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SOCIETY OF BUSINESS EDITORS AND WRITERS  
WASHINGTON MARRIOTT \ MAY 1, 1991 \ 12:15 P.M.

THANK YOU, JIM. IT'S ALSO GOOD TO SEE SANDY DUERR  
[DEW-ERR], RANDY SMITH, AND SUSAN THOMSON.

GOOD AFTERNOON. IT'S PLEASURE TO MEET WITH YOU  
TODAY -- I'VE BEEN LOOKING FORWARD TO THIS CHANCE TO  
DISCUSS AN ISSUE OF IMPORTANCE TO ALL OF US: ECONOMIC  
GROWTH IN AMERICA.

*2 Banks dropped  
Prime Rate to 8 1/2 %*

- 2 -

WHILE EXPERTS DISAGREE ABOUT THE LENGTH AND DEPTH  
OF THE RECESSION, WE MUST COMMIT OURSELVES TO POLICIES  
THAT WILL PROMOTE GROWTH AND PROSPERITY INTO THE NEXT  
CENTURY. THIS ADMINISTRATION'S ECONOMIC GROWTH PACKAGE  
-- INCLUDING OUR URGENT REQUEST TO EXTEND FAST-TRACK  
TRADE PROCEDURES -- CAN DO JUST THAT. IT CAN SET US ON  
A PATH TOWARD LONG-TERM, MARKET-DRIVEN ECONOMIC GROWTH.

OUR ADMINISTRATION'S GROWTH PACKAGE BEGINS WITH  
CONTROL OF FEDERAL SPENDING.

LAST YEAR'S CONTROVERSIAL BIPARTISAN BUDGET AGREEMENT FINALLY PUT THE FEDERAL GOVERNMENT ON A PAY-AS-YOU-GO DIET. IT CUT THE GROWTH OF FEDERAL DEBT OVER THE NEXT FIVE YEARS BY NEARLY \$500 BILLION. THAT EXTRA CAPITAL CAN HELP GENERATE NEW JOBS.

TO INCREASE PRIVATE SAVINGS AND INVESTMENT WE HAVE PROPOSED TAX-FREE FAMILY SAVINGS ACCOUNTS, AND PENALTY-FREE WITHDRAWALS FROM IRA'S FOR FIRST-TIME HOME BUYERS.

WE HAVE PROPOSED CUTTING THE TAX ON LONG-TERM CAPITAL GAINS. THAT WOULD REDUCE THE TAX CODE'S BIAS IN FAVOR OF DEBT; EXPAND INCENTIVES TO INVEST; GIVE HOPE TO THE SMALL ENTREPRENEUR WITH THE BIG IDEA; REINVIGORATE THE AMERICAN DREAM.

WE ALSO WANT TO TAKE ON THE PROBLEM OF EXCESSIVE REGULATION. WE ALL KNOW THE STRANGLING EFFECT THAT RED TAPE AND OVERREGULATION CAN HAVE ON BUSINESSES. EVERY TIME WE WRITE NEW LAWS, WE WRITE NEW REGULATIONS.

SOME OF THESE REGULATIONS ARE NEEDED. SOME ARE NOT. WE MUST REDOUBLE OUR EFFORTS TO FREE OUR PEOPLE FROM UNNECESSARY REGULATIONS.

THE COUNCIL ON COMPETITIVENESS, CHAIRED BY THE VICE PRESIDENT, REVIEWS ALL MAJOR NEW GOVERNMENT REGULATIONS TO ENSURE THAT REGULATORY BENEFITS OUTWEIGH THE BURDENS IMPOSED ON THE ECONOMY. THE COUNCIL WILL LOOK CAREFULLY AT EVERYTHING FROM THE NEW CLEAN AIR REGULATIONS TO WAYS OF APPROVING NEW BIOTECHNOLOGY PRODUCTS.

*As VP he headed Reg Task Force want to assure you we will do what's right w/out overreg econ for people of this country*

WE SHOULD NOT DENY PEOPLE THE BENEFITS THAT COME FROM PRODUCTS THAT IMPROVE -- OR EVEN SAVE -- LIVES.

WE'VE ALSO SENT TO THE HILL OUR FINANCIAL INDUSTRY REFORM BILL. OUR COMPREHENSIVE PACKAGE WILL PUT OUR FINANCIAL SERVICES SYSTEM ON A SOUND FOOTING, AND MODERNIZE OUR OUTDATED BANKING LAWS. WE'VE PROPOSED: -- REFORMING THE MCFADDEN ACT. THIS MEANS LETTING FINANCIAL INSTITUTIONS COMPETE ACROSS STATE LINES.

