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- A list of more technical letters related to NAFTA that have previously been provided to the Congress and that are already on file with relevant congressional committees.

These additional documents are not subject to formal congressional approval under fast-track procedures. However, the additional agreements provide significant benefits for the United States that will be obtained only if the Congress approves the NAFTA. In that sense, these additional agreements, as well as the other documents conveyed, warrant the careful consideration of each Member of Congress. The documents I have transmitted in these two messages constitute the entire NAFTA package.

I strongly believe that the NAFTA and the other agreements will mark a significant step forward for our country, our economy, our environment, and our relations with our neighbors on this continent. I urge the Congress to seize this historic opportunity by approving the legislation I have transmitted.

William J. Clinton

The White House,
November 4, 1993.

Exchange With Reporters in Lexington, Kentucky

November 4, 1993

Elections and NAFTA

Q. Mr. President, isn't it going to be a lot tougher to get NAFTA votes from Democrats after the election results?

The President: No.

Q. Why not?

The President. What in the world would that have to do with anything?

Q. Well, Members are going to say that you can't get the numbers.

The President. That's ludicrous. That's just a Washington story. That's ridiculous. What about all the mayors that walked in with no opposition that were active in my campaign in the primaries? That's ridiculous. I'm proud of the showing that those two guys had, Florio and Dinkins. They came back from the dead. Everybody wrote them off. Besides that, NAFTA wasn't an issue in any of those races. I just think it's ridiculous. The only thing they need—[*inaudible*]—is doing the right thing for America. And I think they will.

The real evidence is that if people think you're for change you get elected, and if they think you're for the status quo that's not working, you're—[*inaudible*]—and the proper change this time is to support NAFTA.

NOTE: The exchange began at approximately 1:30 p.m. at Lexmark International, Inc. A tape was not available for verification of the content of this exchange.

Remarks on NAFTA to Employees of Lexmark International in Lexington

November 4, 1993

The President. Thank you very much. You know, Roberta was nervous as a cat, but she did a good job, didn't she? Let's give her a hand. She did great. [*Applause*]

I want to thank Marvin Mann for his remarks and for hosting us here today; my longtime friend and former colleague Governor Jones for his support and his kind remarks; your fine Congressman, Scotty Baesler, for his support of NAFTA. And I want to thank also—there are people here from at least four other operations, business operations, in this area I know of. Raise your hand if you're here so I'll know whether I've got it right. There are people here from Texas Instruments, I think. Where are you? Over here. From Monarch Tool and Manufacturing, from Rand McNally, and from DataBeam. Gosh, I can't believe they roped you off over here. They're afraid you'll pick up some trade secrets, I think. [*Laughter*]

I wanted to come here to Kentucky and to this plant and to you folks today to talk about the North American Free Trade

Agreement. I also asked to come to a place where I could spend some time with real American workers, men and women whose lives are on the line every day and whose children have a stake in the decisions that I must make and the Congress must make for you and for our economy.

I came here mostly to answer questions. And I'm going to take some time answering questions when I finish my remarks, so I hope you'll be thinking of them, questions about this North American Free Trade Agreement, about our economy, about how they fit together. And if you have some hard questions just give them to me with the bark off. I'm used to it. One of the things that dealing with the distinguished Washington press corps back there does is to sort of harden you to the questions of daily life, and now I look forward to them every day.

I also want to say to you this: Before I became President I was Governor of a State not all that much unlike Kentucky. My job was to try to create jobs and keep jobs. It was to try to educate people so they could do the jobs of today and tomorrow. For most of the time I was Governor, our unemployment rate was above the national average, but we kept working to export, to increase investment, both domestic and foreign, to improve our education and training programs. And in my last year in office, in every month we were first or second in the country in job growth after a long dry spell. We had plants shut down and move to Mexico when I was Governor of my State, at least three that I know of. I'm proud to say that we got one of them to come back, because our people were more productive and they were good at changing the product line on a quick basis when the demand required it.

I say that to make this point, first and foremost: I spent most of the last 20 years around hard-working people who were struggling to survive and sometimes to get ahead in a tough global economy. I ran for President because I was worried about the future of our country and my own child's future moving toward the 20th century, because I thought we had three great problems: economic stagnation, a society that was coming apart with violence and other problems when it ought to be coming together, and a political system that was not facing up to the problems, where there was a huge gap between what people in public office said and what they did. And ever since I have been in Washington, I have been trying to change that. We've tried to give the economy some help by bringing the deficit down, getting interest rates down, getting the economy going again. We've had more private sector jobs come into this economy in the last 9 months than in the previous 4 years. We're beginning to turn it around.

