the environment. And I don't agree with either of them. In fact, I think we've got very good answers on the opposite sides of those two allegations.

The central issue in the Fast Track debate is whether we're going to remain a leader in opening markets and in expanding trade. Everyone in this room knows that exports are absolutely essential, that they're more vital than ever to our own economic growth. And, look, the stakes are high. Nobody's hiding that fact. There are high stakes in this. And with Fast Track we can complete that Uruguay round.

We've gone through like a roller coaster—ups and downs—as Carla's tried to hammer out an agreement in the GATT that would be good for all of us. And it's been difficult. But I am convinced that we can complete that Uruguay round and also this North American free trade agreement—NAFTA—and lay the bases for our continued competitive success in world markets. And it will carry us well into the

next century, in my view. And without Fast Track we're going to lose our ability to achieve these ambitious and important goals. I don't believe protection or isolation or quasi-isolation can do anything other than diminish the growth that is essential in this country, essential to the well-being of all American families.

And I might say today, I was very pleased to see those interest rates come down a little, speaking of growth and getting this economy going.

In the response that Carla helped fashion and that we sent up today, I've given Congress a personal commitment to close the—to have the best possible cooperation—best possible cooperation and consultation in the NAFTA, in the Uruguay round, and beyond. And beyond, I'm talking about the Enterprise for the Americas Initiative.

I'm giving my assurance that we take the time necessary to conclude agreements in which the Congress, the administration, the private sector, indeed, all Americans can take pride. There's a timeliness here in getting this Fast Track approved. But the very fact that we're rushing and trying and driving to get that done by dates certain does not mean that we have to rush in thereafter to some bad agreement. We're not going to do it. We could have made a bad agreement long ago.

One night I asked the telephone operators here, I said, "Would you please get Ambassador Hills?" It was about 5 or 6 in the evening. But they're so efficient, you know. And the phone answered, "Helloo"—sound asleep. I'd gotten her—it's 3 in the morning in some foreign country—[laughter]—and back in those days, hammering out, hammering, working hard, trying to eliminate these difficulties. We could have had a bad agreement a long time ago. And she just kept saying, no, and had this tough role of moving this thing forward correctly.

So, don't confuse the speed and the urgency of getting this Fast Track authority with the fact that that would lead us to hastily make a bad deal. We're not going to do it. And Carla knows the Congress well, and I know the Congress well, and they are entitled to have us bring back an agreement that we can wholly, enthusiastically

endorse. And that's exactly the kind of agreement that I believe we can get.

So, again, I will end where I began: We need your help. And I am fully involved in this. Carla, obviously, is fully involved in it. Our whole Cabinet is energized. We're talking to as many groups as we can. I've been to Texas and to California to visit mainly with Mexican-Americans, but Hispanic groups. There's a lot at stake in this point. And it's something I feel strongly about in my heart. I don't want anybody to be able to allege that we're using different standards here in setting out agreements—one for the north, one for the south. We're not going to do that. We're not going to do it because it isn't right. And we're going to approach Mexico as the trusted friend and partner that they are. And if there's anybody that deserves this kind of consideration, it is President Salinas in Mexico, who has already made some dramatic changes in that society and in that economy and in his approach to the environment and in his support on the questions of law and order. And he is entitled to a fair shake on all of this, and I am determined that he get it. So, we're going to go forward as best we can.

Did you tell them about Salinas' commitment to the environment?

Ambassador Hills. Not your story—

The President. Well, the story is really beautiful because what it is—and it really touched me as a grandfather of thousands. [Laughter] But I know some of you will be as moved by it as I was. I mean, this man is committed. He has shut down the largest polluting refinery in Mexico over the—and had to fight to do this, had to fight special interests to get this done. And he did it because of the commitment to the environment.

But the story that he tells is about how the children in Mexico, particularly Mexico City, when they paint a picture of the sky at night, it's gray or black. And he said, I want these children to paint the sky with stars in it. And he is determined that they do, that you don't have a 6-year-old in the first grade who never sees the stars because of the environmental pollution. And it's a commitment. I mean, that's an emotional portrayal of his commitment that he has

subsequently demonstrated in many, many ways.

So, I've got to convince the Members of Congress on these questions of labor, questions of the environment. We've got to explain that Mexico's economic success—it isn't a threat to us, it's an opportunity. It's an enormous opportunity. I just got a question over there about the—questions on the border. I'm from Texas, and I know some of the border problems and I know, in the past, how we kind of fenced with each other about these border problems that exist, whether it's people that come here illegally or whether it's the drug question.

But I can tell you from the bottom of my heart that we're getting superb cooperation. That isn't to say we don't have a ways to go. But we want to work with these people in that way. They're our friends. They're our future, in a sense, because we have an enormous potential market there and on below. And we're committed to the democracy that is sweeping most of South America.

So, I get very intense on this question because I really believe it is in our interest. And as people struggle to improve their societies, we ought to be in there helping. And it will help Mexico, but it will also help the United States.

So, on these technical questions that are of understandable concern to the labor unions or to the environmentalists, we understand their concerns, and Carla has done a superb job of answering those concerns.

Again, we need you. This is a team effort. It is not going to get done by the most able Trade Representative we have, by the President, by any individual member of the Cabinet. We've got to get this done by people like yourselves weighing in where you can with these Members of Congress. And I pledge to you that I will go the extra mile because I am absolutely certain it is in the best interest of this country we all love so much.

Thank you very, very much.

Note: The President spoke at 2:49 p.m. in Room 450 of the Old Executive Office Building. In his remarks, he referred to U.S. Trade Representative Carla A. Hills, Senator Lloyd Bentsen, and Representatives Richard A. Gephardt and Dan Rostenkowski.

Proclamation 6286—National Day To Commemorate the 200th Anniversary of the Polish Constitution of May 3, 1791

May 1, 1991

By the President of the United States of America

A Proclamation

On May 3, 1791, declaring their love "national independence and freedom of life itself," brave Polish patriots adopted national constitution for their homeland. This document was a resounding declaration of Poles' desire for liberty and self-government—and it was a bold challenge to the foreign powers that had invaded and partitioned their country less than 20 years before.

One of the first written national constitutions in the world, the Polish Constitution of May 3, 1791, was modeled after our own. Even through the most difficult periods of Poland's history, it has remained a great and cherished symbol of the Polish people's devotion to democratic ideals.

We Americans gladly join in celebrating the 200th anniversary of this historic document because we are united with the Polish people by strong ties of kinship and culture and by a mutual love of liberty. These special bonds were affirmed in the "Declaration on Relations between the United States of America and the Republic of Poland" which President Lech Walesa and I signed on March 20, 1991.

Poles were among the first immigrants to come to these shores in search of freedom and opportunity, and they and their descendants have served and enriched our Nation in countless ways. Since the great Polish heroes Tadeusz Kosciuszko and Kazimierz Pulaski helped to secure the independence of our fledgling Republic, millions of other men and women of Polish extraction have likewise labored and sacrificed to help ensure the success of America's bold experiment in self-government always inspiring others by their unshakable faith in God and in the promise of liberty under law.

In Poland, that faith has been tested by decades of often brutal repression. During

The Czech and Slovak-American Enterprise Fund may make loans, grants, and equity investments, in addition to sponsoring technical assistance, training, and other measures designed to foster the growth of a private business in all sectors of the Czechoslovak economy. As the President said in announcing this initiative during his visit to Prague last November, the Fund will "help unleash the creativity and drive of the Czech and Slovak peoples" as they build a free market economy and stable democratic rule.

Remarks at a White House Briefing for the National Leadership of the Hispanic Alliance for Free Trade
March 19, 1991

Thank you for that warm welcome, and welcome to the White House. I'm delighted to see our traveling Secretary of Commerce, Bob Mosbacher, just back from Kuwait, looking good—a little jet lag on him. *[Laughter]* But he's doing an outstanding job over there at Commerce. And also on my left over here, Carla Hills, who is our Trade Representative—Ambassador Hills, working very, very hard on the subject that I want to talk to you today about, hard and effectively. And, of course, Dr. Boskin, I assume you know—that I rely very heavily on him on all matters economic. So you have our first team here. And that includes Barbara Bush. And I think it's very appropriate that Mexico's able Ambassador, Ambassador Petricioli, be with us. Welcome, sir.

But I haven't done the personal name check, but I am told that the people gathered here span 50 States, from California to New York to Florida—I don't know why they left out Texas. *[Laughter]* Hometown heroes who are here to really—to put it in perspective, to help lead us into the 21st century. That also brings to mind, obviously, another group of heroes—the heroes that we see on television almost every night now, in those very emotional scenes of people coming home, stepping off the planes and into the history books—the cou-

rageous men and women of Operation Desert Storm.

But thinking of them, and looking around at this gathering of friends, I can't help but think of the incredible contributions that Hispanic-Americans have made to the defense of this country, in peacetime and in war, 38 Congressional Medals of Honor. I think of heroes like Captain Rivera, Manuel Rivera, who grew up in the South Bronx and became an accomplished Marine pilot. One of the first to fall in the air war over the Gulf. And he had dreams of becoming an astronaut. And today he has taken his place in the stars, so that we might find a better way on Earth.

The coalition triumph in the Gulf serves to remind us how much the world continues to look to the United States of America for leadership. And it reminded us also that we are a great nation, capable of great things at home and abroad. As I said in my recent address to the joint session of the United States Congress, the real way to honor the sacrifice of our troops is to roll up our sleeves and for me, the rest of us in the White House to work with the Congress to help build a better America, a better world, a better tomorrow.

We've gathered here today to seize an historic opportunity to do just exactly that. Earlier this month, I sent up to the Congress our request for an extension of the Fast Track procedures for implementing new trade agreements. It's a simple concept. For the better part of this century, this nation has recognized that trade agreements require a special kind of cooperation between Congress and the executive branch. Through Fast Track authority, Congress has made sure that the President went to the table equipped with the same bargaining powers as his counterpart: the ability to ensure that an agreement reached overseas would be the agreement voted upon at home.

Many of you know what it's like to run a business. And you understand how critical it is to have this simple authority to reach across the table and shake hands on a deal.

No one's asking for carte blanche. We still have to bring back the best agreement possible—bring it back to the "home office," if you will—back to Congress for a vote. But

at least Fast Track gives us the authority to get the deal in writing—so that it can be presented to Congress for an up or down vote. I can assure the Congress again today that, knowing our able Trade Ambassador, we're not going to make a bad deal. We're not going to bring back a deal to the Congress that they're going to have to turn down.

We need an extension of this Fast Track authority right now to pursue critical new trade initiatives of unprecedented promise, like the Uruguay round—we've got to complete that successfully; the Enterprise for the Americas Initiative, that means so much in our hemisphere; and the North American free trade agreement. Fast Track authority gives us the chance to negotiate agreements that help everyone concerned.

And as with every good business deal—everybody wins. A vote against the extension of the Fast Track authority would cut off the chance to negotiate any new agreements. Simply put, a vote against Fast Track is a vote against trade, against ourselves, against our neighbors. And if we do not move forward—a fast track—then we're going to face a dead end, in my view.

In order to sustain the expansion of exports and of economic growth, we must continue our efforts to open up these world markets. Ambassador Hills is working, as I said, very hard to achieve success in the Uruguay round—to open up markets to U.S. goods and services worldwide. The free-trade talks with Mexico and Canada and our Enterprise for the Americas Initiatives are designed to strengthen U.S. ties with our neighbors to the south.

Relations—and most of you in this room know this—relations between the United States of America and Mexico have never been better. Mexico has a bold new President, Carlos Salinas. And he's reformed that economy dramatically—almost miraculously. And he's extended the hand of friendship to the United States of America, and I've been proud on your behalf to reach out and shake that hand.

But I want to pledge to you today that I will do my part to build on that friendship and work to create an even closer partnership between nations. Fair and free trade between our countries will help Mexico. But in my view, these important steps are

in the best interest of the United States of America. They'll help us as well. Our ties with Mexico, let's face it—and everyone here knows it—go well beyond the bounds of commerce. We share cultures, heritages, families. And we—millions of Americans—trace their roots to Latin America. The genius and the vitality of the Latin culture have added new sparkle to our lives, our culture, our great country.

We want to do our best to continue cultivating that genius and that vitality. Here, Hispanic businessmen and businesswomen are a critical American resource. You've been at the forefront of our trade, many in this room, right there in the forefront of the trade with not just Mexico but with Latin America. You speak the language; you understand the culture. And it's your determination, ingenuity, and vision that have driven you to create businesses that fuel our economy and enrich our lives.

And that's why we need your help. That's why I'm delighted that you accepted this invitation to come to the White House today. We need your help. There's a lot of Members of the United States Congress that don't understand the importance of Fast Track authority yet. We need you to tell them that you back the Fast Track—to clear the way for the Uruguay round, the Enterprise for the Americas and, indeed, the North American free trade zone—obviously, free trade agreement that obviously has Mexico as a vital part of it.

A North American free trade area would unite 360 million consumers; a total output of \$6 trillion. And by boosting economic prosperity in Mexico, Canada, and the United States, it will help us move forward on issues that concern all of us. Issues such as drugs and education, immigration, and the environment.

Let me just take that environment for a second—one example. Country by country around the world, the people of the more developed nations enjoy cleaner rivers, purer air, better health, longer lives than their less developed counterparts. Development and prosperity mean less pollution, not more. In this way, the good you do today can mean good news not only for the people of your hometowns but also for the people of your homelands. Everybody wins.

Every nation has much to gain from a new era of open doors and open minds and open trade: a future of sustained economic growth, lasting regional stability, lower prices and greater choices for consumers. More jobs—not less—more jobs will come out of these agreements—and an improved standard of living for our people and, yes, for our neighbors.

Today is an auspicious day to launch this effort. For today in California the swallows return to Capistrano. And it's a harbinger of spring. You can tell from my hay fever; we've got it right here. [Laughter] A time of change, new growth, and new beginnings. And across the continent from the Yukon to the Yucatan, you can be a part—all of you—of this vision for the new world. A community of nations, prosperous and free, the cornerstone of the world's first fully democratic hemisphere. Think of that. We're on the verge of that right here.

And yes, many challenges remain. Of course they do. Obstacles remain. But you can make a difference. You can encourage support for these bold new initiatives. And you can encourage Congress to act to provide new markets, new jobs, new business opportunities for all Americans.

I understand the buses are parked outside. And I think it's time to jump-start this effort. And it's time to charge up the hill, strike down the barriers, and open up trade. So, there's a lot of excitement in the world. The recent events in the Gulf have kind of obscured the changes in Eastern Europe. And I think for a while they've obscured the fantastic moves towards democracy in this hemisphere. But now we're getting back in focus. We've won that war, and now what we've got to do is extend opportunities for all Americans.

I take enormous personal pride in the fact that our relations with Mexico and countries to the south have never been better. And I can pledge to each and every one of you that I'm going to do my level best as President, as long as I am privileged to live in this house, to continue to improve relations with these countries. But now I'm asking for your help. And I will take this opportunity to look over at those cameras and ask the Congress of the United States to give us the authority that we need to move things forward.

Thank you. And God bless the United States of America.

Note: The President spoke at 2:02 p.m. in the East Room at the White House. In his opening remarks, he referred to Michael J. Boskin, Chairman of the Council of Economic Advisers.

Remarks to the Points of Light Foundation

March 19, 1991

I know you've had a full day, but let me, belatedly, give you a very warm welcome to the White House and say that it's a pleasure to come over here to join this briefing of the Points of Light Foundation. I'm pleased to serve as honorary chairman. And, of course, the directors, many here today—and I am indebted to each and every one of you who are taking these leadership roles.

Let me just begin by a few words of thanks and praise. Those gathered here today and the many other media executives all across the country whom you represent have done so much for so many years to shine the bright floodlight of recognition on those in our communities reaching out to help those in need. And if, as they say, a nation is what it honors, in many places in America you've helped make us understand that our nation is one that admires those who serve the needs of others.

By recognizing and honoring these otherwise unsung heroes and heroines who each day in a quiet and selfless way confront drug abuse and illiteracy, hunger, and homelessness, and do what they can to defeat them, you are showing all of America that every social problem is being solved somewhere and that every one of us can play a role in solving the problems. Everyone can be a Point of Light.

The Points of Light that I understand you have heard from today are part of real and gripping stories in America that really are making life better. They're taking on difficult problems and conquering them. And I'm even more convinced today than I have ever been that Points of Light are a critical

answer to America's social problems. This approach isn't a dodge for responsibility of any level of government. It's something much, much, more fundamental, it seems to me, than any level of government.

