

Oct. 30 / Administration of William J. Clinton, 1993

plan. Start with a book called "Health Security," and join the debate.

Thanks for listening.

NOTE: The President spoke at 10:06 a.m. from the Roosevelt Room at the White House.

Statement on the Peace Process in Northern Ireland

October 30, 1993

I welcome the efforts of Irish Prime Minister Albert Reynolds and British Prime Minister John Major to reinvigorate the negotiations for peace in Northern Ireland. I join their condemnation of the use of violence for political ends and strongly support their commitment to restart talks among their two Governments and the four constitutional parties of Northern Ireland. Their joint statement issued yesterday in Brussels underscores their common resolve to work for peace, justice, and reconciliation in Northern Ireland. The United States stands ready to support this process in any appropriate way.

All friends of peace were outraged at the tragic and senseless IRA bombing in Belfast on October 23 and the ensuing violence. Especially in the wake of such action, we must redouble our efforts to reject violence and pursue the path of peace. As we remember the victims of the sectarian violence that has torn the region for too long, let us work together to ensure that the vision of the two Governments demonstrated in their joint statement bears lasting fruit.

Teleconference Remarks on NAFTA to the United States Chamber of Commerce

November 1, 1993

The President. Thank you very much. I'm delighted to see all of you here and to know that there are people all across the country watching this important event. I thank the chamber of commerce for organizing this and for providing the technology that makes it possible. I'm glad to see Governor Edgar of Illinois here. And I listened intently in the back room there to my former colleagues, Governor Wilson and Governor Weld, talk about NAFTA. I want to thank Dick Leshner and Ivan Gorr and Larry Bossidy for their work through USA[®]NAFTA and the chamber of commerce to help us pass this very important piece of legislation. And I think former Congressman Bill Frenzel, who's the cochair of our effort, is here somewhere. I want to thank him for making our bipartisan administration effort as successful as it's been.

I know that there are people all over the country here, but if you'll forgive me for a little bit of parochialism, I want to observe that there are 150 people from my home State of Arkansas listening at the Excelsior Hotel in Little Rock, where we had the economic summit last De-

ember, and one of our good employers I just shook hands with on the platform up here.

I say that to make this point: Any Governor will tell you that the job of being Governor today is the job of getting and keeping jobs and educating and training people to do them. That is the lion's share of the work, on a daily basis, of doing that job. For a dozen years, it was my job to try to deal with the pressures of global competition, the enormous economic difficulties of the 1980's. When plants closed, I knew people's names who ran the plants and worked in the plants. When people closed their plants and went to Mexico, I knew about them. And I was proud that of the three or four we lost when I was Governor, we actually brought one back before I left office. It made me feel that in part, we had squared the circle.

The point I want to make is this: Anybody who has ever dealt with these issues knows that most of the arguments being raised against NAFTA today are arguments being raised about

economic forces and developments that occurred in the past. And anybody who has ever read the agreement knows that if you don't like it when people shut plants down and move to Mexico, that this agreement will actually make that less likely. And if we don't pass it, it will do nothing to stop what people who are complaining about it are complaining about.

I would never knowingly do anything that would cost an American a job. My job is to try to recover the economic vitality of this country by working in partnership with the private sector. It is important, it is imperative that we make it clear to the American people, first of all, that you ought to look at what this agreement does: It helps to alleviate the problems that led to so many jobs moving out of our manufacturing sector, either into machines or offshore, whether to Mexico or to other places.

I want to acknowledge that in Cincinnati today, Congressman David Mann is there with 130 people at the General Electric aircraft engine plant. I think if NAFTA passes we'll not only sell aircraft engines from Cincinnati, we may even sell some of that Cincinnati chili, too. In Seattle there are 100 people in attendance at the Lake Washington Technical College. One in six jobs in the State of Washington are related to trade today, and by the time most of the students at that college hit their stride, even more jobs will be dependent on trade.