But I came here to talk about this trade agreement today for one simple reason: Every wealthy country in the world, including the United States, is having trouble creating jobs. Every wealthy country in the world in the last 10 years saw an increase in inequality. That is, middle class people's wages didn't keep up with inflation, while people who were particularly able to triumph in the global economy had their incomes go way up. So what had happened in America from World War II until about 10 or 15 years ago—which was we all got richer but we came together, the country was growing together—began to change, and we began to grow apart, so that a majority of our people were working a longer work week for the same or lower wages to pay more for the basics in life, health care, housing, education. And I was concerned about that.

We can bring the deficit down; we can get interest rates down; we can get investment back up. But there is nobody anywhere in the world who has come forward with a good argument for any way to create more jobs and raise the incomes of working people without expanding trade. You've got to have more people to buy more products if you want to have the benefits of all the increasing productivity.

When we were coming here today, Mr. Mann said, ''You know, we're producing a new product, and the workers really figured out how to produce it. We have a new way of dealing with defects, and they figured out how to do that. We now have all this empty space in this factory because they figured out how to do more in less space and increase productivity.'' Well, if you want the benefits of that, you've got to have more people to buy the things that you're producing, because

productivity is the same person producing more in less time, right? No wealthy country can create more jobs and increase incomes, I will say again, without expanding world trade and global economic growth. Nobody has explained how that gets done. And nobody fighting this trade agreement has made an argument about how that gets done. It cannot be done.

About a half of the growth of our economy in the last 5 years has come from exports. Jobs that are tied to exports, on average, pay about 17 percent more than jobs that have nothing to do with exports. We do have trade problems in America, but they aren't with Mexico. Five years ago we had a $5.6 billion trade deficit with Mexico. This year we're going to have a $5.5 billion trade surplus with Mexico. The Mexican people collectively bought over $40 billion worth of American products last year. We have a big trade deficit with our trading partners in Asia, and I'm working hard to do something about that. I'm going out to Washington State to meet with the leaders of all the Asian countries later this month. But we need to know that right here at home, on our border, there are people who like American products who are dying to buy them.

Let me just give you one example: This company produces components that go into personal computers. Three years ago Mexico bought 120,000 computers from us, last year 390,000, this year 600,000. There are 90 million people there. This trade agreement, NAFTA, takes the tariff on computers and for software from 20 percent to zero. In other words, instead of 600,000 computers, we can be selling millions there. That's just one example. It will create jobs for us. Exports from Kentucky alone have grown 350 percent to Mexico over the last 5 years because they've been bringing their tariffs down.

Now, if this trade agreement passes, NAFTA, we estimate America will add another 200,000 jobs by 1995 alone. Why? For the following reasons: Number one, our tariffs today on Mexican products are much lower than their tariffs on ours, so when they take theirs down we'll gain more. Number two, they have a lot of domestic content requirements, especially on automobiles. In other words, they say, ''If you want to sell them in the Mexican market you've got to make this stuff here.'' That alone, that change alone, we estimate will enable our autoworkers here in America to go from selling only 1,000 cars in Mexico to 50,000 to 60,000 cars in Mexico next year alone. This is a big deal.

Now, the people who are against this, what do they say? They say, ''You don't want to have a trade agreement with Mexico because look at all the jobs that went to Mexico in the 1980's because they had low wages and lax environmental enforcement. And all this will do is to make that happen everywhere in the country. It will be a disaster.''

That one fellow talks about the giant sucking sound. Let me tell you something, folks. I know a little about this. I was a Governor of a State that lost plants to Mexico. My State was small enough that if somebody shut a plant down and moved it to Mexico, there was a good chance I knew who they were, the people that ran the plants, the people that worked in the plants. I used to go stand at plants on the last day they were open and shake hands with people when they walked off the job for the last time. I know something about that. And I want you to understand this very clearly from somebody who's lived through this: This agreement will make that less likely, not more likely. If we beat this NAFTA agreement, anybody who wants to go down to Mexico, right across the line, for low wages, for lax environmental enforcement, can go right on doing it and can make products there and put it back into the American market with zero tariff as long as they're close enough to the border, if we beat it.