With the new surge of patriotism and the resurgence of national pride that has just captivated America, and then our age-old "can do" spirit, it seems to me that the country is ready as never before in recent memory to rise to the challenge of meeting the needs of those around us here at home. And this is where you all come in. Now, is the time to carry this Points of Light message into every home in America and to persuade every American that any definition of a successful life must include serving others.

Far more than any one speech or brochure, the media can educate and persuade and inspire. And your antidrug campaign, for example, is changing a whole generation's attitudes about drugs. We've got a long way to go, but the change is there. And I think it's exciting, and I hope it's contagious.

The Saatchi and Saatchi PSA's that you've seen, that Barbara and I looked at last night, I'm convinced begin to move the whole Nation to find in serving others the meaning and fulfillment in life that all of us are seeking. I want to thank the Saatchi team that I met with earlier, thank the Advertising Council for many long hours of dedication and devotion to producing some of the finest ads and some of the most moving ads that I believe I've ever seen.

By changing attitudes about the appeal of service and showing examples of small ways in which each of us can make a big difference, these ads can help. They can help achieve our shared mission for the Nation: to make direct and consequential community service directed at serious social problems central to the life and work of every American.

And so I'm asking you to find ways to give these messages the prominence they deserve. And, in addition, because you are each a vital link to and among the citizens within your communities, I hope you'll redouble your efforts to find and celebrate the Points of Light where you are. With your help, every American can be called to do something good and feel something real.

Thank you for coming to the White House, for all the good you've already done, and for the good work I know you'll do in the days ahead. I am totally committed to this concept and I want to assure Ray Chambers, Dick Munro, everybody—Gregg—that I will do my level best to help in every way possible.

Thank you all very, very much for being with us today. Thank you.

Note: The President spoke at 3:54 p.m. in Room 450 of the Old Executive Office Building. In his remarks, he referred to Raymond G. Chambers and J. Richard Munro, cochairmen of the Points of Light Foundation; and C. Gregg Petersmeyer, Deputy Assistant to the President and Director of the Office of National Service. He also referred to public service announcements produced by Saatchi and Saatchi, a New York advertising firm.

Message to the Senate Transmitting the Congo-United States Investment Treaty March 19, 1991

To the Senate of the United States:

With a view to receiving the advice and consent of the Senate to ratification, I transmit herewith the Treaty Between the United States of America and the People's Republic of the Congo Concerning the Reciprocal Encouragement and Protection of Investment, signed at Washington on February 12, 1990. I transmit also, for the information of the Senate, the report of the Department of State with respect to this treaty.

The Bilateral Investment Treaty (BIT) program, initiated in 1981, is designed to encourage and protect U.S. investment. The treaty is an integral part of U.S. efforts to encourage the Congo and other governments to adopt macroeconomic and structural policies that will promote economic growth. It is also fully consistent with U.S. policy toward international investment. That policy holds that an open international investment system in which participants respond to market forces provides the best and most efficient mechanism to promote

New Horizons for Hispanic Business

U.S. Hispanic Chamber of Commerce's reports indicate that the national Hispanic business community is growing at a healthy rate and that by the turn of the century its influence on the American economy will be greater than ever, indeed opening "New Horizons for Hispanic Business."

This growth, as shown by statistics compiled by the USHCC, is most impressive. For example, conservative estimates indicate that between 1982 and 1990 the number of Hispanic businesses increased a phenomenal 38.3 per cent! Likewise, revenues have increased dramatically--from \$16.7 billion in 1982 to \$20 billion in 1987 to \$25 billion in 1990!

Today there are close to 400,000 Hispanic firms, of which 40 per cent are engaged in the service industry and about 23 per cent in retail. The latter, however, generates more revenues (\$5.6 billion) than the former (\$3.7 billion). Hispanic entrepreneurs can take pride in the fact that in comparing the revenues going to Hispanic firms to that of the entire nation, Hispanic business exceeded in the following categories: wholesaling, transportation, and manufacturing.

By holding its 1990 National Convention in New Mexico, the USHCC recognizes the importance of the "Land of Enchantment" within the Hispanic business community. New Mexico ranks fifth among the states in the number of Hispanic firms (about 10,000), an achievement even more remarkable when one considers the state's low number of inhabitants.

Along with the Hispanic business sector, the Hispanic consumer market is experiencing impressive expansion. Hispanics (currently numbering 25 million) constitute the fastest-growing segment of the U.S. population! And Hispanics will be the largest minority in the U.S. by the year 2000!

Obviously, the remarkable growth of the Hispanic market cannot be ignored. Hispanic consumers' buying power is about \$134 billion a year. A considerable share of this amount feeds the growth of Hispanic businesses, for Hispanics have traditionally been strong supporters of small businesses--the backbone of the Hispanic business community.

As can be seen, Hispanic entrepreneurs and consumers constitute a significant part of the American economy. Through the efforts of the USHCC, these Hispanic groups' participation in mainstream America is sure to take hold.

September 12, 1991

MEMORANDUM FOR JOE DUGGAN

FROM: BOB SIMON *RS*
SUBJECT: HISPANIC CHAMBER OF COMMERCE

One idea that we've wanted to get across is that there has been a false division between what is known as foreign policy and domestic policy. Free trade as exemplified by NAFTA and EAI may take foreign diplomacy to accomplish, but ultimately will benefit the domestic economy by creating more jobs and business. We are pursuing these trade initiatives for our own good.

Of course, trade will also benefit our trading partners. Although some see trade as a zero-sum game with winners and losers, trade is the ultimate win-win situation. After all, why would two people ever trade if both didn't benefit?

HCC is an ideal place to get these two ideas across.

JUL 25 1991

Fact Sheet: Trade and Development Program

Program Description

The US Trade and Development Program (TDP) provides grants to U.S. firms to undertake feasibility studies for companies and municipal governments in middle-income, less developed countries, such as Thailand, Turkey and Colombia. The intent is that when U.S. firms conduct studies that tailor the projects to U.S. specifications, U.S. exports will follow. The bulk of TDP's program resources are allocated to financing studies for public sector projects of foreign governments and multilateral development banks.

TDP also funds technical symposia and "reverse trade missions" to acquaint LDC government officials with U.S. products and expertise.

TDP awards between 50 to 100 grants per year, ranging from a few thousand to one million dollars. TDP concentrates most heavily on the energy and infrastructure sectors, followed by industry and hazardous waste, telecommunications, education and training. Most of TDP's program budget is devoted to the East Asian region, although programs in Eastern and Southern Europe have been expanded significantly in the past few years.

TDP was formerly part of the Agency for International Development until the 1988 omnibus trade bill established TDP as an independent agency.

Budget Summary

(dollars in millions)

	1989 <u>Actual</u>	1990 <u>Actual</u>	1991 <u>Actual</u>	1992 <u>Budget</u>
Bud. Auth.	25.0	30.0	35.0	35.0
FTE	20	28	28	28

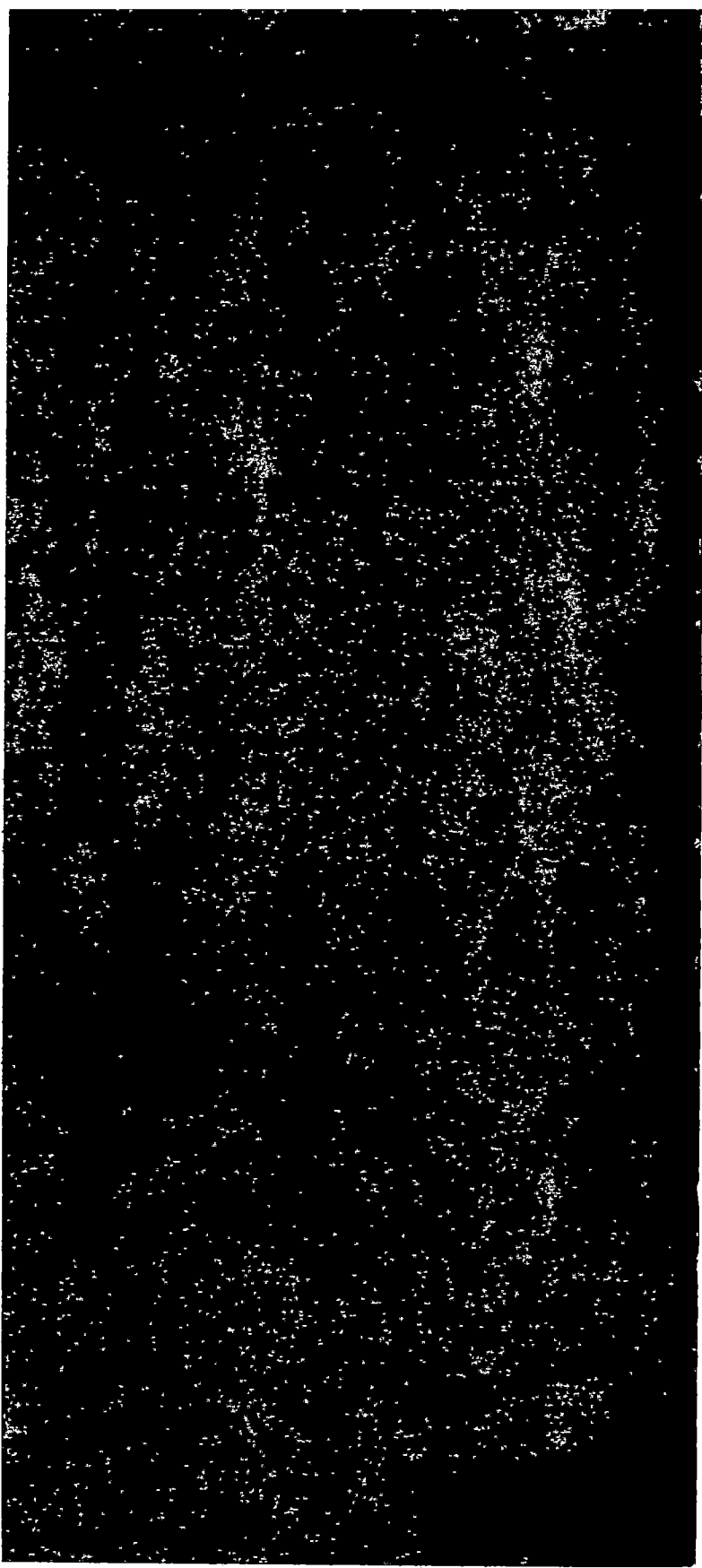
Congressional Committees

Authorization:

Senate Foreign Relations Committee (Pell, D-RI)
House Foreign Affairs Committee (Fascell, D-FL)

Appropriations:

Senate Subcommittee on Foreign Operations (Leahy, D-VT)
House Subcommittee on Foreign Operations (Obey, D-WI)



The Trade and Development Program (TDP) is an independent U.S. Government agency within the International Development Cooperation Agency. TDP has an exclusive mandate to promote U.S. exports for major development projects in middle-income and developing countries.

TDP carries out this mandate by funding feasibility studies, consultancies, training programs, and other project planning services related to major projects. Contracts funded by TDP grants must be awarded to U.S. companies. U.S. involvement in project planning helps position potential U.S. suppliers of goods and services for follow-on contracts when these projects are implemented.

The majority of TDP funds is granted for feasibility studies. Host governments play an active role in developing the scope of work for the feasibility study, selecting the U.S. company to carry out the study, and monitoring the progress of the work. TDP's emphasis on host country participation, combined with the high degree of professionalism, skill, and objectivity of U.S. companies, ensures a satisfactory and useful study. This cooperation also engenders a cooperative relationship between the host country, TDP, and the U.S. business community that often extends to future projects.

TDP-funded activities provide a generous

return to the U.S. economy. Through Fiscal Year 1990, approximately \$3 billion of U.S. exports has been associated with TDP-funded activities, and an additional \$20 billion in direct U.S. exports is expected to result from those projects over the next ten years. To date, over 400 companies in 40 states and the District of Columbia have benefited from activities supported by TDP. U.S. business representatives who have participated in TDP-funded activities support them as important and practical ways to improve their marketing, exposure, and networking for future business activities.

TDP assistance to U.S. firms helps them to increase their market share over the long term. This market position contributes, in a greater degree, to an increase in overall U.S. exports as opposed to the short-term exports directly attributed to TDP activities.

TDP funded studies can be conducted in a wide range of sectors of high priority to host governments. They include: agribusiness; educational technology; electronics; energy; minerals development; telecommunications; transportation; and waste management.

TDP's program is carried out by a Washington-based staff of 22 professionals and support personnel. Regional Directors are responsible for project identification, appraisals and recommendations to fund a feasibility study or other TDP assistance, execution, oversight, and follow-up. A support staff handles contracting matters and monitors the evaluation and analysis of program operations.

TDP activities are conducted in close coordination with the Departments of State, Commerce, Transportation, and Treasury, the Export-Import Bank, and the Overseas Private Investment Corporation, as well as other specialized government agencies, such as the Agency for International Development and the Environmental Protection Agency. The Department of Commerce's Foreign Commercial Service and the Department of State's Economic Officers at U.S. Embassies and Consulates provide critical local support for TDP's program.

TDP also maintains close contact with multilateral and regional development lending institutions, such as the World Bank, the Inter-American Development Bank, and the Asian and African Development Banks. This relationship ensures an exchange of important project information and keeps TDP apprised of critical opportunities for

U.S. companies. TDP also maintains U.S. consultancy trust funds at some of these institutions.

All projects evaluated for TDP funding must meet the following selection criteria:

Development Priority

Projects must be developmental priorities of the host country and likely to be implemented. TDP must receive a formal request from the host government, and the U.S. Embassy must endorse TDP's involvement in the proposed project.

U.S. Export Potential

Projects must present an opportunity for substantial sales of U.S. goods and services.

Untied Financing Availability

There must be assurances that untied financing for project implementation will be available and that procurement will be open to U.S. firms.

How to Apply for U.S. TDP Grants

• Foreign Governments

TDP invites foreign governments to apply for grant assistance for planning studies of major public sector projects for which there are plans to allocate substantial foreign exchange for imported goods and services. Any developing or middle-income country classified as "friendly" by the Department of State is eligible for TDP planning assistance where untied financing is available for the project itself.

Official requests for TDP assistance may be made directly to TDP in Washington by the appropriate host government ministry or agency or through the in-country U.S. Embassy or Consulate. All requests ultimately require the endorsement of the U.S. Embassy. TDP normally conducts a preliminary internal review of the proposal to determine: (1) that the project represents a development priority for the host country; (2) that project financing has been identified and is likely if the study suggests project feasibility; (3) that the potential for U.S. exports during project implementation is significant; and (4) that TDP has a facilitative role to play, without which the project would not move forward with U.S. exports.

• Opportunities for U.S. Companies

U.S. companies may participate in TDP activities in several ways:

1. As mentioned above, the government of the host country must request funding from TDP for a priority project or projects. U.S. companies often bring these projects to the attention of TDP and are encouraged to do so, but before considering the project, TDP must have an official request from the host government.
2. Once the government has requested funding for a study, TDP may send a *Définitional Mission (DM)*, a team of technical specialists, to the country to investigate the project, work with local authorities to develop a scope of work for an appropriate feasibility study or consultancy, draw up a budget estimate, and make a recommendation concerning TDP support for the study. TDP selects qualified consultants for DM's through the use of a *Consultants Database*, for which U.S. small

businesses are encouraged to register. DM consultants are selected by TDP on the basis of qualifications and price, in accordance with the Federal Acquisition Regulations, Part 15. All DM's are conducted by U.S. companies, and more than 97 percent are conducted by small businesses. A company which participates in a DM may not participate in a TDP-funded feasibility study on that project.

3. If TDP decides to fund the feasibility study, TDP and the appropriate host country ministry or agency (the Grantee) sign a *Grant Agreement* committing TDP funds for the study. The Grantee then makes its selection of a contractor for the study based on competitive procedures approved by TDP. This normally involves publication of an announcement or request for proposals (RFP) in the *Commerce Business Daily*, which describes the study and the conditions for participation, submission of qualifications by interested U.S. firms, short-listing by the Grantee, submission of detailed proposals by short-listed firms, and selection of the top-rated firm by the Grantee. The selected firm then negotiates a *Contract* with the Grantee. This contract describes in detail the work to be done and the terms of payment. There are several standard provisions which TDP, as a U.S. Government agency, must include in the contract, and TDP must approve the contract before it becomes effective. While the grant agreement is signed by TDP and the Grantee, no funds are actually transferred to the Grantee. Instead, the U.S. contractor submits its invoices to the Grantee, who approves and forwards them through the U.S. Embassy or Consulate to TDP in Washington. TDP then makes payment directly to the U.S. contractor.