I have to tell you that again I have heard all the debates on this issue. I have listened carefully to the opponents and the supporters. I have never heard anyone seriously argue that a great country with a high per capita income can expand its incomes or its jobs without expanding trade. There is simply no way to do it. There is no example anywhere now of a country that can grow more jobs without selling its products beyond its borders. And that, in the end, is the most important lesson we have to learn if we're going to make a good decision about NAFTA.

When I became President, I had a very clear set of priorities in my mind about what I thought we ought to do with this economy. I knew we had to try to bring the deficit down and get interest rates down. And it's immensely gratifying to have the lowest home mortgage rates in 25 years, the lowest 30-year rate since we've been calculating them come out in the last few months, to know that the deficit came in \$55 billion less this year than we were told

it would be on January 20th. But I also know that even though there are indications that we see an increase in investment in homes, in cars, in long-term investments by businesses, in the end this economy will not grow unless we sell more of our products and services beyond our borders. We cannot simply create a healthy economy only by changes here.

The other day we announced our new export initiative, which among other things removed over \$35 billion worth of high-tech equipment from export controls and opened those things to the international market, computers, supercomputers, telecommunications equipment. Someone has to buy them. In the last 2 years, Mexico has gone from purchasing 390,000 to 600,000 computers, just from one year to the next. But 600,000 in a consumer market of 90 million men, women, and children is not so many. Think what will happen when the barriers, the tariffs, go down, when there is no 20 percent tariff barrier. And think what it will be like when that tariff barrier is down for us but not for our major competitors. We've been on the opposite side of that fence a lot of times. Now we're going to be given preferential treatment in a market that we're going to help develop. It's a very, very important issue.

I want to say to all of you that if we don't approve NAFTA, it will weaken our ability to get a General Agreement on Tariffs and Trade passed by the end of the year. If we do approve NAFTA, it will not only put us in a stronger position with Mexico and with all the rest of Latin America, it will help us to say to our trading partners in Europe and in Asia what we really need is to continue to expand trade worldwide.

The real job gains in NAFTA come not just from passing NAFTA, although we are convinced it will create 200,000 new jobs by 1995. The real job gains come when we take that NAFTA agreement and we take it to Chile, we take it to Argentina, we take it to Colombia, we take it to Venezuela, we take it to the other market-oriented democracies in Latin America and enable us to create a consumer market of over 700 million people, soon to be over one billion people, early in the next century, and we use that leverage then to say to our friends in Asia and our friends in Europe that it's okay for you to have trading blocs but we need to open up trading worldwide. We need that. If we don't pass NAFTA, our leverage to get that

done will be much more limited.

So I say to all of you it is important not only on its own terms, but this issue has acquired an enormous significance because of the advantage it will give us in the Mexican market over our competitors in Japan and Europe and because of the leverage that will then give us to get a worldwide trade agreement that the world desperately needs to restore global growth. Without that, we're not going to be able to sell our products; we're not going to be able to create more jobs; we're not going to be able to see our workers' incomes go up. With it, we have the prospect of having several years now of sustained, vigorous economic growth because we are getting control of our economic house; we are putting things in order; we are getting our priorities straightened out in this country; we are focusing on investment and on training. We have to have the markets.

Now let me just say one final thing about this. I think if there were a secret vote in the Congress today, we would win. Now, that's a big issue, winning the secret ballot. I say that not to criticize anyone or to put anyone down but to recognize that the pressures against NAFTA are enormous. But they reflect, as I have said many times in many places, the accumulated frustrations and grievances and insecurities people bring to this day in American history. More and more people are worried about losing their jobs. More and more people know if they lose their jobs, they won't get it back. That's true. That's true. We have an unemployment system premised on a set of conditions that no longer exist, you know, you lose your job, and then the recession's over and your old company hires you back. That only happens about one in five times now.