If we adopt it, their tariffs will go down on our products; their requirements that we produce in their country to sell in their country will go down: less incentive to move factories there. They will get factories all over their country, not to import stuff to America but to produce for the Mexican market. That's what they get out of this.

The short of it is everything bad that everybody tells you about with this agreement can go right on happening if we don't adopt it. If we do adopt it, it will get better. Why? Because wages will go up faster in Mexico if they adopt it, because they'll have more growth and because the trade agreement re-

quires them to observe their own labor code, and the President has committed to raise the minimum wage every time economic growth goes up every year. Number two, for the first time their own environmental codes, which are pretty good on the books, will have to be enforced because they're in this trade agreement. This has never happened in the whole history of world trade where one country has said, you can put our environmental laws in the trade agreement and enforce them. We'll be able to do that.

The third thing I want to say to you is that you know this here in Kentucky because you trade so much. Wage rates are not the only thing that determine where smart people put their plants. Otherwise there would be no plants at all in Kentucky, and Haiti would have no unemployment rate. Right? I mean, you don't even have to take the Americans' word for it. Look at where Toyota is. Pretty close to here, right? BMW, where are they? South Carolina. Mercedes just made a decision; where did they go? To Mexico? No, to Alabama. Why? Because a study recently concluded on the auto industry shows that you can manufacture a car in America and put it in an American showroom for over $400 less than you can manufacture it in Mexico and put it in an American showroom, because our workers are more than 5 times more productive, and the transportation cost is less, even though the labor costs are higher.

We can compete and win. People talk all the time about the apparel industry because we phased out some of the protections on apparel and textiles. Do you know that we exported to Mexico $1.6 billion of textiles and apparels last year? We sent to them. They wanted to buy our stuff. Even there, we can compete when given the chance.

Now, will some people be dislocated? Yes, they will. Some people will be dislocated if we do nothing. Every year, Americans lose their jobs. And one of the tough parts of the world economy we're living in is that now, unlike it was 10 or 20 years ago, when people lose their jobs, they don't normally get back the same job they lost. They normally have to find a new job. That means that we owe you, those of us who are in Washington, we owe you a system of education and training and investment incentives that will help people to find new jobs. We have to do that, and we are going to do that.

The whole unemployment system today is a joke for the economy we're facing today. I know that, and I know we have to fix it. But that has to be done without regard to NAFTA. NAFTA creates jobs. NAFTA makes the problems we've got in our trade and investment with Mexico go down, not go up. NAFTA enables us—and this is the last point I want to make—NAFTA enables us to take this trade agreement with Mexico and extend it to other countries in Latin America who are democracies and believe in free market economics. And that's where the real jobs come in, when you've got a whole trading bloc from Canada all the way to the southern tip of Latin America, when you've got over 700 million people working together and trading together. And we know those people like Americans, like American products, and want to be a part of our future.

It is our insurance policy. We hope that we will have a new trade agreement by the end of the year when all nations, from Asia to Europe and all around, lower their barriers to our products. We hope that. But we know the people in Latin America like our people, like our culture, like our products, will buy them if they get a chance, and are dying to do it. And they are going to look at Congress and how we vote on this NAFTA legislation, and they're going to decide whether America is going to be a trustworthy, reliable leader and partner in the years ahead to make this world what it ought to be.

I have worked my heart out for this because I think it's good for your jobs and good for your children's future. And I don't think we can afford to cut and run. We cannot turn away from the world. If I thought for a minute that we could run off from this agreement and all the others and build a wall around this country and make jobs stable again and raise incomes, well then I would certainly do it because it would be in your interest. But it won't happen. You cannot run and hide from the world we are living in. So we better just rear back and do exactly what this company's doing: We're going to have to compete and win. I think we can do it. This is a big vote.

I compliment your Congressman for having the courage to be for this agreement. I hope you'll ask the other Members of the Kentucky delegation and the Senators to vote for it, because it will determine in large measure where we go as an economy over the next 10 years and whether we can escape this terrible trap that is gripping Japan and Europe and the United States of not being able to create enough jobs and not being able to raise people's incomes every year. We've got to turn it around. This is the first step, and I ask you to help us get it done.

