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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. statement	re: Statement by George Stephanopoulos - On Bush Lie of the Day (1 page)	08/03/1992	Personal Misfile
002. press release	re: Bill Clinton - He Calls Himself Elvis (3 pages)	08/03/1992	Personal Misfile
003. statement	re: Statement by Governor Bill Clinton on North American Free Trade Agreement (1 page)	08/12/1992	Personal Misfile
004. statement	re: Statement by Governor Bill Clinton (1 page)	07/27/1992	Personal Misfile
005. statement	re: Duplicate of 001 (1 page)	08/03/1992	Personal Misfile

COLLECTION:

Clinton Presidential Records
Press Secretary
Dee Dee Myers
OA/Box Number: 1875

FOLDER TITLE:

NAFTA [North American Free Trade Agreement] [5]

2011-0587-F
jp3764

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P1 National Security Classified Information [(a)(1) of the PRA]
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P3 Release would violate a Federal statute [(a)(3) of the PRA]
P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [a)(5) of the PRA]
P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

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PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).
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b(1) National security classified information [(b)(1) of the FOIA]
b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
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 concerning wells [(b)(9) of the FOIA]

NAFTA

THE WHITE HOUSE

WASHINGTON

MEMORANDUM

TO: Mark Gearan
David Dreyer
Bob Boorstin
Rahm Emanuel
Mike Waldman
David Gergen
Jeff Eller
Dee Dee Myers
George Stephanopaulos

FROM: Ann Walker

RE: The North American Free Trade Agreement

DATE: June 19, 1993

The following is a summary of the Clinton Administration Statement on the North American Free Trade Agreement. This was released today

The North American Free Trade Agreement

"In the face of all the pressures to do the reverse, we must compete, not retreat." -- President Clinton, February 26, 1993

Expanding Exports, Jobs and Growth

- The Clinton administration supports the North American Free Trade Agreement (NAFTA) with supplemental agreements because it will create high wage U.S. jobs, boost U.S. growth, and expand the base from which U.S. firms and workers can compete in a dynamic global economy.

Creating the Largest Market in the World

- With NAFTA, the United States, Canada, and Mexico will create the largest market in the world -- a combined economy of $6.5 trillion and 370 million people.

Leveling the Playing Field

- Mexico's trade barriers are now much higher than ours. NAFTA will level the playing field now tilted heavily in Mexico's favor.

- NAFTA will require little change on our part -- while requiring Mexico to sweep away decades of protectionism and over regulation.

- Removing Mexican restrictions against U.S. exports means that U.S. companies no longer will have to invest in Mexico or manufacture in Mexico to supply the Mexican market.

Creating Higher-Wage U.S. Jobs

- Defeating NAFTA could cause a sharp drop in exports to Mexico and thus the loss of hundreds of thousands of U.S. jobs

Protecting and Assisting U.S. Workers

- NAFTA not only will create a large number of new jobs in export industries, but also will insure that our import-sensitive industries have substantial room for adjustment.

The Wage Issue

- The idea that U.S. workers can't compete with low wage Mexican workers is a myth. If companies decided where to locate based solely on wages, investment would flock to countries much poorer than Mexico.

Immigration

- The combination of domestic reforms and NAFTA-related growth in Mexico will keep more Mexicans at home.

- It is likely that a reduction in immigration will increase the real wages of low skilled urban and rural workers in the United States.

Increasing Opportunities to Export to Mexico.

- NAFTA will "lock in" and expand trade gains achieved since Mexico began to open its economy in 1986.

- Mexico is our third largest export market and fastest growing major export market.

- Key sectors benefiting from NAFTA include automotive, agriculture, financial services, textiles, and communications.

Mexican Consumers Prefer U.S. Goods

- 70 cents of every dollar that Mexico spends on foreign products is spent on U.S. goods.

- Mexico purchases more imports per person from the United States than does the more affluent European Community countries and Japan.

Small and Medium-Size Business

- Small companies usually lack the resources to penetrate the thicket of Mexican trade barriers and regulatory restrictions. By lowering cost and dissolving barriers, NAFTA will help smaller business to penetrate the Mexican market without having to invest in Mexico.

Enhancing Environmental Protection

- NAFTA and its supplemental agreements will help ensure that economic development takes place in a way that protects and improves the environment.

Supplemental Agreements on Environment, Labor, and Import Surges

- The Administration is seeking supplemental agreements on import surges, the environment, and labor. These separate agreements will provide additional assurance that NAFTA-enhanced growth will be sensitive to environmental and labor concerns.

- The agreement on import surges would establish a tri-national committee to help ensure the effective use of NAFTA's provisions allowing temporary relief in the event of injurious import surges.

- The United States, Canada, and Mexico will establish a North American Commission on the Environment which will formally give environmental advice to trade representatives from the three NAFTA countries as well as provide a focal point to expand and strengthen existing environmental initiatives.

- The United States, Canada and Mexico will establish a North American Commission on Labor that will encourage domestic enforcement of national labor laws as well as promote the raising and strengthening of labor standards in North America.

- The supplemental agreements cannot resolve overnight all environmental and labor problems. But defeating NAFTA and the supplemental agreements would only aggravate these problems. Never has the United States had a comparable opportunity to promote improved environmental and labor conditions. If NAFTA and the supplemental agreements are successfully concluded and enacted, we will have an unparalleled opportunity with our neighbors to advance a broad agenda for economic growth and environmental improvement for our countries and all our people.

NAFTA and American Leadership

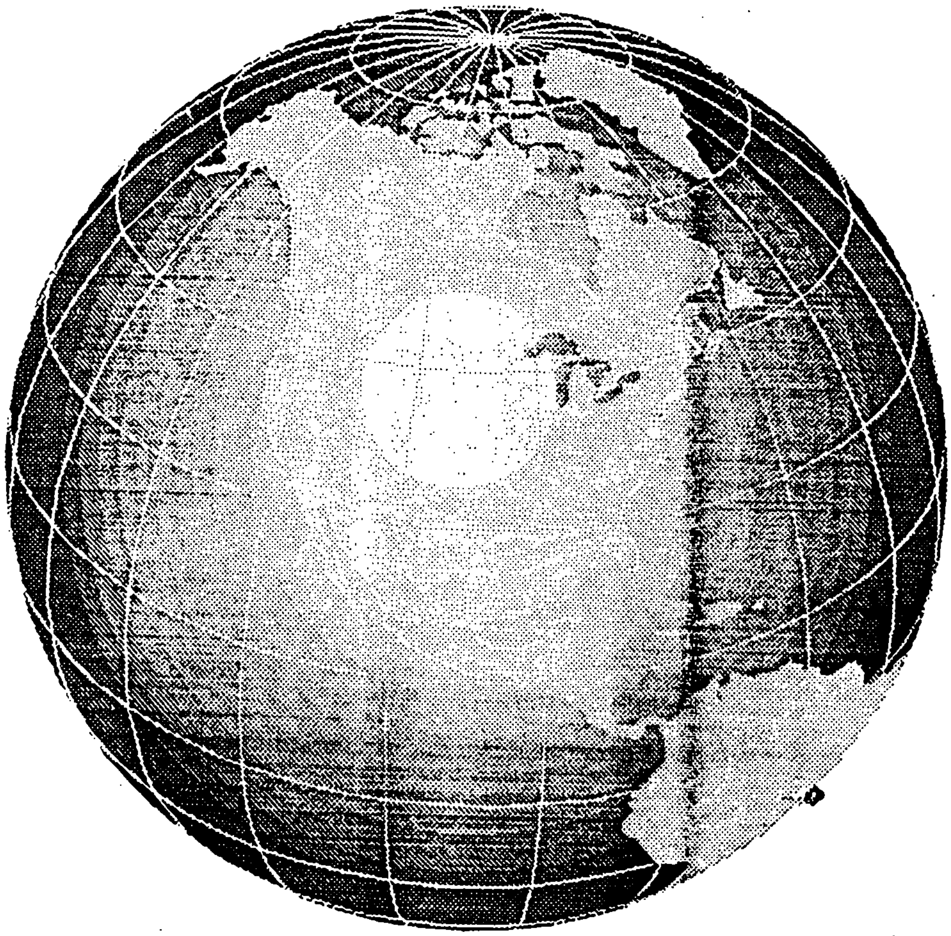
- The NAFTA has been negotiated by two Administrations. It stands as a testament to the ability of the United States to design a bipartisan foreign policy crafted to the requirements of the post-Cold War world. Its defeat would signal to the world that Washington is mired in inertia and gridlock.

Conclusion

- NAFTA will create jobs and improve our competitiveness. It will create the largest, richest market in the world. Mexico's strong and growing demand for U.S. products has created a $5.6 billion U.S. trade surplus. With a stronger Mexican economy and higher Mexican wages, demand for U.S. goods will continue to expand. Increased access to the rapidly growing Mexican market will create extraordinary new Opportunities for U.S. companies and workers. Taking advantage of these opportunities will lead to increased prosperity in the United States.

THE NAFTA

Expanding U.S. Exports, Jobs and Growth



Clinton Administration Statement
on the North American Free Trade Agreement

"In the face of all the pressures to do the reverse, we must compete, not retreat."

President Clinton, February 26, 1993

Administration Statement on the North American Free Trade Agreement (NAFTA)

What Does NAFTA Mean?

It Means:

- Harnessing a changing global economy for the benefit of American workers.
- 200,000 new higher-paying, export-related jobs for Americans.
- A level playing field for U.S. exporters.
- Enhanced access to Mexico, a growing market of 90 million consumers.
- Creation of the biggest market in the world.
- Better environmental protection.
- A plan to expand U.S. trade supported by both President Clinton and President Bush.
- Effective U.S. leadership to meet the requirements of the post-Cold War world.

NAFTA—The North American Free Trade Agreement
It's Good For America

July, 1993

The North American Free Trade Agreement (NAFTA): Expanding Exports, Jobs and Growth

> *"The truth of our age is this—and must be this: Open and competitive commerce will enrich us as a nation... And so I say to you in the face of all the pressures to do the reverse, we must compete, not retreat."*
>
> –President Clinton, February 26, 1993
>
> *"By building together the largest free trading region in the world, Mexico, the United States and Canada are working to ensure that the future will bring increased prosperity, trade, and new jobs for the citizens of each of our countries."*
>
> –President Bush, July 15, 1992

Every generation of Americans has embraced the challenge of its times. None has shrunk from the task. Our biggest challenge today is economic—to channel a changing international economy to our benefit.

The Clinton Administration is committed to rebuilding the U.S. economy from the ground up. We must prepare our entire work force to compete in the global economy and make sure that nobody gets left behind in the process. We look at trade—and every other issue—from the viewpoint of what is best for ordinary Americans who work hard, play by the rules, and want a chance to get ahead. The key building blocks are economic growth and jobs.

The North American Free Trade Agreement (NAFTA) is a part of this forward-looking strategy. This Administration supports the NAFTA with supplemental agreements because it will create high-wage U.S. jobs, boost U.S. growth, and expand the base from which U.S. firms and workers can compete in a dynamic global economy.

Critics of NAFTA use scare tactics to assert that NAFTA will put Americans out of work. The truth is quite the opposite:

- NAFTA will spur further job gains and push jobs related to exports to Mexico toward the 1 million mark.
- Defeating NAFTA could cost hundreds of thousands of such jobs.

The facts about NAFTA:

- NAFTA will create the biggest market in the world—right at our doorstep: a $6.5 trillion market with 370 million people.
- NAFTA will level a playing field that remains—despite recent Mexican market openings—substantially tilted in Mexico's favor. Mexico's tariff barriers to U.S. goods are still 2.5 times greater than our own. All tariffs will be phased out under NAFTA.
- NAFTA will expand benefits the United States has enjoyed since Mexico began to open its markets in 1986. U.S. merchandise exports to Mexico have risen by 228% since 1986, reaching $40.6 billion in 1992.
- U.S. jobs supported by these merchandise exports rose from 274,000 in 1986 to an estimated 700,000 in 1992—and these jobs are in all 50 states. (Merchandise exports to Canada support another 1.5 million U.S. jobs.)
- NAFTA will create an estimated 200,000 additional high-wage jobs related to exports to Mexico by 1995.
- NAFTA will increase opportunities for American firms to sell to Mexico. Those opportunities are especially important for small and medium-size businesses that cannot readily overcome high Mexican border barriers.

- Mexico is already our second largest market for manufactured exports—beating even the more affluent Japan. NAFTA will further increase opportunities for U.S. manufactured exports in Mexico.
- NAFTA will help us promote sustainable development in North America—economic growth with enhanced environmental protection.
- NAFTA will gradually ease many of the pressures in Mexico that currently contribute to illegal immigration across our border.

I. Creating the Biggest Market in the World

With NAFTA, the United States, Canada and Mexico will create the biggest market in the world—a combined economy of $6.5 trillion and 370 million people:

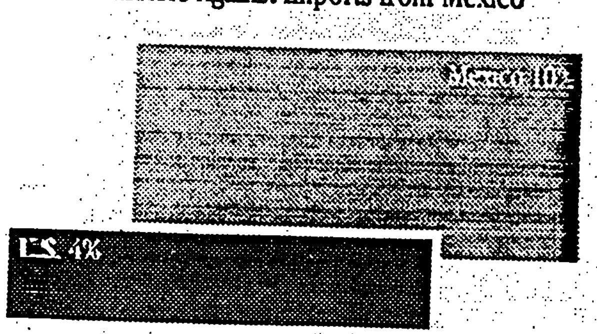
- Our competitors are expanding their markets in Europe and Asia. NAFTA is our opportunity to respond and compete.
- By increasing our export opportunities, NAFTA will enable us to take advantage of U.S. economic strengths and remain the world's biggest and best exporter.

II. Levelling the Playing Field

Mexico's trade barriers are now much higher than ours. NAFTA will level a playing field now tilted heavily in Mexico's favor:

CHART 1

Mexico's Average Tariff Barriers Against U.S. Exports are 2.5 Times Higher than Equivalent U.S. Tariff Barriers Against Imports from Mexico



- Mexico's average tariff against U.S. exports is currently 2.5 times higher than the equivalent U.S. tariff against imports from Mexico. (See Chart 1.)
- By contrast, over 50% of our imports from Mexico already enter duty-free. Our average tariff on imports from Mexico is only 4%.
- Complex Mexican domestic licensing requirements further impede imports into Mexico from the United States.
- Mexico currently has no obligation to continue recent market-opening moves on which thousands of U.S. jobs already depend. NAFTA will not only lock in current access but expand that access.
- NAFTA will eliminate especially burdensome tariffs and non-tariff barriers in a number of key sectors where the United States is competitive vis-a-vis Mexico—such as autos and agriculture.

NAFTA will require relatively little change on our part—while requiring Mexico to sweep away decades of protectionism and overregulation:

- Half of all U.S. exports to Mexico will be eligible for zero Mexican tariffs when NAFTA takes effect on January 1, 1994.
- U.S. exports eligible for tariff-free entry into Mexico include some of our most competitive products:
  - Semiconductors and computers
  - Machine tools
  - Aerospace equipment
  - Telecommunications equipment
  - Electronic equipment
  - Medical devices
- Within the first five years after NAFTA is implemented, two-thirds of U.S. industrial exports will enter Mexico duty-free.
- Under the NAFTA, Mexico will open its market significantly to U.S. manufactured exports. For example, for automotive parts, Mexico will eliminate 75% of its duties over five years and phase out the rest over ten years.
- NAFTA also will require Mexico to open its market to U.S. service exports (U.S. service exports to

Mexico were $8.9 billion in 1992). This will benefit such industries as enhanced telecommunications services, insurance, banking, accounting, and advertising.

- Under NAFTA, our access to Canada's service market also will be more open than it is under the existing U.S.-Canada Free Trade Agreement.

Removing Mexican restrictions against U.S. exports means that U.S. companies no longer will have to invest in Mexico or manufacture in Mexico to supply the Mexican market.

NAFTA will eliminate Mexican requirements that force our companies in Mexico to:

- Purchase Mexican goods instead of U.S.-made equipment and components;
- Export their production, usually to the United States, instead of selling directly into the Mexican market; and
- Produce in Mexico to sell in Mexico. For example, the current Auto Decree has the effect of barring automotive imports from the United States through a complex series of investment requirements that will be phased out under NAFTA.

III. Creating Higher–Wage U.S. Jobs

A strong consensus of the economic studies that have looked at the labor effects of NAFTA have found it will result in increased jobs or increased real wages—or both.

Our ***experience*** confirms the findings of these studies. Since Mexico began to open up its economy and prepare for NAFTA, the number of American workers producing merchandise exports to Mexico has risen from 274,000 in 1986 to an estimated 700,000 last year. (See Chart 2.)

- With NAFTA we anticipate 200,000 MORE export-related jobs by 1995.
- Wages of U.S. workers in jobs related to exports to Mexico are 12% HIGHER than the national average. (See Chart 3.)

NAFTA will further open the Mexican economy so that we can push employment related to exports to Mexico toward the 1 million mark.