So there is all this uncertainty out there in America today. I understand that. And our administration has done what we could to try to alleviate the insecurities of the American working families. The family leave law was designed to say to people, "You can be a good worker and a good parent." The attempt to control health care costs and still provide health care for everyone is an attempt to say, "Yes, you may lose your job, but at least your family can be taken care of." The attempt that the Congress is making now on a bipartisan basis to pass a new crime bill is a way of saying, "We know you have to feel safer on your streets. If you work hard and play by the rules, you

shouldn't worry about having your children shot going to and from school."

But with all of this, we cannot turn away from the global economy that is engulfing us. And what I want to ask all of you to do, every one of you listening to me today, is to think about what you can do between now and November 17th, either directly by contacting a Member of Congress or indirectly by getting employees or friends or others to contact Members of Congress to say, "We know America can compete and win. We are not going to turn tail and run. We have not given up on America."

The Mexican economy may have 90 million people, but today it is the size of California from Los Angeles to the Mexican border. The idea that America is just going to shrivel up if we adopt this trade agreement is ridiculous. This trade agreement is a door that opens all of Latin America to us. It is a lever that will open a broader trading system in the world to us. And we cannot run away. We've got to compete and win. You have to be, in other words, the engines of confidence in our future. And employees, people who work with you who understand this, can have a huge impact on turning what is now only a secret ballot victory on NAFTA into a public victory on November 17th.

This is a difficult time for America. And it's hard for people to have confidence when they've been battered and pushed around and worried. But we cannot turn away from the future that is there before us. I honestly believe the next 20 years could be the best 20 years this country ever had if we have the courage and the vision to take advantage of the end of the cold war, the continued efforts to reduce nuclear arms, the fact that economic competition may expand opportunity for everyone if we do it right.

When we started, NAFTA had a significance for those who were fighting against it all out of proportion, all out of proportion to the impact it could have. You saw on that film there are several unions, many major unions in this country, who are going to gain jobs if this passes. But they decided that NAFTA would be the receptacle in which all the resentments and fears and insecurities of that last 12 to 20 years of stagnant wages and economic difficulties would be poured.

It has acquired a symbolic significance for those of us who are for it, too. This is a huge diplomatic, foreign policy, and economic issue for America. You simply cannot divide domestic

and foreign policy anymore, as you once could. This is a major thing for the United States. If we walk away from this, if we walk away from this and Mexico decides to pursue its development strategy, what must it do? It must make this deal with Europe or with Japan. And what would that do? That could change the purchasing habits of 90 million Mexicans and hundreds of millions of people in Latin America. It could cut us off from not only economic but political opportunities to promote democracy and freedom and stability in our hemisphere that we can now only imagine.

If we embrace it, we not only will get in the immediate future a competitive advantage in selling into the Mexican market, a way of embracing all of Latin America, but the security of knowing that America is still marching in the right direction, that we are on future's side, that we are grasping for a time when our people will be able to compete and win in a global economy that will be less protectionist, more open, more full of opportunity, and more full of peace and democracy. This is a huge issue.

So I will close with this plea to you. This is not exactly like a church service. I know I am preaching to the saved, as we say at home, but you all have to be missionaries. We only have 17 days or so. We need you to go out and make sure that your Members of Congress, every man and woman in the Congress that you can reach, is contacted by real people who say, "My life will be better." I don't know how many Members I've heard from both parties saying, "All the organized vote is against this. I'd just like to hear from a few people who will rationally tell me that their lives will be better and that our country will be better off and that our district will be better off."

Please do that. Don't miss a chance to do it. Don't wake up on the morning of November 18th and wish that you had done something to give America a brighter future; to give our hemisphere a more solid, more democratic, more market-oriented future; and to open up the future in a way that is worthy of our country and that I am convinced is absolutely essential for our long-term success. We need your help. Many of these Members, you can have more influence on them than I can, because I can only vote in one congressional district every 2 years. You can vote in all of them. We need your help.

Thank you very much.

Meryl Comer. Ladies and gentlemen, the President has agreed to take some questions. Behind you are small business owners. They all are wearing NAFTA buttons, but there's one man who's wearing an attitude button as well. Would you like to ask the President a question?