Thank you very much.

We've got some microphones in the back. Who has the mikes? Raise your hands. Anybody have a question about this? There are some. Just go through and find people, and I'll go from mike to mike. Go ahead.

[*A participant asked if Mexico has similar tariffs on trade with the European Community and Asia and if Mexico might sign trade agreements with Europe and Asia if NAFTA does not pass.*]

The President. The answer to both questions is, yes. And let me explain that. Let's just take computers because that's an easy example. If you take computers, there's a 20 percent tariff on all computers made outside of Mexico for sale in Mexico, on our products, on European products, on Japanese products. If this agreement goes through, the tariffs will be phased out on American products; they will maintain the same tariffs on Japanese and European products. So we will get a trade advantage over them in the Mexican market, in return for which they will get more access to American investment throughout their country.

If we don't do it, what will happen? They'll go get the money from Japan or Europe, and they'll give them the same deal. And they won't be nearly as concerned as we have been at what effect this has on American wages and on the environment, because they don't live next door to Mexico. I mean, what would you do? If I were the Finance Minister of Japan, on the day after Congress voted down the North American Free Trade Agreement, I'd get on an airplane and go to Mexico City and cut a deal. That's what I would do. And the risk of that is very high.

That's one reason why, in addition to these others—I should have said this in my talk—every living former President, every living former Secretary of State, every living former Secretary of the Treasury, every living Nobel Prize-winning economist, and 41 of the 50 Governors have endorsed this. You know, these economists, they disagree on more stuff than all the living former Presidents do. You might think any one of us would do something wrong to you, but surely not all of us would at the same time, right? [*Laughter*] And that's one reason.

Next question.

Q. Can NAFTA help improve exports to Japan and the European Community as well?

The President. It can indirectly, and let me tell you why. That's a very good question, and it's important. Let me explain, first of all, from the point of view of these other nations that have basically caught up to the United States since World War II. That's not all bad; that's enabled them to buy more of our products. But in Asia, most nations have developed by willfully keeping their wages down, getting very high savings rates, plowing back the savings into new plant and equipment and new products all the time. That's what they've done. When you do that, you don't have enough money to buy other people's products.

So Japan has a big trade surplus with us. They've been very good about investing in our country and putting our people to work, but they still don't buy as many of our products. This year, for the first time, we're selling some rice to them, for example, which is at least popular back where I come from. China has a $19 billion trade surplus with us—we buy 38 percent of all the exports of China, all of us do—Taiwan this year about $9 billion, although it goes up and down. Europe will have a trade deficit or a trade surplus with us. Sometimes they buy a lot more from us than they sell us, but they have to be growing to do it. Now their economies are flat.

Here's what I think will happen. I can't promise you this, but here's what I think will happen. If we adopt NAFTA, the rest of the world, Europe and Japan will see, "Well, America might have a whole trading bloc, from Canada down to the southern tip of

South America, and we could be really at a disadvantage there. So we better adopt this new worldwide trading agreement they wanted, lower our tariffs, lower our barriers, let them sell into our markets so we'll have at least some access to the rest of the markets.''

So I think NAFTA will be a huge indirect incentive for Japan and for Europe to reach an agreement on a new world trading system by the end of the year that I've been pushing for hard and that we've been working for, for years and years. If that happens, you will see a very large increase in the number of manufacturing jobs in America in a short time, just because Europe and Japan have so much more money than Mexico does. I mean, there's more of them, and they've got more money. So I think that would really be a godsend, and I think there's a good chance that it will happen.

[*A participant asked about programs to help American workers who lose their jobs because of NAFTA.*]

The President. He said there's a big difference of opinion about what will happen in the long and the short run. Even if it's good for us in the long run, will we lose some jobs in the short run? What did we do for people who lost their jobs when I was in Arkansas? And what have we proposed to do with this NAFTA agreement? All good questions.

First, let me say what I think will happen in the long and short run, then let me answer the other two questions. And this is a complicated thing. There will still be people from the United States who will vest in factories in Mexico if this agreement goes through. But today when people invest in factories in Mexico, they invest along the American border in factories for the purpose of producing there and selling here. What the Mexicans want is to, in effect, erase that borderline and get investments in Mexico City to put people to work there to produce for the Mexican market, not for the American market. That's what they get out of this deal. And obviously, the more investment they get down there and the more jobs that are created and the more they sell to themselves, the higher their incomes will be and the more they'll be able to spend money on foreign products, too.