CHART 2

U.S. Employment Supported by Merchandise Exports to Mexico

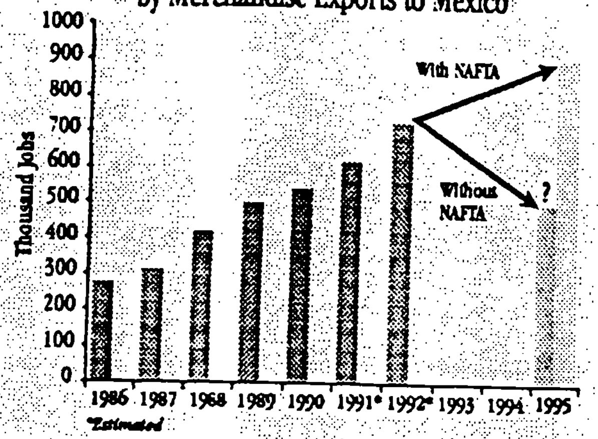
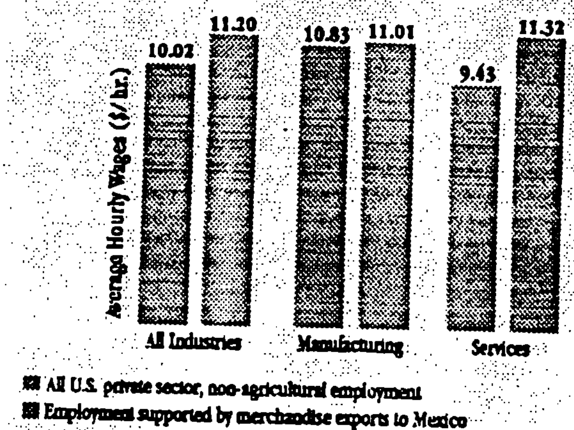


CHART 3

U.S. Jobs Supported by Exports to Mexico Pay More Than Other U.S. Jobs



Defeating NAFTA could cause a sharp drop in exports to Mexico and thus the loss of hundreds of thousands of U.S. jobs:

- Without NAFTA, we anticipate a reduction in U.S. exports and related jobs. Mexico could suffer capital flight, disinvestment, and a loss of confidence in its economy. A less healthy Mexico would be less able to afford imports produced in the United States.
- The precise impact is difficult to measure. However, in the first two years of the Mexico debt crisis (1981-1983), U.S. exports to Mexico dropped by almost half.

- If even a quarter of U.S. exports to Mexico were lost by 1995, U.S. export-related jobs would fall from the current level of 700,000 to 500,000 - a loss of 200,000 high-wage jobs (and a sharp contrast with the 900,000 projected jobs with NAFTA).

Protecting and Assisting U.S. Workers

NAFTA not only will create a large number of new jobs in export industries, but also will ensure that our import-sensitive industries have substantial room for adjustment.

- NAFTA provides for transition periods of up to 15 years in eliminating tariffs and other barriers on the most sensitive U.S. product sectors, such as household glassware, footwear, and some fruits and vegetables.
- For other products, U.S. tariffs will be phased out over 10 years or less. Only tariffs that are already very low will be eliminated immediately after the agreement enters into force.
- This gradual removal of barriers will provide companies and workers time to respond to changing competitive conditions.
- NAFTA contains special rules allowing a temporary reinstatement of U.S. tariffs or other measures to protect U.S. workers and farmers in the case of injury from a sudden surge in imports from Mexico or Canada. President Clinton has directed U.S. trade negotiators to seek a supplemental agreement to be sure this provision is used effectively.
- The United States will maintain domestic laws providing for penalties on dumped or subsidized imports that injure U.S. industry.
- Finally, NAFTA includes strict rules of origin that will prevent products of non-NAFTA countries from receiving preferential treatment under NAFTA.

Although NAFTA's net effect on U.S. jobs will be positive, it is likely also to lead to some job displacement. For those workers who may face job loss, the Clinton Administration is committed to having a **strong, fully funded worker adjustment program** to assist the transition to new market realities.

In addition, the United States, Canada, and Mexico will establish a **North American Commission on Labor.** (See section VI.)

The Wage Issue

The idea that U.S. workers can't compete with low-wage Mexican workers is a myth. If companies decided where to locate based solely on wages, investment would flock to countries much poorer than Mexico. Haiti and Bangladesh would be job and manufacturing powerhouses. That hasn't happened.

U.S. workers earn high wages because we are the most productive workers in the world. Americans can meet the challenge of international competition. NAFTA will enhance U.S. productivity and increase U.S. wages.

Mexico currently imposes no barriers on foreign investors who wish to set up production in Mexico for export. Mexico goes even further in encouraging foreign investment to service the domestic market by restricting access through imports. NAFTA will eliminate such incentives to foreign investors.

Despite the openness of the U.S. market and ability of U.S. and other foreign investors to set up shop in Mexico now, the United States is not being swamped with imports made by low-paid Mexican workers:

- If the United States were going to be flooded with such imports, it already would have happened.
- In fact the reverse is true: U.S. exports to Mexico have increased far more than U.S. imports from Mexico.
- The United States' largest bilateral surplus in manufactured products is with Mexico.

Immigration

To the extent that our workers compete with low-paid Mexicans, it is as much through undocumented immigration as trade. This pattern threatens low-paid, low-skill U.S. workers.

- The combination of domestic reforms and NAFTA-related growth in Mexico will keep more Mexicans at home.
- It is likely that a reduction in immigration will increase the real wages of low-skilled urban and rural workers in the United States.

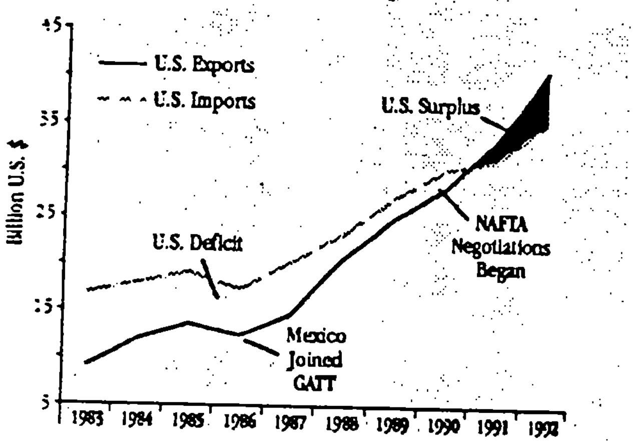
IV. Increasing Opportunities to Export to Mexico

NAFTA will "lock in" and expand trade gains achieved to date. Since Mexico began to open up its economy in 1986:

- U.S. exports to Mexico have expanded enormously, rising from $12.4 billion in 1986 to $28 billion in 1990 and a whopping $40.6 billion in 1992.
- The U.S. trade balance with Mexico has shifted from a $5.7 billion deficit in 1987 to a $5.6 billion SURPLUS in 1992. (See Chart 4.)

CHART 4

U.S. Merchandise Trade with Mexico: From Deficit to Surplus



Mexico is important to the U.S. economy because it is our:

- Third largest export market and the fastest growing major export market:

  Since 1986, U.S. merchandise exports to Mexico have increased by 228% (to $40.6 billion)—2.3 times faster than U.S. exports to the world.
- Second largest market after Canada for manufactured exports (amounting to $34.5 billion in 1992).
- Third largest market for agricultural products (after Japan and Canada), reaching $3.7 billion in 1992 (a 242% increase since 1986).

Mexican consumers prefer U.S. goods:

- 70 cents of every dollar that Mexico spends on foreign products is spent on U.S. goods. Given its location, this preference is likely to continue.
- Mexico purchases more imports per person from the United States than does the more affluent European Community countries and Japan. For example, last year, each Mexican, on the average, purchased more than $450 worth of U.S.-made products. By contrast, the average Japanese spent $385 on U.S. products, despite the fact that average Japanese incomes are five times as high as average Mexican incomes.

Key sectors benefitting from NAFTA include automotive, agriculture, financial services, textiles, and communications:

- U.S. telecommunications exports jumped 50% in 1991. Mexico is the industry's second largest export market after Canada.
- Detroit's Big 3 predict that their combined exports could rise from 1,000-plus to over 60,000 vehicles in NAFTA's first year alone.
- Mexico was primarily a bulk commodity market for U.S. agricultural exports prior to 1987. Now it is one of the United States' largest and fastest growing high-value markets. High-value products now account for almost 70% of all U.S. agricultural sales versus 40% in 1987.

Small and Medium-Size Businesses

The significant expansion of the Mexican market will benefit small and medium-size businesses in particular. These companies usually lack the resources to penetrate the thicket of Mexican trade barriers and regulatory restrictions. By lowering costs and dissolving barriers, NAFTA will help smaller businesses to penetrate the Mexican market without having to invest in Mexico.

V. Enhancing Environmental Protection

NAFTA and its supplemental agreements will help ensure that economic development takes place in a way that protects and improves the environment.

The NAFTA text itself takes a first step in recognizing the relationship between trade and the environment:

- It contains explicit endorsement by the three countries of the principle of sustainable development and calls for the "upward harmonization" of standards.
- No existing Federal or state regulation to protect health and safety will be jeopardized by NAFTA. In fact, NAFTA rules allow the participating countries (and their states and provinces) to enact tougher environmental standards.
- If a dispute arises that has environmental implications, NAFTA provides for scientific boards to guide panelists considering the dispute.
- NAFTA gives precedence to the trade provisions of certain international environmental agreements (including those on endangered species and the use of CFCs) in the event they conflict with NAFTA's rules.
- NAFTA allows countries to impose strict environmental standards on investment and NAFTA countries agree not to weaken environmental protection to attract investment.

VI. Beyond NAFTA: Supplemental Agreements on the Environment, Labor and Import Surges

President Clinton supports NAFTA as part of a growth strategy for the United States but believes that NAFTA can be enhanced. That is why the Administration is seeking supplemental agreements on import surges, the environment, and labor. These separate agreements will provide additional assurance that NAFTA-enhanced growth will be sensitive to environmental and labor concerns.

The agreement on **import surges** would establish a tri-national committee to help ensure the effective use of NAFTA's provisions allowing temporary relief in the event of injurious import surges.

The President envisages agreements that will create commissions on the **environment** and **labor**. The powers and functions of these commissions will help improve conditions for workers and the environment and will improve enforcement of national laws.

The supplemental agreement on the environment will provide for effective **enforcement**, **public access** to judicial forums to enforce environmental laws, **transparency** in the development of environmental laws, and other improvements.

Moreover, the United States, Canada, and Mexico will establish a **North American Commission on the Environment** to:

- Foster public discussion of environmental concerns;
- Strengthen domestic enforcement of national environmental laws;
- Promote an integrated North American approach to the environment;
- Provide a focal point to expand and strengthen existing environmental initiatives; and
- Formally give environmental advice to trade representatives from the three NAFTA countries.

In addition, the United States, Canada and Mexico will establish a **North American Commission on Labor** that will:

- Foster discussion and better appreciation of worker rights and labor standards in each NAFTA country.
- Encourage domestic enforcement of national labor laws; and
- Promote the raising and strengthening of labor standards in North America.

The supplemental agreements cannot resolve overnight all environmental and labor problems. But defeating NAFTA and the supplemental agreements would only aggravate these problems. Never has the United States had a comparable opportunity to promote improved environmental and labor conditions. If NAFTA and the supplemental agreements are successfully concluded and enacted, we will have an unparalleled opportunity with our neighbors to advance a broad agenda for economic growth and environmental improvement for our countries and all our people.

VII. NAFTA and American Leadership

In the post-Cold War world, American leadership will be measured in part by the creativity and aggressiveness of our trade policy. Bold, original, and forward-looking, NAFTA is worthy of a world leader.

- In North America, division between foreign and domestic matters narrows every day. American communities are inevitably affected by what happens in Canada and Mexico. Their problems spill over the border to harm us—just as their success adds to our welfare.
- By increasing the flows of commerce and culture and by forging new cross-border friendships among labor and environmental organizations, the NAFTA will promote prosperity and democracy in neighboring Mexico. Americans who favor freedom and good government in Mexico should favor NAFTA.

NAFTA has been negotiated by two Administrations. It stands as a testament to the ability of the United States to design a bipartisan foreign policy crafted to the requirements of the post-Cold War world. Its defeat would signal to the world that Washington is mired in inertia and gridlock.

- NAFTA's defeat would raise serious questions about America's commitment to global leadership, thereby undercutting our influence throughout the world.
- NAFTA's defeat would shock the Mexican economy, depress wages and living standards, reduce the Mexican capacity to purchase U.S. products, and stimulate immigration. It could also create tensions on a host of critical issues from illegal drugs to oil.
- NAFTA's defeat would also throw sand in the eyes of our allies throughout Central and South America, who are striving to open their markets and democratize their societies. Anti-Americanism, protectionism, and authoritarianism may well increase. A NAFTA defeat would be a major, self-inflicted setback to American leadership.

Conclusion

NAFTA will create jobs and improve our competitiveness. It will create the largest, richest market in the world. Mexico's strong and growing demand for U.S. products has created a $5.6 billion U.S. trade surplus. With a stronger Mexican economy and higher Mexican wages, demand for U.S. goods will continue to expand. Increased access to the rapidly growing Mexican market will create extraordinary new opportunities for U.S. companies and workers. Taking advantage of these opportunities will lead to increased prosperity in the United States.

NAFTA Is Good For America

Questions and Answers about NAFTA

Q. *How can Mexico, a low-income country, be such a large market for U.S. exports?*

A. Mexico now is our third-largest trading partner. Although Mexican per capita incomes are low relative to incomes in the United States, Mexico is a country of 90 million people (who prefer U.S. to other foreign products) and a developing country with an improving economic outlook. On a per capita basis, Mexico purchases more U.S. products than our trade partners in the European Community and Japan. NAFTA will help the United States take further advantage of the growing Mexican market for U.S. exports.

Q. *Will NAFTA result in massive U.S. job losses to low-wage Mexican workers?*

A. No. NAFTA will increase jobs, productivity and wages in the United States as well as in Mexico and Canada. If lower wages were the only reason that companies moved to other countries, Haiti and Bangladesh would be economic powerhouses by now. Other factors such as high worker productivity in the United States and high non-wage costs in Mexico (including transportation, infrastructure, and support service costs) make U.S. workers more competitive than their Mexican counterparts.

Moreover, under NAFTA's rules of origin, only products that have substantial North American materials will receive preferential treatment. With the free and fair trade and investment environment created by NAFTA, workers in all three North American countries will be better able to succeed together with non-North American producers.

Q. *How many workers would need assistance because of NAFTA?*

A. NAFTA will create many more jobs in the U.S. than are lost. The number of positions that will be lost due to NAFTA is likely to be very small. American workers are strongly competitive in world markets; U.S. barriers to imports from Mexico are already very low; and Mexico's productive capacity is very small relative to that of the United States and will —even with healthy growth—remain so for decades to come.

Since NAFTA will be phased in over a fifteen year period, a substantial part of the position losses is likely to be absorbed by attrition through voluntary retirement or resignation. Certainly any job displacement of working Americans by NAFTA will be barely perceptible relative to other changes in the U.S. economy, such as defense conversion, technological advance and changes in consumer tastes.

While the net benefits are clear, the Administration recognizes that some U.S. workers may suffer dislocation. For any U.S. worker who is in fact displaced by NAFTA, the Administration is committed to provide the assistance needed for him or her to adjust to changing market conditions.

Q. *Will wages in the United States fall in order to compete with lower-wage Mexican labor?*

A. High wages in the U.S. reflect the productivity of American workers, which is the highest in the world. Since U.S. jobs supported by exports are, on average, higher-paying, require higher skills than other jobs, and NAFTA's promotion of exports will lead to net job creation, NAFTA will strengthen rather than depress U.S. average real wages.

Without NAFTA, hundreds of thousands of Americans will lose opportunities to find good-paying jobs producing exports for the Mexican market.

Q. *Are the benefits of recent U.S. export expansion overstated? Is most of this growth due to exports of parts that are assembled in Mexico and then shipped back to the United States?*

A. The bulk of U.S. exports to Mexico is for consumption in the Mexican market and not for return to the U.S. Indeed, in 1992, U.S. exports of component inputs for production sharing arrangements in Mexico (i.e., Maquildoras) comprised an estimated 22% of all U.S. exports to Mexico, compared with 32% in 1987. While incorporated into products eventually exported back to the United States, these components still support U.S. jobs related to their production. An estimated 83% of the growth in U.S. exports to Mexico in the last five years was for Mexican consumption, not re-export.

Q. *Is the United States primarily exporting machinery and equipment that Mexico will use to create industries that could then lead an export assault on our markets?*

A. In percentage terms, capital goods have been the slowest growing major export category to Mexico in the last five years. Although still the largest component of U.S. exports to Mexico, capital goods have decreased from 40% of total U.S. exports to Mexico in 1987 to 33% in 1992. In contrast, capital goods comprise 40% of U.S. exports to all developing countries and 39% of U.S. exports to the world. The United States enjoys a significant competitive trade advantage in many areas of capital goods.

In any event, U.S. exports of capital goods to Mexico should not be viewed as a liability for the U.S. economy. Such exports support production and high-paying jobs in the United States and will do so for many years to come. Mexico's need for imported capital goods is likely to continue as long as the Mexico maintains a healthy, expanding economy. Even the United States, the world's most productive economy, must expand and replace a part of its capital equipment each year.

Finally, U.S. capital goods are on the cutting edge of technology. Exports of capital goods support good, high-paying jobs.

Q. *What has been the effect of the 1989 United States-Canada Free Trade Agreement on U.S. exports?*

A. Before the agreement, Canada had tariffs on imports that were two or three times higher than those of the United States (similar to Mexico today). After the agreement to eliminate tariffs and other barriers on all United States-Canada trade flows and many restrictions on investment and services, U.S. merchandise exports grew 27% between 1988 and 1992 (from $71.6 billion to $90 billion). U.S. service exports to Canada increased by 78% to $17.2 billion during the same time period. Also, since the agreement, there have been numerous calls from both sides of the border to accelerate the scheduled phase out of tariffs.

Q. *What long-term impact will NAFTA have on illegal immigration from Mexico?*

A. NAFTA will promote economic growth and increase wages in all three countries. This will create more economic opportunities for workers in Mexico—the single most important, long-term remedy to illegal migration from that country. According to some scholars, significant real wage increases could also occur for U.S. rural and lower skilled urban workers as a result of reduced emigration from Mexico to the United States.