[At this point, a participant requested the President's response to people who favor protectionism.]

The President. I respond in two ways. Number one, most of those people believe that all managers make all decisions based on labor costs. If that were true, what you would be reading this morning about Haiti is not whether a police chief and an army guy want to make it even poorer, even though it's already the third poorest country in the world. What you would read is that Haiti had all the manufacturing jobs in America, right? I mean, if this were a case of low wages, the headlines on Haiti today would be "General Motors shuts down in Michigan," "Caterpillar leaves Illinois, goes to Port-au-Prince," right? Number one, it's not factually true that labor costs or environmental investments are the only thing involved. Germany, which has a trading system arguably more open than ours and higher labor costs, has almost one-third of its work force in manufacturing, almost twice the percentage we do. It's simply not true. How well you do in production of goods and services depends upon how productive you are, how well-organized you are, and whether you can sell.

The second thing I would say is there is this fear, because of what's happened to us, because we're going through this wrenching restructuring, that is emotional, that we can't compete and win anymore. And that's just not true either. We're going to have to be able to suit up and go out and play and win. That's the attitude issue: Do you believe that this country can win or not? I mean, we're gaining back market share in autos, American autos, shoving our foreign competitors out of the American market because of quality and price. And there are lots of other examples. Our manufacturing productivity's gone up now for a dozen years at an annual rate of over 4 percent a year. This is nuts, this idea that we can't compete and win. It is true we're having trouble creating large numbers of new jobs. That is true for every wealthy country in the world. We have to solve that problem. But no one can solve it without more markets.

Those are my answers, and I thank you.

Ms. Comer. Please raise your hand for questions. Mr. President, while I'm trying to find a question, there's a gentleman who got up at 3 this morning, milked the cows, and came because he cares about NAFTA. If you shook his hand he'd have stories to tell for years. He's right behind you in the white shirt.

The President. Where is he? I want to say this before you get to the question: That man is a dairy farmer, and sometimes I feel sorry for myself—if you think you work hard, you ought to start a dairy farm. It's a 24-hour-a-day, 7-day-a-week job. I never could figure out how any of the dairy farmers in my State even made it to their kids' high school graduation. But I thank you for coming here today.

[Another participant asked about the economic impact if NAFTA is not passed.]

The President. Let me say, first of all, to the opponents of NAFTA, you can't name a single solitary thing you don't like that wouldn't continue to happen at maybe a greater pace if it fails. So you don't gain anything by beating it, for the people who are against it.

In addition to that, if Mexico follows the same strategy—let's ask rationally, what do they get out of this deal? If it's such a good deal for us and we sell even more consumer products—they are already the second biggest purchaser of American products in the world, even though they're by no means a wealthy country. They buy more per person than any other country in the world except Canada. What do they get out of it? They get development capital, not to invest to export back to the American market but to build up Mexico. That's what they get.

Now, if they stay with that strategy and we turn them down, what do you think they're going to do? There's only two places they can get it. They can make the same deal with Europe or the same deal with Japan, which means they will give them preferential access to their market instead of giving us preferential access to their market. Which means that you, sir, will have to face a 20 percent disability, if you want to sell into the Mexican market, against either the European people doing more or less what you do or the Japanese business people who do. That's exactly what's going to happen.

In addition to that, we will probably see a reversal of the good feeling that now exists for the United States in Mexico and throughout

Latin America and the opportunity to do this same deal with other countries—I mentioned a few, Chile, Argentina, Colombia, Venezuela; there are others—none of whom will be getting investment to export back to the American market, but all of whom will buy more American products. Those opportunities will also be lost.

So, this is a good deal for this country. And not doing it, conversely, is a very, very dangerous strategy. It's a dangerous strategy economically; it's dangerous politically. It will hurt us in the short run, and it will hurt us for 20 years. I am convinced it is a terrible, terrible mistake.

Ms. Comer. Do you have time for one more, Mr. President?

The President. Sure, I'm with you.