Today—this is an astonishing thing—Mexico buys more American products per capita than any country in the world except Canada, even though it's still a poor country. That's because 70 percent of all the money they have to spend on foreign products gets spent on American products. So what I think will happen is, there will be more investment by Americans in Mexico, but instead of being along the border to make products to sell back here, it will be down in the country to make products to sell in the country. That will put more people to work. It will stabilize the population. Over the long run it will reduce illegal immigration and will increase their ability to buy our products.

Now, will some people be dislocated? Probably, because nearly every trade agreement that creates jobs costs some. When that happened at home, what we did was several things. First of all, we'd go into a community if it had high unemployment and actually offer to invest money at the State level to help attract new industries to that town. Then we would offer to share the cost of training the workers. And if it was a distressed community, we would also give them an enterprise zone that would give extra tax incentives to invest there.

What we're doing at the national level is to provide much more money for job retraining, number one. Number two, we're going to set up a development bank to try to get funds for indigenous businesses to start in areas that have been hurt by this, which I think is very important. And number three, we're going to have something we now—we don't call them enterprise zones, we call them empowerment zones at the Federal level—that we're going to locate in some of the most distressed communities in this country that will give huge incentives for people in the private sector to put Americans back to work in high unemployment areas. There is not enough Government money to fix all these problems. You've got to get the private sector to invest and put people back to work. So those are the three things we're working on doing now. That's a very good question.

Q. Since this is basically an extension of the U.S.-Canada trade agreement, what numerical benefits has the U.S. gained from the U.S.-Canadian trade agreement?

The President. Well, the trade agreement we have with Canada is—it is an extension of it, but what we did with Canada was to basically take more and more of our trade and put it into a free trade zone, that is, we took quotas off, we lowered tariffs. But Canada and the United States are both quite well-developed countries. So the main benefit that we got out of the Canada-U.S. trade agreement is we got to sell more of the things that we were really good at producing or had a low cost advantage in, they got to sell more of what they were good at producing or had a low cost advantage in, so that we essentially got to play to our strengths. And the volume in trade in both countries went way up.

Our trade with Canada is more or less in balance. But even when trade is in balance, it can be a great benefit to both countries if, by putting it in balance, it grows faster than your economy would have grown otherwise. In other words, if we added more economic growth and they added more economic growth, we both came out ahead. And that's been the primary benefit there.

In the case of Mexico, because they're at a different point in their development, in all probability we will continue to have a trade surplus with them, and they will get an investment advantage from us in the rest of their country. So I do think that the two countries are not too analogous now. I think 30 years from now they will be. But I think in the meanwhile—let me just say, the people in Mexico who are not for this deal, and there are people in Mexico who are not for it, they're not for it because they think that they're giving us a permanent trade surplus with them in return for having access to our capital, because Mexicans like American products so much.

So there will be a difference there. In other words, they can't possibly quite enter into the same relationship with us that Canada did because they're not capable, their economy's not big enough or diverse enough yet. The Mexican economy, even though 90 million people live there, is about the size of the California economy from Los Angeles to the Mexican border. That's about how big it is, about one-twentieth the American economy.

Q. Good afternoon, Mr. President. Thank you for coming to Lexmark. We certainly appreciate it. I'd like to take us into the future, say, maybe 1996, the month October, Hillary is ahead by maybe five points in the—no, I understand that you'll be running for reelection; hopefully, Congressman Baesler will be right there with you.

The President. I don't know; this has turned out to be a hard job. [*Laughter*] Go ahead.

[*The participant then asked about possible legislation to help workers displaced because of NAFTA.*]

The President. The people who are specifically displaced, there are only three things you can do for them in my opinion, that I can think of, anyway. And I've been working at this now for the better part of 20 years, on and off. One is, they should have access to a system of training and education that is much more effective than the one we have today. The Federal Government's got 150 different employment training programs. The unemployment system, as all of you know, still works like it used to: You get an unemployment check, and you're supposed to basically check around and see if you can find a new job. But the idea is, people wait until the benefits run out, hoping their old employer will call them back. That used to happen; it doesn't happen much anymore. What we're going to do is to construct a system that will give anybody who loses their job because of a trade-related dislocation access to a much better training program, much more quickly, tied to identifying those areas where the jobs are growing in number anywhere within driving distance of them, first thing.