-- REFORMING GLASS-STEAGLE. THIS WOULD LET BANKS OFFER A BROADER RANGE OF FINANCIAL SERVICES TO THEIR CUSTOMERS -- AND IN THE PROCESS TO COMPETE MORE EFFECTIVELY ON INTERNATIONAL MARKETS.

-- REFORMING DEPOSIT INSURANCE -- RETURN IT TO ITS ORIGINAL PURPOSE, WHICH WAS TO PROTECT AVERAGE DEPOSITORS.

-- STRENGTHENING BANK SUPERVISION, SO THAT WE MIGHT BE ABLE TO INTERVENE BEFORE BANKS FAIL.

IT'S TIME WE BROUGHT OUR BANKING SYSTEM INTO THE 21ST CENTURY -- SO THAT OUR BANKS CAN FUEL ECONOMIC GROWTH. BUT IN ORDER TO DO THAT, WE NEED COMPREHENSIVE REFORM -- NOT JUST A QUICK AND NARROW FIX.

*I'm going to work hard w/ Cong for passage*

THESE FORWARD-LOOKING PROPOSALS ARE ONLY ONE PART OF OUR VISION FOR A STRONG AND VIBRANT AMERICAN ECONOMY. OUR REQUEST TO EXTEND FAST-TRACK PROCEDURES LOOKS BEYOND OUR BORDERS -- TO THE INTERNATIONAL MARKET.

IN RECENT YEARS, TRADE HAS KEPT OUR ECONOMY GROWING. EXPORT BUSINESS ACCOUNTED FOR 84 PERCENT OF OUR ECONOMIC GROWTH LAST YEAR. THAT'S NOTHING NEW. MERCHANDISE EXPORTS HAVE RISEN 73 PERCENT IN THE LAST FOUR YEARS -- MORE THAN TWICE THE RATE OF IMPORT GROWTH.

RECENT, UNPARALLELED GROWTH IN WORLD TRADE HAS PRODUCED HUGE BENEFITS FOR US. OUR FREE TRADE AGREEMENT WITH CANADA HAS OPENED UP PREVIOUSLY CLOSED AGRICULTURAL MARKETS.

*35% Yentler?*

OUR AGRICULTURAL EXPORTS TO CANADA INCREASED 7 PERCENT DURING THE FIRST TWO YEARS OF THE AGREEMENT -- AND WE EXPECT THE GROWTH TO INTENSIFY AS THE AGREEMENT TAKES FULL EFFECT.

OUR TRADE STRATEGY IS SIMPLE: WE WANT TO BUILD ON THAT SUCCESS. *of Canadian for A* THE UNITED STATES WILL CONTINUE TO LEAD THE WORLD TOWARD A SYSTEM OF FREE TRADE AND OPEN MARKETS.

**THAT SYSTEM MAKES AMERICAN GENIUS AVAILABLE TO THE WHOLE WORLD -- AND GIVES AMERICANS ACCESS TO THE GOOD IDEAS AND GOOD PRODUCTS FROM ABROAD. TRADE MEANS ECONOMIC GROWTH AND JOBS FOR ALL AMERICANS.**

**THAT'S WHY EXTENSION OF OUR "FAST TRACK" PROCEDURES IN TRADE NEGOTIATIONS IS SO CRUCIAL. FAST TRACK LETS US OPEN UP NEW MARKETS, NEW OPPORTUNITIES.**

**FAST TRACK REALLY IS ANOTHER TERM FOR "GOOD FAITH."**

**IT MEANS THAT WE WILL CONSULT CLOSELY WITH CONGRESS AND THE PRIVATE SECTOR DURING TRADE TALKS. IT MEANS THAT WE WILL NOT TINKER WITH TRADE AGREEMENTS WORKED OUT BY OUR NEGOTIATORS AND THEIR FOREIGN COUNTERPARTS.**

**IT GIVES EVERYONE A FAIR SAY IN TRADE TALKS. IT DOES NOT TAKE AWAY CONGRESS' POWER TO REVIEW TRADE AGREEMENTS. CONGRESS WILL HAVE ITS SAY.**

IT WILL HAVE A FINAL VOTE ON ACCEPTING OR REJECTING AGREEMENTS AS WRITTEN, AND IT WILL CONDUCT THAT VOTE WITHIN A REASONABLE PERIOD OF TIME.