Ms. Comer. This gentleman flew all the way in from California. He didn't want to talk to the Governor, he wanted to talk to the President. Please go ahead.

[The participant asked if NAFTA would increase illegal immigration.]

The President. It won't. There's no evidence that it will. I can't even figure out that argument. I stayed up late trying to figure that one. I can't figure it out.

To be fair, let's talk about it. There is a sophisticated argument that development in Mexico increases immigration to America. And let me tell you what it is and then say why NAFTA makes it better. Most of the people who immigrate from Mexico to the United States illegally are looking for jobs. Some are looking for welfare, but most are looking for work. When we set up the *maquilladora* system along the Mexican border—which, after all, was set up by our Government to help Mexico develop, right?—the idea was you could go down there and put up a plant and then export back to the United States duty-free. So a lot of people who don't have access to other jobs in other parts of Mexico come up there, they work in the *maquilladora* plant, but they can make more money in America. Or they come looking for a job, they don't get it, so they just—it's very close to the border. So you could argue that the *maquilladora* system has perversely increased illegal immigration.

How will NAFTA reverse that? It erases the *maquilladora* line. This will permit investment to occur in Mexico City and south of there. This will permit a balanced development ap-

proach so there will not only be more jobs and higher incomes, but they'll be strewed out all over the country instead of right there on the American border, all of which will reduce illegal immigration long-term.

Also, since you said that, if NAFTA passes we will get much more cooperation from the Mexican Government in enforcing our immigration laws and our drug laws. There's no question that we'll get a higher level of cooperation on both those very important issues if this passes.

Thank you.

Ms. Comer. Was that answer worth your trip?

Q. Absolutely perfect. And I'll go home and tell—

The President. Don't you think it's right—

Q. You're absolutely right. And I'll go home and tell the story for you.

The President. Thank you.

[A participant asked why many Americans feel U.S. businesses cannot compete.]

The President. Again, you see, I don't agree with it. But we have lost a lot of manufacturing jobs in the last 20 years. We've been losing manufacturing jobs for 35 years. But the percentage of our economy devoted to manufacturing is just what it was 12 years ago. In other words, what's happening is we're doing just what happened in agriculture, going back to the beginning of this century. You've got fewer people increasing their productivity and therefore increasing their output. That doesn't mean we can't compete, it means we have to get more and more productive to compete.

Now, here's my argument to the people against NAFTA. Let's say we've got 16 percent of the American work force in manufacturing today—it is 16 to 17—producing about 20 percent of our national wealth. And let's say that 15 years ago, I can't remember, but let's say 15 years ago it was about 23 percent—I think that's about what it was—producing 20 percent of our national wealth. If you want to go back to 23 percent, what do you have to do? You have to make more things and sell them to more people.

I will say it again: Germany, a country with a shorter work week and higher labor costs but extraordinary productivity in manufacturing, has almost a third of its workers in manufacturing. Now, do they account for 20 percent of the wealth in Germany? No, they account for about 40 percent of the wealth. So if you want to

do more in manufacturing or in services or in agriculture or in anything else, you have to have somebody to sell to.

So people have missed the—they assume that when the number of manufacturing workers go down, that the production's going down because nobody's buying it. In fact, production is just where it was. It's just that more people are more productive.

So my answer to those folks is, if you want more people to work in manufacturing again, find more customers. There is no other way to do it. Find new products and more customers. This gentleman here in the environmental area, one of the things we're trying to do is to take a lot of these defense companies that are losing their defense contracts and do partnerships with the Federal Government to give them the time they need to develop new technologies. You have to find different products and more customers. There is no other way. It has nothing to do with lower wages. That's not what the problem is.

Ms. Comer. Mr. President, your friends from the Excelsior Hotel are trying to reach you.

The President. I may owe some money—
[laughter]

Ms. Comer. They've gotten to you by fax. It's your Arkansas NAFTA coalition assembled at the Excelsior Hotel. How is that hotel?

The President. It's a very nice hotel.

Ms. Comer. Okay. All right.