Secondly, we're going to have a development bank, a North American development bank which will concentrate its activities in areas where there have been substantial job losses to try to start new job enterprises there.

The third thing we're going to do is to develop special investment incentives targeted to those areas where the jobs have been lost.

Those are the only things that I can think of that we can do, except to give you a healthy economy that's producing more jobs.

One of the things that makes this so frightening to people is that it used to be—I mean, when I was a kid, when somebody lost their job, when the country had a 3 percent unemployment rate, that was like having zero unemployment, because there were 3 percent of the people who were moving around all the time. Now when people lose their jobs, they're afraid they'll never get another one or they'll never get another one paying as much as the one that they just lost. So we have a much heavier responsibility.

The answer to your question is that you should be able to see these specific programs on the books not by October of '96 but by the end of the budget cycle in '94; we should have passed these programs and put them in place for those folks, because that's when you'll begin to see it. In other words, when we adopt the trade agreement the end of this year, we have $90 million set aside right now for extra training investment for those folks in the short run, to buy us a year and a half to enact a new training program and investment strategy. But we should be able to get it done by the end of '94 when Congress goes home; that's our goal. And if I could plug my wife a bit, if we provide health care security to all of them, that'll also be a huge incentive, because then at least they won't lose that for their children.

Q. Welcome to Lexmark, Mr. President. My question is, do you have any concerns, if there are any concerns, about Canada's recent leadership change being—and it is an anti-NAFTA leadership change. Are you concerned about that?

The President. Basically, no. We've had a lot of conversations with the new leader of Canada and the new party. He raised a lot of the same questions about NAFTA that I did. And when I called him—I mean, what I wanted to do with this trade agreement, and I guess I ought to tell you that, I wanted to have three things added to the agreement, which have been added. One is, I wanted to know that there would be some device by which we could make sure the Mexicans were moving to enforce their own labor code so that we would raise labor standards on both sides of the border. We have that now.

Secondly, I wanted to know that they would enforce their environmental laws, because they weren't now. Their environmental code is actually pretty good, but it's not being enforced. So we set up a mechanism for doing that and a financing mechanism to get the money to do it.

The third thing I wanted was a provision that would take account of unintended consequences. And that really goes to something that two or three of you have asked about. That is, suppose all these brilliant people who have been negotiating this turn out to be wrong about something, not just for us but for them, too? I mean, suppose within a year after this deal takes effect, there's some small but not insignificant part of their economy or ours that seems to be on the verge of just vanishing like that, something no one foresaw? This agreement has a provision to put the brakes on that and to reinstitute the former system as it applies to that sector of the economy for a period of 3 years while we work it out. So there's a protection against unintended consequences.

And the last thing I guess I ought to say is, suppose any party becomes convinced that the others are proceeding in bad faith; you can pull out with 6 months notice. That's another thing most Americans don't know. This is not the enemy. In other words, if somebody turns out to be lying or some development turns out to be unanticipated, there are ways to correct this.

Now, to go back to your specific question, Canada likes what we did on the environmental agreement, on the labor agreement; they wanted that done. They now have substantially, to the best of my knowledge, no more problems with Mexico. They have some outstanding problems with us in trade, which we are negotiating through now. We do not believe that it will be in any way necessary to reopen the agreement to resolve those problems, and we're working hard on them and we have been this week. So I feel pretty optimistic that it'll be okay.

Let's get over here. Give equal time to the other folks here.

Q. Mr. President, many Americans and American companies are concerned with in-

tellectual property rights, and particularly in the Mexican market. Has there been any provision in NAFTA to address that?

The President. Yes. The NAFTA agreement offers protections for intellectual property rights and for investment, which I think are quite important. You know, the intellectual property rights may sound esoteric to some of you, may sound like somebody wants to write a book and not have it copied, and that's part of it. But it's also part of the software business and part of anything that comes out of people's creative skills. It's a big part of America's economic advantage in the world is that we develop all these ideas.

And I've just been working to try to open other markets for a lot of our products that were closed during the cold war because we were worried about letting other people get our technology or our ideas. And we've just taken the wraps off $37 billion a year worth of computers, supercomputers, and telecommunications equipment. And we're looking at some others, some software and things like that. And one of the problems is protecting the intellectual property rights of our people around the world. But I think you will find that the provisions there on intellectual property substantially improve what happens now there.