Some economic studies of NAFTA considering the immigration issue have been misconstrued to suggest that hundreds of thousands of Americans would lose their jobs because of NAFTA. In fact, these studies do not show such results. The "U.S." job losses turn out to be hundreds of thousands of Mexican workers who decide to remain in Mexico because of the enhanced job opportunities created by NAFTA; without NAFTA, they would have crossed the border to compete for jobs in the United States. These are not jobs "lost" by American workers, but rather U.S. jobs foregone by Mexican workers for whom NAFTA will provide an acceptable economic alternative at home.

Without NAFTA and a stronger Mexican economy, pressures for illegal Mexican emigration to the United States would only continue to increase.

Q. *In the short term, would eliminating Mexico's barriers to U.S. agricultural imports lead to more rural Mexican unemployment and increase pressures to migrate to the United States?*

A. The NAFTA agreement contains the longest phase-in period (up to 15 years) for Mexico to liberalize agricultural trade policies with the United States and Canada. This gives Mexican farm laborers time to adjust and will help minimize short-term immigration effects. With or without NAFTA, agricultural reforms will continue to reduce Mexican agricultural employment. NAFTA will enhance the opportunities for displaced Mexican agricultural workers to find other jobs in the Mexican economy.

Q. *Won't increase trade flows from NAFTA worsen the flow of illegal drugs into the United States?*

A. While NAFTA will reduce tariffs, it will not relax customs controls on the border. As trade between the United States and Mexico has increased in recent years, cooperation in counternarcotics and law enforcement has improved. By promoting U.S.-Mexican cooperation, the NAFTA can foster a positive atmosphere for further bilateral efforts to fight drugs.

For More Information, Contact:

Withdrawal/Redaction Marker
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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. statement	re: Statement by George Stephanopoulos - On Bush Lie of the Day (1 page)	08/03/1992	Personal Misfile

COLLECTION:

Clinton Presidential Records
Press Secretary
Dee Dee Myers
OA/Box Number: 1875

FOLDER TITLE:

NAFTA [North American Free Trade Agreement] [5]

2011-0587-F
jp3764

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P1 National Security Classified Information [(a)(1) of the PRA]
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P3 Release would violate a Federal statute [(a)(3) of the PRA]
P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [a)(5) of the PRA]
P6 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.
PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).
RR. Document will be reviewed upon request.

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

b(1) National security classified information [(b)(1) of the FOIA]
b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
002. press release	re: Bill Clinton - He Calls Himself Elvis (3 pages)	08/03/1992	Personal Misfile

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Press Secretary
Dee Dee Myers
OA/Box Number: 1875

FOLDER TITLE:
NAFTA [North American Free Trade Agreement] [5]

2011-0587-F
jp3764

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
003. statement	re: Statement by Governor Bill Clinton on North American Free Trade Agreement (1 page)	08/12/1992	Personal Misfile

COLLECTION:

Clinton Presidential Records
Press Secretary
Dee Dee Myers
OA/Box Number: 1875

FOLDER TITLE:

NAFTA [North American Free Trade Agreement] [5]

2011-0587-F
jp3764

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
004. statement	re: Statement by Governor Bill Clinton (1 page)	07/27/1992	Personal Misfile

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Press Secretary
Dee Dee Myers
OA/Box Number: 1875

FOLDER TITLE:

NAFTA [North American Free Trade Agreement] [5]

2011-0587-F
jp3764

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005. statement	re: Duplicate of 001 (1 page)	08/03/1992	Personal Misfile

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Press Secretary
Dee Dee Myers
OA/Box Number: 1875

FOLDER TITLE:

NAFTA [North American Free Trade Agreement] [5]

2011-0587-F
jp3764

RESTRICTION CODES

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TO: DeeDee Myers

file: NAFTA

FROM: Mickey Kantor

RE: NAFTA Talking Points and consistency of prior statements

Here are our NAFTA Talking Points:

The primary objective of concluding a successful NAFTA agreement is to increase jobs for the American people and to strengthen the economy. In order to accomplish this basic objective, we have consistently made the point that we would walk away from these talks if we don't get good, solid supplemental agreements with teeth. Without this, there will be no deal.

The NAFTA, by opening new opportunities for our exports to Mexico, will increase jobs and foster growth for our citizens. But we need to do more than just the NAFTA itself. Some of these elements we will implement through domestic programs and domestic legislation (such as worker adjustment assistance), others through supplemental agreements with Mexico and Canada or a combination of agreements and steps we take in our domestic legislation. Among the main elements are:

o **A strong worker adjustment program:** while NAFTA, on net, will increase jobs, we need to assure that those who may lose jobs have access to effective retraining and adjustment assistance.

o **Cleaning up the border environment:** we are working to improve conditions on both sides of the U.S. - Mexico border.

o (the IP approach) **Ensuring that there are adequate domestic judicial and administrative processes for enforcement of national laws that protect workers' health and safety and the environment,** just as the NAFTA improves processes for protecting intellectual property under domestic laws.

o **Safeguard against surges to include employment dislocation as a major standard.**

o Promoting **higher wages as productivity rises.**

o **Creating strong Labor and Environment Commissions with the necessary teeth to review national enforcement, and to hear and follow up on complaints from citizens about deficient enforcement.**

Prior Statements

In addition, we have consistently made the same points with respect to enforcement on numerous occasions in a variety of forums.

o On March 9 before the Senate Committee on Finance, I said "We are looking at certain...enforcement mechanisms under the present NAFTA that might be available in connection with these Commissions."

o On March 11, in a handout summarizing my testimony before the Subcommittee on International Trade of the Committee on Ways and Means, I said, "The supplemental agreements will have the effect of improving and enhancing the enforcement of existing Mexican laws that protect workers and the environment -- procedures that promote due process, judicial review, and citizen access to legal remedies will stimulate enforcement and boost public confidence in the Mexican judicial system."

o In a background briefing to reporters on April 9, Rufus Yerxa said, "we believe the supplemental agreements on labor and the environment will set forth an extremely important and sound system for...strengthening trinational oversight...to enforce labor and environmental standards and maintain sound protections in these fields."

"I think it's very important for our two partners to understand and appreciate that, without very credible and sound Commissions and obligations to the parties to enforce their systems and laws, the NAFTA will not stand the scrutiny of the U.S. Congress. We are determined to bring home agreements that achieve these goals."

DeeDee -
We've said
This in all
our public &
private hearings,
speeches, etc.
ad infinitum.
Anne L.
4/12

Michael Punke
fm Luzzatto

Q&A on NAFTA/NEPA follow-up questions

Q: This morning on your jog you said that there may be other "options that we can continue to do that will permit us to address it this year." Could you clarify? Does this mean that you may not go forward with the appeal?

A: As I said this morning, first we will appeal. I was referring to procedural options. Today the Justice Department is filing a notice, and soon thereafter will file a motion to have the matter handled on a expedited basis so the Court of Appeals can review Judge Richie's decision well before the Agreement would be ready for transmission.

We believe the decision should be, and will be, quickly reversed by the Court of Appeals.

Q: Will you seek a stay?

A: The Administration wants the Court of Appeals to reverse the decision as soon as possible, therefore we won't seek a stay. It is our understanding that the ruling won't immediately affect either the negotiations of the side agreements or my power to submit the agreement.

Q: Will the momentum of the ongoing supplemental negotiations be affected?

A: No. These talks will continue without interruption. The process of negotiating these important side agreements on the environment and worker safety will not be slowed by Judge Richie's ruling.

Our proposals on the side agreements will make this the greenest trade agreement ever.

It's ironic that the potential for protracted delay in implementing NAFTA could actually prevent environmental progress that would result from the NAFTA with strong supplementals.

Q: Some have said that this ruling provides your Administration cover to back off of your commitment to NAFTA. Comment?

A: I remain committed to the NAFTA and intend to move forward to complete the negotiations and submit the agreement for Congressional approval.

As I have said before, the NAFTA is a high priority for the Administration. Access to the rapidly growing Mexican market will create huge opportunities for US businesses and US workers. NAFTA will create many good, high-paying jobs for our workers.

NAFTA

Q: Ross Perot is testifying before Congress on Wednesday on the NAFTA. Is Perot right that NAFTA will create a "sucking sound" of jobs fleeing to Mexico? Is the agreement dead in Congress?

A:
-- Not at all. I said during the campaign that the NAFTA agreement can serve America's economic interests if it is accompanied by strong side agreements on the environment, labor rights and import surges and by a program of worker training that enables Americans to adjust to the inevitably changing global economy.

-- Negotiators from the three countries met last week to begin negotiations on those side agreements.

-- If those negotiations are successful, I am confident that we will have an agreement that will be good for America -- and will win the support of Congress.

-- Let's keep in mind that from 1987 to 1992, our trade flows with Mexico went from about a $6 billion deficit to more than a $5 billion surplus [$5.4b]. More trade with Mexico can mean more U.S. jobs, if we make sure that the terms of that trade are fair.

BACKGROUND ON CLINTON POSITION

NORTH AMERICAN FREE TRADE AGREEMENT (NAFTA)

SUPPORT FOR NAFTA: Governor Clinton supports the North American Free Trade Agreement. If properly implemented, a good NAFTA agreement would create the largest market in the world, spur more American jobs through expanded trade and continue the impressive changes now occurring in Mexico, an important neighbor.

o Overall, the proposed NAFTA agreement advances our interests and will make America stronger.

o It will phase out virtually all tariffs between the U.S. and Mexico over the next fifteen years, thus eliminating Mexico's considerably higher average tariffs. Some of our most sensitive products will receive the longest transition periods.

o The proposed pact also reduces barriers to trade in services (e.g., insurance and banking), to investment, and to the establishment of businesses. It strengthens the protection of intellectual property in Mexico, such as patents, copyrights, and trademarks.

o The agreement contains some improvements on environmental protections. For example, U.S. environmental, health, and safety laws -- federal and state -- will not be affected so long as they do not discriminate against imports and have sound scientific basis.

HOLES IN THE AGREEMENT: As is too often the case with this Administration's policies, there are holes when it comes to protecting workers, farmers, and the environment. George Bush's economic policy is to have government step aside and everything will be just fine. We need not only to reduce trade barriers, but also to prepare our entire workforce to compete in the global economy, take advantage of changes and make sure no one gets left behind.

BILL CLINTON SUPPORTS THIS AGREEMENT BECAUSE WITH A COMPREHENSIVE ECONOMIC GROWTH AGENDA AND REAL PRESIDENTIAL LEADERSHIP, THIS AGREEMENT CAN MOVE AMERICA FORWARD: Governor Clinton has decided that the best way to move America forward is to support this agreement, but then work hard to take the critical steps we need to fill the holes in not only this agreement, but in overall economic policy as well. This goal can be accomplished without renegotiating NAFTA. But if we are to move forward with NAFTA, we must also move forward with a national economic strategy that retrains our workers, defends our environment, and stands up for our farmers, our businesses, and our jobs.

PRESIDENTIAL LEADERSHIP ON TRADE: As President, Governor Clinton will aggressively pursue remedies available in current US laws and in the proposed NAFTA agreement to protect US jobs, businesses, farmers and the environment. President Clinton will:

o Vigorously use Section 301 of the 1974 Trade Act -- and to the extent the agreement allows it -- the use of Section 201.

o Use the President's discretion to deny trade benefits under the General System of Preferences.

o Prevent senior U.S. Trade Representatives from becoming registered agents for foreign governments.

o Stop the use of taxpayers' money to export the jobs of American workers. The U.S. Agency for International Development (AID) has spent at least $289 million for programs to encourage U.S. businesses to relocate to Central America and the Caribbean.

GOVERNOR CLINTON BELIEVES THAT MANY OF THE COMPONENTS OF OUR COMPREHENSIVE ECONOMIC GROWTH PLAN CAN MAKE NAFTA WORK AND THAT MANY OF THESE STEPS CAN BE ACHIEVED THROUGH IMPLEMENTING LEGISLATION AND SUPPLEMENTAL AGREEMENTS THAT DO NOT REQUIRE RENEGOTIATING THE AGREEMENT. While Governor Clinton supports NAFTA, he is equally committed to taking adequate steps in the implementing legislation, which must be enacted before NAFTA becomes the law of our land. There are five areas of concern that must be addressed by U.S. federal legislation and three supplemental agreements that are needed with Canada and Mexico. The five U.S. unilateral steps are:

Worker Assistance: George Bush has repeatedly tried to cut or eliminate the Trade Adjustment Assistance program. Bill Clinton is committed to a comprehensive worker assistance program that helps companies and their workers adjust to new changes through manufacturing technology centers, ongoing worker training, quick response retraining and counseling, income support, health care, and strong support of trade adjustment and retraining proposals -- not just as a ploy several weeks before the election, but throughout his Presidency. We must be clear in our commitment to those who will bear the burden of expanded imports from Mexico and Canada.

Environment: We must protect our environment. We must ensure that there will be adequate funding for the environmental cleanup and the necessary infrastructure along the border to handle the development and increased traffic.

Farmers: We need to help the farmers who may be hurt by NAFTA. We can assist by: strict application of U.S. pesticide requirements to imported food; establishing that growers who lose out to Mexican competition are eligible for worker assistance; and utilizing more of the existing agricultural programs to help growers identify alternative crops where they would be more competitive.

Open Up Resolution Process: To ensure greater public participation in the NAFTA dispute process, especially in the environmental area, U.S. laws should provide for individuals and groups to participate in crafting the U.S. Government's position in ongoing NAFTA disputes, and to petition the U.S. Government to commence a challenge under NAFTA to an objectionable Mexican or Canadian activity.

Ensure Cross Border Workers Do Not Cause Harm: We must make sure that NAFTA does not open loopholes for foreign workers. For example, we must ensure that "professional workers," such as nurses, are not brought in as strikebreakers and that Mexican truck drivers are subject to more U.S. inspections.

Supplemental Agreements: Each of the items above can be achieved by actions by our own Administration and the Congress. In addition, there are three areas where we must negotiate supplemental agreements. Two of these must be with both the Mexican and Canadian governments, while a third would involve an agreement only between Mexico and the United States.

Supplemental Agreement for Environmental Commission and Standards: We must establish an environmental commission with substantial powers and resources to clean up and prevent border pollution. Governor Clinton would ask Senator Gore to take charge of establishing this commission and to ensure it does work to protect the environment. The commission would also encourage the enforcement of the countries' own environmental laws. It should have funding from all three nations to educate, train, undertake construction projects, and develop minimum standards. It would also have the power to provide remedies, such as money damages and injunctions, and the power to prevent pollution. Governor Clinton would use the detailed protections for intellectual programs and investment in the present NAFTA agreement as an analogy, and he would negotiate an agreement with Mexico and Canada that enhances each country's ability to enforce its environmental standards. This agreement would require a wide variety of procedural safeguards and remedies, such as easy access to the courts, public hearings and the right to present evidence, streamlined procedures, and effective remedies.

Supplemental Agreement for Worker Commission and Standards: We should also establish a second commission with similar powers for worker standards and safety and stress on enforcement. It should have extensive powers to educate, train, develop minimum standards and have similar dispute resolution powers and remedies. We need an agreement to encourage each country to enforce its own worker standards, with a wide variety of procedural safeguards and remedies, such as easy access to the courts, public hearings, the right to present evidence, streamlined procedures and effective remedies. Citizens must be able to bring suit in their own courts when they believe their domestic worker standards are not being enforced.

Supplemental Agreement on Special Safeguards on Unexpected Surges: Establish a bilateral special safeguard mechanism with Mexico to respond to unexpected surges in imports. It is only prudent to preserve this option as NAFTA is implemented.

NAFTA

TEXT OF LETTER TO PRESIDENT CLINTON
HEALTH CARE REFORM BEFORE NAFTA

July 27, 1993

The Honorable William J. Clinton
President of the United States
The White House
Washington, DC 20500

Dear Mr. President:

We are writing to urge you to withhold submission of legislation to implement the North American Free Trade Agreement until we have considered and passed health care reform legislation.

We believe health care reform will be one of the most complex legislative initiatives undertaken by Congress. Passage of a plan that controls costs and provides health security for all Americans will require our full attention.

The debate over NAFTA will be difficult and divisive. It will detract from our efforts to build a broad coalition of support for health care reform.

While we each hold different opinions about the merits of NAFTA, we all agree that health care reform must come first.

Sincerely,

(Signatories as of press time listed on reverse.)

