

I know that Cliff is dedicated to our country's service. I continue to need and value his insights and counsel, and I hope to be able to continue

calling on him for specific assignments in the days ahead. He and his family have my fondest wishes for a successful future.

Nomination for the Commodity Futures Trading Commission

November 8, 1993

The President today announced his intention to nominate John E. Tull, Jr., as a member of the Commodity Futures Trading Commission.

"As a farmer who has dedicated years of service to State commodity boards, John Tull has the experience to serve as an informed and ef-

fective member of the CFTC," the President said. "I am pleased to name him to this important board."

NOTE: A biography of the nominee was made available by the Office of the Press Secretary.

Nomination for Posts at the United States Information Agency

November 8, 1993

The President announced today that he intends to nominate John P. "Jack" Loiello to be the Associate Director of the U.S. Information Agency for Education and Cultural Affairs, and that he has appointed Charles Fox to be the Director of USIA's WORLDNET TV and Film Service.

"Jack Loiello's long experience in promoting international goodwill makes him an outstanding

choice for this position," said the President. "Likewise, Charles Fox brings a distinguished record in academia, the media, government, and business to this post at WORLDNET."

NOTE: Biographies were made available by the Office of the Press Secretary.

Nomination for Ambassador to Angola

November 8, 1993

The President announced today that he intends to nominate career Foreign Service officer Edmund T. DeJarnette, Jr., to be Ambassador to the Republic of Angola.

"I am very pleased to be making this announcement today," said the President. "Ed-

mund DeJarnette's extensive experience in Africa makes him an outstanding choice for this post."

NOTE: A biography of the nominee was made available by the Office of the Press Secretary.

Remarks on Endorsements of the North American Free Trade Agreement

November 9, 1993

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 4 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.

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 credits 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 in 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 7 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 it 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 us to gain access to a market of 90 million people, which has shown a preference for American products unprecedented in all the world. Seventy 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 bloc 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 audi-

ence 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 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.

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 in which, with a lot of rhetoric, the attempt will be made to characterize this administration as representing elite corporate interests and our opponent as 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 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.

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 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 estimated net job gains.

Now, there obviously will be people who lose their jobs, as there are today. We're talking net. 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 members 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 from 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 1980’s onto this NAFTA vote, which actually makes them better. We don’t want to get in a position of overclaiming for it. 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 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 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 agree-

ment 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 way 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 4 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, is 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 6 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 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 shield-

ed for a period of 3 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 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. Thank you.

Let me just say, I want to emphasize this. The evidence is, the evidence is clear: We have seen a productivity increase in the American manufacturing sector at 4 and 5 percent a year for more than a decade now. 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 your 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—[inaudible]—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 5 times greater than theirs and our wage levels on average are about 5 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 American 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 government in history to do it. And they can’t do it without observing their labor code.

Q. [*Inaudible*]*—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.

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.

NOTE: The President spoke at 11:55 a.m. in Room 450 of the Old Executive Office Building. In his remarks, he referred to David Boyles, senior vice president of operations and systems, American Express Travelers Check Group, Salt Lake City, UT; and Kathleen Kaminiski, co-owner, Triseal Corp., Chicago, IL.