Q. Mr. President, I haven't seen too many things in my life that Republicans and Democrats have agreed on. You may have noticed some of that in Washington. Doesn't it scare you when your opponents suddenly become friendly? And also, are there some human rights demands in this thing?

The President. He's worried about the agreement because the Republicans and Democrats agree on it, right?

Let me just say, first of all, back when I was a Governor I had much less partisanship to contend with than I do in Washington. It seems to be a disease that grips the water up there. But I think what happens, I think all these people who have served as President, when they get out and they have no other personal agenda really, by and large, and they look on their country and they look at the rest of the world, and most people, after they've been President and they can't run for anything else or do much else in terms of their personal ambition or politically, I think that they really are saying what they honestly believe to be in the best interests of the country.

Now, there are a lot of people who have criticized the NAFTA agreement, coming out of the labor movement, particularly, on the grounds that there are violations of human rights in Mexico or the Mexican system is not as democratic as ours is. It is different from ours and not as open and democratic as ours is. But it is becoming more democratic. Again, I think if we shut them off from us, it is likely to become less democratic.

We do a lot of trade with a lot of other countries that are not as close to us politically as they are. I mean, we've had a lot of political problems, for example, with China after Tiananmen Square. But we keep buying a lot of products from them, and most American business interests have asked us to continue to do it. And many American labor interests have asked us to continue to do it because we're beginning to invest over there and get some markets over there.

I think we have to be mindful of that. And if we think that there are abuses of human rights anywhere, we should stand up to them. And I've tried to do that. But I don't think, given the dramatic improvements in the people who, on that score, who are operating in Mexico in the last several years, I don't think that that's a good argument to run away from this trade agreement.

That is, to me, the Salinas government and the man who was there before him started a move away from their anti-American, single-party, hunker-down, isolate-from-the world, operate-in-ways-that-we-don't-consider-acceptable system, to one that's more pro-American, more open, and more democratic. I think they are moving in our direction. I think if we reject them, they will develop a different strategy, and it'll make it less likely that they will grow in human rights and democracy observance.

Q. It's been estimated that this is going to require $2.4 billion in funding over the next 5 years. How do your propose that we generate that funding?

The President. I don't think it will. What will it require the money for? What's the money going to be spent on? They keep

throwing these dollars around. What money will be required?

Q. The lack of tariffs, what we're charging on tariffs now, funding for the programs that would be for the displaced jobs, et cetera.

The President. Over the next 5 years, I'll tell you what I think it will cost. The tariffs are a tax, essentially, and we're going to reduce the tariffs; that costs $2.5 billion over 5 years. The package that we sent up to the Congress will replace those tariffs by having a temporary fee of $1.50 on foreign travel, air travel coming into the United States, and by changing some of the ways we collect customs and things of that kind. They will make up the $2.5 billion.

Then, we think that the training programs will cost about $90 million in the first year, and then thereafter more. But they will be funded next year in the budget cycle, in the ordinary course of planning the Federal budget, not massive amounts.

On the environmental cost, we've now got an agreement with the World Bank to finance through appropriate loans several billion dollars' worth of environmental cleanup in Mexico which will be paid back presumably by the polluters themselves in Mexico; they have to work out the repayment terms.

Now, that will be the lion's share of it. There may be some environmental obligations on us that are not yet fully paid for, but they won't get up to anywhere near the figure you mentioned. And we have a border commission with some money in the till there, a few hundred million dollars, and some other bonding options that we have to fund the environmental costs. So we've covered the loss of tariffs in the bill now before the Congress, the training programs will be covered as part of the training initiative I present to the Congress next year, and the only other issue we have to worry about is whatever comes up over the next 5 years in environmental costs that we have to pay for in America; that is usually done by asking the people who do the pollution to pay the lion's share of cleaning it up through making bond payments. So I think we're going to be okay on that.

A lot of the costs have been way overstated, in my view, based on what we know.

Marvin Mann. I hesitate to interrupt this important discussion, but we here at Lexmark have a serious problem.