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Training and Other Activities

• **Foreign Governments, U.S. Companies, and Organizations**

In situations where neither a feasibility study nor a consultancy is appropriate or where TDP wishes to enhance feasibility study work, TDP may provide funding for technical seminars (in either the U.S. or a foreign country) or for orientation visits of key host country decision-makers to the U.S. TDP also considers project-related training programs under the TDP public sector program. For more specific information, contact the TDP Regional Director for the geographic area of interest.

Development Bank Trust Funds

TDP has made grants to the World Bank and the African Development Bank to establish U.S. consultant trust funds for feasibility studies and other project preparation activities. Under these programs, U.S. consultants may be recruited for bank activities related to projects which hold the potential for significant U.S. exports. Interested U.S. consultants must be registered with the appropriate development bank and should inquire with the bank desk officers for the country in question concerning consulting opportunities.

African Development Bank (AFDB)

The fund is available to finance consultancies and feasibility studies for AFDB-sponsored projects. The decision to use the trust fund is initiated by the project officer, who makes a request to the U.S. Executive Director at the AFDB. Contact TDP Africa Regional Office (703) 875-4357.

International Bank for Reconstruction and Development (World Bank)

Two separate funds are available to finance preparation and appraisal activities for World Bank sponsored projects. The first fund is exclusively for projects in *Africa*. It specifically excludes non-project activities such as pre-feasibility studies and seminars. The second

fund is exclusively for *environmental* projects world wide. For further information regarding the TDP Africa Trust Fund and the TDP Environmental Trust Fund, contact the World Bank, Office of Business Liaison, (202) 477-8830.

International Finance Corporation (IFC)

The fund is available to finance project related activities such as sector surveys and feasibility studies. The fund applies to IFC-funded projects only. Contact Mr. Alakari Bose, (202) 473-0551.

To become eligible for the trust funds, the consultant must meet the respective bank's criteria for participating in these activities. The banks recommend that consultants register on their databases to increase the chance of being included on short-lists. It is a good practice to maintain a liaison at each bank to provide early warnings on possible projects.

TDP Private Sector Activities

TDP's main interest is the promotion of U.S. exports to the developing world. This is done through the financing of feasibility studies for public sector projects in many developing countries. This financing allows U.S. firms to do the feasibility studies, placing them in an excellent position to win follow-on contracts for construction and management of the project. As a result, U.S. goods and services are often used in implementing the project itself. Thus TDP's mission is to encourage the growth of the U.S. private sector by encouraging project-specific exports.

TDP is expanding its role in this area to include the financing of feasibility studies for private sector projects. The general aspects of activities in the private sector will be the same as for the public sector program, with some technical modifications. The goal of encouraging U.S. exports will still be foremost in importance.

Proposals for feasibility studies for private sector projects will be reviewed on a case-by-case basis. As of yet there are no specific procedures or requirements for private sector proposals, although in general the parameters of the public sector program will be used.

The current private sector activities that TDP participates in jointly with other U.S. Government agencies will continue. For example, the Pakistan private sector fund established by TDP and the U.S. AID Mission in Islamabad encourages both U.S. exports, local and U.S. investment through the funding of feasibility studies for private sector projects. The Federal International Energy Trade and Development Opportunities Program (FIETOP), set up by TDP, AID, and DOE, is designed to foster the development of international energy-related trade opportunities for U.S. industry and support economic development in foreign countries. These and other related programs will continue to receive TDP support.

Those interested in submitting private sector proposals to TDP should contact the private sector office of TDP in Washington, D.C.

U.S. Trade and Development Program

Tel: (703) 875-4357 Fax: (703) 875-4009

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Sept. 11/91

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TO: CHRISTINA MARTIN

HISPANIC CHAMBER OF COMMERCE - CHICAGO (Joe Duggan)

WE WERE A LITTLE DELAYED FLYING IN. MICHAEL JORDAN WAS OUT AT THE AIRPORT PRACTICING TAKEOFFS AND LANDINGS.

WHEN SOMEONE TELLS ME I'M GOING TO THE "WINDY CITY," I'M NEVER SURE IF IT MEANS CHICAGO OR A VISIT TO CAPITOL HILL.

SORRY I WASN'T ABLE TO JOIN YOU FOR LUNCH, BUT I'M ON A NEW DIET. I ONLY EAT LUNCH ON DAYS WHEN THE DEMOCRATS PRAISE MY DOMESTIC POLICY.

SORRY I MISSED THE REMARKS BY TWO OF OUR OUTSTANDING CABINET SECRETARIES. I JUST WISH THAT JACK KEMP COULD WORK UP A LITTLE MORE ENTHUSIASM FOR HIS BELIEFS.

I UNDERSTAND THERE WAS SOME HOPE THAT YOU'D HEAR FROM AMERICA'S NOW-FAMOUS FIELD GENERAL, THE BRILLIANT STRATEGIST WHO HAS LED SOME OF OUR FINE FIGHTING MEN TO GLORY. BUT I GUESS MIKE DITKA IS BUSY PREPARING FOR MONDAY'S JETS GAME.

(Bears play Jets Sept. 23)

Joe: Look forward to working with you.

Doug

EXECUTIVE OFFICE OF THE PRESIDENT



OFFICE OF THE UNITED STATES
TRADE REPRESENTATIVE

TESTIMONY OF
AMBASSADOR CARLA A. HILLS
UNITED STATES TRADE REPRESENTATIVE
BEFORE THE
COMMITTEE ON FINANCE
UNITED STATES SENATE
MARCH 14, 1991

Introduction

Thank you, Mr. Chairman, for the invitation to testify about the President's request to extend fast track procedures.

Fast track is crucial to United States leadership in the global economy. The procedure enables us together to pursue and implement United States trade policy, a policy which has been developed in close partnership with Congress and the private sector.

This morning, I would like to give the Committee an overview of fast track and then discuss why it is essential to the Uruguay Round and North American Free Trade negotiations, which could offer so much for U.S. consumers and workers.

Overview of Fast Track

The United States is at an historic juncture. With the fast track procedure available, the United States has the opportunity to obtain trade agreements that can benefit the U.S. and world economies. However, without fast track, the United States is not even a player at the negotiating table.

There is, however, a widespread misunderstanding about what fast track is and what it isn't; about its origins and its application today.

For more than 50 years, Congress and the Executive Branch have worked together in close coordination and consultation to negotiate and implement trade agreements.

In the aftermath of the disastrous Smoot-Hawley Tariff Act of 1930 and the Great Depression it helped fuel, your predecessors and mine realized that we, the Legislative and Executive Branches, must work together to craft a national trade policy that opens markets and promotes U.S. exports.

That meant institutionalizing a system of trust and partnership which was first reflected in the Reciprocal Trade Agreements Act of 1934. Congress delegated to the President the

power to negotiate tariff-cutting agreements with other nations and to implement them by proclamation without the need for subsequent legislation. In the years after its enactment, the Reciprocal Trade Agreements Act proved a great success. Congress's action in passing the 1934 Act can be credited with helping make possible the extraordinary economic growth after World War II, both in the United States and around the world.

Our partnership in developing and implementing U.S. trade policy evolved in later years as trading nations began to rely less on tariffs to protect their markets and more on non-tariff trade barriers. Consequently, the scope of trade negotiations was broadened to include new areas previously uncovered by international rules.

The fast track procedures were created by Congress as the necessary complement to this broader trade agenda. Fast track procedures for approval of trade agreements were included by Congress in trade legislation in 1974, 1979, and again in the Omnibus Trade and Competitiveness Act of 1988. While giving Congress the assurance of meaningful participation throughout the negotiating process, fast track also provides two guarantees essential to the successful negotiation of trade agreements: First, a vote on implementing legislation within a fixed period of time; and, second, no amendments to that legislation.

These procedures reflect an understanding that trade agreements, in which results in one area are often linked to results in others, are particularly vulnerable to multiple amendments that, while possibly small in themselves, could unravel entire agreements. Whether the balance of benefits contained in any trade agreement is in the overall interest of the United States can only be determined by looking at the whole package.

Through the fast track, Congress has given the President the same bargaining power possessed by his counterparts: The ability to ensure that the agreement reached internationally would be the agreement voted on at home. Without that assurance, foreign governments are reluctant to negotiate with the United States and will not make the tough concessions necessary to reach agreements the United States would be willing to sign. No negotiating partner will give its bottom line knowing that the bargain could be re-opened.

Myths of Fast Track

Let me take a few moments to dispel two myths about fast track:

Fast track procedures are not "fast" and are not an inevitable "track." The process is actually quite deliberate and the outcome is not pre-ordained.

To be more specific, fast track procedures have absolutely nothing to do with the pace at which we conduct negotiations. Let me reiterate an assurance that I have given publicly many times: We will not rush to conclude any agreement, merely for the sake of an agreement. We proved that last December in Brussels, and our high standards have not changed. While we are eager to secure the benefits that trade agreements promise, we will take whatever time is needed to arrive at agreements that are truly in the economic interest of the United States. We will consider all relevant issues in a negotiation and consult fully with you and the private sector. Until we arrive at good agreements -- ones that we believe you will agree are good -- there simply will be no agreements.

Your vote to approve fast track extension does not mean that whatever the Administration negotiates afterward is automatically, or even rapidly, approved. Fast track procedures preserve Congress's role during the negotiation, approval, and implementation of trade agreements. The fast track statute includes extensive notification and consultation requirements with both Congress and the private sector throughout the process. Each step of the way, this Administration will continue its close consultation with Congress and the private sector.

For example, we started formal and informal consultations with Congress on an FTA with Mexico almost a year ago, well before our formal notification of negotiations. We have been talking to a range of Committees and members about their objectives and advice, and will continue to do so once negotiations commence.

Once an agreement is reached, Congress and the Administration will work in close consultation to formulate implementing legislation. The process has been open to all committees of jurisdiction. If the agreement and its implementing legislation are still not acceptable, they can be rejected by majority vote of either house.

Economic Reasons for Extending Fast Track

The United States has much to gain through trade agreements that open markets and provide rules for free and fair trade. Maintaining the fast track will preserve our ability to continue efforts to liberalize trade and open markets through the GATT, through other multilateral agreements, and through bilateral agreements.

Opening markets and expanding trade is at the top of the President's agenda.

As 1991 begins, international trade is more important than ever to the United States. Our economy has enjoyed six years of record expansion. The engine of this expansion was U.S. exports. Over the past three years, exports of goods and services contributed more than 50 percent of the growth of GNP.

The U.S. economy now has entered a temporary recession. But the vitality of U.S. trade has not been interrupted. As the President said in his State of the Union Address, "Exports are running solid and strong."

In 1990, the rate of growth of U.S. exports was twice as fast as the rise in imports. The nearly 8.5 percent growth in exports generated 88 percent of our total economic growth last year.

This is because the global economy remains strong, and U.S. goods are in great demand around the world.

The flow of U.S. products must be maintained and expanded lest exports -- our vital engine of growth -- sputter or stall. More than ever, we need the billions of dollars a year of economic stimulus that greater access to foreign markets could provide.

Opening markets and expanding trade also will enhance the economic growth of poorer nations, including the emerging democracies of Eastern Europe and Latin America. Such growth not only promotes political stability, but will also make those countries much better customers for U.S. products.

Without the impetus of a more open trading system, these nations will be drained by the massive costs of protections now imposed on them -- costs that now total two-and-a-half times all the aid they receive from industrialized countries.

We find ourselves at this critical time with real opportunities to open markets in areas that will expand our trade. It was precisely to take advantage of such opportunities that Congress contemplated in the 1988 Trade Act a two-year extension of the fast track procedures that would otherwise have expired in June of this year.

Fast Track is Crucial to Concluding a Successful Uruguay Round

Our best opportunity for opening world markets is to complete a comprehensive agreement in the Uruguay Round of global trade talks and in so doing to strengthen and broaden the General

Agreement on Tariffs and Trade, or GATT. The GATT is without doubt the world's most important trade agreement. Indeed, it is the Constitution of World Trade.

Under GATT sponsorship, the world's trading nations have held seven successful rounds of negotiations since World War II in which tariff rates were slashed by more than 75 percent. As a result, trade exploded from just \$60 billion in 1950 to nudge the \$4 trillion mark this year.

This enormous expansion in global commerce has fueled a spectacular surge of the world and U.S. economies. Both have grown faster in the last 40 years than in any four decades of world history. Consequently, we have enjoyed unparalleled global prosperity.

The GATT has opened new markets for business, increased choices and lowered prices for consumers, and led to higher incomes and more jobs for workers.

But just as a thriving family outgrows its first house, so too has the family of 100 nations, who make up the GATT and account for 85 percent of world trade, outgrown the rules that have served us so well for so long.

Today, a third of world trade -- more than \$1 trillion of international commerce a year -- is not adequately covered by internationally agreed rules.

Areas inadequately covered by GATT rules, like agriculture, or not covered at all like services, investment, and intellectual property, have taken on an enormous importance in global trade generally and to the United States in particular.

The United States led the call for the far-reaching agenda of issues in the Uruguay Round. Congress and the private sector supported this effort. Congress laid out the negotiating objectives for the Uruguay Round in the 1988 Trade Act.

Several members of this Committee, and your staffs, were with us at the Uruguay Round ministerial meeting in Brussels last December. Rather than conceding our goal of an ambitious agreement, together we agreed that no agreement was far better than a hastily negotiated face-saving solution.

After a three-month suspension, the countries that brought the talks to a halt returned to the table with a new-found willingness to negotiate specific commitments in the critical area of agricultural trade reform. As you know, this area is the linchpin of the Round; without real reform, many of the countries participating in the talks are not willing to negotiate in many of the Round's other important areas.

The prospects for a successful conclusion are better now, but we have tough negotiating ahead. We will continue to work with you to bring these talks to fruition.

The benefits the Uruguay Round could bring to America are enormous:

- o Lower tariff and non-tariff barriers to manufactured products and other goods could increase world output by \$5 trillion, and U.S. output by more than \$1 trillion over the next 10 years, meaning an additional \$17,000 for every American family of four;
- o Rules to protect the intellectual property of America's entrepreneurs, ending the \$60 billion lost each year through theft and counterfeiting;
- o New markets for U.S. service firms, which today export \$115 billion annually and create 9-out-of-10 of our new jobs;
- o Broader market opportunities for international investment, creating expanded opportunities in a sector that already helps generate more than \$240 billion of U.S. exports, or two-thirds of total U.S. exports in goods;
- o Fair competition and open markets for U.S. farmers, who lead the world with more than \$40 billion in annual exports;
- o Full participation of developing countries in our global trading system, which could increase U.S. exports 50 percent, or \$200 billion, by the year 2000; and,
- o Strengthened rules on dispute settlement, antidumping, subsidies, and trade remedy provisions, that should provide predictability and certainty in access to foreign markets and ensure fair trade at home.

The fact is that a failure to extend fast track authority will effectively end the Uruguay Round negotiations. It will damage prospects for world economic growth and cooperation. A collapse of the Round brought about by the removal of fast track would increase worldwide pressures to raise trade and investment barriers. And, of course, the unraveling of the international

trading system would deny U.S. consumers and workers the enormous benefits of open markets.

Fast Track is Essential to Negotiate a North American FTA

Of course, we continue to press for open markets beyond the Uruguay Round negotiations.

A North American Free Trade Agreement more closely linking the economies of the United States, Mexico, and Canada could be a potent force for regional growth and prosperity. We expect these discussions to lead to market opening agreements that will create new and improved opportunities for U.S. exports across the entire spectrum of American industry.

Canada is our largest trading partner. Mexico is our third largest trading partner. Linking our complementary economies through free trade will strengthen these economic bonds and increase regional political stability. Ultimately, the creation of a North American Free Trade Area will create the largest, richest market in the world with 360 million consumers and \$6 trillion in annual output.

Also, a North American Free Trade Agreement will support our broader aim of open markets and expanded trade globally, for other countries will have greater incentive to seek open markets with us. It also can serve as a starting point for the pursuit of a hemispheric free trade area -- the long-term objective of the President's Enterprise for the Americas Initiative.