Signatories on Letter to President Clinton
Health Care Reform Before NAFTA

Abercrombie, Neil (HI)
Applegate, Douglas (OH)
Barca, Peter W. (WI)
Barcia, James A. (MI)
Barlow, Thomas J., III (KY)
Bilbray, James H. (NV)
Bonior, David E. (MI)
Borski, Robert A. (PA)
Brown, George E., Jr. (CA)
Brown, Sherrod (OH)
Byrne, Leslie L. (VA)
Clayton, Eva M. (NC)
Clement, Bob (TN)
Clyburn, James E. (SC)
Collins, Barbara-Rose (IL)
Collins, Cardiss (MI)
Conyers, John, Jr. (MI)
Cramer, Robert E., Jr. (AL)
Danner, Pat (MO)
Darden, George (Buddy) (GA)
DeFazio, Peter A. (OR)
DeLauro, Rosa L. (CT)
Dellums, Ronald V. (CA)
de Lugo, Ron (VI)
Derrick, Butler (SC)
Deutsch, Peter (FL)
Engel, Eliot L. (NY)
English, Karan (AZ)
Eshoo, Anna G. (CA)
Evans, Lane (IL)
Farr, Sam (CA)
Filner, Bob (CA)
Flake, Floyd H. (NY)
Foglietta, Thomas S. (PA)
Ford, William D. (MI)
Frank, Barney (MA)
Furse, Elizabeth (OR)
Gejdenson, Sam (CT)
Gonzalez, Henry B. (TX)
Green, Gene (TX)
Gutierrez, Luis V. (IL)
Hamburg, Dan (CA)
Harman, Jane (CA)
Hastings, Alcee L. (FL)
Hilliard, Earl F. (AL)
Hinchey, Maurice D. (NY)
Hochbrueckner, George J. (NY)
Holden, Tim (PA)
Hughes, William J. (NJ)
Jacobs, Andrew, Jr. (IN)
Kaptur, Marcy (OH)
Kildee, Dale E. (MI)
Kleczka, Gerald D. (WI)
Klein, Herb (NJ)
Klink, Ron (PA)
LaFalce, John J. (NY)
Lancaster, H. Martin (NC)
Lantos, Tom (CA)
LaRocco, Larry (ID)
Lehman, Richard H. (CA)
Lewis, John (GA)
Lipinski, William O. (IL)
Lloyd, Marilyn (TN)
McKinney, Cynthia A. (GA)
Martinez, Matthew G. (CA)
Meehan, Martin T. (MA)
Miller, George (CA)
Mink, Patsy T. (HI)
Mollohan, Alan B. (WV)
Murtha, John P. (PA)
Nadler, Jerrold (NY)
Neal, Stephen L. (NC)
Oberstar, James L. (MN)
Obey, David R. (WI)
Olver, John W. (MA)
Owens, Major R. (NY)
Pallone, Frank, Jr. (NJ)
Payne, Donald M. (NJ)
Pelosi, Nancy (CA)
Peterson, Collin C. (MN)
Pomeroy, Earl (ND)
Poshard, Glenn (IL)
Rahall, Nick J., II (WV)
Roemer, Tim (IN)
Rose, Charlie (NC)
Rush, Bobby L. (IL)
Sanders, Bernard (VT)
Schenk, Lynn (CA)
Strickland, Ted (OH)
Stupak, Bart (MI)
Swett, Dick (NH)
Thompson, Bennie G. (MS)
Thurman, Karen L. (FL)
Towns, Edolphus (NY)
Traficant, James A., Jr. (OH)
Unsoeld, Jolene (WA)
Velázquez, Nydia M. (NY)
Vento, Bruce F. (MN)
Volkmer, Harold L. (MO)
Washington, Craig A. (TX)
Waters, Maxine (CA)
Wheat, Alan (MO)
Woolsey, Lynn C. (CA)

NAFTA Timing: Bonior Letter

Background

About 100 House Democrats, including Majority Whip Dave Bonior, have written to the President saying he will jeopardize chances of passing health care reform if he pushes ahead with NAFTA. Increasingly, there is speculation that the Administration will have to make a decision as to whether to push ahead with one or the other of these initiatives.

Talking Points

-- The President remains committed to reform of our health care system and to completing negotiations on the North American Free Trade Agreement. Our intention is to press both initiatives in close consultation with Congress. We are confident that we can gain Congeressional approval for both of these important inititiatves.

-- Health care reform and the NAFTA negotiations are on separate tracks, and I don't think it's useful to try to link them simply because they may both come up for Congressional consideration at about the same time.

-- In the case of the North American Free Trade Agreement, we have always said that we intend to submit NAFTA to Congress once good side agreements have been reached on issues related to labor standards and environmental protection. An agreement accompanied by side agreements addressing these areas can be an important step in creating new markets in Canada and Mexico for American exports and new jobs for American workers.

-- We are not underestimating the size of the task ahead in making the case to the American people and to Congress for health care reform and NAFTA. But the President believes these are vital initiatives, and he will pursue them vigorously.

Nafta

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release November 2, 1993

REMARKS BY THE PRESIDENT
TO NAFTA DISTINGUISHED AMERICAN ENDORSEMENT EVENT

The East Room

3:20 P.M. EST

THE PRESIDENT: Thank you very much, President Carter, Mr. Vice President, all the distinguished people who have spoken here today.

I would like to begin by making two observations. First of all, after hearing what has been said I'm pretty proud to be an American today. And I think all of you should be, too. (Applause.) Secondly, I have been sent an extraterrestrial telegram stating that "I, too, am for NAFTA", signed Otto von Bismarck. (Laughter.)

You know, it is something of note that every living President, Secretary of State, Secretaries of Defense, national security advisors, Secretaries of Commerce, leaders of the Federal Reserve, distinguished contributors to the American spirit like John Gardner and Father Hesburgh and other great American citizens all support this agreement -- for economic reasons, for foreign policy reasons. Our own Secretary of State Warren Christopher is in California even as we are here, talking about the foreign policy implications of NAFTA for our government and our country.

Why have all of us declared this issue above politics? Why have we come to agree that whatever else has divided us in the past, this will weld us together in the cause of more jobs for our people, more exports for our markets and more democracy for our allies? Why do we all know down deep inside that this would be such a profound setback for America and the world economy and in the new global polity we are striving we are striving so honestly to create?

Why are we so willing to say no to partisan politics and yes to NAFTA? I think it is because we know, as all of these have said in different ways, that NAFTA reflects this moment's expression of all the lessons we have learned in the 20th century. It reflects this moment's expression of what we learned not to do after World War I, what we learned what we had to do during and after World War II. It reflects the sheer economic weight of argument that Mr. Samuelson referred to, that we have seen even more expressed just in the last few years when a higher and higher percentage of our new jobs in this country are clearly traceable directly to exports.

I see it in my own work here. For years and years and years our allies in Europe and Asia said, well, if America really wanted to promote global growth, you would do something about your deficit and get your interest rates down and quit taking so much money out of the global economy. And so we have tried to do that. And we have low interest rates and the deficit is coming down, and our own deficit this year was much lower, in no small measure because of those lower rates.

But we still have this great global recession. Why? Because we are not trading with one another; we are not buying and selling and investing across national lines and sparking the kind of

MORE

global growth that is the only way any wealthy country, anyway, generates any new jobs.

No one attacking NAFTA has yet made a single solitary argument to refute this essential point: There is no evidence that any wealthy country -- not just the United States, anyone -- not one, can create new jobs and higher incomes without more global growth fueled by trade. If you strip away all the other arguments, no one has offered a single solitary shred of evidence to refute that central point.

And I know there is great insecurity and instability in all the wealthy countries in the world. You can say whatever you want about this being the first Tuesday in November, you've seen a lot of other Tuesday's come along in other nations, great political upheavals all across the world -- why? Because people feel the walls are closing in on them.

And in truth, I think when you strip all this away, we are facing a real decision about whether the psychological pressures of the moment will overcome what we know in our hearts and our minds is the right thing to do. Whether the same pressures that people in Canada feel, or France, or Japan, in a time when wealthy countries are not generating new jobs and people are working harder for stagnant wages, will those pressures make us do what is easy and, perhaps, popular in the moment? Or will we do what we should really do, the honorable thing to do to respond to those pressures is to take an action that may not be popular in the moment, but that actually holds the promise of alleviating the pressures?

If we believe the feelings, the anxieties are legitimate, as has been said already by other speakers, then don't we have the obligation to do what will alleviate the anxieties over the long haul, instead of play to them in the moment? That, in the end, is what this decision is all about. That is really what we mean when we say the secret ballot on this issue has already been won.

These students over here to my left are from my alma mater, Georgetown. And when I was in their place 25 years ago now, when we were studying global affairs, we came out really worrying about and thinking about the Cold War and trying to debate exactly how much the pattern of the bipolar world could be manifested in every -- development, in every country in the world, in every region of the world. And sometimes we were wrong and sometimes we were right. But at least we had a framework within which to view the world.

As Dr. Kissinger said, we are in the process now of creating a new framework. And a lot of people are complaining about how we don't have all the answers -- I don't mean "we," the administration, I mean we, the people. But I say to you, many of you in this room are old enough to remember, and I think I now qualify in that category -- there are a lot of generations of Americans who would kill to be alive and of age in this time with this set of problems.

I mean, who are we to complain about this set of problems? Very few mornings do I come to work in the Oval Office and wonder about whether some decision I make can spark a nuclear war. Very few mornings do I wonder whether, even in all the difficulties we face, we might make an economic error and a quarter of our people will be out of work, as they were during the Great Depression.

We see people in positions of responsibility going around wringing their hands about the difficulties of the moment. Yes, it's a new time. It's always difficult in a new time to see the future with clarity and to have the kind of framework you need. But none of that is an excuse to give into the emotional pressure of the moment instead of to take steps that will alleviate the pressure. That is the dilemma before us.

You know, it's true that it's good for us economically. It's also true that what Mexico gets out of it is investment, so that if we don't take this deal somebody else probably will. And that will be bad for us economically, as has already been said by President Carter. But the real thing that this is about is how we are going to view ourselves as we relate to the rest of the world. Because this -- keep in mind, this is not an isolated incident. This is not just a trade deal between the United States and Mexico; not even a deal that affects our relationships with the rest of Latin America, although that's where the real jobs and long-term economic benefit to us lie, perhaps -- not even a deal that will get the GATT agreement by the end of the year, although, I tell you, it will give enormously increased leverage to the United States to push that agreement through by the end of the year if this passes -- enormous, and great incentive to other nations to support this. But over and above that, this is a decision which will demonstrate whether in this difficult moment, we still have confidence in ourselves and our potential.

And I would say to all of you, anything you can do to the people at large and to the Congress in particular, to instill that confidence again is very important. If we have lost our way at all in the last couple of years it is in not having any historic memory. These are difficult problems. But for goodness sakes, give us these problems as compared with many of those our forbearers faced. And give us these problems as compared to those we are about to create if we start turning away from the world that is plainly before us.

Help us to give the Congress the freedom, the confidence, the courage that is inside every member of the Congress waiting to be brought out. Help to give them the space they need to take the steps they know are right for America.

This is about whether we really have confidence in ourselves. I believe with all my heart the next 20 years can be the best we ever had. But they're going to require some tough decisions, some difficult moments, some uncertain moments.

What do you do in moments like that? Do what the priests would tell you to do: fall back on what you believe and what you know is right. What we know is right for America is to be confident, to reach out, to believe in ourselves and our potential, to believe that we can adjust to change, just as we have been doing for 200 years now.

Make three calls, make 12 calls, make two dozen calls. For goodness sakes, make however many you can. But, remember, this is a test of our confidence. Every one of you can give confidence to someone else by the life you have lived, the experiences you have had, the things that you know. Give it now. We need it.

Thank you very much. (Applause.)

END 3:32 P.M. EST

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release November 2, 1993

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Thank you very much. (Applause.)

END 3:32 P.M. EST

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release September 14, 1993

REMARKS BY PRESIDENT CLINTON, PRESIDENT BUSH, PRESIDENT CARTER, PRESIDENT FORD, AND VICE PRESIDENT GORE IN SIGNING OF NAFTA SIDE AGREEMENTS

The East Room

10:39 A.M. EDT

VICE PRESIDENT GORE: Ladies and gentlemen, please be seated. We'd like to welcome all of you. President and Mrs. Ford, President and Mrs. Carter, President Bush, Mr. President, to the First Lady, to the Ambassador of Mexico, Mr. Montano, Ambassador Keegan of Canada, Ambassador Kantor. To the distinguished leaders of Congress here -- the Speaker of the House Tom Foley -- I got you all a little out of order, I apologize -- and to the Majority Leader, Senator Mitchell; to the Republican Leader, Senator Dole; the Minority Leader of the House Bob Michel; to all of the distinguished members of the House and Senate who are here. To the other members of our Cabinet -- of President Clinton's Cabinet who are here -- Secretary Christopher, Secretary Bentsen, Secretary Espy, Secretary Reich, Secretary Riley, Secretary Browner, Secretary Babbitt, Attorney General Reno, OMB Director Panetta. And to all of the distinguished guests who are present. We deeply appreciate the demonstration of support for a treaty of such importance to the United States of America.

If you're anything like me and my family, you're still kind of rubbing your eyes a little bit after yesterday's event, where the Prime Minister of Israel and the Chairman of the PLO were on the White House lawn. But that event has something in common with the event here this morning; something that was thought to be impossible, but good for our country and good for the world was made possible by a long series of commitments by presidents in both parties.

There are some issues that transcend ideology. That is, the view is so uniform that it unites people in both parties. This means our country can pursue a bipartisan policy with continuity over the decades. That's how we won the Cold War. That's how we have promoted peace and reconciliation in the Middle East. And that's how the United States of America has promoted freer trade and bigger markets for our products and those of other nations throughout the world. NAFTA is such an issue.

The presence of three former presidents, two Republicans and one Democrat, to join President Clinton here today on this stage, is evidence of our country's ability to support what is in our nation's best interest over the long term without respect to partisanship.

Arthur Vandenberg, the Senator most identified with bipartisanship during and after World War II once wrote: "Bipartisanship does not involve the remotest surrender of free debate in determining our position. On the contrary, frank cooperation and free debate are indispensable to ultimate unity."

We will, indeed, have much room for free debate during this controversy. That it is in our nation's best interest to ratify and pass this treaty cannot be left to doubt. The person who is

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leading the fight and who has marshaled support in both parties is the person it is my pleasure to introduce now. The President of the United States, Bill Clinton. (Applause.)

THE PRESIDENT: Thank you very much. Mr. Vice President, President Bush, President Carter, President Ford, ladies and gentlemen. I would like to acknowledge just a couple of other people who are in the audience because I think they deserve to be seen by America since you'll be seeing a lot more of them: my good friend, Bill Daley, from Chicago; and former Congressman Bill Frenzel from Minnesota, who have agreed to lead this fight for our administration on a bipartisan basis. Would you please stand and be recognized. (Applause.)

It's an honor for me today to be joined by my predecessor, President Bush, who took the major steps in negotiating this North American Free Trade Agreement; President Jimmy Carter, whose vision of hemispherical development gives great energy to our efforts and has been a consistent theme of his for many, many years now; and President Ford who has argued as fiercely for expanded trade and for this agreement as any American citizen and whose counsel I continue to value.

These men, differing in party and outlook, join us today because we all recognize the important stakes for our nation in this issue. Yesterday we saw the sight of an old world dying, a new one being born in hope and a spirit of peace. Peoples who for a decade were caught in the cycle of war and frustration chose hope over fear and took a great risk to make the future better.

Today we turn to face the challenge of our own hemisphere, our own country, our own economic fortunes. In a few moments, I will sign three agreements that will complete our negotiations with Mexico and Canada to create a North American Free Trade Agreement. In the coming months I will submit this pack to Congress for approval. It will be a hard fight, and I expect to be there with all of you every step of the way. (Applause.)

We will make our case as hard and as well as we can. And, though the fight will be difficult, I deeply believe we will win. And I'd like to tell you why. First of all, because NAFTA means jobs. American jobs, and good-paying American jobs. If I didn't believe that, I wouldn't support this agreement.

As President, it is my duty to speak frankly to the American people about the world in which we now live. Fifty years at the end of World War II, an unchallenged America was protected by the oceans and by our technological superiority; and, very frankly, by the economic devastation of the people who could otherwise have been our competitors. We chose, then, to try to help rebuild our former enemies and to create a world of free trade supported by institutions which would facilitate it.

As a result of that effort, global trade grew from $200 billion in 1950 to $800 billion in 1980. As a result, jobs were created and opportunity thrived all across the world. But make no mistake about it: Our decision at the end of World War II to create a system of global, expanded, freer trade and the supporting institutions played a major role in creating the prosperity of the American middle class.

Ours is now an era in which commerce is global and in which money, management, technology are highly mobile. For the last 20 years in all the wealthy countries of the world, because of changes in the global environment, because of the growth of technology, because of increasing competition, the middle class that was created and enlarged by the wise policies of expanding trade at the end of World War II has been under severe stress. Most Americans are working harder for less. They are vulnerable to the fear tactics and the adverseness to change that is behind much of the opposition to NAFTA.

But I want to say to my fellow Americans, when you live in a time of change the only way to recover your security and to broaden your horizons is to adapt to the change, to embrace, to move forward. Nothing we do -- nothing we do in this great capital can change the fact that factories or information can flash across the world; that people can move money around in the blink of an eye. Nothing can change the fact that technology can be adopted once created by people all across the world, and then rapidly adapted in new and different ways by people who have a little different take on the way the technology works.

For two decades, the winds of global competition have made these things clear to any American with eyes to see. The only way we can recover the fortunes of the middle class in this country so that people who work harder and smarter can at least prosper more, the only way we can pass on the American Dream of the last 40 years to our children and their children for the next 40 is to adapt to the changes which are occurring.

In a fundamental sense, this debate about NAFTA is a debate about whether we will embrace these changes and create the jobs of tomorrow, or try to resist these changes, hoping we can preserve the economic structures of yesterday.

I tell you, my fellow Americans, that if we learn anything from the collapse of the Berlin Wall and the fall of the governments in Eastern Europe, even a totally controlled society cannot resist the winds of change that economics and technology and information flow have imposed in this world of ours. That is not an option. Our only realistic option is to embrace these changes and create the jobs of tomorrow. (Applause.)

I believe that NAFTA will create 200,000 American jobs in the first two years of its effect. I believe if you look at the trends -- and President Bush and I were talking about it this morning -- starting about the time he was elected president, over one-third of our economic growth, and in some years over one-half of our net new jobs came directly from exports. And on average, those export-related jobs paid much higher than jobs that had no connection to exports.