The President. Also to give you—it happens to belong to some Japanese investors who employ a lot of Arkansans. I mean, I think that's the world we're living in. We can't run from it. We ought to embrace it and figure out a way to win in it.

Ms. Comer. Here is their question, Mr. President: If NAFTA fails, isn't it reasonable to expect that Japan and the European Community will step into Mexico and take much of the market away from the U.S., thereby costing U.S. jobs, not saving them?

The President. Well, I'll tell you what I would do. If I were the Prime Minister of Japan and I had a low growth rate and I had my companies going crazy because they have hidden unemployment, since they have in theory lifetime employment—so they've got about 7 percent unemployment, but it only scores at 2.5 percent, which means all those companies are carrying idle workers on their books—I would jump on this like flies on a junebug. I would be there on

the next day. If Congress votes this down on the 17th of November, I would, if I were the Prime Minister of Japan, have the Finance Minister of my country in to see the President of Mexico on the 18th of November. That's what I would do. I'd say, "We've got more money than they do anyway; make the deal with us." That's what I would do. And if I were running the economic affairs of the European Community, I would do that same thing because it's a new market for them at a preferential rate, so they can actually push us out of a new market that we're already well established in. That's what I would do; that's what I think will happen. That's what you'd do, too, isn't it? If you were running—

Ms. Comer. Mr. President, you remember the budget vote?

The President. I do. As the Vice President says, whenever he votes, he always wins. [Laughter]

Ms. Comer. The speculation is that it's going to come down to a pretty close vote, so I was trying to see whether or not you might have the same feeling about this vote that you had about the budget vote.

The President. I'll tell you what I think will happen. I think it will pass for the same reason the budget passed. I think what will happen is people will get up to the point of decision, they will look over the abyss, Members of Congress who have been subjected to unbelievable pressure, and they will think, "Can I actually do this to my country? What are the consequences of not doing this?"

Now, you can say whatever you want to about the details of the budget, it's hard to argue with the conclusions. We've now got very stable long-term low interest rates. We've got investment going back up in the country. We've got America being complimented instead of condemned by the Europeans and the Asians for getting control of our budgetary affairs. That's what the Members of the Congress knew. So finally, they had to swap and squall and break, and everything happened, but we got enough votes to pass the thing. So, that's what I think will happen with NAFTA.

But let me say this, in order to win by a vote or two or three or four, you have to be close so that there is a magnet leading people to take the right decision. If the Members of the Congress who are under so much pressure from organized groups, whether it's the Perot crowd or the labor groups, if they sense that it's not close, they might run away from it in great numbers, which is why your efforts are so important. I honestly believe it will pass, but you need to understand, that is the dynamic that will operate in the Congress.

Let me also say that one of the things that I think is worth pointing out is we all know who's against NAFTA, but it's worth pointing out that 41 of the 50 Governors have endorsed it—and they make their living, without regard to party, they make their living creating jobs, keeping jobs—12 Nobel Prize winning economists, and every living former President. I had several of them at the White House the other day, and we were trying to figure out if there was any other issue on which all of us have ever agreed. [Laughter] Maybe something else equally controversial, who knows. But I think that's important.

So, that's the answer. The answer is yes, I remember the budget vote. Yes, it could be close. But in order for it to be close, you all have to push between now and then. If it's close, I think we'll win. If they perceive it's not close, then you'll see a big movement away from it just to avoid making anybody mad who's arguing to vote against it.

Ms. Comer. Thank you, Mr. President. They're here to help you. And thank you so much for your time.

The President. Thank you very much.

NOTE: The President spoke at 12:35 p.m. at the U.S. Chamber of Commerce, and his remarks were broadcast via satellite. In his remarks, he referred to Dick Leshner, chamber president; Ivan Gorr, chamber chairman and CEO and chairman, Cooper Tire and Rubber; and Larry Bossidy, chairman, USA[®]NAFTA, and CEO, Allied-Signal, Inc. The teleconference was moderated by Meryl Comer, chamber vice president of community development.