Despite these benefits, some critics claim that an FTA will be a "one-way street" with inexpensive Mexican goods flowing into the United States and few of ours going the other way. The evidence disproves this notion. Since 1986, when Mexico joined the General Agreement on Tariffs and Trade, and reduced its tariff protections from 100 percent to roughly 10 percent, U.S. exports to Mexico have more than doubled, rising from \$12.4 billion to an annualized rate of \$28.4 billion in 1990. The doubling of U.S. exports created 320,000 U.S. jobs. Each additional \$1 billion of U.S. exports will mean more than 20,000 new U.S. jobs.

All sectors of the U.S. economy have benefited from this market opening: exports of automobiles and auto parts have quadrupled; exports of corn have tripled; and exports of telecommunications equipment have doubled. Exports of iron and steel, that were running a \$12 million deficit four years ago, now are tallying a \$300 million surplus. Just four years ago, we had a \$91 million deficit in textiles and apparel trade with Mexico. Today, we are running a surplus.

A free trade agreement would not only lock in these gains, but also create new openings for U.S. industry.

There is also a fear that a free trade agreement will export U.S. jobs to Mexico. But again, the experience of the last decade disproves this speculation.

During the 1980s, U.S. firms set up factories in Mexico at a record pace under the maquiladora program. As a result, thousands of jobs were created and retained on the U.S. side of the border to support those facilities, according to some studies.

A good example is Deltec, a San Diego electronics manufacturer. Since it started a maquiladora five years ago, its sales have quadrupled and its workforce has tripled with employment in San Diego rising by 50 percent.

Many of its San Diego workers were retrained to fill higher-skill and higher-paying jobs. Deltec's added business also generated new jobs in and around San Diego as its spending for raw materials and services there grew four-and-a-half times.

Indeed, the availability of Mexico as a factory site is saving U.S. jobs. Kendall Co., a Massachusetts-based medical equipment maker, says that were it not for the maquiladora program its ability to compete effectively in certain segments of the health-care market would have been significantly impacted. This fact could very well have jeopardized the approximately 3,000 jobs which currently exist within the United States. Other companies that would have been forced to relocate operations offshore to remain competitive instead are setting up operations in Mexico.

While the benefits of an FTA are apparent, the Administration recognizes that some groups worry about the consequences of increased competition from Mexico. We are sensitive to these concerns and want to work with Congress and the private sector to ensure that our negotiations take these concerns into account.

In this regard, nothing we negotiate will be implemented overnight. We know that business and labor on both sides of the border will need time to adjust. We will ensure that any agreement be phased in over time and provide an effective mechanism to protect against import surges. In the end, we will have a new economic regime that will benefit all.

Progress in the trade area also will support and reinforce progress in our broader bilateral agenda with Mexico. Long before there was any talk about an FTA with Mexico or a North American FTA, the United States and Mexico were discussing and

acting upon a broad bilateral agenda extending far beyond trade. Our countries share a common goal of an improved way of life, both economically and socially, for our people. Agencies such as the EPA and the Departments of State, Justice, and Labor have been working in their area of expertise to promote our broader bilateral agenda. We have worked with Mexico to support and enhance its own efforts to address pressing social needs.

Progress in North American free trade negotiations would assist efforts on our broader agenda. Conversely, rejection of fast track would hinder our efforts in all areas.

The goal of United States trade policy is to open markets and expand trade for U.S. goods throughout the world and so provide a powerful stimulus for economic growth. A North American Free Trade Agreement will do just that and create on the North American continent a new era of opportunity and prosperity.

Conclusion

Supporting fast track will allow the Uruguay Round and the North American Free Trade negotiations to go forward without in any way detracting from Congress's ability to assess each agreement on its merits when presented for approval.

We have much to gain from extending fast track: an era of extraordinary economic growth, geopolitical stability, lower prices and greater choices for consumers, more jobs for workers, and a better standard of living for our people.

We have all this to gain and much to lose: After the enormous international respect and goodwill we have earned from our role in the liberation of Kuwait, to deny the President the ability to negotiate trade agreements would be a severe set back. For the United States, the world's biggest market, its largest exporter, the leader of the free world, not to be a real participant at the bargaining table would be an abdication of responsibility to the world trading system, the U.S. economy, and, above all, to the American people.

#

There's a good deal waiting for Texans in free trade accord

By AMBASSADOR CARLA A. HILLS

WHY is it that the fastest times, longest distances and best performances are recorded in the Olympics? Because world-class competition inspires unparalleled excellence.

Why is it that companies trading in world markets are among the most innovative and competitive? Again, because world-class competition spurs entrepreneurs to excel.

Competition makes us stronger. It makes us smarter. It makes us better.

Trade is competition. Companies in Texas trade and compete every day, and do it very well. They put their products, services, their ideas up against the best that the world has to offer and win new markets, new customers, new profits and new jobs.

From Compaq computers to Baker-Hughes drill bits, to Exxon petroleum and chemical products, Texas companies make what the world loves to buy.

Texas' manufactured exports in 1990 pumped an estimated \$38.2 billion into the economy creating roughly 725,800 jobs. (This figure does not include exports by services firms — an important sector — for which no data are available on the state level.)

The aim of the Bush administration's trade policy is to make American industry more competitive, create more jobs and achieve political, economic and social stability possible only through a truly open world trading system. To attain these goals, this administration has launched a series of market-opening negotiations with our key trading partners. One of the most important is the North American free-trade talks with Canada and Mexico.

A few days ago, my counterparts from Canada and Mexico and I met in Seattle for our second ministerial meeting since beginning formal negotiations in June. We and our negotiators are working to hammer out an agreement that will be good for each of our countries.

The reasons for our interest in a North American Free Trade Agreement are plain: Canada is our largest trading partner; Mexico is our third largest trading partner. Linking our complementary economies

Hills is the U.S. trade representative and a member of President Bush's Cabinet.

through free trade will strengthen these economic bonds and increase regional political stability. Ultimately, the creation of a North American Free Trade Area will create the largest, richest market in the world with 360 million consumers and producers and \$6 trillion in annual output.

Already we have seen the benefits of liberalizing trade with Mexico. Since 1986, when Mexico joined the General Agreement on Tariffs and Trade, and reduced its tariff protections from 100 percent to roughly 10 percent, U.S. exports to Mexico have more than doubled, rising from \$12.4 billion to an annualized rate of \$28.4 billion in 1990.

The doubling of U.S. exports created 320,000 U.S. jobs. Each additional \$1 billion of U.S. exports will mean 19,000 new U.S. jobs.

All sectors of the U.S. economy have benefited from this market opening: exports of automobiles and auto parts have quadrupled; exports of corn have tripled; and exports of telecommunications equipment have doubled. Exports of iron and steel, that were running a \$12 million deficit four years ago, now are tallying a \$300 million surplus. Just four years ago, we had a \$91 million deficit in textiles and apparel trade with Mexico. Today, we are running a surplus.

U.S. sales to Mexico are double those to either Korea or Taiwan, three times those to Hong Kong, four times those to China, and five times those to Brazil. Significantly, Mexico imports \$295 per person from the United States. That is over 10 percent per person more than the European Community imports from us annually.

A free-trade agreement would not only lock in these gains, but also create new openings for U.S. industry. The NAFTA will improve access for U.S. exports to a market which is expected to have 100 million Mexican consumers by the year 2000.

This is of particular interest here in Texas where hundreds of companies ranging from makers of high-tech products to transportation equipment to chemicals are exporting to Mexico already. Export shipments to Mexico rose from \$6.5 billion in 1987 to \$11

billion in 1989, an increase of 70 percent. Under a North American Free Trade Agreement, Texas companies could do even better.

Despite independent economic analysis and anecdotal evidence, some are concerned that more open trade with Mexico will hurt U.S. workers. However, all the economic

studies show that U.S. exports will increase as high Mexican trade barriers fall. And, these exports will help generate jobs in the United States, particularly in higher-wage, higher-technology industries like those heavily concentrated in Texas.

The experience of the last decade lends credence to this assertion. During the 1980s,

U.S. firms set up factories in Mexico at a record pace under the maquiladora program. As a result, thousands of jobs were created and retained on the U.S. side of the border to support those facilities, according to some studies.

A free-trade agreement also could save U.S. jobs by enabling our companies to remain competitive in relation to Asian and European firms. Often, the alternative to production in Mexico under a free-trade agreement is not continued production in the United States, but rather to move operations to East Asia.

Keeping production in Mexico will not only save many U.S. jobs, but also will generate new ones as Mexico spends 70 cents of every trade dollar on U.S. goods.

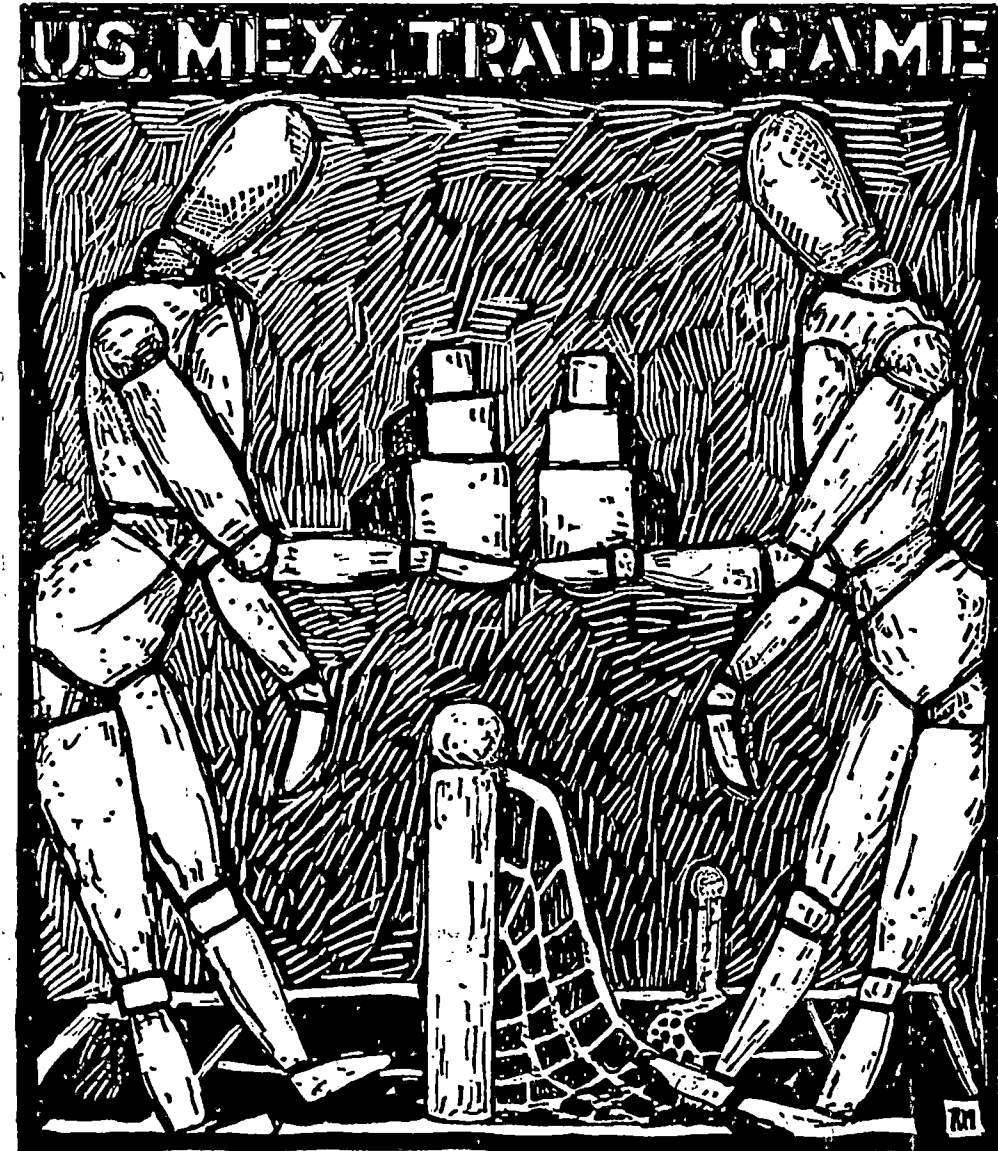
Free trade on the North American continent not only will be a boon for business and workers, but also a blessing for consumers. When world markets are open, consumers may choose from the greatest number of goods and services at the lowest cost. The innovation that competition inspires means better goods, better medicines and a better way of life.

Import restrictions in the form of tariffs and quotas actually are a tax on customers. And it is a regressive tax falling more heavily on individuals and families who can least afford it. A 1985 study by the New York Federal Reserve found that trade barriers are equivalent to a 23 percent income surcharge on people earning less than \$10,000 a year. For those earning more than \$60,000 a year, trade barriers amounted to a 3 percent tax.

In all, American consumers pay \$65 billion annually in higher prices, from trade barriers.

Our goal this year is to increase opportunities for American business to compete in the global marketplace and for consumers to choose from the best products at the lowest price.

The payoff from initiatives like the North American free-trade talks will be new jobs for workers, lower prices and greater choice for consumers, and a strong, more competitive economy. And this new and expanded trade will make us stronger. It will make us smarter. It will make us better.



United States Hispanic Chamber of Commerce

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01. Fax	United States Hispanic Chamber of Commerce to Bob Simon, re: banquet attendees; Social Security information removed. (1 pp.)	09/12/91	P-6, (b)(6)	

Collection:

Record Group: Bush Presidential Records
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Series: Speech File, Backup
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WHORM Cat.:
File Location: Hispanic Chamber of Commerce 9/20/91 [2]

Date Closed: 11/1/2004	OA/ID Number: 08328
FOIA/SYS Case #:	
Re-review Case #: 2004-2265-S	
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MR Case #:	Appeal Case #:
MR Disposition:	Appeal Disposition:
Disposition Date:	Disposition Date:

RESTRICTION CODES

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P-5 Release would disclose confidential advise between the President and his advisors, or between such advisors [(a)(5) of the PRA]
P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

Freedom of Information Act - [5 U.S.C. 552(b)]

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(b)(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
(b)(9) Release would disclose geological or geophysical information

(SIC) 000-1207
Room: Ballroom/East Tower

GUEST SPEAKERS:

President George Bush
U.S. Secretary Jack F. Kemp
U.S. Secretary Manuel Lujan Jr.
Attorney General Dan Morales, TX

TIME TABLE:

	12 Noon to 2:20 p.m.
11:00 - 12:00 p.m.	Attendees go through security and gather in the ballroom.
11:45 - 11:58 p.m.	Headtable gathers in holding room.
12:00 - 12:05 p.m.	Alfredo Estrada, Editor, HISPANIC Magazine introduces the headtable and invites people to eat their lunch. // <i>Mrs. Joan Lujan in the audience</i>
12:05 - 12:30 p.m.	Lunch is being served.
12:30 - 12:32 p.m.	Alfredo Estrada introduces Sec. Jack F. Kemp.
12:32 - 12:47 p.m.	Sec. Kemp's address.
12:47 - 12:48 p.m.	Jose Nino gives a plaque to Sec. Kemp.
12:48- 12:49 p.m.	Mr. Estrada invites Sec. Lujan to give his presentation. Desert is served.
12:49 - 1:04 p.m.	Sec. Lujan's presentation.
1:04 - 1:05 p.m.	Jose Nino gives a plaque to Sec. Lujan.
	<i>President Bush in the photo opp. holding room.</i>
1:06 - 1:08 p.m.	Mr. Estrada introduces Mr. Richard Falcon, VP, AT&T.
1:08 - 1:13 p.m.	Mr. Falcon's presentation.
1:13 - 1:15 p.m.	Mr. Estrada Introduces Mr. Clinton Lauer, VP, Ford
1:15 - 1:20 p.m.	Mr. Lauer's presentation.
1:20 - 1:22 p.m.	Ms. Delia Reyes Introduces the Honorable Dan Morales, Attorney General, State of TX.
1:22 - 1:27 p.m.	Honorable Dan Morales's address.
1:30 - 1:35 p.m.	President Bush enters the Ballroom, along with Jose Nino and

Gabe Aguirre. President Bush shakes hands with the headtable.