I believe that NAFTA will create a million jobs in the first five years of its impact. And I believe that that is many more jobs than will be lost, as inevitably some will be as always happens when you open up the mix to a new range of competition.

NAFTA will generate these jobs by fostering an export boom to Mexico; by tearing down tariff walls which have been lowered quite a bit by the present administration of President Salinas, but are still higher than Americans.

Already Mexican consumers buy more per capita from the United States than other consumers in other nations. Most Americans don't know this, but the average Mexican citizen -- even though wages are much lower in Mexico, the average Mexican citizen is now spending $450 per year per person to buy American goods. That is more than the average Japanese, the average German, or the average Canadian buys; more than the average German, Swiss and Italian citizens put together.

So when people say that this trade agreement is just about how to move jobs to Mexico so nobody can make a living, how do they explain the fact that Mexicans keep buying more products made in America every year? Go out and tell the American people that.

Mexican citizens with lower incomes spend more money -- real dollars, not percentage of their income -- more money on American products than Germans, Japanese, Canadians. That is a fact. And there will be more if they have more money to spend. That is what expanding trade is all about.

In 1987, Mexico exported $5.7 billion more of products to the United States than they purchased from us. We had a trade deficit. Because of the free market, tariff-lowering policies of the Salinas government in Mexico, and because our people are becoming more export-oriented, that $5.7-billion trade deficit has been turned into a $5.4-billion trade surplus for the United States. It has created hundreds of thousands of jobs.

Even when you subtract the jobs that have moved into the Maquilladora areas, America is a net job winner in what has happened in trade in the last six years. When Mexico boosts its consumption of petroleum products in Louisiana, where we're going tomorrow to talk about NAFTA, as it did by about 200 percent in that period, Louisiana refinery workers gained job security. When Mexico purchased industrial machinery and computer equipment made in Illinois, that means more jobs. And guess what? In this same period, Mexico increased those purchases out of Illinois by 300 percent.

Forty-eight out of the 50 states have boosted exports to Mexico since 1987. That's one reason why 41 of our nation's 50 governors, some of them who are here today -- and I thank them for their presence -- support this trade pack. I can tell you, if you're a governor, people won't leave you in office unless they think you get up every day trying to create more jobs. They think that's what your jobs is if you're a governor. And the people who have the job of creating jobs for their state and working with their business community, working with their labor community, 41 out of the 50 have already embraced the NAFTA pact.

Many Americans are still worried that this agreement will move jobs south of the border because they've seen jobs move south of the border and because they know that there are still great differences in the wage rates. There have been 19 serious economic studies of NAFTA by liberals and conservatives alike; 18 of them have concluded that there will be no job loss.

Businesses do not choose to locate based solely on wages. If they did, Haiti and Bangladesh would have the largest number of manufacturing jobs in the world. Businesses do choose to locate based on the skills and productivity of the work force, the attitude of the government, the roads and railroads to deliver products, the availability of a market close enough to make the transportation costs meaningful, the communications networks necessary to support the enterprise. That is our strength, and it will continue to be our strength. As it becomes Mexico's strength and they generate more jobs, they will have higher incomes and they will buy more American products.

We can win this. This is not a time for defeatism. It is a time to look at an opportunity that is enormous.

Moreover, there are specific provisions in this agreement that remove some of the current incentives for people to move their jobs just across our border. For example, today Mexican law requires United States automakers who want to sell cars to Mexicans to build them in Mexico. This year we will export only 1,000 cars to Mexico.

Under NAFTA, the Big Three automakers expect to ship 60,000 cars to Mexico in the first year alone, and that is one reason why one of the automakers recently announced moving 1,000 jobs from Mexico back to Michigan.

In a few moments, I will sign side agreements to NAFTA that will make it harder than it is today for businesses to relocate solely because of very low wages or lax environmental rules. These side agreements will make a difference. The environmental agreement will, for the first time ever, apply trade sanctions against any of the countries that fails to enforce its own environmental laws. I might say to those who say that's giving up of our sovereignty, for people who have been asking us to ask that of Mexico, how do we have the right to ask that of Mexico if we don't demand it of ourselves? It's nothing but fair.

This is the first time that there have ever been trade sanctions in the environmental law area. This ground-breaking agreement is one of the reasons why major environmental groups, ranging from the Audubon Society to the Natural Resources Defense Council, are supporting NAFTA.

The second agreement ensures the Mexico enforces its laws in areas that include worker health and safety, child labor and the minimum wage. And I might say, this is the first time in the history of world trade agreements when any nation has ever been willing to tie its minimum wage to the growth in its own economy.

What does that mean? It means that there will be an even more rapid closing of the gap between our two wage rates. And as the benefits of economic growth are spread in Mexico to working people, what will happen? They'll have more disposable income to buy more American products and there will be less illegal immigration because more Mexicans will be able to support their children by staying home. This is a very important thing. (Applause.)

The third agreement answers one of the primary attacks on NAFTA that I heard for a year, which is, well, you can say all this, but something might happen that you can't foresee. Well, that's a good thing; otherwise we never would have had yesterday. (Laughter and applause.) I mean, I plead guilty to that. Something might happen that Carla Hills didn't foresee, or George Bush didn't foresee, or Mickey Kantor, or Bill Clinton didn't foresee. That's true.

Now, the third agreement protects our industries against unforseen surges in exports from either one of our trading partners. And the flip side is also true. Economic change, as I said before, has often been cruel to the middle class, but we have to make change their friend. NAFTA will help to do that.

This imposes also a new obligation on our government -- and I'm glad to see so many members of Congress from both parties here today. We do have some obligations here. We have to make sure that our workers are the best prepared, the best trained in the world.

Without regard to NAFTA, we know now that the average 18-year-old American will change jobs eight times in a lifetime. The Secretary of Labor has told us, without regard to NAFTA, that over the last 10 years, for the first time, when people lose their jobs most of them do not go back to their old job, they go back to a different job; so that we no longer need an unemployment system, we need a reemployment system. And we have to create that.

And that's our job. We have to tell American workers who will be dislocated because of this agreement or because of things that will happen regardless of this agreement, that we are going to have a reemployment program for training in America, and we intend to do that.

Together, the efforts of two administrations now have created a trade agreement that moves beyond the traditional notions of free trade, seeking to ensure trade that pulls everybody up instead of dragging some down while others go up. We have put the environment at the center of this in future agreements. We have sought to avoid a debilitating contest for business where countries seek to lure them only by slashing wages or despoiling the environment.

This agreement will create jobs, thanks to trade with our neighbors. That's reason enough to support it. But I must close with a couple of other points. NAFTA is essential to our long-term ability to compete with Asia and Europe. Across the globe our competitors are consolidating, creating huge trading blocks. This pact will create a free trade zone stretching from the Arctic to the tropics, the largest in the world -- a $6.5 billion market, with 370 million people. It will help our businesses to be both more efficient and to better compete with our rivals in other parts of the world.

This is also essential to our leadership in this hemisphere and the world. Having won the Cold War, we face the more subtle challenge of consolidating the victory of democracy and opportunity and freedom.

For decades, we have preached and preached and preached greater democracy, greater respect for human rights, and more open markets to Latin America. NAFTA finally offers them the opportunity to reap the benefits of this. Secretary Shalala represented me recently at the installation of the President of Paraguay. And she talked to presidents from Colombia, from Chile, from Venezuela, from Uruguay, from Argentina, from Brazil. They all wanted to know, tell me if NAFTA is going to pass so we can become part of this great new market. more, hundreds of millions more of American consumers for our products.

It's no secret that there is division within both the Democratic and Republican parties on this issue. That often happens in a time of great change. I just want to say something about this because it's very important. Are you guys resting? (Laughter and applause.) I'm going to sit down when you talk, so I'm glad you got to do it. (Laughter.) I am very grateful to the presidents for coming here because there is division in the Democratic Party and there is division in the Republican Party. That's because this fight is not a traditional fight between Democrats and Republicans, and liberals and conservatives. It is right at the center of the effort that we're making in America to define what the future is going to be about.

And so there are differences. But if you strip away the differences, it is clear that most of the people that oppose this pact are rooted in the fears and insecurities that are legitimately gripping the great American middle class. It is no use to deny that these fears and insecurities exist. It is no use denying that many of our people have lost in the battle for change. But it is a great mistake to think that NAFTA will make it worse. Every single solitary thing you hear people talk about that they're worried about can happen whether this trade agreement passes or not, and most of them will be made worse if it fails. And I can tell you it will be better if it passes. (Applause.)

So I say this to you: Are we going to compete and win, or are we going to withdraw? Are we going to face the future with confidence that we can create tomorrow's jobs, or are we going to try against all the evidence of the last 20 years to hold on to yesterday's? Are we going to take the plain evidence of the good faith of Mexico in opening their own markets and buying more of our products and creating more of our jobs, or are we going to give in to the fears of the worst-case scenario? Are we going to pretend that we don't have the first trade agreement in history dealing seriously with labor standards, environmental standards and cleverly and clearly taking account of unforeseen consequences, or are we going to say this is the best you can do and then some?

In an imperfect world, we have something which will enable us to go forward together and to create a future that is worthy of our children and grandchildren, worthy of the legacy of America, and consistent with what we did at the end of World War II. We have to do that again. We have to create a new world economy. And if we don't do it, we cannot then point the finger at Europe and Japan or anybody else and say, why don't you pass the GATT agreement; why don't you help to create a world economy. If we walk away from this, we have no right to say to other countries in the world, you're not fulfilling your world leadership, you're not being fair with us. This is our opportunity to provide an impetus to freedom and democracy in Latin America and create new jobs for America as well. It's a good deal and we ought to take it.

Thank you. (Applause.)

(NAFTA side agreements are signed.) (Applause.)

I'd like to ask now each of the presidents in their turn to come forward and make a statement, beginning with President Bush and going to President Carter and President Ford. And I will play musical chairs with their seats. (Laughter and applause.)

PRESIDENT BUSH: Thank you very much. I thought that was a very eloquent statement by President Clinton, and now I understand why he's inside looking out and I'm outside looking in. (Laughter and applause.)

But this is an outstanding statement that really covered all the bases, and I'm just delighted to be here to speak for NAFTA. I salute, sir, all in your administration, particularly Mr. Kantor and his team who worked to bring these agreements to fruition; who are continuing now to try to get NAFTA through -- Bill Daley and Bill Frenzel -- outstanding co-workers in the best nonpartisan, bipartisan sense. We're proud of them.

And, of course, I am very proud of those with whom I worked to sign a NAFTA agreement: Jim Baker, Bob Mosbacher, certainly Brent Scowcroft, and particularly the toughest of them all, Carla Hills, whose over here with us today. (Applause.)

And I certainly salute former Presidents Carter and Ford for their speaking out so strongly. My predecessor, Ronald Reagan had a beautiful piece, op-ed piece in the paper the other day spelling out why we must pass this. So it is a bipartisan agreement. You heard an eloquent statement by the President about jobs, and let me just say a word on another facet of this, which he also touched on.

Under Carlos Salinas, a truly courageous young leader, Mexico has changed. And they have moved on environmental matters and on labor matters. And they're working closely with us in the narcotics fight. They're good neighbors and they're good friends, and they're good partners. And on a wide array of fronts, Mexico's courageous young President has tangled with his own bureaucracy, taken on his own special interests. Moving to privatization, he's dramatically improved Mexico. And now the whole world -- and President Clinton touched on this -- particularly those countries south of the Rio Grande are watching and they're wondering if we're going to go through with this excellent agreement.

Other countries in South America want in, as the President said. And in my view, we should encourage similar deals with other countries because that just simply means more jobs for Americans.

Skeptics abound. Many are taking the cheap and easy way out on this one, appealing to demagoguery and to interests that are very, very special. There's been some longstanding feeling down below our border -- oh, well, the United States will make a free trade agreement with Canada, but when it comes to Latin America, when it comes to Hispanics, see if they'll do the same thing for Latin countries. And if we fail, the losers will be those in South America, not just in Mexico who want better relations with us, and the biggest loser, of course, in my view, will be the good old USA.

Democracy is one the rise in this hemisphere, anti-Americanism is waning, and I honestly believe democracy will be given a setback in those countries if we fail to pass this outstanding agreement. We must say to Mexico that we want you as equal trading partners, and that's good for both of us.

So let's not listen to those who are trying to scare the American people, those demagogues who appeal to the worst instincts that our special interest groups possess, let's do what is right and let's have enough confidence in ourselves, as the President just said, to pass this good agreement.

Thank you very much. (Applause.)

PRESIDENT CARTER: Well, this is as much excitement and as important an issue in this room as when Barishnikov danced, or Leontyne Price sang, or Horowitz and I were trying to arrange the carpet so his piano would sound the best, or Willy Nelson played a guitar, whichever you prefer. (Laughter.) But I don't think there's any more important issue that could have come up than this one in this year.

Since I left the White House, which is a long time ago, we've spent a lot of time in Latin America. The Carter Center has special programs, one of which is to promote democracy. With my good friend, Gerald Ford, we went to Panama to try to bring both peace and democracy to that country. It finally came with the help of George Bush. We went into Nicaragua to try to hold an honest election and to replace a communist regime. We went to Haiti and to the Dominican Republic and, later on, to Guyana, and just recently to Paraguay. And just this month they've inaugurated a democratically-elected civilian to be the President of Paraguay.

The point is that there is a wave of democracy brought about by the strong U.S. human rights policy that is indeed inspirational to us and is very beneficial to those of us who live in the United States.

We haven't made any progress on Cuba. And Mexico has a long way to go to have a truly honest democratic election. But I think the single most important factor that will democracy and honest elections to our next-door neighbor is to have NAFTA approved and implemented. If this is done, then I believe that we will have rich dividends for our own country.

I'm not going to go into detail about how this will be done. I think you can see it clearly. And I'll get to that in just a few minutes. The two most rapidly growing trade areas in the world are Asia and Latin America. Asia is rapidly growing because their exports to us are increasing. Latin America is rapidly growing because our exports to them are increasing. It's obvious to everyone who looks at this rationally that it's much better to have democracy, freedom and eager markets for American products among our next-door neighbors, who have always looked to the United States with intense interest, far exceeding what I even realized when I was President -- sometimes with trepidation, sometimes with admiration, and sometimes with confidence.

We've seen what happens with the Contra war. We've seen what's happened with the allegations about human rights violations in Guatemala and El Salvador. But there's a pent-up desire to match their own commitments to peace, to freedom, to democracy, and to human rights with ours, if we demonstrate to them that we have proper respect for them as human beings and as neighbors.

This is not always clear. Foreigners don't understand the lack of continuity in the administrations in Washington. But in just my brief time in politics I've seen the importance of that. Under President Lyndon Johnson, there was a crisis created and diplomatic relations broken with Panama. The operation of the Panama Canal was in danger. After President Johnson came a series of Democratic and Republican presidents, each one committed to having an honest and decent Panama Canal treaty. It was finally passed under my administration -- one of the most difficult and courageous acts that members of the Senate ever took.

I called on President Nixon, I called on President Ford to help me and we narrowly got the two-thirds majority necessary. It's only been because of that and other things that Latins see that we can have bipartisan support of common goals as it affects our neighbors.

Yesterday I was filled with emotion at the signing ceremony just a few yards from here, something that I knew would happen someday perhaps, but maybe not in my own lifetime. And the handshake that has inspired the world took place because President Nixon and President Ford, and then I and then President Reagan and President Bush and Bill Clinton all were committed to a common purpose. Democrats and Republicans working together to help bring peace to the Middle East.

We don't know what's going to happen in the future. There's a lot of uncertainty about it. But nobody can doubt that this was brought about only because our two major parties in this country were able to put aside the differences that are narrow and self-serving and partisan, and say for a common purpose we will cooperate.

President Bush obviously started the NAFTA agreement, a very superb achievement for him. There were some honest problems with it. I called Bill Clinton only three times during his administration -- during his campaign. I was for him from the beginning. It's the first time I ever said this publicly, but I'm proud of it. (Laughter.) Because I've tried to stay neutral, you know, within the Democratic Party, but Rosalynn and I were for Bill. I called him three times. One of those time was when I feared that he might make a public statement denouncing the North American Free Trade Agreement. And he said, okay, I will be for it, but with provisos. We've got to do something about labor, to protect the working people of our country, and we've got to do something about the environment. That has now been done. The side agreements have alleviated the serious questions that did arise about NAFTA. That's been done.

Finally, let me say that in a time like this with an earth-shaking change in international relations confronting us, there are those who doubt the ability, or even the integrity of government. That exists, I guess, in all countries and in ours as well. And there are those who are uncertain about the future and doubtful about their own jobs.

NAFTA, as has been so eloquently described by our President and by President Bush, will alleviate those legitimate concerns. But unfortunately, in our country now, we have a demagogue who has unlimited financial resources and who is extremely careless with the truth, who is preying on the fears and the uncertainties of the American public. And this must be met, because this powerful voice can be pervasive, even within the Congress of the United States, unless it's met by people of courage who vote and act and persuade in the best interest of our country. (Applause.)

I just want to make one other brief comment, and that is about the consequences of failure. I cannot think of any other failure, even including a rejection of the Panama Canal Treaties, which may have brought a war, that will be more far-reaching than the rejection of our Mexican neighbors, who have put their faith in a Republican President and his allies, George Bush, and a Democratic administration that follows.

If we fail, I think it would be the end of any hope in the near future that we'll have honest democratic elections in Mexico. The illegal immigration will increase. American jobs will be lost. The Japanese and others will move in and take over the markets that are basically and rightly ours.

So I'm not trying to be a foreseer of doom, but I do believe that we ought to think not only about the benefits to be derived from this agreement, but we ought to be deeply concerned about the well-being of our nation that will be in danger if we fail. We cannot afford to fail. (Applause.)