The President. You've got to go back to work? [*Laughter*]

Mr. Mann. Our laser printers are so hot in the marketplace that people want more of them than we can build. And so these people are going to be mad at me. They're going to be upset at me if I don't let them get back to work soon. [*Laughter*] So please take one more question, and then we probably ought to close.

Q. It's my understanding that some tariffs will still be in place after the agreement comes into effect. My question is what percentage of goods going each way will still have tariffs on them immediately after, and then after 5 years?

The President. Most of them will be all gone after 5 years. I can't answer that, but I'll get you an answer. If you give me your address, I'll sent you a specific answer to it.

Let me tell you, this was a part of the negotiation, but some of the particularly sensitive items that were clearly felt by one side or the other to need a longer period of time to get to where they could fully compete were given more time. There are a few things where the phaseout goes all the way to 7 years or 10 years. But by and large, there are substantial reductions in the tariffs immediately, and almost all the reductions occur within the first 3 years.

And let me just back up and say, while the products that we've mentioned here, and I think all the products that are produced by any of these folks at these five companies that could be sold into Mexico, have a 20 percent tariff, some Mexican products are less. And the average Mexican tariff is just a little over 10 percent. But a lot of the stuff where we've got real hot opportunities, that's a 20 percent tariff. So that's why I've been so interested in them. Our average tariff on their products is 4 percent.

Where there is a longer phaseout period, it's normally because we have something called a nontariff barrier, that is, an absolute limit on how much can come in. That's normally on textiles and apparel. So there's a longer period of phaseout there to make sure that there's more of an opportunity to adjust

to whatever the competitive developments are, so that we don't just throw cold water on them.

I wish I could stay all day. You guys have been great. I hope you will support this. It means more jobs for this country.

And also, don't forget, one of the things I want to emphasize again, it didn't come up in the questions. When I was at the United Nations a few weeks ago, I had a reception for the leaders of all the other Latin American countries who were there. And I can tell you that Argentina and Chile and Venezuela and Colombia and Bolivia and a lot of other countries that are struggling to maintain democracy want to open up markets with us, and they want to buy our products. Tiny Colombia, in the last 2 years, has increased their purchase of American products by 69 to 64 percent a year. This is a big deal. But if we don't do NAFTA, they'll wonder whether we're really serious about embracing all of Latin America.

Again, I say I hope you will support it. I do believe that it will give us in the short term a competitive advantage over the Europeans and the Japanese. But the most important thing is it will pressure them to adopt a new worldwide trade agreement. American workers are now the most productive in the world. You've got to believe in yourselves. We can do this. We can compete. We can win if we have access to the markets. That's what this gives us.

Thank you very much. We need your help.

NOTE: The President spoke at 1:45 p.m. on the production floor. He was introduced by employee Roberta Canady. In his remarks, he referred to Marvin L. Mann, president and chief executive officer, Lexmark International, Inc. A portion of the question-and-answer session could not be verified because the tape was incomplete.

Appointment of Officials to Senior Executive Service Posts

November 4, 1993

The President today approved seven men and women for Senior Executive Service posts at the Department of Housing and Urban Development, the Department of Labor, and the Agency for International Development, U.S. International Development Cooperation Agency.

"I am pleased to announce the addition of these hard-working men and women to my administration," the President said.

Department of Housing and Urban Development

Jeanne K. Engel, General Deputy Assistant Secretary for Housing, Federal Housing Commissioner

Art Agnos, Regional Administrator, Region IX

Margery Austin Turner, Deputy Assistant Secretary for Research, Evaluation, and Monitoring, Office of Policy Development and Research

Department of Labor

Edmundo A. Gonzales, Deputy Assistant Secretary, Office of the American Workplace

Oliver B. Quinn, Deputy Solicitor of Labor, Office of the Solicitor

U.S. Agency for International Development

Nan Borton, Director, Office of Foreign Disaster Assistance, Bureau for Food & Humanitarian Assistance

Ramon E. Daubon, Deputy Assistant Administrator, Bureau of Latin America and the Caribbean

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

Remarks on Establishing the Bipartisan Commission on Entitlement Reform and an Exchange With Reporters

November 5, 1993

The President. First of all, I want to thank the leaders of Congress who are here and make a couple of comments, if I might. I am delighted that now both Houses have acted on the crime legislation. I congratulate the House and the Senate, and I look forward to working with them on getting the strongest possible crime bill out we can and hopefully meeting that goal that I have had for a long