- 1:35 - 1:37 p.m.** Mr. Estrada introduces Mr. Nino.
- 1:37 - 1:40 p.m.** Jose Nino invites President Bush to speak.
- 1:40 - 2:00 p.m.** President Bush's address.
- 2:00 - 2:05 p.m.** Gabriel Aguirre gives a putter to Pres. Bush, and Jose offers jacket to President Bush. President Bush leaves.
- 2:05 - 2:15 p.m.** Mr. Estrada announces the award winners. Jose and Gabriel walk to the front stage to present the awards. Photo opp.
- 2:15 - 2:16 p.m.** Mr. Estrada introduces Delia Reyes, USHCC Chairman Elect.
- 2:16 - 2:20 p.m.** Mrs. Delia Reyes's closing remarks.

Please note: Three types of tickets will be sold: People holding a one star ticket will be given priority seating and must check in at 11:00 a.m. People holding a one star ticket must check in at 11:10 am. All others will check in at 11:20 a.m.

USHCC Contact Person: Veronica Gouabault; Ph: 202/862-3939; Fax: 202/862-3947.

* FERNANDO ORTIZ, USHCC	01/17/68
* ELLIOTT RIVERA, USHCC Board	
* STEPHANIE HERRERA, Junior Hispanic Chamber of Commerce	3/17/68
* MIGUEL URIA, USHCC Board	10/02/37
* HON. MIRIAM SANTOS, City Treasurer	01/06/56
* CLINTON LAUER, VP, Ford	12/08/26
* SEC. JACK KEMP	-----
* GOV. JIM EDGAR	
* JOSE NINO, USHCC	03/02/56
* PRESIDENT BUSH	-----
* GABRIEL AGUIRRE, USHCC	01/12/35
* DAN MORALES, Attorney General, TX	4/24/56
* DELIA REYES, USHCC	02/02/42
* SEC. LUJAN	-----
* RAUL TAPIA, Esq.	12/19/49
* AMBASSADOR G. PETRICIOLLI Mexico	8/19/28
* RICHARD FALCONE, VP, AT&T	1/15/45
* HON. CATALINA VILLALPANDO	-----
* RUDY BESERRA, Coca-Cola	08/04/52
* JOE LIRA, MBDA	07/06/50
* ALFREDO ESTRADA, HISPANIC Magazine (MC)	3/23/59
* MAYOR DALEY	-----

CHICAGO, IL

CO-SPONSORS:

Ford Motor Company and AT&T.

LOCATION:

Hyatt Regency Chicago
151 East Wacker Drive
Chicago, IL 60601
(312) 565-1234

United States Hispanic Chamber of Commerce

91 SEP 13 A10:12 FAX Transmittal Cover Sheet

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Telephone: (213) 725-0091
FAX: (213) 725-0176

NATIONAL BUSINESS AWARDS LUNCHEON
SEPTEMBER 20, 1991
CHICAGO, IL

CO-SPONSORS: Ford Motor Company and AT&T.

LOCATION: Hyatt Regency Chicago
151 East Wacker Drive
Chicago, IL 60601
(312) 565-1234
Room: Ballroom/East Tower

GUEST SPEAKERS: President George Bush
U.S. Secretary Jack F. Kemp
U.S. Secretary Manuel Lujan Jr.
Attorney General Dan Morales, TX

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12:48 - 12:49 p.m. Mr. Estrada invites Sec. Lujan to give his presentation. Desert is served.

12:49 - 1:04 p.m. Sec. Lujan's presentation.

1:04 - 1:05 p.m. **Jose Nino gives a plaque to Sec. Lujan.**

1:05 - 1:06 p.m. Mr. Estrada announces the temporary retreat of Mr. Nino and Mr. Gabriel Aguirre, USHCC Chairman of the board, who will welcome President Bush in the photo opp. holding room.

1:06 - 1:08 p.m. Mr. Estrada introduces Mr. John Berndt, President, International Communications Services, AT&T.

1:08 - 1:13 p.m. Mr. Berndt's presentation.

1:13 - 1:15 p.m. Mr. Estrada introduces Mr. Clinton Lauer, VP, Ford

1:15 - 1:20 p.m. Mr. Lauer's presentation.

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HEAD TABLE

FERNANDO CHAVARRIA, Member of the USHCC Board of Directors

ELLIOTT RIVERA, Member of the USHCC Board of Directors

ROSS ROBERTS, Vice President, Ford Motor Company

MIGUEL URIA, Member of the USHCC Board of Directors

THE HONORABLE MIRIAM SANTOS, Treasurer, City of Chicago

CLINTON LAUER, Vice President, Purchasing & Supply, Ford Motor Cny

THE HONORABLE JACK F. KEMP, U.S. Secretary of Housing & Urban Development

THE HONORABLE JIM EDGAR, Governor of Illinois

JOSE NINO, President/CEO, USHCC

THE PRESIDENT OF THE UNITED STATES OF AMERICA GEORGE BUSH

GABRIEL AGUIRRE, Chairman of the USHCC Board of Directors

THE HONORABLE DAN MORALES, Attorney General for the State of Texas

DELIA REYES, Chairman-Elect, USHCC Board of Directors

THE HONORABLE MANUEL LUJAN JR., U.S. Secretary of The Interior

RAUL TAPIA, Attorney, Tapia & Buffington

AMBASSADOR E. & P. GUSTAVO PETRICIOLLI, Mexico

JOHN BERNDT, President, International Communications Services, AT&T

THE HONORABLE CATALINA VASQUEZ VILLALPANDO, U.S. Treasurer

RUDY BESERRA, Executive Staff Representative, The Coca-Cola Cny

JOE LIRA, Director, MBDA

RICHARD FALCONE, Vice President, Primary Market Sales & Operations, AT&T

ALFREDO ESTRADA, Editor, HISPANIC Magazine

Withdrawal/Redaction Sheet

(George Bush Library)

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PHOTO OPPORTUNITY

	<u>D.O.B.</u>	<u>S.S. NUMBER</u>
RAFAEL VEGA, USHCC Board	08/27/34	
JOHN AVILA, USHCC Board	04/11/39	
EVELIO CUELLAR, USHCC Board	11/10/31	
GLADYS MONTIEL, USHCC Board	04/18/50	
VICENTE RODRIGUEZ, USHCC Board	06/29/40	
LOURDES MONTEAGUDO, MacArthur Foundation	09/19/55	
KITTI BONNERI, Business Owner	5/29/31	
JESUS ARGUELLES, Business Owner	02/20/48	
MANNY ROSALES, CA Hispanic Chambers of Commerce	07/13/43	
FRIDY RIOS	01/15/48	
LINDA GUERRA MATTHEWS, SA Hispanic Chamber of Commerce	06/04/49	
CHARLES PONCIO, El Paso CC	03/09/53	
GIL PARTIDA, Esq.	07/27/62	
ALEJANDRO SILVA	10/12/47	
ARABEL ROSALES, Office of Governor Edgar	06/01/59	
MERIL ORTIZ, Winner, Convention Logo Contest		
GREG SALGADO, Business Owner	5/9/48	
JOSE JORGE, Cuban American CC	02/12/54	
HECTOR CARRENO, Citadel	11/16/54	
RAMIRO GUERRA, Business Owner	10/04/43	
MONICA A. MEDINA	12/14/54	
ALFERDO GARCIA, Saniserv	09/14/48	
JUAN V. MOSQUERA	11/05/39	
CARMEN DELGADO	10/02/34	
STEPHANIE HERRERA, Junior Hispanic Chamber of Commerce	03/17/68	
TOM STAHL, Esq.	03/05/46	

TRADE

VIVA FREE TRADE WITH MEXICO!

Labor unions worry about the loss of jobs, but the U.S. and its workers have much to gain by creating one huge consumer market from the Yukon to the Yucatán. ■ by Ann Reilly Dowd

FORGET those scare stories about how a North American free-trade pact would affect the U.S. You know, the ones about mistreated Mexicans making \$1 an hour in filthy, unsafe plants stealing jobs from Americans. They're poppycock. A free-trade area stretching from the Yukon to the Yucatán will mean faster growth, more jobs, better working conditions, and a cleaner environment for Americans, Canadians, and, most of all, Mexicans. Says U.S. Trade Representative Carla Hills: "It's a win-win-win situation." She's right.

With 360 million consumers and \$6 trillion in total annual output, the Northern Hemisphere would be the largest market in the world. Says Mexican Commerce and Industry Secretary Jaime Serra Puche, an economist with a Ph.D. from Yale: "Combining the three countries will make all of North America more competitive, and that will create jobs for all."

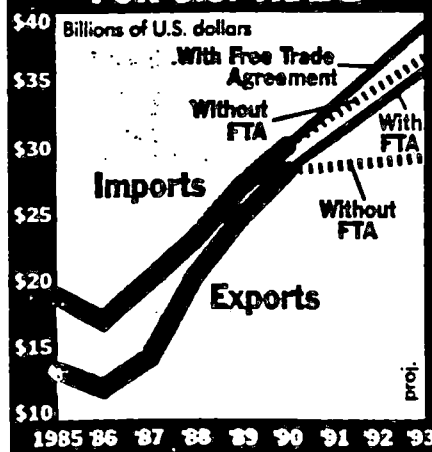
Since Canada and the U.S. agreed to phase out trade barriers in 1989, both countries have become mired in recession. Though some Canadians blame their 10.2% unemployment rate on the two-year-old pact, economists at the Royal Bank of Canada, the country's largest commercial bank, conclude that it has actually softened recession's effects. Indeed, trade volume between the U.S. and Canada has increased some 8%. For Mexico, a trade agreement would complete the country's decade-long shift from anti-gringo mercantilism to a pro-U.S. policy of open markets.

Under President Carlos Salinas de Gortari and his predecessor, Miguel de la Madrid, Mexico has been managed with stunning results by a dynamic team of young free-market economists. Most, like Serra, are equipped with sheepskins from top U.S. universities. Between 1982 and 1990 they turned a budget deficit equal to

REPORTER ASSOCIATE Rebecca Lewin



WHAT THE PACT MEANS FOR U.S. TRADE



American exports crossing International Bridge 1 in Laredo, Texas, would get a big lift from a deal.

7% of gross domestic product into a surplus equal to 8%, and privatized close to 75% of all government industries. Today 1.7% of goods imported into the country require licenses, down from 100% in 1982, and the maximum tariff has been sliced to 20% from 100%. Some two-thirds of the economy is now open to foreign ownership.

These reforms have spurred growth south of the border. In 1990, Mexico's real domestic product expanded more than 3% for the second year in a row, and exports to the U.S. have risen 72% since 1986. Inflation has dropped from a peak of 180% in 1988 to an annual rate of less than 20% in the first quarter of this year. By institutionalizing the nation's turn toward open markets, the free-

TRADE

trade agreement will likely attract considerable new foreign investment. Rudiger Dornbusch, an eminent international economist at MIT, predicts a doubling of Mexico's growth rate to 6% annually through the decade. Says he: "Soon people will be talking about the Mexican miracle."

The U.S. has much to gain and precious little to lose from such a miracle. As it is, America's trade deficit with Mexico has shrunk from \$4.9 billion in 1986 to \$1.8 billion last year, thanks to a doubling of exports during that period. The result: some 264,000 new U.S. jobs. Says State Department economist David Malpass: "Twenty years from now the free-trade pact could look like the single most dramatic growth initiative pursued by Bush during his first term."

Mexicans currently spend 15 cents of every dollar they earn on U.S. goods and services. And a faster-growing nation would obviously demand more. Among the U.S. industries likely to benefit are computers, autos, petrochemicals, and financial services. Last year Mexico opened its computer market by eliminating many burdensome licensing requirements and cutting the tariff from 50% to 20%. Result: Exports surged 23% in one year. IBM, which makes personal and midrange computers in Mexico, anticipates a doubling of its \$460 million in revenues from that country over the next several years. Adds James Johnson of Apple Computer: "With 20% lower prices, we can reach deeper into the consumer and educational markets. That represents major new business."

U.S. grain producers can also expect to sell more, as can manufacturers of telecommunications equipment, paper, some steel products, capital equipment, pharmaceuticals, and consumer goods. In short, Mexico will require all the makings and trappings of a developed society. Overall, Clopper Almon, an economist at the University of Maryland, estimates exports of U.S. goods and services to Mexico will rise 26.2% by 1993, vs. 3.6% without a pact.

Unfortunately for some Americans, free trade will produce losers as well as winners. To exploit lower Mexican wages, American manufacturers of autos and auto parts, apparel, electronics, toys, and other labor-intensive goods will probably shift more low-paying jobs to Mexico from the U.S. and the

Far East. In 1989 total compensation for production workers averaged a little over \$2 an hour in Mexico, about one-seventh the U.S. rate.

American labor unions are correct in arguing that these trends will cost some workers their jobs. But this drain won't happen overnight. Companies don't change locations the way teenagers change clothes, and Trade Representative Hills is insisting on a long transition period—at least ten years—for import-sensitive industries. For those who do lose their employment, the Administration has promised adequately funded retraining programs.

The good news is that free trade will create higher-skilled and better-paying jobs in the U.S. as a result of growth in exports. Says a manager at a Rockwell International plant that makes telecommunications equipment in Nogales, just

across the Mexican border: "We faced a simple choice 18 years ago in some of our telecommunications divisions. Go out of business, go to the Far East and buy parts there, or go to Mexico and use a mixture of parts from the U.S. and Asia. Moving to Mexico kept us competitive and saved jobs in our Texas plant."

Mexico's proximity to the U.S. pays off. Transportation costs are lower than to the Far East, and travel time is much shorter. By shifting repair operations for its cordless phones to Mexico from Singapore, AT&T expects to cut the turnaround on overhauls in half by the end of this year, thereby improving service and boosting sales. Over time, analysts believe, many other labor-intensive industries will move production from Asia to Mexico, creating jobs in the U.S. in sales, warehousing, management, and the manufacture of components. Ross W. Fasick, a senior vice president at Du Pont, for example, believes his company would sell more paint, fibers, and other products to U.S. car and textile companies manufacturing in Mexico than to those in Japan, Korea, or Taiwan. Says Fasick: "While we do business globally, we have a much bigger share of the market in North America."

Any way you look at it, trade

creates jobs. Studies of the European Community after it admitted low-wage Spain to the group in 1986 found that jobs and incomes rose in Spain and throughout the EC. Wharton Econometrics and the Center for Econometric Research on Mexico have studied the *maquiladora* program, which allows U.S. companies to export parts duty-free to factories in Mexico, where they are assembled and shipped back with U.S. duties assessed only on the value added. Their study concluded eliminating that break would cost the U.S. \$2.6 billion in GNP and 76,000 jobs.

LABOR LEADERS also charge that Mexico's inadequate environmental and worker protections will encourage American companies to move there to evade tough stateside standards. In fact, Mexican laws are just as strict as U.S. regulations, but until recently nobody enforced them. Rivers of sludge ripple lazily across the border, and air pollution is so thick in Mexico City that schoolchildren paint skies gray instead of blue.

President Salinas has shown more of a commitment to "growing clean" than any of his predecessors. Since 1989 the government has increased its environmental budget almost eightfold and shut down 1,062 polluting plants—82 permanently, including a state-owned refinery in Mexico City that employed 5,000 people.

In tandem with the trade talks, the two countries are working on a plan for more cross-border environmental cooperation, under which the U.S. is already constructing several sewage plants and drawing up plans to address air pollution, hazardous-waste disposal, pesticides, and other problems. The pact itself would help Mexicans acquire the

resources to improve their own air and water. It's no coincidence that the richest nations of the world are also the cleanest.

In the end, the biggest cost of a free-trade deal with Mexico would be the failure to secure one. Salinas has put his neck on the line for this historic opening between the two countries, and Mexicans are largely enthusiastic. Central and South America are watching. Cut Mexico off, and the nation could dive back into its old anti-Yanqui shell, taking most of Latin America with it.

Salinas has shown more of a commitment to "growing clean" than any of his predecessors.

WORLD REPORT

Mexico's new revolution

President Salinas uses free enterprise to drive his country into the modern age

Mexico has come a long way since 1982, when falling oil prices and corruption drained the treasury and the government scrambled to recoup by nationalizing the country's banks. Mexico's crash was the most dramatic of the Latin American debt crises—earning it a reputation for economic mismanagement while raising fears of social upheaval.

Now, President Carlos Salinas de Gortari is reversing that history and reputation with stunning success. Last month, the first three of the nationalized banks were sold at auction for two to three times book value—prices New York bankers can only dream of.