PRESIDENT FORD: It's a very, very high honor and a very great privilege for me to have the opportunity to follow each of the former Presidents and President Clinton to indicate my very strong affirmative endorsement of the NAFTA Agreement. I will not repeat what each one of them have said -- they've done it eloquently and convincingly -- but I'm old enough and have been around this town long enough to remember some things that ought to be put on the table.

Right after World War II, there was a tremendous effort by Democratic presidents, Republican presidents, Democratic congresses and Republican congresses to pass what we then called reciprocal trade legislation. And the aim and objective, as Lloyd Bentsen well knows, was to undo the stupidity of what had been done in 1930 and '31 by the then-Congress of the United States to pass what they called the Smoot-Hawley Tariff Act, which raised tariffs all around the United States to prevent any imports. And the net result was, we, the United States, could not sell abroad.

And in order to undo that very unwise decision back in '30 and '31, Republicans and Democrats, the White House and the Congress strongly supported the kind of legislation that has led to tremendous expansion of trade on a global basis.

I don't recall the statistical data, but the truth is that world trade has been the real engine that has given the free Western industrial nations the capacity to have prosperity and growth.

In my judgment, NAFTA is a follow-on to what was done in the post-World War II period to undertake a new global effort. And the consequence of NAFTA, as has been pointed out by my predecessors, is vitally important not only for the United States, this hemisphere, and the globe, but it's important primarily for jobs that are going to be built here in the United States. Our exports will expand tremendously, as the President has pointed out.

And then let's look at what has happened in our neighbor to the south. A few of us can remember five, six years ago when we were deeply concerned with Mexico's $100-billion foreign debt, how was that going to be resolved. We were worried about runaway inflation in Mexico, over 100 percent. We were concerned about the instability of government in our good neighbor to the south.

In my judgment, President Salinas has done a fantastic job. You no longer hear about their foreign debt. They've privatized banks, airlines, et cetera. They've reduced inflation from 100 percent to less than 10 percent. Mexico is a growing, thriving neighbor, and we should be happy.

I fear very strongly that if NAFTA is defeated it could have serious political and economic ramifications in Mexico. Under Salinas, jobs are growing, wages are going up. Mexicans want to stay in Mexico and work in Mexico.

I read the other day a prominent Mexican political leader said, pass NAFTA and we will have jobs for Mexicans in Mexico. Defeat NAFTA and there will be a tremendous flow of Mexicans to the United States wanting jobs in the United States. We don't want that. We want Mexicans to stay in Mexico so they can work in their home country. We don't want a huge flow of illegal immigrants into the United States from Mexico.

And I say with all respect to my former members of the House and the Congress, don't gamble. If you defeat NAFTA, if you defeat NAFTA, you have to share the responsibility for increased immigration to the United States, where they want jobs that are presently being held by Americans. It's that cold-blooded and practical. And members of the House and Senate ought to understand that.

I think it's a matter of tremendous importance for NAFTA to be approved so we can solidify 370 million people in all of Western society. So we can have growth, prosperity, jobs from the Arctic to the Antarctic. And I applaud those -- President Bush, Carla Hills and her associate, President Clinton, Mickey Kantor and his -- for bringing before this country an opportunity for future prosperity and good living for people in this entire hemisphere.

We can't afford to make the stupid, serious mistake that was made in the 1930s and 1931 with the passage of legislation that tried to put a protective ring around the United States with high tariffs and high tariff barriers. So I hope and trust that the Congress, the House and Senate, will respond affirmatively. It's good for the United States. It's good for our people in the Western Hemisphere.

And I'm pleased to be here this morning to join President Clinton and his associates on this occasion. Thank you very much. (Applause.)

PRESIDENT CLINTON: I wanted you to welcome Mrs. Carter and we're going -- (applause.) Let me again express my profound thanks on behalf of all of us to President Bush, President Carter and President Ford; and close the meeting by invoking a phrase made famous last year by Vice President Gore: "It's time for us to go." (Laughter.) Thank you very much. (Applause.)

END 11:33 A.M. EDT

Nafta

Perot just plain wrong

Whatever most people thought of Jimmy Carter when he left the White House, they knew he was an honest man. He still is.

This week, Carter bluntly called Ross Perot "a demagogue" for his fearmongering about the North American Free Trade Agreement.

A harsh label. But Perot has earned Carter's depiction of him as a man "who is extremely careless with the truth."

Some examples:

Perot: NAFTA will create "a massive shift of the U.S. beef industry from the United States to Mexico."

Fact: Mexico has been exempt for 10 years from U.S. limits on beef imports; NAFTA will immediately eliminate Mexico's 15%-25% tariffs on U.S. beef — increasing U.S. exports.

Perot: "NAFTA is backdoor deregulation of U.S. health and environmental standards."

Fact: Nothing in NAFTA will change any federal or state environmental, food-safety or health standard.

Perot: NAFTA puts "at risk" the jobs of "5.9 million production workers" in 75 industries.

Fact: The "at risk" number is a total fabrication. It includes defense companies that would be barred from moving to Mexico for national security reasons, bakeries, pulp mills and a host of businesses that sell to local markets.

Perot: "NAFTA jeopardizes the safety of American travelers ... by opening U.S. roads to trucks and drivers who do not meet U.S. minimum safety standards."

Fact: Mexican trucks must meet U.S. safety and environmental standards. Mexican drivers meet licensing standards like those in the USA.

Hundreds of other examples support Carter's case. Such demagoguery ill serves the nation. People need facts, not unfounded fears.

▶ Perot strikes back, 8A

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Facts and fiction of NAFTA

In recent years, partisan rancor has made it tough for Americans to work together on important issues. Too often, political leaders have spent their time calling each other Greedy Conservatives or Tax-and-Spend Liberals rather than attacking real problems.

That's why the sight of four U.S. presidents — two Democrats and two Republicans — standing shoulder to shoulder to boost free trade and create jobs was so compelling. Former presidents Gerald Ford, Jimmy Carter and George Bush rose above old differences this week to join President Clinton in supporting the North American Free Trade Agreement (NAFTA).

The treaty would bind the United States, Canada and Mexico into one vibrant trading block of 360 million consumers. The free flow of goods and services would spur economic growth and generate hundreds of thousands of jobs for Americans.

This treaty would help the United States keep ahead of the common markets being created by competitors in Europe and Asia. With all of us North Americans sharing our technology and know-how, we could build the largest, most prosperous and efficient market in the world. Mr. Clinton hopes to get Congress to sign the pact by the end of the year.

> *Former presidents Ford, Carter and Bush joined President Clinton in supporting the North American Free Trade Agreement. The treaty would bind the United States, Canada and Mexico into one vibrant trading block of 360 million consumers. The free flow of goods and services would generate hundreds of thousands of jobs for Americans.*

The bipartisan unity of the four presidents was remarkable indeed. But somehow the extraordinary event was dismissed by a spokeswoman for billionaire Ross Perot as "politics as usual."

The only thing "usual" was that Perot is once again overlooking the truth in order to advance his personal political goals. The former presidential candidate is attacking NAFTA in order to promote the illusion that he cares about the working person.

At the presidents' gathering, Carter described Perot as a "demagogue who has unlimited financial resources and who is extremely careless with the truth, who is preying on the fears and uncertainties of the American public." He [illegible]ve put it could not ha[illegible]ly more accurately.

The continent-wide free trade agreement would fuel an economic boom that is already bringing jobs and growth to the U.S. economy. In Georgia alone, exports to Mexico shot up 329 percent between 1987 and 1992. Dropping the remaining trade barriers would make business surge even higher.

Perot claims that NAFTA would threaten 5.9 million American jobs as U.S. companies head south of the border. And how exactly did he arriv[illegible] figure?

Turns out he did no research. He plucked the number from a promotional brochure published by a fledgling investor fund, AmerIMex — a group trying to raise money. AmerIMex invented the figure without ever asking any companies whether they planned to move jobs to Mexico. The much-touted 5.9 million figure is fiction.

Serious economists who have conducted real research conclude that NAFTA would create 1 million U.S. jobs over five years as exports to Mexico take off.

If Perot truly wanted to help working people, he'd be telling them the truth.

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Nafta

..ta Opens More Than a Trade Door

By Bill Bradley

The North American Free Trade Agreement, from a long-term perspective, is President Clinton's most critical foreign policy decision of his first year and probably his first term. Its enactment—or defeat—will have a profound impact on our economy, on our relations with Mexico, and on prospects for political and social stability throughout the hemisphere.

The debate over Nafta so far, however, has reflected more about our anxieties than about our opportunities. Unfortunately, Nafta has become a lightning rod for these anxieties.

It would be a tragic irony if Nafta were to be defeated in the name of saving American jobs, or improving the environment, or stemming illegal immigration. Nafta did not cause our current problems. How could it? It is not yet in place. And defeating Nafta will not solve them. Indeed the truth is quite the opposite. On every point, Nafta is part of the solution.

On the economy, the inescapable truth is that Mexico currently has trade barriers that are higher than America's. Although it has made significant strides in opening its economy in the past few years, it retains high tariffs on nearly all imports of manufactured goods and it all but prohibits U.S. service providers from operating in Mexico. And yet, there are virtually no barriers to locating economic production in Mexico. Anyone who wants to relocate a factory to Mexico is free to do so now.

Nafta's Benefits

That is now, before Nafta. What Nafta does is eliminate virtually all Mexican protection of its industrial and agricultural sectors and open for the first time the Mexican market to U.S. service providers in such important fields as banking, insurance, construction and telecommunications. The U.S. eliminates a 4% tariff on Mexican goods that is less than one-half as large as the 10% Mexican tariff on U.S. goods. In other words, Nafta makes it easier to produce goods and services in the U.S. and sell to Mexico. As a result, after Nafta there will be less incentive to move production to Mexico, not more.

This is why most economic analyses project a significant increase in exports to Mexico and a net increase in jobs in the U.S. But we don't need to rely on theory to predict the effects of Nafta; the best evidence is the record to date. Since the partial opening of Mexico's economy began in the mid-1980s, American exports to Mexico have exploded, from $12.6 billion in 1986 to $40.6 billion in 1992. Mexicans today purchase more American imports per person than do the Europeans or the Japanese, supporting several hundred thousand American jobs. Even in the short-term, Nafta will lock these gains in and create hundreds of thousands of new jobs by further opening the Mexican economy.

Of course, the world is undergoing a massive economic transformation, and such change is always accompanied by worker dislocation. But the job losses related to Nafta are tiny relative to the effects of defense downsizing, competition from Europe, Japan, China and Southeast Asia, and the normal churning of the economy. According to a recent Congressional Budget Office study, the number of workers who may lose their jobs because of Nafta will be no more than 1% of all workers who lose their jobs every year.

That doesn't mean we don't need a strong worker adjustment package. We do. Or national health insurance. We do. Or pension security. We do. But the point is that worker retraining, guaranteed health coverage, and pension security aren't the prices we pay for Nafta. We need them with or without Nafta in order to treat change as an opportunity and not a threat.

But most important, we must keep our eye on the long term—the changing nature of global competition. Economic competition in the year 2020 won't consist of scattered countries nibbling at each other, but major regions operating as economic units on the global playing field. The biggest threat to American jobs does not come from Mexico but from Europe, Japan and China. With Nafta, we will be better able to save American jobs from those threats.

Unless we in North America work as partners in this game, we are going to be at a severe disadvantage in competition with these large economic centers. Europe is rapidly moving toward a single, integrated economy, while Japan has been building economic bridges throughout Southeast Asia as part of its strategy to be competitive with America and Europe in the 21st century. These strategies have not lowered wages or living standards in Japan or Germany. Quite the contrary. Strong regional links have made these countries more internationally competitive and their workers more prosperous.

But if we don't allow Nafta to help us build an economic unit that would provide advantages in technology, labor diversity, market size, and capital, we will limp behind in the race for economic growth. Nafta will enable us to combine American, Mexican and Canadian economic strengths, building a region of 360 million people that is stronger together than it could be apart.

With regard to the political and social advantages of Nafta, it is in our national interest that we have a stable, prosperous and pro-American neighbor to our south. Nafta presents a historic opportunity to ensure that relationship. Notwithstanding the knee-jerk anti-American sentiment that marked Mexican politics for generations, most Mexicans are pro-American. Nafta is a symbol of the triumph of a new optimism over traditional negativism. The level of its support in the Mexican population and the benefits it will bring reflect a sea change in official Mexican attitudes toward the U.S.

For generations, Mexico's political economy was a disaster. But in the mid-1980s, it took a 180 degree turn. It dramatically reduced its budget deficit by an amount that was the equivalent of three Gramm-Rudmans in just four years. It opened its economy to international competition and sought to return to the world capital markets after the destruction of the debt crisis. It began to make political changes toward a functioning democracy and cracked down on official corruption.

Mexico wants to see itself in the 21st century as a society that has taken its place among modern democratic nations. It has not fully arrived, but Nafta will speed Mexican progress toward a future that is irrevocably tied to the U.S., which means more democracy, a cleaner environment, and higher living standards for all the people of North America. But if Nafta is not enacted, it is conceivable that the Mexican economy will falter dramatically, creating a return to the old politics where demagogues fight bitterly for power while democracy is shunted aside.

Should we care about the Mexican economy any more than, say, the Thai economy? Absolutely. With half the population of Mexico under the age of 19, a desperate Mexican economy will produce millions of illegal immigrants flooding into America. It is better to have Mexicans working legally in a growing Mexico than taking jobs from our poorest citizens and burdening our social service system in the U.S.

What about the environment? A Mexico dedicated to its own citizenry's health and engaged on many fronts with the U.S. will be a Mexico that has a cleaner environment. Nafta will allow it to do something about it because richer nations can afford to be cleaner nations.

But perhaps most fundamentally, Nafta will show the world that we understand the post-Cold War situation to be about building bridges and including others in a common destiny. This inclusiveness has always been an American strength. Nafta demonstrates it anew. It is here that Nafta opponents are the most cynical, opposing the treaty with thinly veiled attempts to play on resentments rooted in ethnic chauvinism and to promote fears of closer relations with Mexicans.

An Ideal Opportunity

One of America's greatest strengths is our remarkable ethnic, racial and religious diversity. We must maximize that advantage, just as surely as we would utilize a strength in production, education, or geography. Nafta gives us an ideal opportunity to do so.

In the global competition of the 21st century, the ability to forge international alliances and to relate to people different from ourselves will be critical assets. More important, enacting Nafta will enrich American, Mexican and Canadian societies. It will allow us to demonstrate once again that our societies are open enough and understanding enough to be able to grow culturally as well as economically and politically.

Defeating Nafta won't create jobs, control immigration, or clean the environment. Either we address the problems of economic transformation head on, or we bury our heads in the sand, blame Nafta for situations it did not create, and accept a lower standard of living and a fraying social fabric.

Nafta opens more than a trade door. It will enhance our nation in ways that are absolutely critical to growth, progress and security in the 21st century.

Mr. Bradley is a Democratic senator from New Jersey.

THE WALL STREET JOURNAL THURSDAY, SEPTEMBER 16, 1993

Nafta

EXECUTIVE OFFICE OF THE PRESIDENT

COUNCIL OF ECONOMIC ADVISERS

WASHINGTON, D.C. 20500

THE CHAIRMAN

FOR IMMEDIATE RELEASE
MONDAY, OCTOBER 25, 1993

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CEA RESPONSE TO THE JEC REPORT ON NAFTA STUDIES

We have not yet had a chance to examine the JEC report analyzing the economic research on NAFTA's likely effects on the U.S. economy in any detail. Nonetheless our reading of the available research indicates that NAFTA will benefit the American economy both in the short run and in the long run. Recent reviews of the economic studies of NAFTA by the Congressional Budget Office, the General Accounting Office, and the Brookings Institution reach the same conclusion.

All economic models rest on simplifying assumptions, and the models that have been used by numerous researchers to predict NAFTA's effects on the U. S. economy are no exception. What is exceptional is the fact that the overwhelming majority of serious studies, using different modelling techniques and different assumptions, conclude that NAFTA will be a net positive for the United States. In a recent letter to the President, 286 academic economists, including 13 Nobel prize winners representing different political and theoretical traditions, made the same point. Although they disagree on many things, most academic economists agree that NAFTA will create jobs and encourage economic growth in the United States.

Luckily in the case of NAFTA, Americans do not have to rely solely on economic models to predict NAFTA's effects on the American economy. They need only look at the experience of the last six years. NAFTA is best understood as the continuation of a process of economic liberalization that began in Mexico in 1986. As a result of this process, our exports to Mexico have increased by 228 percent and they now support the jobs of about 700,000 American workers. NAFTA means even more exports to Mexico and the high-wage jobs which they create for American workers.

Both economic theory and economic reality provide overwhelming evidence that NAFTA will be good for the American economy.

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THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release November 2,1993

Statement By The Press Secretary

The following are statements issued by former Presidents George Bush, Ronald Reagan and Gerald Ford endorsing the North American Free Trade Agreement.

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STATEMENT OF PRESIDENT GEORGE BUSH

Few issues have attracted the support of so many leading Americans from so many walks of life as has the North American Free Trade Agreement. My own commitment to NAFTA was reinforced by the undeniable evidence that President Salinas is committed to creating a new Mexico, one built on a foundation of free enterprise. His economic reforms and his support for NAFTA show a determination to work cooperatively with the United States to build a better future for the citizens of both countries. By adopting NAFTA, we will be sending a message not only to our immediate neighbors, but throughout the hemisphere, that open and fair trade is the international hallmark of democratic societies.