IT GIVES THE AMERICAN PEOPLE A FAIR SAY. WE WILL TAKE ALL THE TIME NECESSARY TO ADDRESS THE ISSUES THAT CONCERN AMERICANS.

FAST TRACK LETS US TREAT OUR FOREIGN COUNTERPARTS FAIRLY.

IT PROMISES THAT WE WILL NOT ATTACH AMENDMENTS OR MAKE CHANGES, SINCE TO DO SO COULD FORCE NEGOTIATORS TO CALL OFF TALKS OR START AGAIN FROM SQUARE ONE.

OUR TRADING PARTNERS CONSIDER FAST-TRACK AN ESSENTIAL INGREDIENT FOR SUCCESSFUL TRADE TALKS. WE HAVE HAD FAST TRACK AUTHORITY SINCE 1974, AND WE WILL NEED TO KEEP IT IF WE HOPE TO PURSUE VITAL TRADE AGREEMENTS -- THE URUGUAY ROUND OF THE GATT TALKS, THE NORTH AMERICAN FREE TRADE AGREEMENT AND THE ENTERPRISE FOR THE AMERICAS INITIATIVE.

**WITHOUT FAST TRACK, WE JEOPARDIZE THOSE AGREEMENTS. WE JEOPARDIZE TRADE. WE JEOPARDIZE AMERICAN JOBS.**

**RIGHT NOW, WE HAVE THE CHANCE TO LOOK FORWARD, TO EXPAND ECONOMIC GROWTH AND OPPORTUNITY FROM THE YUKON TO THE YUCATAN. THE NORTH AMERICAN FREE TRADE AGREEMENT WITH CANADA, OUR LARGEST TRADING PARTNER, AND MEXICO, OUR THIRD LARGEST PARTNER, WOULD CREATE THE LARGEST, RICHEST MARKET IN THE WORLD.**

**THINK ABOUT IT: 360 MILLION CONSUMERS AND \$6 TRILLION IN ANNUAL OUTPUT. A UNIFIED NORTH AMERICAN MARKET WOULD LET EACH OF OUR COUNTRIES BUILD ON OUR STRENGTHS. IT WOULD PROVIDE MORE AND BETTER JOBS FOR U.S. WORKERS. IT WOULD STIMULATE PRICE COMPETITION, LOWER CONSUMER PRICES, IMPROVE PRODUCT QUALITY. THE AGREEMENT WOULD MAKE NECESSITIES SUCH AS FOOD AND CLOTHING MORE AFFORDABLE, AND MORE AVAILABLE TO OUR POOREST CITIZENS. IT WOULD RAISE PRODUCTIVITY AND PRODUCE A HIGHER STANDARD OF LIVING THROUGHOUT THE CONTINENT.**

AND THE RESULTING ECONOMIC INTEGRATION WILL STRENGTHEN AMERICAN BUSINESSES IN THE GLOBAL MARKETPLACE.

LET ME ILLUSTRATE THE STAKES INVOLVED IN THE FAST-TRACK DEBATE BY DISCUSSING THE MEXICAN COMPONENT OF THE NORTH AMERICAN FREE TRADE AGREEMENT. TRADE WITH MEXICO HAS HELPED BOTH OUR COUNTRIES. JUST FOUR YEARS AGO, WE HAD A \$4.9 BILLION TRADE DEFICIT WITH MEXICO. SINCE THEN, MEXICAN PRESIDENT CARLOS SALINAS HAS SLASHED TARIFF RATES.

OUR EXPORTS TO MEXICO HAVE INCREASED NEARLY 130 PERCENT -- TO \$28 BILLION -- AND OUR TRADE DEFICIT HAS SHRUNK TWO-THIRDS, TO \$1.8 BILLION.

THIS EXPORT BOOM HAS CREATED AN ESTIMATED 264,000 NEW JOBS IN THE UNITED STATES. AND EACH ADDITIONAL BILLION DOLLARS IN EXPORTS CREATES NEARLY 20,000 NEW JOBS HERE IN THE UNITED STATES.