The Bush administration also believes that Mexico is a good investment, worth the recent political fight in Congress to secure the authority for negotiating a free-trade agreement. Since taking office in late 1988, the Harvard-educated Salinas and his team of Ivy League technocrats have done a lot to earn that faith. Unlike the Soviet Union, where leadership is diffused and a half-dozen reform schemes have come and gone, Salinas's team has had a clarity of purpose, implementing a radical economic reform program that has privatized more than a thousand government-owned companies and opened Mexico's long-sheltered economy to fierce foreign competition. The payoff has been undeniable: Triple-digit inflation has been reined in, the budget deficit has been reduced to zero, domestic investment is booming and economic growth is likely to top 4 percent this year. A free-trade accord with the United States and Canada, Salinas believes, will be the jewel in his crown.

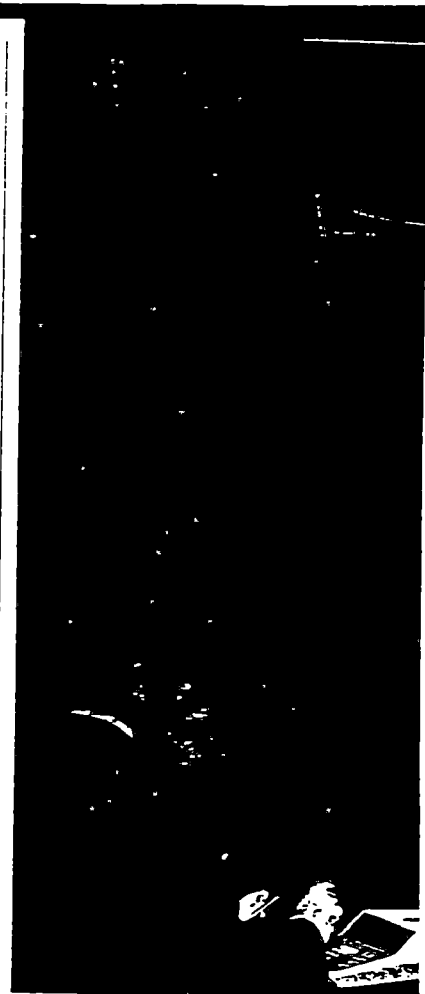
"We developed this political will out of pain," says Ernesto Zedillo, Mexico's Yale-educated secretary of programming and budget. "It was obvious for

the most part that the [debt] crisis was caused by decisions taken by Mexican government officials."

But even with all his success, Salinas has quite a way to go. For a free-trade agreement to deliver the promised benefits, Salinas must still triumph over inefficiency, corruption and political resistance from a web of entrenched interests inside his own Institutional Revolutionary Party (PRI). He has calculated that economic reform and political liberalization done simultaneously would risk social disintegration—so he has deferred opening up Mexico's political system to genuine competition. A new electoral law that calls for a new voter registry and a more independent vote count will be tested in August midterm elections. But two days before a June 30 deadline, 40 percent of Mexico's voters had not yet received their voting cards, forcing electoral authorities to extend the deadline by two weeks and prompting suspicions that the PRI was up to its old shenanigans of electoral fraud. "This country has not yet solved its political transition," warns Enrique Krauze, a prominent conservative historian.

Harsh medicine. Salinas came to office knowing that economic reform would not be popular. His predecessor's harsh reform measures and the fallout from the debt crisis, which slashed real wages by 50 percent, drove inflation to 160 percent in 1987 and left half the country in abject poverty, costing him millions of votes in the 1988 elections.

Nevertheless, Salinas has wielded his nearly unlimited power boldly, boosting his—if not his party's—popularity. In privatizing industries and cleaning out corrupt unions, he has attacked bastions of the PRI's 60-year dominance, albeit selectively. When necessary, he has not hesitated to use force—in late May of



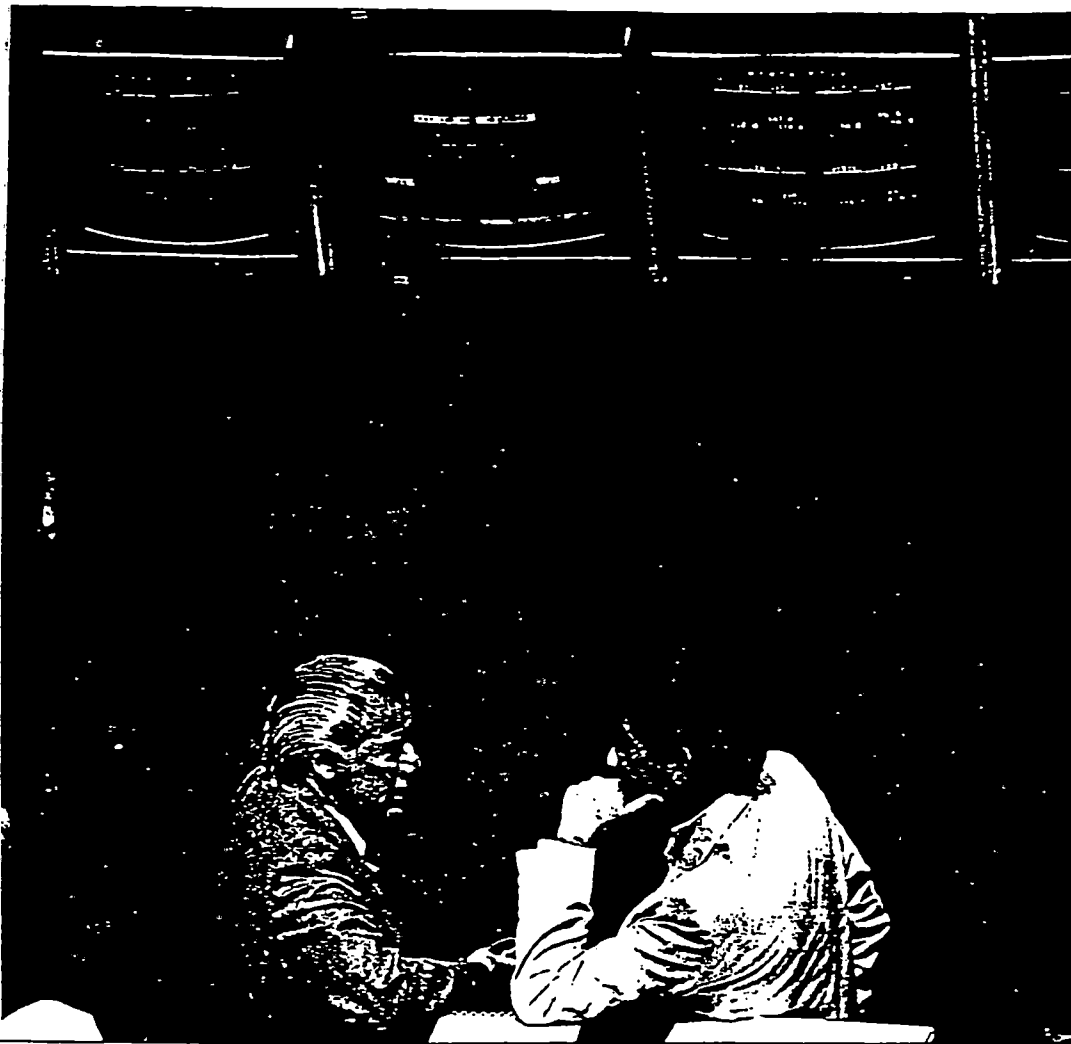
Private profits. Mexico's stock exchange

this year, he ordered the police to take the Veracruz port away from a PRI-affiliated labor mafia (story, Page 40).

But at the same time, Salinas has left 91-year-old labor capo of capos Fidel Velásquez at the helm of the PRI-controlled national labor confederation. While Velásquez is no more democratic than his deposed colleagues, he has been staunchly loyal to Salinas. And his strong arm has been essential in maintaining labor peace during the difficult



Right number. Telmex sale netted \$1.8 billion.



not to cut employment. But thousands of workers did lose their jobs when state firms such as Aeroméxico, the national airline (12,000 jobs lost), and Fundidora Monterrey, a steel foundry (5,000 jobs lost), were liquidated rather than sold.

The hotel pool. Salinas's team has drummed up support for divestment by dramatizing the inefficiency, corruption and absurdities of the old system. "It was difficult [for opponents] to claim that we should be keeping cabarets," says Jacques Rogozinski, head of the privatization program. "You name it, we had it." Rogozinski recalls that the new owner of Acapulco's El Mirador hotel complained that the government had sold him a hotel but not the hotel pool. Under the old regime, the pool had been signed over to a woman friend of the ex-manager, and Rogozinski had to persuade her to give it up. Nevertheless, he admits that the sell-off and layoffs have had "a very high political cost" among state workers and bureaucrats, once the PRI's

has plenty of new listings given the sale of more than 1,000 state enterprises to investors.

reform process. Velásquez has kept a lid on wage demands and, when necessary, has even squashed strikes and threatened union dissenters. And Salinas has yet to confront Mexico's inefficient communal agricultural system or the teachers' unions, two other important pillars of the PRI's support.

Salinas has, however, dethroned sheltered bureaucrats by selling off 1,155 state-owned companies and, through deregulation, has put an end to monop-

olies in industries like trucking that had been the preserve of powerful "PRI-istas." He also has slashed public spending and begun to privatize infrastructure construction—putting the building of roads, bridges and the like up for bid. In some cases, Salinas managed to save jobs: he convinced workers at the Telmex phone company that privatization would not cost them their jobs. They backed last December's lucrative sale of Telmex—and the new owners agreed

most loyal constituents.

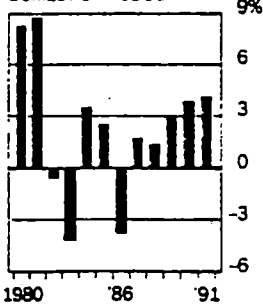
But even as he breaks old alliances, Salinas forges new ones, as he did when he ordered the deregulation of the trucking industry. For years, Mexican trucking was dominated by 15 families with PRI power broker Isidoro Rodríguez, head of the National Chamber of Cargo Transport, at the apex. The families, who held concessions on all trucking contracts on Mexico's roads, cleared a profit of more than \$500 million a year, according to

Rising growth, falling inflation

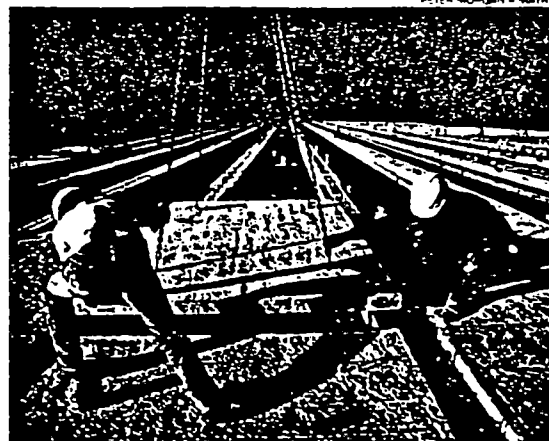
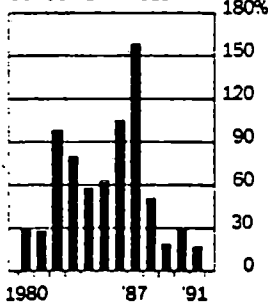


In the last five years, Mexico has restored economic growth—which reached a robust 4 percent last year—while taming the triple-digit inflation that sent living standards plummeting and drove capital abroad.

PERCENTAGE CHANGE IN REAL GROSS DOMESTIC PRODUCT



PERCENTAGE CHANGE IN CONSUMER PRICES



Building bridges. Paving the way for free trade?

■ WORLD REPORT

chief deregulator Arturo Fernández. "We lost the 15," says Fernández. "but gained all the small truckers," who voted Rodríguez out of his PRI post. Trucking rates are down by one quarter, and 21 percent more trucks are on the road.

In his deregulating campaign, Fernández has uncovered countless scams. A 17-man union was earning \$2 million a year charging \$40 to any truck crossing the border at El Paso, as did unions at every other border crossing. No service was performed for the money, which originated as a grass-cutting fee in the 1940s before the road was paved.

Officials admit that still more corrup-

tion remains to be tackled in other ports, border crossings and, indeed, throughout the system. For example, despite Salinas's 1989 jailing of its corrupt union boss, the state-owned Pemex oil industry continues to be overstaffed, underproductive and rife with corruption.

While Salinas cannot run for re-election, he is already waging a grass-roots political campaign, hoping to woo disaffected voters back to the PRI. Two days out of every week he travels the country visiting his "Solidarity" projects that provide water and electricity to the poor.

Salinas believes that above all, the economic rebound will bring the voters back to the ruling party. The people "know that the government that is de-

livering on its promises came from a certain political party," he says delicately. But there is no guarantee. While Salinas is now winning battles, says economist Rogelio Ramírez de la O, he is also changing the country's political equation: "Economic change releases new forces that cannot be co-opted." And even Salinas's friend Héctor Aguilar Camín, editor of the prestigious monthly *Nexos*, predicts that Mexican voters will eventually start demanding political deregulation as well: "People won't understand why they can choose among five brands of cereal but can't choose their own government." ■

BY LINDA ROBINSON IN MEXICO CITY

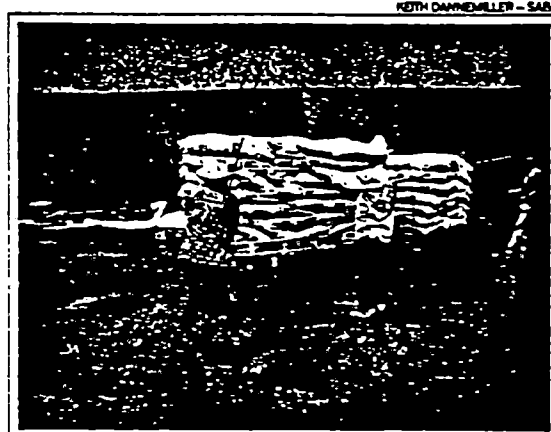
THE VERACRUZ BUST

Breaking a union's grip on a key Mexican port

In recent years, Veracruz exporters trucked their coffee, citrus fruits and other products 500 miles north to the border rather than put up with the delays, looting and graft reigning at the nearby port of Veracruz. A shipment that took 23 hours to get through the port of Houston required 48 hours in Veracruz. Insurance firms charged sky-high rates on Veracruz cargo. And moving companies like Mudanzas Gou were forced to send a personal vigilante with every household shipment that passed through the port to keep containers from being ransacked and TVs, clothing and appliances from disappearing.

But what was once business as usual in Mexico has suddenly become intolerable, as President Carlos Salinas de Gortari bullies and cajoles his country into the late 20th century. So at 9:15 p.m. on May 31, 40 days after he issued a cleanup ultimatum, Salinas ordered federal police to occupy the port, while federally appointed administrators served notice to four union cooperatives that their decades-old monopoly franchise had ended.

Three weeks into the takeover, the covered entrance to the port has been spruced up with sky-blue paint, some 4,200 workers have been laid off with severance pay and port productivity is up 35 percent. Two new giant cranes have already been ordered for next year. Three private firms will take over administration of



Clearing the decks. Theft, corruption and featherbedding were standard practice.

the port by July 15. "With these companies, we are going to have a modern and efficient port," Roberto Ríos Ferrer, the federally appointed director, predicts.

Doctor of the docks. Union mismanagement had been growing steadily since the 1960s. Two of the unions managed the port. And through a jumble of overlapping labor contracts—59 in total—workers limited their output and maximized their personal profits. Some union members actually owned their jobs, collecting their salaries and benefits while hiring day laborers to work in their places for a fraction of the pay. Meanwhile, many union members pursued separate careers—port employment rolls included doctors, professional soccer

players and artists who hadn't set foot in the port for years. Since the federal takeover, the laborers who really do the work have been receiving full wages of \$2.10 to \$3.50 an hour—up from the 50 cents they had been getting during their subcontracting days.

The transition has not been entirely free of turmoil. An angry group of workers gathered recently to voice complaints that over 200 regular nonunion laborers had been laid off without severance pay, while even nonworking union members were compensated. "There was a lot of favoritism," said longshoreman Erasmo Báez Teoval as he prepared to go on shift. "There were many who did not work and they were given wads of money they did not deserve." And

some eyebrows were raised when the government dispensed with the legally mandated bidding for the port concession, raising at least the appearance of patronage. Worries were further fueled by the fact that the federal administrators placed in charge of the port cleanup had been the port's biggest defenders until the takeover.

And there is still the question of whether any of the union leaders—who were affiliated with the ruling PRI party—will be charged with crimes. Finance Ministry auditors have been poring over union books for the past three weeks, but so far no arrests have been made.