STATEMENT OF PRESIDENT RONALD REAGAN

The end of the Cold War has not brought an end to the challenges we face from abroad. Today, foreign economic competitors threaten America's global economic leadership and our prosperity here at home. In the new international economic race, we cannot afford to be left behind. I support the North American Free Trade Agreement because I believe we have much to gain by its passage -- and much to lose if it is defeated. By creating new markets for our products, NAFTA means new opportunities for American economic growth and jobs. As we led the world toward the new day of freedom that has spread across the globe, we must now lead the way toward tearing down the trade barriers that have divided us.

STATEMENT OF PRESIDENT GERALD FORD

I take great pride in joining the other American presidents in bi-partisan support of the North American Free Trade Agreement. As our economy evolves in this new era of international commerce, we have an opportunity to build a future of new jobs for our workers and new economic vitality for our nation. Those who fear competition from Mexican workers have forgotten that the biggest threat to American workers in fact comes from not passing NAFTA. The skills and productivity of American workers, together with our efficient transportation and communications networks, will continue to guarantee that the jobs will remain here. The threat to those jobs comes not from companies moving south of the border; it comes from the prospect of millions of Mexicans moving here in search of work if we do not pass NAFTA. NAFTA will work for both countries because it creates new opportunities for their own workers right at home. We cannot afford to pass up this opportunity.

FILE: NAFTA

9/3/93
2:15 pm

TALKING POINTS FOR PRESIDENT CLINTON ON
APPOINTMENT OF BILL FRENZEL AS SPECIAL ADVISER FOR NAFTA

Today I'm pleased to welcome an important new asset in our bipartisan fight for expanded trade.

The North American Free Trade agreement, along with the environmental and labor side agreements we have negotiated, is essential to American competitiveness and long-term growth. NAFTA will create hundreds of thousands of new jobs here in the United States by opening up the Mexican market to our products. And for the first time, we will have enforceable mechanisms in place to ensure that companies don't move jobs to take advantage of weaker environmental or labor standards in another country. Economic change is never easy. But we must rise above partisanship if we are to do what we must to remain the world's leading economic power.

Last month I announced that Bill Daley will be serving as my Special Counsellor for NAFTA, to coordinate our fight for its ratification.

Today I am delighted to announce that former Congressman Bill Frenzel of Minnesota will join our effort as Special Adviser to the President for NAFTA. Bill was the ranking Republican on the House Ways and Means Committee and an economic leader for that party during his twenty years in Congress. He is now a Guest Scholar at the Brookings Institution. As a trade expert with a genuine commitment to economic growth, he will be especially helpful in working with his fellow Republicans who support this pact.

There is one central fact in this debate: NAFTA creates American jobs. Today I was pleased to receive a letter, signed by 284 prominent economists, liberal and conservative, who agree that NAFTA creates jobs and growth. Among them were twelve Nobel Prize winning economists. They know that our prosperity depends on our ability to export and compete. I am pleased that this overwhelming consensus of our top economists confirms that NAFTA means jobs.

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THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release November 8, 1993

PRESS BRIEFING
BY
SECRETARY OF TREASURY LLOYD BENTSEN

The Briefing Room

1:10 P.M. EST

SECRETARY BENTSEN: Well I'm delighted to be here with you and to talk a bit about what's happening to the economy. What you're seeing is what I believe to be a long-term sustainable recovery; nothing spectacular. But you've seen the gross domestic product go up in the first term, and then in the second quarter somewhat above that, and the third quarter 2.8. That's nothing terribly exciting, but it is growth. There are a lot of countries across Europe that would be delighted to have it, including Japan and Asia. But what you're also seeing is that coupled with low inflation rates and continuing long-term low interest rates, which is providing a substantial stimulus to the economy.

Now the question of NAFTA. Let me say I think we're going to win that one. It's a tough one, but the momentum is on our side and I think we'll pull it off. But what disturbs me, of course, is organized labor and their opposition. I think they're totally sincere about their concern that jobs are going to go south or to Asia or whatever. But I think they're totally wrong insofar as NAFTA. Those jobs have not moved because of NAFTA. NAFTA is not in effect. But NAFTA will do is where you have tariffs two and a half times as high from Mexico on our products going there, is on their products coming here. It will level that kind of an impediment to our trade, and that's a major plus for us.

But what does concern me, too, is the idea that we're going to retreat to our shores, that we're going to go back to protectionism. To see us -- this government and the President of the United States pushing for GATT by December the 15th -- some of the very same arguments used against NAFTA, the emotional arguments, are arguments that can be used against GATT. And I think it would be a tragedy if we would return to the days of protectionism here and fear of competition.

What you're seeing in the American worker today is the most productive worker in the world. We still have the work ethic in this country. What you're also seeing is business much more competitive than it has been in the past; and in addition to that, seeing the American worker and the American businessman understanding how important quality is in products and the demand from the consumer for that. And you're seeing him accomplish those kinds of goals. Those are major pluses for this economy of ours.

Q Mr. Secretary, Walter Mondale found it a political liability when he was labeled as the tool of organized labor in the 1984 campaign, and to some extent the same thing happened to Dukakis in '88. Is the congressional wing of the Democratic Party, much of which is against NAFTA, in danger of being labeled as a tool of the special interests, specifically the labor movement?

SECRETARY BENTSEN: I think what you're seeing, obviously, is some difference within the Democratic Party, but that's not unique to our party, and that certainly has been true of the Republican Party just as well. And insofar as any one particular

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interest dominating this party or the other, I don't think that's the case.

Q Mr. Secretary, what tactics have labor used on specific members?

SECRETARY BENTSEN: From my understanding, what I've heard is refusing to contribute to a candidate who opposes NAFTA and, obviously, they're talking about campaigning against him. These things -- when you're in an elective office, various interest groups are going to use what tactics they can to try to influence you to vote in their way.

Q Mr. Secretary, could this bill have had a chance -- would NAFTA have had a chance if President Clinton hadn't become involved so deeply? And what do you think --

SECRETARY BENTSEN: Why do you say "could it have"? It is going to win.

Q Without the President -- if President Clinton had chosen to be neutral or say he was for it and let it happen on the Hill, would it have had a chance under those circumstances?

SECRETARY BENTSEN: No, this is something that requires the leadership of the President. I think that's an imperative, and he's doing it.

Q With so many other things on his agenda, why did he choose this bill to get into when it was a creation of the previous administration?

SECRETARY BENTSEN: Well, it was a bipartisan one. It wasn't just a creation of the previous administration. As Chairman of the Finance Committee, I worked very hard for it, as I did for the Canadian-U.S. Free Trade Agreement. I happen to believe that we have the edge when it comes to international competition and I believe we create jobs here. And I think that's important for the growth of this economy.

Q Labor has been against this agreement for some time. Why did you and the President decide to take off the gloves this weekend?

SECRETARY BENTSEN: Well, I thought I'd had them off for some time. (Laughter.) No, I think it's -- you see these things as you get near the vote. They accelerate and they intensify. There's nothing unusual about that.

Q Mr. Secretary, you were -- before you were talking about NAFTA, you were talking about the state of the economy and the stimulus that lower interest rates have put into the economy already. Can you quantify that?

SECRETARY BENTSEN: Well, I quantify it by the fact that my home mortgage -- I took the ARM. I believe, obviously, that if I thought the interest rates were going to go skyrocketing, I wouldn't have settled for an ARM. Sure hope I'm right. (Laughter.)

Q Mr. Secretary, you know Ross Perot as well if not better than anybody in this administration. If labor is the big bugaboo here, the big nemesis, why elevate Ross Perot tomorrow night the way the administration is going to do with this TV show?

SECRETARY BENTSEN: I think the facts are on our side and I think that puts you in a position where I think we'll win it and I think it will be obvious. There's been such a distortion of the facts. It is getting those facts out and having a good-sized audience to watch it.

Q But again, why Mr. Perot? Why elevate him now?

SECRETARY BENTSEN: Well, I thought he was the one of them that was making the charges. We're trying to straighten that out.

Q Mr. Secretary, the election in Canada, what in fact do you think that will have on the final vote of the United States on the NAFTA?

SECRETARY BENTSEN: I don't think it's going to have any impact. And the reason I think that is because the differences I see with the labor party there is not really with NAFTA. I think they're talking about the Free Trade Agreement between the United States and Canada, and the question of what positions we might take on Durham wheat, on -- charges out of British Columbia. But you have the process set up to negotiate that. That's the largest bilateral trade agreement in the world today. You're always going to have things in contention with that much trade involved. And we have the process to consider those. We also have them under GATT.

Q Mr. Secretary, you said in your opening remarks in regard to NAFTA that you think the momentum has turned your way. Can you give us some evidence to show how the momentum is turning your way on that?

SECRETARY BENTSEN: I think we have had a number in the last two or three days who have come out and committed, and others telling us that they're going to, but want to take it on their own time to make the announcement.

Q Can you say how many people have said that? Because we have not heard people coming out and saying that they've committed.

SECRETARY BENTSEN: You've got to listen more carefully. (Laughter.) We sure have, Andrea. We've had them. And we've put them out there.

Q If the NAFTA opponents say they have 215 hard votes, do you believe them?

SECRETARY BENTSEN: No, I certainly don't believe them. (Laughter.) And I understand the idea of trying to create momentum in saying this is a done deal, forget it.

Q Why do you think, Mr. Secretary, the conventional wisdom is so wrong on this? That being the wisdom that most people think it's failing quite handily at this point.

SECRETARY BENTSEN: I remember the people that wanted to bring -- pull back the budget deal, to take it down and not follow it through to the final vote. And some of us that argued to go for it. And we won it. And if you talk about intense debate, I date back to the Panama Canal. This is a piece of cake compared to that one. (Laughter.) Let me tell you, in Texas my mail was running 100-1 against -- you'd have thought Texans had dug it. (Laughter.)

Q The President has put a lot of his personal prestige and the administration's prestige on the line for NAFTA. Given that labor is making this an issue with penalty, is the President doing that with lawmakers, telling them that they should not cross him on this or there will be a price to pay?

SECRETARY BENTSEN: You mean, explicitly? (Laughter.)

Q Implicitly?

Q Mr. Secretary --

Q Would there be a price?

SECRETARY BENTSEN: No, I believe I'd rather have hers. (Laughter.)

Q Thank you. Mr. Secretary, when you were discussing the outlook for the U.S. economy, I know earlier today you made some comments with reference to Japan's economy and that they were not stimulating enough. They've already put out three stimulus packages --

SECRETARY BENTSEN: They put out three appropriation packages. But they were relatively modest and they're in a position to do more. But I believe that cutting the income tax, putting money into consumers' pockets where they can buy products and, frankly, raise their standard of living -- you take a look at standard of living in this country, and look at wages here and wages in Japan. Wages in Japan, about 30 percent higher than ours. But if you look at the standard of living, it is higher here because of what we can buy for the wages that we earn here. And if you get that cut in income taxes, it is my hope also that they'll open up some of their markets and that you'll be able to help the consumers there insofar as better prices. And that would help us on exports.

One of the problems that we're having on exports today is the fact that Europe is not growing and Japan is not growing. And here, even at this modest growth that we're experiencing here, we're turning into the engine of growth for the G-7.

I must say, I can recall -- I can recall three years ago being at a meeting in Europe, in Yonne, France, where I remember one of the Europeans standing up and saying, "What a change in the world. The end of the Cold War. And now Europe and Japan emerging as the world's leaders and America in decline." And here it is today, they're flat on their growth, and that's better than flat otherwise.

Q Mr. Secretary, with the proposal for a G-7 meeting in January to be on Russia and other economic matters, do you think this is the time to go ahead and promote another special financial G-7 meeting to discuss growth and what Japan's contribution will be?

SECRETARY BENTSEN: Well, we'll be having one on G-7, but not in the immediacy. We've just had one.

Q About an hour ago there were some very serious charges of Mexican government corruption leveled before the House Banking Committee. And this has come up time and again with various labor movements as well. How do you calm those fears that corruption will not be a part of this NAFTA deal and that you could enforce the amendments that you --

SECRETARY BENTSEN: Let me tell you, neither one of our countries is immune to corruption. That's something we have to continue to try to root out. And they're working on it and we're working on it. I must say that this government that you're seeing today in Mexico has brought about quite a change in attitude. I look at what Pedro Aspe did with the customs officials along that border, and how he put in interns and then fired most of the older customs officials, then brought them back one at a time and then raised the salaries 10 times to try to raise them above the level of corruption -- one thing after another like that one -- to have them tell me that from the time of the revolution in Mexico to 1988, having only four Mexicans successfully prosecuted for income tax evasion -- four --

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and since that time, several hundred. And they're beginning to pay their taxes. Quite a change in attitude taking place there in Mexico.

Q Mr. Secretary, on NAFTA -- just to follow up. You didn't really give us a sense of what the administration is trying to do to convince people, beyond talking to them about the grand benefits of NAFTA. What kind of --

SECRETARY BENTSEN: What's wrong with that?

Q Well, there is a sense out there that you may be doing a little bit more. Could you give us a sense of what other kinds of things you're talking to people about?

SECRETARY BENTSEN: Well we're talking about what happens with the President going to GATT. We're talking about foreign policy as well as jobs, as well as the economy. We're talking about leadership by the United States of America. We're talking about from the days of Franklin Roosevelt when we're talking about a good neighbor policy, which was more rhetoric than reality, unfortunately -- of this window of opportunity that you've got insofar as good relations throughout Latin America, an area that is exploding in growth.

Q Mr. Secretary, there's been some talk about delaying the House vote until November 22 or later. Have you talked at all with the House leader --

SECRETARY BENTSEN: That's my bad ear, I don't hear in that. No, I don't see that, even though November 27 is a very momentous day since it's my 50th wedding anniversary. (Laughter.)

SECRETARY BENTSEN: Looks like it's going to work out. (Laughter.) She's terrific. (Laughter.)

Q Ross Perot says that there is a pro-NAFTA conspiracy to assassinate him. Do you find that at all credible?

SECRETARY BENTSEN: Well, that's been turned over to law enforcement agencies and, obviously, Treasury enforcement officials will also be looking into it.

Q Do you know anything about the credibility of those charges?

SECRETARY BENTSEN: Not to speak of.

Q Mr. Secretary, do you know of any company that labor was able to stop from moving to Asia or across the border? And do you know why they have a full court press now, when for 12 years they apparently had no basic campaign to stop this kind of movement?

SECRETARY BENTSEN: I must say I think they're so wrong on this one that I have difficulty understanding the rationalization from the other side. It is something where we've increased our productivity in this country. We've increased the quality of our products. The cost of our capital is far more competitive. And then I look at some of the problems in these other countries. We're ready to take them on. I think America can take on the rest of the world in trade and I think we should.

Q Well, why is labor so scared?

SECRETARY BENTSEN: I think they misunderstand the realities of what we're facing. I think they should have more confidence in the American worker. Thank you very much.

END 1:26 P.M. EST

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THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release November 9, 1993

REMARKS BY THE PRESIDENT
TO NAFTA OPINION LEADERS

The Old Executive Office Building

11:55 A.M. EST

THE PRESIDENT: Thank you. Thank you very much for being here. After what David and Kathleen said, I'm not sure there's much left for me to say. I thought they were terrific and I thank them for coming, for what they said and for putting this issue squarely where it ought to be -- on the questions of jobs and opportunity for the American people.

We asked you to come here today in the hope that together you would help us to pass the NAFTA legislation through Congress, and that if you have questions about this you could ask them. So I want to basically spend this time to open the floor to questions to you. But I would like to make just a few remarks if I might by way of introduction.

First of all, it's important to put this NAFTA agreement into the larger context of our nation's economic strategy. And it's important that I at least tell you from my point of view how it fits. Our nation is a churning cauldron of economic activity now, with a lot of opportunity being created and a lot of hardship being developed at the same time. The world is changing very rapidly. The American economy is changing very rapidly. For 20 years the wages of the bottom 60 percent of our work force, more or less, have been stagnant as people work harder for the same or lower wages.

We know that over the last 20 years as we've become more and more enmeshed in the global economy the jobs have been changing more rapidly. We know now that when a person loses a job, for example, usually a person will find another job but it's not the same old job. It used to be the normal course of events was you'd have a lay-off but you wouldn't just lose a job. Those things are all changing now. We know that through the discipline of the market economy our productivity now is the highest in the world again in manufacturing and in many other areas. But we also know that there's been a whole lot of reduction of employment in many areas to get that higher productivity with fewer people producing more output.

So this is a time of enormous opportunity and enormous insecurity. We have to have a full court press comprehensive economic strategy to achieve what should be the objective of every American -- more jobs and higher growth rates.

In our administration, we began with trying to get the deficit down, trying to drive interest rates down and trying to keep inflation down. Those historically low interest rates have led to literally millions and millions of people refinancing their home mortgages, refinancing their business debt, increasing investment in our country. The result has been that even though we don't have as many jobs as we'd like, the private sector has produced more jobs in the last 10 months than in the previous four years. And if we can keep interest rates and inflation down and investment up, we're going to have more and more and more growth. That's encouraging.

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The last budget bill provided special tax incentives for people to invest in new and small enterprises where most of the new jobs are being created. Extended research and development tax credit provided for extra incentives to convert from these defense technologies to domestic technologies. We recently took $37 billion worth of high-tech equipment off the restriction list for export so we could put American products into play into the global economy.

But with all of that, no one has shown how a wealthy country can grow wealthier and create more jobs unless there is global economic growth through trade. There is simply no evidence that you can do it any other way. About half America's growth in the last seven years has come from trade growth. And the jobs that are tied to trade, on average, pay about 17 percent more than jobs which are totally within the American economy. So that it is impossible for all these other strategies to succeed if by success you mean creating more jobs, more growth, and higher incomes unless there is a level of global economic growth financed through expanded trade that Americans can take advantage of. We can't get there.