MEANWHILE, THE TRADE BOOM HAS OFFERED NEW OPPORTUNITIES FOR MEXICAN WORKERS, HAS OFFERED PROSPERITY TO THOSE WHO BEFORE HAD LIVED IN SQUALOR.

SOME PEOPLE ARE CONCERNED ABOUT OUR NEGOTIATIONS WITH MEXICO. JUST THIS MORNING, I SENT A DETAILED REPORT TO CHAIRMEN BENTSEN AND ROSTENKOWSKI AND MAJORITY LEADER GEPHARDT WHICH, I BELIEVE, RESPONDED TO THOSE CONCERNS. I GAVE THEM MY PERSONAL COMMITMENT TO CLOSE BIPARTISAN COOPERATION IN THE NEGOTIATIONS.

WHILE ECONOMIC STUDIES SHOW THAT A FREE TRADE AGREEMENT WOULD PRODUCE JOBS IN THE UNITED STATES -- AS WELL AS GREATER EXPORTS AND OUTPUT -- I KNOW THERE IS CONCERN ON CAPITOL HILL ABOUT SOME JOB LOSSES. OUR NEGOTIATORS WILL ADDRESS THESE CONCERNS IN PROVISIONS OF THE NORTH AMERICAN FREE TRADE AGREEMENT. WE WILL ENSURE AN ADEQUATE TRANSITION PERIOD FOR WORKERS IN IMPORT-SENSITIVE INDUSTRIES.

**WE WILL WORK WITH CONGRESS TO SEE THAT DISLOCATED WORKERS RECEIVE PROPER ASSISTANCE AND RETRAINING.**

**AT THE SAME TIME, IT IS WORTH NOTING THAT THE AGREEMENT WILL CREATE HIGH-WAGE, HIGH-SKILL MANUFACTURING JOBS IN THE MACHINERY, COMPUTER, TELECOMMUNICATIONS AND ELECTRONICS INDUSTRIES. AS MEXICO DEVELOPS FURTHER, IT WILL NEED EVEN MORE OF THESE HIGH-TECH GOODS AND SERVICES. THOSE GOODS AND SERVICES ARE MORE LIKELY TO COME FROM THE UNITED STATES THAN FROM ANYONE ELSE IN THE WORLD.**

**SECONDLY, PRESIDENT SALINAS AND THE MEXICAN PEOPLE HAVE NO INTEREST IN ALLOWING THEIR COUNTRY TO BECOME A POLLUTION HAVEN FOR U.S. COMPANIES. BECAUSE ECONOMIC GROWTH GOES HAND IN HAND WITH ENVIRONMENTAL PROTECTION, WE WILL EXPAND ENVIRONMENTAL COOPERATION PROGRAMS PARALLEL TO THE FREE TRADE TALKS.**

*I can assume you Salinas is deeply concerned reforestry sheet*

**AND FINALLY, PRESIDENT SALINAS HAS ALSO MADE IT CLEAR THAT THIS AGREEMENT WILL IMPROVE OPPORTUNITIES FOR MEXICAN WORKING PEOPLE.**

*School children's story - no stars*

MEXICO HAS STRONG LAWS REGULATING LABOR STANDARDS AND WORKERS RIGHTS. BEYOND THOSE, WE WILL ALSO BEGIN NEW INITIATIVES TO EXPAND LABOR COOPERATION BETWEEN OUR TWO COUNTRIES.

NONE OF THESE THINGS WILL HAPPEN, HOWEVER, IF WE CANNOT BARGAIN IN GOOD FAITH -- IF THE FAST TRACK PROCEDURES WE HAVE EMPLOYED FOR 17 YEARS SUDDENLY ARE WITHDRAWN OR WEAKENED. THE UNITED STATES MUST CONTINUE TO OPEN NEW MARKETS, CREATE NEW TECHNOLOGIES, AND SEIZE NEW OPPORTUNITIES BEFORE US.

I AM CONFIDENT -- AND SO ARE THE AMERICAN PEOPLE -- THAT WE CAN AND WILL PREVAIL IN THIS EXCITING AND CHALLENGING WORLD. AND I AM CONFIDENT THAT AS WE HEAD INTO THE NEXT CENTURY -- THE NEXT AMERICAN CENTURY -- A STRONG AND HEALTHY AMERICA THAT WILL LEAD THE WAY.

GOD BLESS YOU ALL AND THANK YOU. I BELIEVE I NOW HAVE TIME FOR TWO QUESTIONS.

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