BY JANE BUSSEY IN VERACRUZ

Mexico according to Carlos Salinas

'We have tried to build a social consensus'

President Carlos Salinas de Gortari, in pressing his new Mexican revolution, has surrounded himself with a group of bright, American-educated officials—people like Programming and Budget Secretary Ernesto Zedillo, Treasury Secretary Pedro Aspe and Commerce and Industry Secretary Jaime Serra Puche. Many of them were interviewed for the preceding article by Latin American Bureau Chief Linda Robinson and Editor-in-Chief Mortimer B. Zuckerman. Separately, Zuckerman interviewed Salinas at his official residence, Los Pinos, in Mexico City. Below are excerpts from the interview, which was conducted in English.

On his mandate for change: "The elections of 1988 showed that Mexicans didn't want things to continue the way they were before. . . . Mexicans for many years had certain ideas. First, that more state intervention was better for the well-being of the population; that the farther we lived from the United States the better, and the more closed our economy was the more benefits they would derive. So we reversed those policies, and Mexicans are witnessing that they can derive direct benefits."

On a free trade agreement with the United States: "I understand that the worst possible time for negotiating a free trade agreement is during a recession. . . . [But it] is first a recognition of a reality. There are already very strong economic interactions between Mexico and the United States, and we must introduce order into that very strong relationship. Second, geography put us together, but political will will now allow us to emphasize the coincidences and respect the differences. And last . . . I want to avoid this very big migration of Mexicans to the United States looking for jobs. I want Mexicans to remain here and find in Mexico the opportunities for their well-being. That is why I emphasize that we want to export goods and not people."

"If we don't get together we won't be able to cope with this competitiveness from Europe and Pacific Asian countries. . . ."

On Mexican competition for U.S. jobs:

"First, you are losing markets to countries producing goods with higher wages than yours: Germany and Japan. Now we all understand that noncompetitive activities will lose in Mexico and the United States with or without the free



President Salinas. "Export goods, not people."

trade agreement. And some activities in the United States will go elsewhere anyway, like Asia or maybe even some African countries. But the possibility of their coming to Mexico means that fewer Mexican workers will go north looking for jobs."

"I just want to mention that Mexico unilaterally opened its economy, from the middle '80s. From that moment on, U.S. exports increased dramatically, and this meant the creation of more than 200,000 new jobs in the United States, so you have already benefited from freer trade with Mexico."

On the environment: "We in Mexico are committed to an economic recovery

that will respect the environment. Not because of the free trade agreement but because we want our children to . . . look at these beautiful volcanoes surrounding Mexico City and to breathe cleaner air. . . . We are committed to any step . . . like closing down the Pemex refinery, which cost us more than half a billion dollars and meant losing jobs for more than 6,000 people. . . . The new law on the environment [was] enacted in Mexico 2½ years ago. We are just beginning to implement it. You have been implementing [yours] for the last 15 years, successfully in some areas and not so much in some others."

On foreign investment in the state owned oil industry: "Our Constitution will not be changed. That means that the ownership of oil will remain solely in Mexican hands. I believe there are restrictions in any country in certain areas. . . . The Canadians are very sensitive to water rights. The Americans are very sensitive to maritime transportation, very sensitive. Well, the Mexicans are very sensitive in relation to oil."

On efforts to privatize the Mexican economy: "I never understood . . . why the Mexican government had so many properties and the Mexican people so many needs. So we privatized the banks, the telephone companies and the steel industry, and we provided the water. Not for free, but in some communities they had waited 25 years for running water, and sometimes they even paid for it and never got it. Can you imagine the despair and the anger of those communities? We have tried to build a social consensus around our policies because they run counter to the traditional way of thinking. . . . We did so by channeling resources from privatization to social programs. This means that Mexicans now know that privatization means an improvement in their standard of living."

On capital flight: "We are witnessing now a very strong return of capital to Mexico because new opportunities are being opened, and these privatizations—of the telephone companies, the banks, the mines, the steel industry—they are cash privatizations. They had to pay for it. We privatized the first two banks, and those who bought them, Mexicans, paid three times book value, in cash."

MEXICO ON THE MOVE

Nothing ever happens in Mexico," Mexicans like to say, "until it happens." Well, extraordinary things are happening in Mexico. A new generation of leaders in their 30s and early 40s, armed with advanced degrees from top U.S. universities, is storming across the Mexican landscape—their message as revolutionary as the one carried by Pancho Villa and Emiliano Zapata earlier in this century. Their revolution aims to change the culture in which Mexican businessmen and politicians make decisions. It rejects all the "isms"—anti-Americanism, nationalism, populism—born of U.S. intervention in the 19th century and economic dominance in the 20th. Instead, it is promoting modernity under the guidance of President Carlos Salinas de Gortari, 43, perhaps the first modern political leader of Mexico in a half century.

This takes guts. Using protectionism and other methods to insulate the domestic economy from foreign competition may have worked in the middle part of the century, when Mexican gross national product grew at an annual rate of 7 percent and inflation was minimal. But those days are long gone. Since the early '70s, Mexico has roller-coastered between heady highs based on soaring oil prices and shocking lows as the price of oil collapsed, leaving the government with huge debts and no revenue base to repay them. Between 1976 and 1982 alone, Mexico borrowed more than \$60 billion. Inflation was soaring, the peso was worth less and less and capital was fleeing across the U.S. border. Mexico was flat broke.

The resulting depression—as severe as America's in the 1930s—finally persuaded Mexico's elite to make long overdue structural changes and to open their nation to the outside world. Salinas is diminishing the role of the state in daily life. He has introduced orthodox fiscal and monetary policies leading to balanced budgets, abandoned many industrial regulations, lowered tariff and nontariff barriers and privatized state-owned enterprises. He has also taken on the rural chieftains, corrupt bureaucrats and labor bosses who have long dominated his own party. Business now competes in a free market, without the umbrella of local monopolies and political interference. The result? Inflation is down from 160

percent in 1987 to under 15 percent in 1991; there is renewed real growth and a renegotiated foreign debt.

Now, Salinas has embraced a free trade agreement, repeatedly rejected by previous Mexican leaders worried about U.S. dominance of their economy. Under the FTA, the "Cactus Curtain" between Mexico and America would go the way of the Berlin Wall, replaced in trade and industrial terms by a post-nationalist North America—a massive economic bloc whose market size would surpass that of the rival European Community.

Opponents fear the FTA will inspire industry to run off to Mexico because of its low wages, producing more

unemployment and depressing wages in America. This is a red herring. If we are going to lose manufacturing operations to lower-cost regions, and we will, we are best off if they go to Mexico. Its proximity at least gives U.S. suppliers a real shot at sharing production by shipping low-tech components from Mexico for assembly into high-tech products in the United States. U.S.-owned companies operating in Mexico already buy about \$9 billion annually from America, adding 150,000 U.S. jobs in the last five years. This is the pattern we have seen set by Japanese and European firms, which have grown stronger by buying components from adjacent low-

wage countries, while keeping the higher-wage, high-tech industries and jobs for themselves. Finally, if Mexico exports its goods, it will not have to export its people, inhibiting migration and competition for U.S. jobs.

This said, there are some short-term costs that will be incurred. But better to compensate the losers, through special adjustments as a part of the FTA negotiations, than to destroy the larger overall benefits. This is not a zero-sum game. The FTA will be a new engine of growth that will enrich both sides and enable them to meet the global competition from regional blocs now forming in Asia and Europe.

Winston Churchill once said that a statesman thinks of his country's future and a politician thinks of the next election. Mexico is led by people who are both statesmen and politicians, and they deserve our support. The FTA will benefit us and offer Mexico its best chance to move from the Third World into the First World. ■

'President Carlos Salinas is diminishing the role of the state in daily life. Business now competes in a free market.'



THURSDAY, APRIL 11, 1991

If Mexico Prospers, So Will We

By RICHARD DORNBUSCH

Organized labor and a broad coalition of groups concerned with wildlife, child abuse and toxic substances, as well as the Democratic National Committee and even the Methodist Church have mounted a hysterical campaign against the proposed free trade agreement with Mexico. They are fighting tooth and nail to kill the renewal of fast track authority that allows the administration to negotiate trade agreements that then go to the Congress for an "up or down" vote, without amendments. The hysteria has even engulfed the New York Times, which in a recent editorial was willing to throw Mexico overboard just to rescue the Uruguay Round.

The frenzy should be denounced as misinformed or even dishonest. Free trade with Mexico is in the national interest, and far too important to be sunk by protectionism or prejudice.

Cloaked in Workers' Interests

Labor and the Democrats wrap themselves three times over in the cloak of workers' interests, and even throw in a dose of international solidarity. Tom Donahue, secretary-treasurer of the AFL-CIO told a Senate committee on Feb. 6: "The enactment of a free trade agreement with Mexico, as proposed by President Bush, would be an economic and social disaster for U.S. workers and their communities, and do little to help the vast majority of Mexican workers." The Democratic National Committee came out against fast track in a resolution stating: "... an unrestricted U.S.-Mexico free trade agreement would be a disaster for workers in both countries. It would destroy jobs in the United States, while perpetuating exploitation of workers and inflicting widespread damage on the environment in Mexico. The beneficiaries would be multinational corporations and large banks ..."

As always when it comes to trade, organized labor and its fellow travelers have it wrong. If you are concerned about good jobs at good wages, freer trade with Mexico will deliver just that: more good jobs for Americans as Mexico prospers and becomes a major market for American goods in the way Spain did for the European Community. If you are interested in better living standards in Mexico, freer trade will deliver that too: Mexicans would become more confident as their country is integrated into a North American institutional setting that makes slipping back into populism and chaos very unlikely. And if you are interested in political opening in Mexico, ask yourself whether there is a better way than free trade and economic integration to swamp Mexico with the democratic American way?

Opponents of free trade with Mexico are right to raise the issues of environmental standards and workers' rights. They are wrong to derail the negotiation.

Of course, Mexican labor costs are low, between \$2 and \$3 a day. But the experience of economic integration of countries of very different income levels in Europe makes clear that industry just does not run off to the low-wage region. Portugal and Spain have done well from free trade with the rest of Europe, but surely they have not put Germany out of business. Too many other considerations other than wages go into location decisions.

Nor is the U.S. going to be swamped by Mexican exports. Although Mexican labor costs are low, these labor costs also reflect

a low level of productivity, and, in areas such as textiles, low quality. Even today Britain and Spain cannot outcompete Germany (although British workers earn half the German wage and Spanish workers even less) because of quality.

Anyway, the U.S. is already a wide open economy. Competition from abroad is not a threat but a complete reality. Mexico already enjoys a privileged position in the U.S. market, both as a result of the general system of preferential treatment for poor countries and, more important, as a consequence of the maquila program, which exempts Mexican re-exports from U.S. duties. Further trade liberalization would affect only a few sectors, without much of an impact on aggregate employment or output.

Mexico, however, still has significant protection in key areas where the U.S. can expect to score export growth. The average tariff is still 12.5%, with maximum rates of 20%. Major areas of trade—including electronic equipment, automotive prod-

If you are concerned about good jobs at good wages, freer trade with Mexico will deliver just that. If you are interested in better living standards in Mexico, freer trade will deliver that too.

ucts, steel and textiles—remain subject to damaging quota restrictions. (U.S. textiles in fact are a key example of an industry that has already demonstrated its ability to compete effectively in Mexico. In 1989 and 1990 the U.S. ran a bilateral trade surplus with Mexico in textiles and apparel.)

Free trade with Mexico will produce new good jobs in the U.S. The jobs that will be lost are bad jobs or jobs that, in any event, have been under threat from world competition. All this might be unconvincing if it were not for one striking fact: In the past five years, as a result of Mexican recovery and trade opening, the U.S. bilateral nonoil trade balance swung by nearly \$5 billion and now records a large surplus. Every \$1 million of net exports creates an extra 30 jobs. Thus, trade with Mexico in the past five years created almost 150,000 jobs that would not be there otherwise.

Free trade won't be a one-way street. In some industries (apparel, cheap glass, parts) there would be an increase in imports. Accordingly there will be some adjustment problem that Congress and the administration must explicitly address. Over time the market might solve the adjustment problem, but not in a way that is socially acceptable. For this reason, a free trade agreement with Mexico needs two special provisions: first, a substantial phase-in period—say 10 years for industries adversely affected; second, a major commitment of resources to retraining and skill building of displaced workers. We should not protect workers by keeping them in poor jobs, but rather by upgrading their skills. American workers lack skills, not jobs.

Rep. Richard Gephardt (D., Mo.) in a

letter to President Bush qualified his support for a U.S.-Mexico free trade agreement: "As one who cares deeply about the effects of trade policies on working Americans, my concern is that our trade negotiators keep uppermost in their minds the impact of this Agreement on American jobs, American companies, American exports." That is the right spirit and any agreement once negotiated should then undergo tough congressional scrutiny.

Democracy, workers' rights, safety and environmental standards are obvious issues on the political agenda of modern, open economies. A free trade agreement would support modernization in Mexico and thus nurture these objectives. It will also help raise wage levels in Mexico, back to their 1980 level and beyond. By contrast, trade restriction here must mean even more poverty there; and with more poverty, there will be fewer rights and more political radicalism, neither of which is in the American interest. If Americans are honestly concerned about the environment, the standard of living in Mexico and about democratization, they cannot escape the recognition that a thriving, open market economy will raise living standards, foster individual freedom, decentralize political power and allow people to organize around local issues.

If Mexico prospers, it will be in a far better position to take up costly but urgent measure on safety standards at the work place and in the environment. And the case is even stronger and more immediate for political opening. With a free trade agreement in the oven, the Mexican administration simply cannot afford to rig this year's congressional elections.

Center and Periphery

Economic integration brings with it tensions: The center is rich and the periphery is poor. "Social dumping" results when production is relocated in areas with low wages and poor standards and it is rightly fought by unions at the center. But in pushing for an upgrading of wages and standards at the periphery, the center must resist the temptation to overdo a good thing and kill off any economic prospects in the less advanced regions. East Germany offers a spectacular lesson. With unification, West German unions immediately pushed for East German wage parity by 1994. The result has been mass unemployment and a collapse in the East German economy where quality, productivity and possibilities are far, far below from those in the West.

In Mexico's case, too, overly ambitious demands for pay and standards would simply translate into unemployment. That is not to say that progress should not be sought. But the successful strategy involves a broad pattern: responsible North American trade union politics, cross-border party politics and pressure on multinationals to practice common standards for pay, safety and the environment in their North American operations.

At this stage it would be very expensive to turn back. In Mexico, the idea of trade opening has become a cornerstone of the economic modernization strategy. The U.S. has every interest in Mexico's demonstration that with sensible policies all of Latin America can return to prosperity.

Mr. Dornbusch is a professor of economics at the Massachusetts Institute of Technology.

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EASTMAN BUILDING

FRIDAY, MAY 24, 1991

WHITE OAK, MARYLAND

House Extends 'Fast Track,' Boosting Mexico Trade Pact

Measure Moves Into Senate; Approval Seen Reviving Uruguay Round of Talks

By JACKIE CALMES

Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON—The House agreed to extend President Bush's special authority to negotiate trade agreements, helping to clear the way for talks toward a free-trade pact with Mexico.

The outcome, once in doubt, was a major victory for the administration, which had made the trade issue its top legislative priority. The Senate began a protracted debate soon after the House action and is expected to approve an extension of the president's authority today. But most attention had focused on the overwhelmingly Democratic House, which was considered a bigger threat to the president's request than the Senate. Rejection by either chamber would have killed it.

Democratic Split

In question was the so-called fast-track procedure, which allows the president to submit trade agreements to Congress for a simple yes or no vote, without any amendments. The administration said the fast-track extension, for two years beginning June 1, is essential to both the expected Mexico negotiations and the stalled trade-liberalization talks known as the Uruguay Round. Other nations would balk if they thought Congress might alter any agreements, administration officials said.

On the first critical vote, the House rejected, 231-192, a resolution by Rep. Byron Dorgan (D., N.D.) that would have denied continued fast-track authority. The vote split Democratic leaders and their rank-and-file. Democrats voted 2-to-1 to disapprove the president's request, but enough Democrats combined with all but 21 Republicans to give Mr. Bush his win.