So that brings us to NAFTA, and how does if fit, and why should we do it. This agreement will, as all of you know, lower American tariffs, but will lower Mexican tariffs and trade barriers more than American tariffs, because ours are lower anyway. This agreement will help up to gain access to a market of 90 million people, which has shown a preference for American products unprecedented in all the world -- 70 percent of all the purchases by Mexican consumers of foreign products go to American products. This agreement will unite Canada, Mexico, and the United States in a huge trading block which will enable us to grow and move together.

This agreement will also -- and this is very important -- produce most of its jobs by enabling us to use the Mexican precedent to go into the whole rest of Latin America, to have a trading bloc of well over 700 million people, and will also -- and I see some of you in this audience I know who are interested in this -- this agreement, if adopted by the Congress, will increase the leverage that I, as your President, will have to get an agreement on the world trade round, the GATT Round, this year with Europe and with Japan and with the other nations involved, because they will see, "Well, we want access to that big Latin American market, and the way to do it is to adopt a world trade agreement. We don't want America to have an overwhelming preferential treatment in Mexico and other countries, so we'll have to give them more access to our markets in Europe and Asia."

It will also make a statement that America intends to go charging into the 21st century, still believing we can compete and win; and that we intend to lead the world in expanding horizons, not in hunkering down. And, believe you me, no one knows quite which way it will go. This is why the NAFTA agreement has acquired a symbolic and a larger significance even than the terms of the agreement -- because we know that if the United States turns away from open markets and more trade and competition, how can we then say to the Europeans and the Japanese they must open their markets to us, they must continue to expand. So the stakes here are very large, indeed.

Now, let's deal with the arguments against NAFTA. The people who are against it say that if this agreement passes, more irresponsible American companies will shut their doors in America and open doors in Mexico because the costs are cheaper and this agreement allows them to do that all over the country. To that I answer the following: Number one, I was the governor of a state for 12 years that had almost 22 percent of its work force in manufacturing. I saw plants close and go to Mexico -- brought one back before I left office. I know why they did it. I know how they did it. I understand the pressures, particularly on the lower wage companies with low margins of profit.

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But my answer to you is there is the Maquilladora system now in practice in Mexico. If anybody wants to go down there to produce for the American market, they can do that now. And if we defeat NAFTA, they can continue to do that and it will be more likely that they will do that. Why? This is the nub of the argument. Because, clearly, with the agreements we have on labor committing Mexico to enforce its own labor code and make that a part of an international commission on the environment, clearly, we're going to raise the cost of production in Mexico. Clearly, when Mexico lowers its domestic content requirement on automobiles, for example, we'll be able to go from 1,000 to 60,000 American-made cars sold in Mexico next year. There will be less incentive to go to Mexico to produce for the American market -- less incentive, not more.

What does Mexico get out of this then? What they get out of it is they have 90 million people there now producing for themselves. What they want is American investment in Mexico to hire Mexicans to produce goods and services for Mexicans so they can grow their economy from within. Is that bad for us? No, that's good for us. Why? Because the more people down there who have jobs and the better the jobs are, the more they can buy American products and the less they will feel a compulsion to become part of America's large immigration problem today. So that is good for us.

This is very important. I would never knowingly do anything to hurt the job market in America. I have spent my entire life, public life, trying to deal with the economic problems of ordinary people. I ran for this job to alleviate the insecurity, the anxiety, the anger, the frustration of ordinary Americans.

Tonight there will be a debate that a few people will watch on television -- (laughter) -- in which, with a lot of rhetoric, this administration will be -- the attempt will be made to characterize this administration as representing elite corporate interests and our opponent is representing the ordinary working people. Let me tell you something. This lady -- I wish she were going to be on the debate against Mr. Perot tonight, he wouldn't have much of a shot against her -- (laughter) -- because she so obviously disproves the argument. This is a debate about what is best for ordinary Americans.

Look around this room. The rest of us are going to do fine, aren't we? Let's not kid ourselves. If this thing were to go down, everybody in this room would figure out some way to be all right. That's true, isn't it? I mean, most of you are here as influence centers in your congressional district because you'll figure out a way to land on your feet. Unless the whole country goes down the tubes, most of you will figure out a way to be innovative and work around whatever the rules are. We are doing this because it allows our country as a whole to expand, to grow, to broaden its horizons -- the people who can't be here.

You know, it's an amazing thing. Again, I will say the resentments, the hurts, the anxieties, the fears that have been poured into this debate are real and legitimate and deserve a response. And we should all recognize that. You just think how people feel when they've worked for 20 years and they get a pink slip and they're just treated like a disposable can of soda pop. I mean, this is a tough deal.

Think about the members of Congress that are being asked to vote for this agreement when they've got 15 percent, 20 percent unemployment in their districts, and they represent these big, inner-city neighborhoods, or these big, distressed rural areas where there's no investment going into their areas. There are legitimate problems out there.

What is wrong is that they have made NAFTA the receptacle of their resentment instead of seeing it as one step toward alleviating the problem. And that is my point; not that there's anything wrong with the worries and the fears and the hurts that are brought to this table, but that this country has never -- never run from competition -- except one time, and it helped to bring on the Great Depression. And with every evolutionary stage of the global economy in this century, we have always led the effort to broaden opportunity, and always welcomed the rigor of competition and felt that we could do it. And we have got to do that again.

So I ask you as earnestly as I can to remember that you are speaking for the very people who may think they're arguing against this. This is about what's going to happen to our country. There is no evidence -- I will say again -- there is no evidence anywhere in the world that you can create jobs, raise income, and promote growth in an already wealthy country unless there is global growth, financed and fueled through expanded trade. There is simply no evidence for it.

I want to go out to meet with the President of China and the Prime Minister of Japan and the heads of all of those Asian countries and tell them, we're happy to buy their products; they ought to buy more of ours, and they need to stimulate their economy. I want to go to the Europeans and say, okay, give us the world trade agreement. You don't have to hunker down and close up. You can expand, and we'll do it together. But if we don't do this with our closest neighbor, it's going to be hard for us to have the credibility to make the case for the world

Thank you very much. (Applause.)

Q Mr. President, one of the concerns of the United States, as you're well aware, concerns the potential for job loss. We've all heard how the passage of NAFTA will create job loss in the United States. I'd like to share with you a different view, and that is that the passage of NAFTA will actually create jobs. I'm with the World Trade Center Association, and we're actually inundated by requests from our Pacific Rim members, asking us to identify locations in the United States where, after NAFTA is passed, they can come in and build industry to protect their market share in the United States. They see NAFTA as taking jobs away from the Pacific Basin, and they want to be able to counter that by coming over to the United States and actually building industry to satisfy this market share.

THE PRESIDENT: That's a good point. You all heard what he said, didn't you? He just said that he's with the World Trade Center and he gets a lot of requests for information about sites in the United States where people in Asia would look at putting up operations to protect their share of the American market if NAFTA passes.

Let me give you another example, more indirect, something I think you'll see a lot of. Mattel toy factory announced that they would in all probability move an operation from China to Mexico and buy all their products of plastic from the United States instead of from Asia. So there will be an indirect job benefit there. But there are millions of these things, it's incalculable. That's what always happens if you decide you're going to expand opportunity and growth and then let the ingenuity of the marketplace work for the interest of ordinary people.

Let me just say one thing about that. Every major study but one has shown -- has predicted a job gain for NAFTA in the United States. And the major study that predicted a job loss predicted it in large measure because they estimated that there would be fewer immigrants coming into this country and taking jobs here as a result of it. So that still may not be a net increase in unemployment. All the others recommended -- estimated net job gains.

Now, there obviously will be people who lose their jobs as there are today. We're talking net. And if you're -- when somebody says there's a net job gain of 200,000, you say, well, if you gain 210 and lose 10, the 10 who lose feel more pain than the 210 who gain, arguably.

What does that mean? That means that this administration has an obligation -- and the Congress, I want to emphasize, has an obligation -- and the business community has an obligation to support a legitimate strategy for retraining all these workers at a high level of quality in a relevant way and developing a strategy for investment across this country. That is what we're working on. That's what we're going to give the working people.

The other point that needs to be made is there is no power to protect the people of this country from the changes sweeping through the global economy. I mean, the average 18-year-old is going to change work eight times in a lifetime, anyway, whatever we do. But we do have an obligation to help them, those who are in difficulty, and we will meet that obligation.

Q Thank you, Mr. President. As an African American, I have a basic question. As you know, historically, African Americans have experienced high unemployment, lower pay. In fact, we created the phrase, "Last hired, first fired." I would further suggest to you that we're probably the most vulnerable member of this society. Given those set of facts, I would like to hear your response to why African Americans, in general, and African American politicians should support NAFTA.

THE PRESIDENT: African Americans, in general, and African American politicians should support NAFTA, first of all, because it means more jobs. Secondly, as we found when we had our products fair here, it means opportunities for a lot of small businesses. As Ms. Kaminiski said, there will be tens of thousands of small businesses who will be -- and minority entrepreneurs, by and large, are smaller businesses. They should support it because anything that increases the job base of America will help; and finally, because, even though this gentleman is from Utah, most of the big service industries that will expand their job base in America because of the opportunities in Mexico are located in larger cities and have a substantial percentage of their hires coming form the minority community.

And having said that, let me make one other point. That will not solve all the problems. We've got a crime bill. We've got to have a family strategy. We've got to have a whole economic strategy for the distressed areas of this country. We have to have a reemployment system instead of the unemployment system we've got. It will not answer all of the problems. But it is not an argument to vote against NAFTA that it doesn't solve every problem. In other words, that's what the other side's done. They've loaded all of the problems of the 1980s on to this NAFTA vote, which actually makes them better. We don't want to get in a position of overclaiming for it. We don't want to say this doesn't solve all of the problems of the American economy, but it does solve substantial ones that ought to be addressed.

Q Mr. President, I'm from Texas and I'm very concerned about the environment on the border. How will NAFTA affect the borders?

THE PRESIDENT: It will improve the environment on the border. That's why we've gotten so many environmental organizations to endorse this. Not all the environmental groups are for it, but

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most of the environmental groups that are against it are against it for something that often happens to progressives -- they're making the perfect the enemy of the good. That is, they think it ought to be better, but it's very good.

This agreement, first of all, requires every nation to enforce its own environmental laws, and can make the failure to do so the subject of a complaint through the trade system. Secondly, to support this agreement, the World Bank has committed about $2 billion in financing, and we have agreed to set up a North American Development Bank to have $2 billion to $3 billion worth of infrastructure projects in the beginning on both sides of the border.

So there are substantial environmental problems associated with Maquilladora operations -- substantial. They are significant, they are real; they affect Mexicans, they affect Americans. If this trade agreement passes, this will be the most sweeping environmental protection ever to be part of a trade agreement, and it will make the environment better, not worse. And, by the way, it will create jobs for a lot of people on both sides of the border in cleaning up the environment -- jobs that won't happen and environmental clean-up that won't happen if we vote it down.

Q Mr. President, I'm a manufacturer from the great state of Arkansas. Is there anything in the agreement that's going to keep China from putting in a factory and importing into Mexico and then turning the goods right straight back to us?

THE PRESIDENT: There is nothing in the agreement that will prohibit other countries from actually hiring people, but there are rules of origin. What we do have protection against, and what we are actually strengthening now, is using Mexico as a weigh station to get around like the multifiber agreement, which provides a lot of protection to our apparel manufacturers.

All the agriculture people are concerned about it, too. Everybody is concerned about the fact that if -- well, let me back up and for the benefit of everybody else, let me say this: Most of the trade restrictions that Mexico has and most of the restrictions we have on them are in the form of tariffs. Our tariffs don't amount to much, they're four percent. Mexican tariffs run between 10 to 20, by and large; they amount to much more. So we get a huge break on the tariff thing.

In the case of apparels and one or two other things, including some agricultural products, there are nontariff restrictions, like the multifiber agreement, that will give Mexico some greater access to the American market in apparels. The real problem there would be -- but it's done over a 10-year period, as you know, it's phased in gradually over a 10-year period. The real legitimate problem would be if Mexico becomes a transshipment point for either beef, for jackets, for anything. And I want to be candid here -- one of our big challenges is going to be to make sure that we have enough customs officials to stop the abuses that might happen in transshipment in agricultural and in the manufacturing sectors of our economy that are protected by things other than tariffs. We are working right now on setting up a special customs department section to do nothing but that. And I think we'll be able to satisfy the American people about it.

Let me make one other comment about that. There is a big incentive for Mexico not to let its country become a transshipment point, which is that, under this agreement, anybody who wants to can withdraw from it with six months notice. There's another big incentive in this agreement that almost no one has talked about. The term of art is called "surge." But basically, what it means is, under this agreement, if there is an unanticipated adverse impact, bad impact on some sector of our economy or the Mexican

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economy, either side can raise that and say, listen, we talked this through, nobody anticipated this happening, this is terrible, and that portion of the economy can, in effect, be shielded for a period of three years while we work that out.

So there are some good protections built in here from both our side and from their side against adverse reactions. Again, fairly unique things, but we owe you a good customs section, and we're doing our best to set it up.

Q Mr. President, I'll try not to make this sound like a speech, but we've been weaving fabrics in central Pennsylvania since 1896. We have fifth-generation employees. I have been courted by the state of Mississippi to move there for years, but we're not going to; we're staying in Pennsylvania. My people have suffered job loss because of flawed trade policy for many, many years. They understand that NAFTA is the first trade policy that opens markets for us. They understand the security that that brings. And I've committed to them to bring back some of those jobs we've lost when Congress approves NAFTA on the 17th or whenever they make up their minds to do so. So thank you.

THE PRESIDENT: Good for you. (Applause.) Thank you.

Let me just say, I want to emphasize this. There is a whole -- the evidence is, the evidence is clear: We have seen a productivity increase in American manufacturing sector at four and five percent a year for more than a decade now. There is hardly ever -- you have to go, you'd have to look real hard to see any example like that of economic improvement of performance.

Now, why didn't it manifest itself in economic growth? Because one way we got more productive was we used more machines and fewer people, we used more technology, and it takes time for those kinds of changes to manifest themselves in economic opportunity. But you just heard him make the point -- the only way you can be both productive and expand your employment base is if you got more people to buy your stuff, which means you either have to raise the incomes of the jobs of the people in you own country. And even when you do that, if you're a wealthy country, it's not enough, you have to have global markets.

I really appreciate what you said, sir.

I can take one more, I think.

Q Mr. President, will NAFTA allow for labor organizations to -- its support, or help labor organizations move into Mexico and bring the standard of the Mexican labor up?

THE PRESIDENT: Well, let me tell you, let me answer the question this way: NAFTA requires Mexico and the United States and Canada to follow their own labor laws. Mexico has a very good labor code on the book. But President Salinas would be the first one to tell you, it has been widely ignored. The Salinas government has also promised, in addition -- but let me just explain what this means. It means that if there is evidence that they are violating their own labor laws that that can be the subject of a trade complaint and can be worked through the trade system just like putting up a trade barrier.

There is no precedent, no trade agreement has ever done this before. I know a lot of my friends in labor say, well, it ought to be stronger, it ought to have this, that, and that other thing. There has never been a country ever willing to subject its labor code to trade sanctions before -- never happened. So I think it's a pretty good first step.

The other thing they've agreed to do is to raise their minimum wage on at least an annual basis as their economy grows. And their wage structure works just like ours -- when you raise the minimum wage, it bumps up through the whole system. And their wages have been growing rather rapidly.

Right now all the basic analyses show -- and this is ultimately the best hope that I think will happen in the apparel industry over the next 10 years -- is that our productivity edge is slightly greater than their wage edge. And if we can keep growing at a normal rate in terms of productivity -- that is our productivity is roughly a little over five times greater than theirs and or wage levels on average are about five times higher than theirs -- but if our productivity continues to grow, their wages are rising much more rapidly than ours, as they would because they're on such a low base, I think over the next 10 years what their objective is, is to grow into a full partner, like Canada where the cost of living is about the same, the trade is more or less in balance, but the volume is huge. I mean, that's really what our objective ought to be.

Canada has the biggest two-way trade relationship with the United States of any country in the world. And it benefits both countries because both of us have about the same cost of living. And what we've tried to do is to get this thing worked out right, including putting the labor code in there, so that Mexico can't do what so many Latin America countries have done before to kill their economic programs and their political programs -- they've given up on democracy and they haven't had the courage to develop a middle class.

This government is committed, I believe, down there to developing a middle class and they've certainly done more than any other government in history to do it. And they can't do it without observing their labor code.

Q -- to support strikes and labor actions?

THE PRESIDENT: Yes. That's what the labor code requires. Their labor code permits that. And they'll have to honor that now, or just be constantly caught up in all these trade actions. And again I say -- I know our friends and my friends in the labor movement wanted Mexico to agree to put the average manufacturing wage into the trade agreement. But you have to understand, they have allowed us to have a trade agreement that gets into their internal politics more than any country in history, on the environmental policy and on labor policy.

Also, I will say again, we can compete with these folks. We can do it. And I need your help to convince the Congress. Thank you. (Applause.)

Before I go, let me ask you one more time: Please personally contact the members of Congress about this, whether Republican or Democrat. This is not a partisan issue, this is an American issue. I had a little trouble when I got here, but I'm determined by the time I leave that we will see economic policy as a part of our national security, and we will have a bipartisan economic policy, the way we had to have a bipartisan foreign policy in the Cold War. We have got to do it, and expanding trade has got to be a part of it.

Thank you. (Applause.)

END 12:27 P.M. EST