The House then voted 329-65 for a resolution, offered by Majority Leader Richard Gephardt (D., Mo.) and Ways and Means Committee Chairman Dan Rostenkowski (D., Ill.), emphasizing that the House would try to amend any trade agreement that didn't include the labor and environmental protections promised by Mr. Bush.

"We give this authority conditionally," Rep. Gephardt said. "We're going to be looking over the shoulders of our negotiators."

Supporters of the fast track generally were lawmakers from U.S.-Mexico border states, whose economies are linked to their poorer neighbors; members from coastal states that are trade outlets; and those who philosophically support free trade. Most of the foes were from farm, textile and blue-collar manufacturing states, where residents fear a loss of jobs, especially to Mexico.

Rep. Dorgan, the chief House opponent, hails from a wheat-producing state protective of existing subsidies. Leading the Senate opposition were Democratic Sens. Ernest Hollings, from the textile state of South Carolina, and Donald Riegle of Michigan, whose auto-manufacturing unions have spearheaded the fight against Mr. Bush.

Intense Lobbying Cited

Those on both sides attributed the administration's success to intense lobbying by Mr. Bush, his top advisers, multinational corporations and Mexican President Carlos Salinas de Gortari, and to the support of top Democrats, notably Reps. Rostenkowski and Gephardt, House Speaker Thomas Foley of Washington state, and Sen. Lloyd Bentsen of Texas. Before the House vote, Commerce Secretary Robert Mosbacher and Interior Secretary Manuel Lujan, a former House member, mingled outside the chamber for last-minute lobbying.

Choking the corridor there were lobbyists for organized labor, for whom the vote was a big defeat. Labor leaders counted the defection of Rep. Gephardt, who made tough trade talk the theme of his 1986 presidential campaign, as the biggest reason for its loss. "It's very difficult to win a vote against the House leadership," said AFL-CIO legislative director Robert McGlotten.

President Bush called the House vote "a very important step for our country." He commended Democratic Reps. Rostenkowski and Gephardt and said: "I have nothing but praise for Congress on this one."

Labor and its supporters cited the num-

ber of Democrats who opposed the fast-track procedure as a warning to Mr. Bush and his top trade negotiator, Carla Hills, that an unsatisfactory trade pact faces defeat. Rep. Ron Wyden (D., Ore.), who supported fast track, cautioned: "If the final agreement doesn't have enforceable environmental standards, if it doesn't have a fair shake for our workers, we're going to lead a mutiny in the days ahead."

The proposed agreement with Mexico was the center of controversy, though several lawmakers from grain and textile-producing states fear the potential loss of agricultural subsidies and import quotas in the Uruguay Round. Opponents said an agreement with Mexico, because of that country's low wages and slack environmental regulations, would offer what Rep. Don Pease (D., Ohio) called "an irresistible temptation for American companies to locate south of the border."

But supporters said negotiations with Mexico were an opportunity to address the complaints, especially because U.S. companies have flocked there even without a free-trade pact. "To solve the problems, you have to talk," Rep. Wyden said. And Rep. Ron Coleman, a Democrat from the border city of El Paso, Texas, said: "Keeping Mexico poor is not in our best interests."

But the opponents repeatedly expressed distrust of Mr. Bush and his negotiators. "None of the things they have said will be done for and on behalf of the American workers will be done," said Rep. John Dingell, a senior Democrat from Detroit. Only by killing the fast-track could Congress be sure of a chance to amend any trade agreements, the opponents insisted.

Arizona and Sonora—Where Free Trade Already Works

By FIFE SYMINGTON

If anyone wonders how a U.S.-Mexico free trade agreement might work, take a look at the relationship between my state, Arizona, and Mexico's state of Sonora.

A 12½-mile-wide strip on both sides of the border, stretching from Brownsville, Texas, to San Ysidro, Calif., is already designated a commercial trade zone—a small laboratory of free trade. This designation reflects the fact that the political border has little to do with the social, cultural and economic ties that bind our people together. The result is a largely free flow of people and goods, and a dynamic economic synergy that benefits both nations. Arizonans and Sonorans can attest to that.

For example, Nogales, Ariz., is a border city with 20,000 residents. (Its sister city in the Mexican state of Sonora, also called Nogales, has a population that exceeds 100,000.) Total taxable retail sales in Nogales, Ariz., last year exceeded \$300 million—50% more than a similar-sized city on the edge of the Phoenix metropolitan area. Mexicans' hunger for U.S. goods is so great that a 69,000-square-foot Wal-Mart store that opened in Nogales, Ariz., a year ago plans to expand by 50% just to keep stock on the shelves.

Because of the limited size of this zone of "freedom," an intense amount of activity is concentrated in a small area. In Arizona, that has resulted in intense pressures, but also limitless opportunities for creativity and cooperation in resolving bor-

der-area problems.

The growth in Nogales, Mexico, has been so great that the infrastructure has been largely unable to keep pace. A significant health scare occurred last fall when outbreaks of hepatitis were blamed on an accidental flow of raw sewage into the U.S. Ordinarily, diplomatic and other red tape might have led to a slow or inadequate response to this threat. Fortunately, leaders in both Arizona and Sonora were quick to rely on established relationships to resolve the immediate health hazard.

Hysterical headlines about border environmental problems ignore the fact that such problems have persisted for decades. Only in the past six years have improved communications led to real bilateral solutions to border issues. For example, in 1986 the Environmental Protection Agency called on Phelps Dodge Corp. to clean up or close its copper smelter in the border city of Douglas, Ariz.

This enabled the U.S. to negotiate an agreement with Mexico requiring modern pollution-control equipment for the Cananea and Nacozari smelters in Sonora. This achievement indicated that the U.S. and Mexico together can forge a vision for our future far more sophisticated, progressive and prosperous than anyone could have expected only a decade ago.

From an economic viewpoint, 1986 stands as a threshold year. Beginning first with President Miguel de la Madrid, and advancing rapidly under President Carlos

Salinas, Mexico's economic modernization has already made the world take note. In 1986, Mexico joined the General Agreement on Tariffs and Trade and started the process of privatizing state industries and lowering draconian tariffs and duties.

Because Arizona does business on Mexico's front porch, it has been among the first to benefit from these changes. The state's export volume to Mexico totaled \$831 million last year, compared with \$573 million in 1987. In return, Arizona sees more than \$3 billion of Mexican products shipped to or through our state. During the winter, 3,000 to 5,000 trucks per week cross into Nogales, Ariz., to provide produce for families throughout the U.S.

In 1987, the Sonoran private sector established a development corporation, Promotora de Industrias de Sonora, or Prissa, to help attract economic enterprises to its state. While Prissa's focus has been on the maquiladora industry, it also has worked closely with Arizona economic development corporations on joint promotional activities.

The maquiladora industry has had resounding but misunderstood success. While Arizona certainly benefits from the jobs and wealth produced at the 100 maquiladora plants in Sonora, it is important to remember that more than 80% of the parts shipped to Mexico for assembly are produced in states other than Arizona. About 3,000 jobs in Arizona are directly attributable to the manufacturing activities in Son-

ora. But more important, Mexico's maquiladora employees spend an estimated \$35 million in goods and services each year in Arizona. This shows that production-sharing creates jobs, opportunities and wealth on both sides of the border.

Arizona's closest access to the sea and Pacific markets is not the congested Los Angeles basin but the port city of Guaymas, in Sonora, where Mexico plans to build a 21st century facility for shipping and commerce. The Guaymas Megaproject will spur its own economic boom as a new, more efficient access point to Pacific Rim markets, and as a new center for tourism and industry. Development experts in Tucson, Ariz., have played a supportive role in the development of the concept.

This microcosm of economic relationships gives us a hint of what we can expect when free trade is not limited to a geographical strip. The border has been a magnet for this activity because we are so far ahead of the economic curve, and because we have established relationships that transcend diplomatic channels.

When a North American Free Trade Agreement is negotiated, the relative intensity of activity in this limited zone may actually fade somewhat, but the bilateral economic, social and cultural benefits will be broadened to encompass the far reaches of our two nations.

We in Arizona have always believed that our neighbor to the south has the talent and the resources to take its place among the world's most modern nations. From our vantage point, it is easy to advocate free trade and cooperation with Mexico. That has been our way of life.

Mr. Symington, a Republican, is governor of Arizona.

Nature Can Live With Free Trade

By Jay D. Hair

WASHINGTON
President Bush's commitment linking the environment and free trade has made it possible for environmentalists to support putting the negotiations on the U.S.-Mexico pact on the "fast track." The National Wildlife Federation can thus confidently call for Capitol Hill's endorsement of this process, which would prohibit amendments to the trade agreement and force Congress to accept or reject the accord in its entirety.

While Mr. Bush's position is not all that many environmentalists might want, the ideal should not be the enemy of the good. His word is his marker. The job ahead is to forge environmentally sound free-trade agreements, beginning with Mexico. We should not obstruct a path that can lead to significant international benefits.

When a handful of environmental groups first stepped into the free-trade discussion, they were greeted with a condescending incredulosity by financial experts who viewed the talks as belonging to a closed club devoted exclusively to commercial considerations. That presumption — that environmentalism and economics don't mix — has been punctured.

International trade is increasingly the basic way our planet's natural resources are allocated. The rules of trade profoundly influence whether these resources will be protected or degraded. The same rules determine

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whether pollution will be prevented or allowed to spread, harming all life on earth.

Free trade agreements are scripts from which we can read a future of sustainable development or accelerated environmental deterioration. If we get the script wrong, then the stage is set for costly and avoidable mistakes. From now on, free trade pacts are inherently statements of environmental policy.

Mr. Bush has adopted this concept. His embrace is tentative, but that is less important than the precedent he

Bush's word on the Mexico pact should satisfy environmentalists.

has set. He has made the commitment that for the first time in free trade history, an environmental review will be part of the negotiations. This is a crucial step. Certainly, further strides will be necessary.

Mr. Bush has offered a framework within which the hard details of meshing environmental and free trade concerns can be worked out. It should be accepted as such, with a clear understanding that the structure is far from complete.

In its talks with Mexico, the United States should negotiate the enforcement of environmental standards and the adoption of a "polluter pays" principle for investment that results

from the agreement. Discussion of these issues, from an environmental perspective, implies a good-faith commitment that all the talk will produce action.

At the same time, environmentalists must not evade the logic of free trade. The means of addressing environmental concerns are directly tied to economic development. If environmental progress is not to remain solely the property of affluent nations, developing nations must have their fair shot at progress. Free trade incorporating sound environmental principles enhances that prospect of advancement.

Advocates argue that the underlying argument for free trade is that it will improve business conditions. Trade is intended to spur progress, not dismantle it. In this light, the President's commitment to protect U.S. environmental standards from attack as non-tariff barriers to free trade must govern the negotiations with Mexico.

President Bush has made two additional pledges. One is to include environmental representation on his advisory committee on trade policy and negotiations. The other is to consult closely with Congress throughout the negotiations for a free-trade agreement; this offer to maintain the dialogue should be taken seriously by all involved.

The President has pledged to deal effectively with the environmental aspects of a free trade agreement. So it is fair to take him at his word — and to hold him to it.

His commitment should be reciprocated by Congress; it should grant fast-track authority to begin the free trade negotiations with Mexico in earnest. □

Mexico's Environment Will Improve With Free Trade

Almost every international issue today has consequences for the environment. And few environmental issues can be fully addressed without international cooperation. Thus, it comes as no surprise that the proposed free-trade agreement with Mexico has raised fears about pollution problems along the border with Mexico and about disparities between environmental-protection standards and enforcement in that country and the U.S.

Critics argue that pollution-intensive U.S. firms might relocate to Mexico to

be a major advance for the environment: an invigorated economy able to provide a better standard of living for 85 million Mexicans. This, in turn, will include a much higher measure of protection for their health and environment.

Mexican President Carlos Salinas de Gortari has made it clear that his country has never been more committed to its environmental responsibilities. Indeed, Mexico now requires an environmental-impact assessment before any new industrial facility can be built. On Wednesday, Fernando Menendez, chief air-pollution monitor for Mexico City, announced in Southern California that any company seeking to relocate to Mexico would have to comply with emission standards at least as strict as where it came from, and possibly more so. Thus, any new development spurred by free trade is likely to raise Mexican environmental-quality standards and put pressure on existing facilities to improve their operations.

Our two governments already are taking steps to address the most critical issues—both along the border and across all of Mexico. This is one of the many important reasons the U.S. Environmental Protection Agency now has the first-ever environmental attache posted at the U.S. Embassy in Mexico City.

Along the border, the environmental issues are twofold: pollution from the so-called *maquiladora* industries, and pollution from untreated or insufficiently treated air emissions or water discharges, some attributable to rapid population growth. At the direction of Presidents Bush and Salinas, the EPA is working with Mexico to develop an integrated environmental border plan.

We are documenting the extent and causes of pollution from the *maquiladora* plants and are developing collaborative solutions. When hazardous waste that is supposed to return for disposal in the U.S.

vanishes south of the border, we will cooperate closely with Mexico to crack down on the offending companies. Mexico has recently added 50 new enforcement professionals to police environmental violations in the border area.

Officials from the EPA and Mexico's environmental agency—Urban Development and Ecology (SEDUE)—have joined with the U.S. State Department and the International Boundary and Water Commission to tackle several large-scale border projects. Most notably, the U.S. and Mexico agreed last July to construct a \$200 million treatment plant to solve the serious water-pollution problem from Tijuana, Mexico, that has closed San Diego beaches and threatens to destroy the Tijuana Estuary. The EPA's fiscal 1992 budget includes \$100 million for this project.

In Arizona, the U.S. State Department and Mexico are investing \$16 million in Nogales to expand its overburdened international sewage-treatment plant. Our State Department is contributing \$19 million for sewage-treatment facilities in Nuevo Laredo, Mexico, across the border from Laredo, Texas.

We also are cooperating on the broader range of environmental issues that involve Mexico's interior. In October 1989, SEDUE Secretary Patricio Chirinos and I, and secretaries of state for both countries, signed an agreement to promote cooperative environmental projects in and around Mexico City. To illustrate his seriousness, President Salinas on March 18 closed a major Pemex refinery in Mexico City to eliminate its unacceptable pollution.

Finally, what we know about Mexico's 1988 comprehensive environmental law indicates that it may be sufficiently stringent to rebut the "pollution haven" argument. Properly enforced, the law should result in greatly improved environmental protection.

The U.S. will continue to work with

Mexico to achieve the environmental safeguards both countries seek. Yet we must be realistic and sensitive to Mexican concerns. Had we insisted that Canada meet U.S. acid-rain requirements, we might never have negotiated a free-trade agreement with our northern neighbor. As it was, we not only successfully concluded that agreement, but we also recently signed an historic air-quality accord in which the Canadians agreed for the first time to new emissions-monitoring requirements, new standards to protect visibility, and a permanent, nationwide cap on sulfur-dioxide emissions.

Canadians were moved to make these commitments by the same considerations that will motivate Mexicans to upgrade their environmental standards: a desire to improve the health and environment of their people. They did not need, and wouldn't have accepted, Americans threatening tariff retaliation if they failed to cease polluting.

We will address legitimate environmental issues with a direct bearing on trade relations—such as pesticide standards—in a free-trade agreement. But don't ask that we encumber negotiations on this agreement with unrelated, albeit valid environmental concerns that we can address readily in other forums, and that imply that Mexico will not improve its environment unless we make it do so.

I urge Congress to support the "fast-track" procedures that will allow negotiations between our two countries to proceed expeditiously. Environmental improvement will not occur in Mexico or any other developing country without the money to reduce pollution, apply new technologies, support government programs, and pay for inspectors, regulators and prosecutors.

Mr. Reilly is administrator of the U.S. Environmental Protection Agency.

The Americas

By William K. Reilly

take advantage of less-stringent environmental standards or laxer enforcement, as some believe already is occurring along the border. Others raise questions about air and water pollution and untreated waste in the border region. Some contend that the proposed free-trade agreement would bring more people, more cars, more industrial activity, more of everything to an already stressed environment.

These are not trivial concerns. But I part company with those who prophesy environmental degradation if such an accord is negotiated. To the contrary, I believe the economic opportunities arising from a free-trade agreement would offer an unprecedented chance to improve environmental protection, not just along the border, but throughout Mexico.

Some want to use Mexico's and the U.S.'s interest in free trade to ratchet up Mexican commitment to environmental protection. That is a reasonable tactic. But I strongly caution against abetting protectionist arguments against free trade and urge environmentalists not to permit the environment to be used to defeat what can